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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
AVERA QUEEN OF PEACE

Doing Business As
AVERA QUEEN OF PEACE HEALTH SERVICE

Number and street (or P O box if mail is not delivered to street address) | Room/suite
525 NORTH FOSTER STREET

City or town, state or province, country, and ZIP or foreign postal code
MITCHELL, SD 57301

D Employer identification number
46-0224604

E Telephone number
(605) 995-2251

G Gross receipts $ 103,104,884

F Name and address of principal officer
THOMAS A CLARK
525 NORTH FOSTER STREET
MITCHELL, SD 57301

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 ▶ 0928

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

J Website: ▶ WWW AVERAQUEENOFPEACE ORG

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

L Year of formation 1905

M State of legal domicile SD

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROMOTION OF HEALTH

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**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	979
6	Total number of volunteers (estimate if necessary)	**6**	110
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,738,160	865,066
9	Program service revenue (Part VIII, line 2g)	94,804,644	99,738,113
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,906,582	1,920,627
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-289,504	63,191
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	98,159,882	102,586,997
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	540,476	163,753
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)	54,118,975	54,264,575
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	35,130
b	Total fundraising expenses (Part IX, column (D), line 25) ▶217,948		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	37,618,998	42,814,333
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	92,278,449	97,277,791
19	Revenue less expenses Subtract line 18 from line 12	5,881,433	5,309,206

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	115,213,085	136,395,220
21	Total liabilities (Part X, line 26)	33,371,299	45,965,069
22	Net assets or fund balances Subtract line 21 from line 20	81,841,786	90,430,151

Net Assets or Fund Balances

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

****** | 2015-05-12
Signature of officer | Date

WILLIAM E FLETT SEC/TREAS & VP OF FINANCE
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
KIM HUNWARDSEN CPA		2015-05-12		P00484560

Firm's name ▶ EIDE BAILLY LLP | Firm's EIN ▶ 45-0250958

Firm's address ▶ 800 NICOLLET MALL STE 1300
MINNEAPOLIS, MN 554027033 | Phone no (612) 253-6500

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

AVERA IS A HEALTH MINISTRY ROOTED IN THE GOSPEL OUR MISSION IS TO MAKE A POSITIVE IMPACT IN THE LIVES AND HEALTH OF PERSONS AND COMMUNITIES BY PROVIDING QUALITY SERVICES GUIDED BY CHRISTIAN VALUES

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 $ 80,803,837 including grants of $ 163,753) (Revenue $ 99,738,113)

AVERA QUEEN OF PEACE'S MISSION IS TO PROVIDE HEALTHCARE SERVICES TO MITCHELL, SD RESIDENTS AND THE SURROUNDING AREA THEY PROVIDE ACUTE CARE AND LONG-TERM HEALTHCARE SERVICES, OF WHICH THERE WERE 7,603 ACUTE PATIENT DAYS, 2,958 SWING-BED PATIENT DAYS, 1,148 NURSERY PATIENT DAYS, 29,209 NURSING HOME RESIDENT DAYS, 8,826 ASSISTED LIVING RESIDENT DAYS, AND 2,142 INDEPENDENT LIVING DAYS THE BREAKOUT OF THESE STATISTICS PER FACILITY IS AS FOLLOWS AVERA QUEEN OF PEACE HOSPITAL7,228 ACUTE PATIENT DAYS2,174 SWING-BED PATIENT DAYS1,148 NEWBORN PATIENT DAYSAVERA BRADY HEALTH AND REHABILITATION29,209 LONG-TERM CARE RESIDENT DAYS8,826 ASSISTED LIVING DAYS2,142 INDEPENDENT LIVING DAYSAVERA WESKOTA MEMORIAL MEDICAL CENTER (CAH)263 ACUTE PATIENT DAYS425 SWING-BED PATIENT DAYSAVERA DE SMET MEMORIAL HOSPITAL (CAH)112 ACUTE PATIENT DAYS359 SWING-BED PATIENT DAYS AVERA QUEEN OF PEACE MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY AND EQUIVALENT SERVICE STATISTICS THE AMOUNT OF CHARGES FOREGONE, BASED ON ESTABLISHED RATES, WERE $2,539,469 AVERA QUEEN OF PEACE ALSO PROVIDES COMMUNITY BENEFIT HEALTH ACTIVITIES AT LESS THAN OR AT NO COST TO SUPPORT THOSE IN THE AREA SERVICED THESE ACTIVITIES INCLUDE COMMUNITY EDUCATION PROGRAMS, SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, AND MEDICALLY UNDERSERVED, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES DURING THE YEAR ENDED JUNE 30, 2014, SPECIFIC ACTIVITIES INCLUDE MEALS DELIVERED TO RESIDENTIAL HOMES, MEETING FACILITIES, PROGRAMS FOR PATIENTS AND FAMILIES SUFFERING FROM CANCER, DIABETES, BREATHING DISORDERS, AND OTHERS, ASSISTANCE TO HEALTH EDUCATORS, EMERGENCY HEALTHCARE PROVIDERS, WELLNESS PROGRAMS, AND OVERNIGHT HOUSING FOR FAMILIES OF HOSPITALIZED PATIENTS AS A MEMBER OF THE AVERA HEALTH NETWORK, AVERA QUEEN OF PEACE UPHOLDS THE VISION OF THE PRESENTATION AND BENEDICTINE SISTERS TO WORK THROUGH COLLABORATION TO PROVIDE A QUALITY, EFFECTIVE HEALTH MINISTRY AND TO IMPROVE THE HEALTH CARE OF INDIVIDUALS AND OUR COMMUNITIES THROUGH A REGIONALLY INTEGRATED NETWORK OF PERSONS AND INSTITUTIONS AVERA QUEEN OF PEACE ENGAGES IN ACTIVITIES DESIGNED TO IMPROVE THE HEALTH OF INDIVIDUALS AND COMMUNITIES IN RESPONSE TO A CALLING TO HEAL THE SICK, THE ELDERLY, AND THE OPPRESSED

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 80,803,837

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	Yes	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or 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	Yes	
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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**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**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
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	156		
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	979		
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			No
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			
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**	18		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	15		
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**		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**			No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**		No
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**		No

Section C. Disclosure

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

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

▶WILLIAM E FLETT 525 NORTH FOSTER
MITCHELL, SD 57301 (605) 995-2251

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) LORI ESSIG CHAIRPERSON	2 50 0 00	X		X				0	0	0
(2) TERRY TORGERSON VICE CHAIR	2 50 0 00	X		X				0	0	0
(3) LOREN NOESS BOARD MEMBER	2 50 0 00	X						0	0	0
(4) CHARLES BERGELEEN BOARD MEMBER	2 50 0 00	X						0	0	0
(5) SISTER KATHLEEN CROWLEY BOARD MEMBER	2 50 8 00	X						0	0	0
(6) DENNIS KRUSE BOARD MEMBER	2 50 0 00	X						0	0	0
(7) SISTER BONITA GACNIK BOARD MEMBER	2 50 0 00	X						0	0	0
(8) DAVID OLSON BOARD MEMBER	2 50 0 00	X						0	0	0
(9) JACQUELYN JOHNSON BOARD MEMBER	2 50 0 00	X						0	0	0
(10) KELLY SMITH MD THRU 13114 BOARD MEMBER/PHYSICIAN	42 50 0 00	X						61,092	0	0
(11) DIANE SANDHOFF BOARD MEMBER	2 50 0 00	X						0	0	0
(12) JERRY THOMSEN BOARD MEMBER	2 50 0 00	X						0	0	0
(13) ROGER MUSICK BOARD MEMBER	2 50 0 00	X						0	0	0
(14) MICHAEL KRAUSE DO BOARD MEMBER/PHYSICIAN	7 50 0 00	X						15,664	0	0
(15) PATRICIA MALTERS MD BOARD MEMBER/PHYSICIAN	42 50 0 00	X						254,715	0	25,761
(16) GREG VAN WALD BOARD MEMBER	2 50 0 00	X						0	0	0
(17) SISTER JOAN REICHELT BOARD MEMBER	2 50 43 30	X						0	0	0

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) WILLIAM GRAHAM DO AS OF 2114	2 50	X						0	0	0
BOARD MEMBER/PHYSICIAN	0 00									
(19) THOMAS CLARK	40 00	X		X				0	375,700	35,643
PRESIDENT & CEO	0 00									
(20) WILLIAM E FLETT	40 00			X				169,052	0	36,312
SEC/TREAS & VP OF FINANCE	0 00									
(21) BRIAN KAMPMANN MD	40 00					X		748,953	0	39,962
ORTHOPEDICS, SPORTS MEDICINE	0 00									
(22) STEPHEN DICK MD MPH	40 00					X		425,257	0	39,962
RADIATION ONCOLOGY	0 00									
(23) CHRIS KROUSE OD	40 00					X		995,123	0	39,962
ORTHOPEDICS, SPORTS MEDICINE	0 00									
(24) MICHAEL HALEY MD FACS	40 00					X		435,441	0	42,462
BARIATRICS, GENERAL SURGERY	0 00									
(25) DENNIS LELAND MD FACS	40 00					X		513,027	0	42,462
GENERAL SURGERY	0 00									
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,618,324	375,700	302,526

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 ▶ 56

			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
AVERA HEALTH 3900 W AVERA DRIVE SUITE 300 SIOUX FALLS SD 57108	SHARED SERVICES	5,677,350
PUETZ CORPORATION 800 N KIMBALL MITCHELL SD 57301	CONSTRUCTION SERVICES	2,659,356
AEGIS THERAPIES INC 1000 FIANNA WAY FORT SMITH AR 72919	PT, OT & SPEECH THERAPY SERVICES	420,601
HORIZON HEALTH CARE INC PO BOX 99 HOWARD SD 57349	MEDICAL LOCUM SERVICES	266,792
ARUP LABORATORIES PO BOX 27964 SALT LAKE CITY UT 84127	LABORATORY TESTING SERVICES	256,038

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 ▶ 8

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	38,500			
	e	Government grants (contributions)	1e	271,840			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	554,726			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		865,066			
Program Service Revenue			Business Code				
	2a	NET PATIENT & RESIDENT SERVICES	622110	96,296,673	96,296,673		
	b	OTHER REVENUE	900099	1,205,217	1,205,217		
	c	MEANINGFUL USE REVENUE	900099	1,065,513	1,065,513		
	d	INTEREST IN AVERA HEALTH FND	900099	584,885	584,885		
	e	CAFETERIA	900099	461,411	461,411		
	f	All other program service revenue		124,414	124,414		
	g	**Total.** Add lines 2a–2f . . . . . ▶		99,738,113			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		13,310			13,310
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	299,488				
	b	Less rental expenses	517,476				
	c	Rental income or (loss)	-217,988				
	d	Net rental income or (loss) . . . . . ▶		-217,988			-217,988
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	1,892,365 / 14,952				
	b	Less cost or other basis and sales expenses	0 / 0				
	c	Gain or (loss)	1,892,365 / 14,952				
	d	Net gain or (loss) . . . . . ▶		1,907,317			1,907,317
	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	3,843				
	b	Less cost of goods sold . . b	411				
	c	Net income or (loss) from sales of inventory . . ▶		3,432			3,432
		Miscellaneous Revenue	Business Code				
	11a	OPERATING INTEREST	900099	277,747			277,747
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		277,747			
	12	**Total revenue.** See Instructions . . . . . ▶		102,586,997	99,738,113	0	1,983,818

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	163,753	163,753		
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	578,396	372,762	205,634	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	230,365	230,365		
7 Other salaries and wages	41,891,203	36,176,410	5,583,526	131,267
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,490,913	2,153,760	329,279	7,874
9 Other employee benefits	6,503,751	5,612,332	871,092	20,327
10 Payroll taxes	2,569,947	2,214,523	347,457	7,967
11 Fees for services (non-employees)				
a Management	288,584		288,584	
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17	35,130			35,130
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)	11,353,010	5,763,409	5,589,601	
12 Advertising and promotion	424,449	37,519	386,930	
13 Office expenses	7,997,258	6,297,805	1,686,379	13,074
14 Information technology	224,748	137,611	87,137	
15 Royalties . .				
16 Occupancy	2,082,667	1,487,217	595,450	
17 Travel	218,383	163,770	52,907	1,706
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	116,484	67,209	48,672	603
20 Interest	663,129	663,129		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,123,937	4,123,937		
23 Insurance	839,765	839,765		
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	9,643,879	9,643,879		
b BAD DEBT EXPENSE	4,297,912	4,297,912		
c EQUIPMENT LEASE AND REN	184,750	90,548	94,202	
d				
e All other expenses	355,378	266,222	89,156	
25 **Total functional expenses.** Add lines 1 through 24e	97,277,791	80,803,837	16,256,006	217,948
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			1	
	2	Savings and temporary cash investments		4,401,190	2	4,243,794
	3	Pledges and grants receivable, net		1,813	3	
	4	Accounts receivable, net		13,089,118	4	18,708,790
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5,180	5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,320,954	8	1,402,519
	9	Prepaid expenses and deferred charges		1,461,874	9	2,342,808
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 101,943,789			
	b	Less accumulated depreciation	10b 59,659,789	41,145,828	10c	42,284,000
	11	Investments—publicly traded securities		938,557	11	959,046
	12	Investments—other securities See Part IV, line 11		49,838,610	12	49,788,645
	13	Investments—program-related See Part IV, line 11		1,055,564	13	1,356,132
	14	Intangible assets		200,000	14	1,142,822
	15	Other assets See Part IV, line 11		1,754,397	15	14,166,664
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		115,213,085	16	136,395,220
Liabilities	17	Accounts payable and accrued expenses		8,094,367	17	7,533,002
	18	Grants payable			18	
	19	Deferred revenue		46,409	19	105,274
	20	Tax-exempt bond liabilities		22,845,170	20	35,799,553
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		2,385,353	25	2,527,240
	26	**Total liabilities.** Add lines 17 through 25		33,371,299	26	45,965,069
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		78,648,850	27	87,085,253
	28	Temporarily restricted net assets		2,392,230	28	2,543,121
	29	Permanently restricted net assets		800,706	29	801,777
		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		81,841,786	33	90,430,151
	34	Total liabilities and net assets/fund balances		115,213,085	34	136,395,220

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	102,586,997
2	Total expenses (must equal Part IX, column (A), line 25)	2	97,277,791
3	Revenue less expenses Subtract line 2 from line 1	3	5,309,206
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	81,841,786
5	Net unrealized gains (losses) on investments	5	3,235,746
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	43,413
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	90,430,151

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
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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
AVERA QUEEN OF PEACE	46-0224604

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		8,392
j	Total Add lines 1c through 1i			8,392
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	AVERA QUEEN OF PEACE HOSPITAL PAID DUES TO ORGANIZATIONS WHICH HAVE A PORTION OF THE DUES ATTRIBUTED TO LOBBYING ACTIVITIES

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
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	1,065,019	1,040,814	1,034,190	793,583	1,032,880
b	Contributions	1,990,675			109,334	
c	Net investment earnings, gains, and losses	117,527	24,205	6,624	131,273	-239,297
d	Grants or scholarships					
e	Other expenditures for facilities and programs	473,098				
f	Administrative expenses	19,025				
g	End of year balance	2,681,098	1,065,019	1,040,814	1,034,190	793,583

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

- a Board designated or quasi-endowment ▶ 20 960 %
- b Permanent endowment ▶ 9 520 %
- c Temporarily restricted endowment ▶ 69 520 %

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	448,670	2,918,464		3,367,134
b Buildings	1,853,386	57,491,862	30,463,538	28,881,710
c Leasehold improvements				
d Equipment		37,438,800	27,958,869	9,479,931
e Other		1,792,607	1,237,382	555,225
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				42,284,000

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) INVESTMENT IN AFFILIATED ORGANIZATIONS	253,929	C
(B) INTEREST IN AVERA HEALTH FOUNDATION	3,113,198	F
(C) INTEREST IN NET ASSETS OF MABEE TRUST	864,630	F
(D) ASSETS LIMITED TO USE - AVERA POOLED INVESTMENTS	45,556,888	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	49,788,645	

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
(1) DUE FROM RELATED PARTIES	166,664
(2) CUSTODIAL FUNDS HELD BY RELATED PARTY	14,000,000
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	14,166,664

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	
DERIVATIVE LIABILITY	2,010,840
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	516,400
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,527,240

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 IV, LINE 2B	THE ORGANIZATION HOLDS FUNDS IN TRUST ON BEHALF OF ITS RESIDENTS
PART V, LINE 4	THE ORGANIZATION'S ENDOWMENTS CONSIST OF A PORTION OF THEIR INTEREST IN THE NET ASSETS OF AVERA HEALTH FOUNDATION AND THEIR BENEFICIAL INTEREST IN THE MABEE TRUST AVERA HEALTH FOUNDATION INCLUDES ENDOWMENT FUNDS WHICH HAVE BEEN ESTABLISHED FOR A VARIETY OF PURPOSES THE ENDOWMENT FUND ASSETS INCLUDED IN THE ORGANIZATION'S BENEFICIAL INTEREST IN THE MABEE TRUST HAVE BEEN ESTABLISHED TO PURCHASE EQUIPMENT AND FURNISHINGS FOR THE ORGANIZATION AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE BOARD OF DIRECTORS TO FUNCTION AS ENDOWMENTS (IF ANY), ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS THE ORGANIZATION'S PERMANENTLY RESTRICTED ENDOWMENT FUNDS ARE DONOR RESTRICTED THE ORGANIZATION CURRENTLY DOES NOT HAVE ANY BOARD-DESIGNATED ENDOWMENT FUNDS
PART X, LINE 2	AVERA HEALTH AND MOST OF ITS SPONSORED ORGANIZATIONS ARE CONSIDERED NONPROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE THESE ORGANIZATIONS ARE REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE INTERNAL REVENUE SERVICE (IRS) AVERA HEALTH AND CERTAIN SPONSORED ORGANIZATIONS ALSO FILE AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS TO REPORT THEIR UNRELATED BUSINESS TAXABLE INCOME AVERA HEALTH AND ITS SPONSORED ORGANIZATIONS BELIEVE THAT THEY HAVE APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED THE FEDERAL FORM 990T FILINGS FOR CONSOLIDATED SUBSIDIARIES ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2011

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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

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

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

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

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

	(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
1	SHERWOOD CONSULTING SERVICE INC 4529 SHORELINE DRIVE 5 FORT COLLINS, CO 80526	FEASIBILITY STUDY/CAMPAIGN CONSULTATION		No	0	35,130	-35,130
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total . . . . . ▶						35,130	-35,130

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

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

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other events (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				( )
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

11

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Return Reference	Explanation

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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
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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	3a	Yes	
	☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %			
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	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		2,949	959,470		959,470	1 030 %
b Medicaid (from Worksheet 3, column a)		7,333	7,656,076	5,593,566	2,062,510	2 220 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		10,282	8,615,546	5,593,566	3,021,980	3 250 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	21	1,628	34,571	695	33,876	0 040 %
f Health professions education (from Worksheet 5)	5	1	63,458		63,458	0 070 %
g Subsidized health services (from Worksheet 6)	3	5,766	1,047,106	672,482	374,624	0 400 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	40	4	332,255		332,255	0 360 %
j **Total.** Other Benefits	69	7,399	1,477,390	673,177	804,213	0 870 %
k **Total.** Add lines 7d and 7j	69	17,681	10,092,936	6,266,743	3,826,193	4 120 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	1	250	200		200	0 %
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy	1		79,626	55,386	24,240	0 030 %
8	Workforce development						
9	Other						
10	**Total**	2	250	79,826	55,386	24,440	0 030 %

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	4,297,912		
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	29,397,213
6	Enter Medicare allowable costs of care relating to payments on line 5	6	39,232,245
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-9,835,032
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					
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?
3

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 AVERA QUEEN OF PEACE HOSPITAL

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**		No
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 AVERA ORG/QUEEN-OF-PEACE			
b	☑ Other website (list url) WWW AVERA ORG			
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**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 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 400 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**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group AVERA WESKOTA MEMORIAL MEDICAL CENTER

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**	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**		No
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 AVERA ORG/WESKOTA/			
b	☑ Other website (list url) WWW AVERA ORG			
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**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 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 400 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**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group AVERA DE SMET MEMORIAL HOSPITAL

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) 3

			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**		No
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 AVERA ORG/DE-SMET/			
b	☑ Other website (list url) WWW AVERA ORG			
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**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 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 400 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**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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**	Yes	
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? 2

	Name and address	Type of Facility (describe)
1	AVERA BRADY HEALTH AND REHAB 500 S OHMAN ST MITCHELL, SD 57301	NURSING HOME
2	AVERA BRADY ASSISTED LIVING 1414 W CEDAR AVE MITCHELL, SD 57301	ASSISTED LIVING
3		
4		
5		
6		
7		
8		
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 3C	A COMBINATION OF INCOME AND ASSETS TEST IS UTILIZED TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE POINTS ARE ASSIGNED BASED ON INCOME AS A PERCENTAGE OF FPG AND NET ASSETS OWNED WITH POINTS DEDUCTED FOR ONGOING MEDICAL EXPENSES SUCH AS DRUGS PATIENTS WITH THE FEWEST POINTS RECEIVE THE LARGEST DISCOUNT 0-1 POINTS RECEIVE 100% DISCOUNT ON BILLS WHILE REMAINING DISCOUNTS RANGE FROM 10-90% DEPENDING ON POINT TOTALS AND DOLLAR AMOUNT OF CHARGES

Form and Line Reference	Explanation
PART I, LINE 6A	OUR COMMUNITY BENEFIT REPORT IS CONTAINED IN A REPORT PREPARED BY AVERA HEALTH, A RELATED ORGANIZATION IT IS AVAILABLE THROUGH THE WEBSITE AND REQUESTED MAILING, AND IS FILED WITH THE CATHOLIC HEALTH ASSOCIATION

Form and Line Reference	Explanation
PART I, LINE 7	CHARITY CARE EXPENSE WAS CONVERTED TO COST ON LINE 7A BASED ON AN OVERALL COST-TO-CHARGE RATIO ADDRESSING ALL PATIENT SEGMENTS UNREIMBURSED MEDICAID ON LINE 7B WAS CALCULATED USING THE COSTING METHODS TO PREPARE THE COST REPORTS COMMUNITY HEALTH IMPROVEMENT SERVICES, LINE 7E, HEALTH PROFESSIONS EDUCATION, LINE 7F, AND CASH AND IN-KIND DONATIONS, LINE 7I WERE COMPILED USING ACTUAL COSTS RECORDED IN THE CBISA SOFTWARE THE COST FOR SUBSIDIZED HEALTH SERVICES REPORTED ON LINE 7G WAS DETERMINED USING THE MEDICARE COST REPORT

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	AVERA QUEEN OF PEACE BAD DEBT EXPENSE OF $4,297,912 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) BUT EXCLUDED FOR PURPOSES OF CALCULATING THIS PERCENTAGE

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	AVERA QUEEN OF PEACE SUPPORTS NUMEROUS ECONOMIC DEVELOPMENT ORGANIZATIONS WITH PARTICIPATION AT MEETINGS AND DONATIONS THROUGHOUT ITS SERVICE AREA ADDITIONALLY, AVERA QUEEN OF PEACE WORKS WITH DAKOTA WESLEYAN UNIVERSITY, THE MITCHELL TECHNICAL INSTITUTE, AND LOCAL HIGH SCHOOLS TO ADDRESS HEALTHCARE WORKER SHORTAGES IN THE COMMUNITIES OF ITS SERVICE AREA AVERA QUEEN OF PEACE ALSO PARTNERS WITH THE MITCHELL SENIOR MEALS PROGRAM TO ENSURE ACCESS TO NUTRITIOUS MEALS FOR THE ELDERLY

Form and Line Reference	Explanation
PART III, LINE 2	BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR BAD DEBT IS RECORDED AT CHARGES AS RECORDED BY THE ORGANIZATION

Form and Line Reference	Explanation
PART III, LINE 3	AVERA QUEEN OF PEACE DOES NOT BELIEVE THAT ANY PORTION OF BAD DEBT EXPENSE COULD REASONABLY BE ATTRIBUTED TO PATIENTS WHO MAY QUALIFY FOR FINANCIAL ASSISTANCE SINCE EVALUATIONS ARE COMPLETED TO DETERMINE THOSE AMOUNTS DUE AND WILL BE RECLASSIFIED FROM BAD DEBT EXPENSE TO CHARITY CARE WITHIN 30 DAYS FOLLOWING THE EVALUATION OF THE AMOUNT

Form and Line Reference	Explanation
PART III, LINE 4	THE FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES IS LOCATED IN FOOTNOTE 1 ON PAGE 9 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS

Form and Line Reference	Explanation
PART III, LINE 8	MEDICARE ALLOWABLE COSTS OF CARE ARE BASED ON THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS SET FORTH BY CENTERS FOR MEDICARE AND MEDICAID SERVICES AVERA QUEEN OF PEACE FOLLOWS THE CHA GUIDELINES IN REPORTING COMMUNITY BENEFITS AND THEREFORE ANY MEDICARE SHORTFALL (AS CALCULATED INCLUDING OUR NON-COST REPORT ENTITIES) IS EXCLUDED FROM OUR COMMUNITY BENEFIT REPORT HOWEVER, MEDICARE IS THE ORGANIZATION'S LARGEST PAYER AND PATIENTS WITH MEDICARE COVERAGE ARE ACCEPTED REGARDLESS OF WHETHER OR NOT A SURPLUS OR DEFICIT IS REALIZED FROM PROVIDING THE SERVICES THIS BASIS THEREFORE MEANS PROVIDING MEDICARE SERVICES PROMOTES ACCESS TO HEALTHCARE SERVICES WHICH IS A KEY ADVANTAGE FOR OUR COMMUNITY

Form and Line Reference	Explanation
PART III, LINE 9B	IF THE PATIENT QUALIFIES FOR THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY FOR LOW-INCOME, UNINSURED PATIENTS AND IS COOPERATING WITH THE ORGANIZATION WITH REGARD TO EFFORTS TO SETTLE AN OUTSTANDING BILL WITHIN A REASONABLE TIME PERIOD, THE ORGANIZATION OR ITS AGENT SHALL NOT SEND, NOR INDICATE THAT IT WILL SEND, THE UNPAID BILL TO ANY OUTSIDE AGENCY IF DOING SO MAY NEGATIVELY IMPACT A PATIENT'S CREDIT AT SUCH TIME AS THE ORGANIZATION SENDS THE UNCOLLECTED ACCOUNT TO AN OUTSIDE COLLECTION AGENCY, THE AMOUNT REFERRED TO THE AGENCY SHALL REFLECT THE REDUCED-PAYMENT LEVEL FOR WHICH THE PATIENT WAS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY FOR LOW-INCOME UNINSURED PATIENTS ANY EXTENDED PAYMENT PLANS OFFERED BY A HOSPITAL IN SETTLING THE OUTSTANDING BILLS OF LOW INCOME, UNINSURED PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SHALL BE INTEREST-FREE SO LONG AS THE REPAYMENT SCHEDULE IS MET

Form and Line Reference	Explanation
PART VI, LINE 2	AVERA QUEEN OF PEACE CONDUCTED A COMMUNITY HEALTH NEEDS ASSESSMENT FOR EACH FACILITY DURING 2012 AND 2013 THE CHNA IMPLEMENTATION PLANS FOR AVERA WESKOTA MEMORIAL MEDICAL CENTER AND AVERA DE SMET MEMORIAL HOSPITAL WERE ADOPTED BY THE AVERA QUEEN OF PEACE GOVERNING BOARD ON MAY 28, 2013 THE CHNA IMPLEMENTATION PLAN FOR AVERA QUEEN OF PEACE HOSPITAL WAS ADOPTED BY THE AVERA QUEEN OF PEACE GOVERNING BOARD ON JUNE 25, 2013

Form and Line Reference	Explanation
PART VI, LINE 3	ANYONE WHO IS UNINSURED RECEIVES A LETTER WITH THEIR ITEMIZED BILL WHICH DESCRIBES BOTH THE UNINSURED PROGRAM AND THE CHARITY CARE PROGRAM ANY UNINSURED PATIENT IS CONTACTED BY PHONE OR LETTER BY OUR COLLECTIONS DEPARTMENT AT WHICH TIME OUR PROGRAMS ARE DESCRIBED ALSO, INPATIENT AND SAME DAY SURGERY PATIENTS RECEIVE A BROCHURE IN THEIR ADMISSIONS PACKET PRE-COLLECTION LETTERS ALSO INCLUDE INFORMATION REGARDING OUR CHARITY CARE AND UNINSURED PROGRAMS

Form and Line Reference	Explanation
PART VI, LINE 4	AVERA QUEEN OF PEACE'S SERVICE AREA INCLUDES DAVISON COUNTY AND SURROUNDING COUNTIES IN SOUTH DAKOTA IN 2013, THE POPULATION FOR DAVISON COUNTY WAS ESTIMATED TO BE 19,823 APPROXIMATELY 17 2% OF THE POPULATION IS AGE 65 OR OLDER THE AVERAGE PER CAPITA INCOME IS $24,597 AND APPROXIMATELY 12 2% OF INDIVIDUALS ARE BELOW THE FEDERAL POVERTY LEVEL THE NEAREST LIKE HOSPITAL IN THE AREA IS APPROXIMATELY 72 MILES FROM AVERA QUEEN OF PEACE

Form and Line Reference	Explanation
PART VI, LINE 5	AVERA QUEEN OF PEACE IS A VERIFIED LEVEL II TRAUMA CENTER AND OPERATES AN EMERGENCY DEPARTMENT STAFFED 24 HOURS PER DAY WITH BOARD CERTIFIED PHYSICIANS EMERGENCY CARE IS PROVIDED ON AN OPEN DOOR BASIS REGARDLESS OF ABILITY TO PAY AVERA QUEEN OF PEACE LEASES TWO CRITICAL ACCESS HOSPITALS WHICH PROVIDE A BROAD RANGE OF INPATIENT, OUTPATIENT SERVICES AND 24 HOUR EMERGENCY ROOMS IN TWO VERY RURAL COMMUNITIES AVERA QUEEN OF PEACE OWNS THREE RURAL HEALTH CLINICS WHICH PROVIDE PRIMARY CARE SERVICES IN THREE RURAL COMMUNITIES SIMILAR TO THE HOSPITALS IN THE AVERA QUEEN OF PEACE REGION, THE CLINICS ARE OPERATED ON AN OPEN DOOR BASIS AND CARE IS PROVIDED REGARDLESS OF ABILITY TO PAY MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL LICENSED AND QUALIFIED APPLICANTS THE AVERA QUEEN OF PEACE BOARD OF DIRECTORS IS PRINCIPALLY COMPRISED OF COMMUNITY MEMBERS FROM THE PRIMARY AND SECONDARY SERVICES AREAS MEMBERS COME FROM A VARIETY OF BACKGROUNDS INCLUDING BANKING, EDUCATION, AGRICULTURE, HEALTHCARE AND PRIVATE INDUSTRY

Form and Line Reference	Explanation
PART VI, LINE 6	THE COMMUNITIES IN WHICH AVERA OPERATES ALL HAVE UNIQUE HEALTH AND COMMUNITY BENEFIT NEEDS AND IN KEEPING WITH THE CATHOLIC HEALTHCARE ASSOCIATION GUIDELINES EACH HOSPITAL STRIVES TO MEET ITS COMMUNITY'S IDENTIFIED NEEDS THE AVERA CENTRAL OFFICE ADVOCATES FOR ALL ON COMMUNITY BENEFIT RELATED MATTERS OF STATE, REGIONAL AND NATION IMPORTANCE

Additional Data

Software ID:
Software Version:
EIN: 46-0224604
Name: AVERA QUEEN OF PEACE

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
AVERA QUEEN OF PEACE HOSPITAL	PART V, SECTION B, LINE 3 SIX FOCUS GROUPS WERE HELD TO COLLECT PRIMARY DATA FROM COMMUNITY LEADERS, SENIOR CITIZENS, SINGLE PARENTS, SMALL BUSINESS REPRESENTATIVES, LARGE BUSINESS REPRESENTATIVES, AND POST-SECONDARY STUDENTS IN ADDITION, THE FOLLOWING INDIVIDUALS WERE CONSULTED IN CONDUCTING THE NEEDS ASSESSMENT PRINCIPAL, LONGFELLOW ELEMENTARY SCHOOL, DIRECTOR OF ADULT SERVICES AND AGING, DAVISON COUNTY, PUBLIC HEALTH NURSE, DAVISON COUNTY, DIRECTOR OF FAMILY PLANNING, DAVISON COUNTY, AND PARISH HEALTH NURSE, FIRST LUTHERAN CHURCH

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
AVERA WESKOTA MEMORIAL MEDICAL CENTER	PART V, SECTION B, LINE 3 AVERA WESKOTA MEMORIAL HOSPITAL GATHERED BOTH SECONDARY AND PRIMARY DATA FOR THE ASSESSMENT A COMMUNITY DEVELOPMENT SPECIALIST WITH THE PLANNING AND DEVELOPMENT DISTRICT GATHERED PRIMARY DATA BY CONDUCTING FOCUS GROUPS AND A NUMBER OF KEY INFORMANT INTERVIEWS AVERA WESKOTA ALSO COLLECTED PRIMARY DATA THROUGH A SURVEY TOOL THE SURVEY WAS UTILIZED TO REACH THE BROADER COMMUNITY AND WAS DISTRIBUTED TO THE FOLLOWING FOUR GROUPS OF PEOPLE THROUGHOUT THE WESSINGTON SPRINGS AREA 1) COMMUNITY & COUNTY MEMBERS 2) HEALTH CARE PROVIDERS, STAFF & BOARD MEMBERS 3) UNINSURED/UNDERINSURED POPULATIONS & 4) COMMUNITY LEADERS

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
AVERA DE SMET MEMORIAL HOSPITAL	PART V, SECTION B, LINE 3 INPUT WAS GATHERED FROM INDIVIDUALS REPRESENTING THE FOLLOWING GROUPS PUBLIC SAFETY, HEALTHCARE, LOW INCOME, CONTRACTORS/SELF EMPLOYED, SCHOOLS, SD DEPT OF HEALTH OFFICE OF RURAL HEALTH

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
AVERA QUEEN OF PEACE HOSPITAL	PART V, SECTION B, LINE 6I THE IMPLEMENTATION STRATEGY IS AVAILABLE AT THE FOLLOWING WEBSITE HTTP //WWW AVERA ORG/EXPERIENCE/SHARED/COMMUNITY-NEEDS-HEALTH-ASSESSMENTS/

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
AVERA WESKOTA MEMORIAL MEDICAL CENTER	PART V, SECTION B, LINE 6I THE IMPLEMENTATION STRATEGY IS AVAILABLE AT THE FOLLOWING WEBSITE HTTP //WWW AVERA ORG/EXPERIENCE/SHARED/COMMUNITY-NEEDS-HEALTH-ASSESSMENTS/

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
AVERA DE SMET MEMORIAL HOSPITAL	PART V, SECTION B, LINE 6I THE IMPLEMENTATION STRATEGY IS AVAILABLE AT THE FOLLOWING WEBSITE HTTP //WWW AVERA ORG/EXPERIENCE/SHARED/COMMUNITY-NEEDS-HEALTH-ASSESSMENTS/

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
AVERA QUEEN OF PEACE HOSPITAL	PART V, SECTION B, LINE 7 DUE TO LIMITED FINANCIAL, PHYSICAL SPACE AND TIME LIMITATIONS, THE INTERDISCIPLINARY CHNA TEAM DID NOT PRIORITIZE/ASSIGN FOR IMPLEMENTATION AT THIS TIME ADEQUATE AND AFFORDABLE HOUSING AVERA QUEEN OF PEACE CURRENTLY HAS REPRESENTATION ON THE MITCHELL DEVELOPMENT CORPORATION THE MITCHELL DEVELOPMENT CORPORATION IS ACTIVE IN ATTRACTING INVESTMENT IN AFFORDABLE HOUSING AFFORDABLE DENTAL CARE A MOBILE DENTAL CARE CLINIC CURRENTLY ASSISTS LOCAL DENTIST IN PROVIDING FREE DENTAL SERVICES TO NEEDY CHILDREN OUR FINDINGS OF PATIENTS ARE UNABLE TO FIND A DENTIST WITH AVAILABLE APPOINTMENTS OR WILLING TO ACCEPT UNINSURED PATIENTS WILL BE COMMUNICATED WITH DENTISTS AFFORDABLE AND RELIABLE PUBLIC TRANSPORTATION THE CITY OF MITCHELL CURRENTLY OPERATES A PUBLIC TRANSIT SYSTEM, IN ADDITION, A LOCAL COMPANY ALSO PROVIDES TRANSPORTATION SERVICES OUR FINDINGS OF WAIT TIMES FOR TRANSPORTATION HAVE BEEN COMMUNICATED WITH TRANSPORTATION PROVIDERS

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
AVERA WESKOTA MEMORIAL MEDICAL CENTER	PART V, SECTION B, LINE 7 DUE TO LIMITED FINANCIAL, PHYSICAL SPACE AND TIME LIMITATIONS, THE INTERDISCIPLINARY CHNA TEAM DID NOT PRIORITIZE/ASSIGN FOR IMPLEMENTATION AT THIS TIME LACK OF ASSISTED LIVING HOUSING THIS FINDING WAS REPORTED TO THE LOCAL NURSING HOME BOARD OF DIRECTORS TO ADDRESS IN THEIR STRATEGIC PLANNING AS THEY CURRENTLY PROVIDE INDEPENDENT SENIOR HOUSING AND MAY BE ABLE TO ADD OR CONVERT SPACE FOR ASSISTED LIVING ALL OTHER NEEDS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT WERE ADDRESSED AND WILL CONTINUE TO BE ADDRESSED IN FUTURE YEARS

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
AVERA DE SMET MEMORIAL HOSPITAL	PART V, SECTION B, LINE 7 DUE TO LIMITED FINANCIAL, PHYSICAL SPACE AND TIME LIMITATIONS, THE INTERDISCIPLINARY CHNA TEAM DID NOT PRIORITIZE/ASSIGN FOR IMPLEMENTATION AT THIS TIME WATER QUALITY ALL COMMENTS AND CONCERNS WILL BE ADDRESSED BY THE CITY OF DE SMET PHYSICAL ACTIVITY THE CITY OF DE SMET IS ADDRESSING THE WELLNESS NEEDS OF THE COMMUNITY WITH PLANS FOR CONSTRUCTION OF A COMMUNITY CENTER AND WELLNESS CENTER DOMESTIC ABUSE THIS NEED WILL BE ADDRESSED BY THE BROOKINGS ABUSE SHELTER RURAL OUTREACH PROGRAM AS THIS PROGRAM IS BEST QUALIFIED TO ADDRESS THIS NEED ALL OTHER NEEDS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT WERE ADDRESSED AND WILL CONTINUE TO BE ADDRESSED IN FUTURE YEARS

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
AVERA QUEEN OF PEACE HOSPITAL	PART V, SECTION B, LINE 14G A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOMS, WAITING ROOMS, AND ADMISSIONS OFFICE AND INCLUDED IN THE BILLING STATEMENT IN ADDITION, THE FINANCIAL ASSISTANCE POLICY IS DISCUSSED WITH THE PATIENT UPON ADMISSION TO THE FACILITY

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
AVERA WESKOTA MEMORIAL MEDICAL CENTER	PART V, SECTION B, LINE 14G A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOMS, WAITING ROOMS, AND ADMISSIONS OFFICE AND INCLUDED IN THE BILLING STATEMENT IN ADDITION, THE FINANCIAL ASSISTANCE POLICY IS DISCUSSED WITH THE PATIENT UPON ADMISSION TO THE FACILITY

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
AVERA DE SMET MEMORIAL HOSPITAL	PART V, SECTION B, LINE 14G A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOMS, WAITING ROOMS, AND ADMISSIONS OFFICE AND INCLUDED IN THE BILLING STATEMENT IN ADDITION, THE FINANCIAL ASSISTANCE POLICY IS DISCUSSED WITH THE PATIENT UPON ADMISSION TO THE FACILITY

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
AVERA QUEEN OF PEACE HOSPITAL	PART V, SECTION B, LINE 22 INDIVIDUALS ELIGIBLE FOR FINANCIAL ASSISTANCE ARE NOT CHARGED GROSS CHARGES FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, HOWEVER MAY BE CHARGED GROSS CHARGES FOR ELECTIVE CARE

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
AVERA WESKOTA MEMORIAL MEDICAL CENTER	PART V, SECTION B, LINE 22 INDIVIDUALS ELIGIBLE FOR FINANCIAL ASSISTANCE ARE NOT CHARGED GROSS CHARGES FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, HOWEVER MAY BE CHARGED GROSS CHARGES FOR ELECTIVE CARE

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
AVERA DE SMET MEMORIAL HOSPITAL	PART V, SECTION B, LINE 22 INDIVIDUALS ELIGIBLE FOR FINANCIAL ASSISTANCE ARE NOT CHARGED GROSS CHARGES FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, HOWEVER MAY BE CHARGED GROSS CHARGES FOR ELECTIVE CARE

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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
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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) MITCHELL TECH INSTITUTE FOUNDATION 1800 E SPRUCE ST MITCHELL,SD 57301	46-0452950	501(C)(3)	45,000				DONATION
(2) DE SMET COMMUNITY FOUNDATION PO BOX 42 DE SMET,SD 57231	46-1401425	501(C)(3)	25,000				DONATION
(3) DAKOTA WESLEYAN UNIVERSITY 1200 W UNIVERSITY AVE MITCHELL,SD 57301	46-0224589	501(C)(3)	28,500				DONATION

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

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 0

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

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

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

Return Reference	Explanation
PART I, LINE 2	THE ORGANIZATION ONLY MAKES GRANTS TO OTHER ORGANIZATIONS WHICH ARE TAX-EXEMPT UNDER SECTION 501(C)(3)

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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
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)PATRICIA MALTERS MD BOARD MEMBER/PHYSICIAN	(i)	223,752	16,940	14,023	20,283	5,954	280,952	0
	(ii)	0	0	0	0	0	0	0
(2)THOMAS CLARK PRESIDENT & CEO	(i)	0	0	0	0	0	0	0
	(ii)	315,704	0	59,996	13,475	22,845	412,020	0
(3)WILLIAM E FLETT SEC/TREAS & VP OF FINANCE	(i)	168,192	360	500	14,150	22,535	205,737	0
	(ii)	0	0	0	0	0	0	0
(4)BRIAN KAMPMANN MD ORTHOPEDICS, SPORTS MEDICINE	(i)	746,303	360	2,290	20,300	21,145	790,398	0
	(ii)	0	0	0	0	0	0	0
(5)STEPHEN DICK MD MPH RADIATION ONCOLOGY	(i)	343,702	72,713	8,842	20,300	20,418	465,975	0
	(ii)	0	0	0	0	0	0	0
(6)CHRIS KROUSE OD ORTHOPEDICS, SPORTS MEDICINE	(i)	895,214	96,600	3,309	20,300	21,174	1,036,597	0
	(ii)	0	0	0	0	0	0	0
(7)MICHAEL HALEY MD FACS BARIATRICS, GENERAL SURGERY	(i)	378,159	40,577	16,705	20,300	23,019	478,760	0
	(ii)	0	0	0	0	0	0	0
(8)DENNIS LELAND MD FACS GENERAL SURGERY	(i)	478,116	30,360	4,551	20,300	23,213	556,540	0
	(ii)	0	0	0	0	0	0	0

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
SCHEDULE J, PART I LINE 3	THE PRESIDENT/CEO'S COMPENSATION IS PAID BY A RELATED ORGANIZATION, AVERA HEALTH AVERA QUEEN OF PEACE RELIED ON THE RELATED ORGANIZATION FOR DETERMINING THE COMPENSATION FOR THE PRESIDENT/CEO USING THE METHODS DESCRIBED IN PART I, LINE 3

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) DAVID MALTERS MD	FAMILY MEMBER OF BOARD MEMBER	200,378	COMPENSATION		No
(2) ANDREA MALTERS	FAMILY MEMBER OF BOARD MEMBER	29,987	COMPENSATION		No

Part V Supplemental Information

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

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
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

Return Reference	Explanation
FORM 990, PART III, LINE 2	AVERA QUEEN OF PEACE ADDED A MEDICAL ONCOLOGY PRACTICE IN DECEMBER 2013 AND UROLOGY PRACTICE IN JANUARY 2014

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	SISTER KATHLEEN CROWLEY HAS A BUSINESS RELATIONSHIP WITH THOMAS CLARK

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE ORGANIZATION IS AVERA HEALTH, A NONPROFIT CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF SOUTH DAKOTA AND EXEMPT UNDER 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	AVERA HEALTH, AS THE SOLE MEMBER, HAS THE POWER TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, MEMBERS OF THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	AVERA HEALTH HAS THE FOLLOWING RIGHTS AS THE MEMBER 1) TO APPROVE THE ADOPTION, AMENDMENT OR REPEAL OF THE STATEMENTS OF PHILOSOPHY, MISSION AND VALUES OF CORPORATION, 2) TO INITIATE THE ADOPTION, AMENDMENT OR REPEAL OF ANY PROVISION OF THE ARTICLES OF INCORPORATION OR BYLAWS OF CORPORATION, AND TO GIVE FINAL APPROVAL OF ANY SUCH ACTION WITH RESPECT THERETO, 3) TO APPROVE AND ACT UPON THE ALIENATION OF REAL PROPERTY AND PRECIOUS ARTIFACTS UNDER THE CANONICAL STEWARDSHIP OF THE SISTERS OF THE PRESENTATION OF THE BLESSED VIRGIN MARY OF ABERDEEN, SOUTH DAKOTA (''PRESENTATION SISTERS'') OR THE BENEDICTINE SISTERS OF SACRED HEART MONASTERY (''BENEDICTINE SISTERS''), PURSUANT TO THE POLICIES ESTABLISHED BY THE MEMBER, 4) TO APPROVE ANY PLAN OF MERGER, CONSOLIDATION OR DISSOLUTION OF THE CORPORATION, OR THE DIVESTITURE OF A SPONSORED WORK OR MINISTRY ASSOCIATED WITH THE CORPORATION, 5) TO APPROVE THE CREATION OF NEW SPONSORED WORKS OR MINISTRIES TO BE CONDUCTED BY OR UNDER THE AUTHORITY OF THE CORPORATION, 6) TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, THE BOARD OF DIRECTORS OF THE CORPORATION 7) TO APPOINT AND/OR REMOVE, WITH OR WITHOUT CAUSE, THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE CORPORATION 8) TO APPROVE OPERATING/CAPITAL BUDGETS AND STRATEGIC PLANS OF THE CORPORATION 9) TO APPROVE EXPENDITURES OUTSIDE OF OPERATING AND CAPITAL BUDGETS EXCEEDING DEFINED THRESHOLDS ACCORDING TO POLICY WHICH MAY BE ADOPTED FROM TIME TO TIME BY THE MEMBER 10) TO APPROVE ACQUISITIONS, SALES AND LEASES, ACCORDING TO POLICY WHICH MAY BE ADOPTED FROM TIME TO TIME BY THE MEMBER 11) TO ESTABLISH AND MAINTAIN EMPLOYEE BENEFIT PROGRAMS 12) TO ESTABLISH AND MAINTAIN INSURANCE PROGRAMS 13) TO APPROVE MAJOR COMMUNITY FUND DRIVES 14) TO APPROVE THE APPOINTMENT OF AUDITORS 15) TO ADOPT POLICIES DESIGNED TO EFFECTUATE THE RESERVED POWERS OF THE MEMBER

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 8B	AVERA QUEEN OF PEACE HOSPITAL DOES NOT HAVE COMMITTEES WITH AUTHORITY TO ACT ON BEHALF OF THE GOVERNING BODY

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE RETURN IS REVIEWED INITIALLY BY THE CFO THE RETURN IS MADE AVAILABLE TO THE BOARD OF DIRECTORS FOR REVIEW PRIOR TO FILING

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS BOARD MEMBERS, OFFICERS, AND KEY EMPLOYEES AT EACH BOARD MEETING, A REQUEST IS MADE FOR ALL BOARD MEMBERS TO DISCLOSE ANY POTENTIAL CONFLICT OF INTEREST PERTAINING TO ANY ITEM LISTED ON THE AGENDA OR PERTAINING TO ANY POTENTIAL ITEM THAT COULD BE DISCUSSED DURING THE COURSE OF THE MEETING THE DECLARATION OF CONFLICT OF INTEREST IS RECORDED IN THE MEETING MINUTES THE BOARD MAKES A DETERMINATION OF WHETHER THERE IS A CONFLICT OF INTEREST AND IF SO, IMPLEMENTS THE PROCEDURE FOR EVALUATING THE ISSUE OR TRANSACTION INVOLVED THE BOARD MEMBER OR OFFICER WITH THE CONFLICT MUST REFRAIN FROM VOTING A STATEMENT OF CONFLICT OF INTEREST DISCLOSURE IS MADE ON AN ANNUAL BASIS BY OFFICERS AND DIRECTORS THE INFORMATION IS MAINTAINED IN A DATABASE AND A REPORT IS PROVIDED TO THE BOARD

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15B	THE CEO IS COMPENSATED BY AVERA HEALTH ANNUALLY THE COMPENSATION COMMITTEE OF AVERA HEALTH, WHICH IS COMPRISED OF SIX (6) SYSTEM MEMBERS APPOINTED BY THE RELIGIOUS ORDERS, MEETS WITH AN INDEPENDENT CONSULTANT REGARDING FAIR MARKET VALUE OF OFFICERS AND KEY EMPLOYEES THE COMPENSATION COMMITTEE APPROVES ALL SALARIES BASED ON COMPARABLE DATA AND DOCUMENTS THE BASIS FOR THEIR DECISION IN MEETING MINUTES THE COMPENSATION OF THE VP OF FINANCE IS DETERMINED BY HUMAN RESOURCES BASED ON A MARKET ANALYSIS OF COMPARABLE POSITIONS THE COMPENSATION IS APPROVED BY THE CEO

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE TO THE GENERAL PUBLIC THE ORGANIZATION'S FINANCIAL STATEMENTS ARE ATTACHED TO THE FORM 990 PER IRS INSTRUCTIONS AND THEREFORE ARE AVAILABLE TO THE GENERAL PUBLIC

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	RECRUITMENT PROGRAM SERVICE EXPENSES 93,607 MANAGEMENT AND GENERAL EXPENSES 55,644 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 149,251 REPAIRS AND MAINTENANCE PROGRAM SERVICE EXPENSES 1,296,705 MANAGEMENT AND GENERAL EXPENSES 48,806 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,345,511 PURCHASED SERVICES PROGRAM SERVICE EXPENSES 4,373,097 MANAGEMENT AND GENERAL EXPENSES 5,485,151 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 9,858,248

Return Reference	Explanation
FORM 990, PART XI, LINE 9	CHANGE IN FAIR VALUE OF INTEREST RATE SWAP 43,413

Return Reference	Explanation
FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE OF AVERA HEALTH, PARENT ORGANIZATION, SELECTS THE AUDITOR AND REVIEWS THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF AVERA HEALTH, WHICH INCLUDES AVERA QUEEN OF PEACE.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 16B	THERE IS NO WRITTEN POLICY OR PROCEDURE SINCE IN THE EVENT OF ANY SUCH PROPOSED TRANSACTION THE BOARD OR A COMMITTEE WITH DELEGATED AUTHORITY REVIEWS ALL MATERIALS, VALUATIONS AND OPERATIONAL ASPECTS FOR ANY PROPOSED TRANSACTION SUCH TRANSACTION WOULD BE EVALUATED IN ACCORDANCE WITH THE EXEMPT STATUS OF THE ORGANIZATION AND ITS APPLICABLE PURPOSES ANY TRANSACTION ALSO WOULD BE APPROVED BY THE BOARD AND THE MEMBER

Return Reference	Explanation
FORM 990, PART X, LINE 20	THE ISSUE PRICE INCLUDES THE FILING ORGANIZATION'S SHARE OF THE ENTIRE BOND ISSUE, WHICH WAS ISSUED TO AVERA HEALTH ON BEHALF OF THE AVERA OBLIGATED GROUP THE AVERA OBLIGATED GROUP CONSISTS OF AVERA HEALTH, AVERA MCKENNAN, AVERA ST LUKE'S, AVERA QUEEN OF PEACE, AVERA MARSHALL, AVERA ST MARY'S, AND AVERA SACRED HEART IN ACCORDANCE WITH IRS INSTRUCTIONS, INFORMATION RELATED TO THE TAX EXEMPT BOND REPORTING IS BEING REPORTED ON AVERA HEALTH'S TAX RETURN (EIN 46-0422673)

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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
AVERA QUEEN OF PEACE

Employer identification number
46-0224604

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

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
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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
See Additional Data Table												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) ACCOUNTS MANAGEMENT INC 5132 S CLIFF AVE SUITE 101 SIOUX FALLS, SD 57108 46-0373021	COLLECTION AGENCY	SD	N/A	C					No
(2) AVERA HEALTH PLANS INC 3900 WEST AVERA DRIVE SUITE 101 SIOUX FALLS, SD 57108 46-0451539	HEALTH FINANCING AND HEALTH PLAN ADMINISTRATION	SD	N/A	C					No
(3) AVERA PROPERTY INSURANCE INC 610 W 23RD ST STE 1 PO BOX 38 YANKTON, SD 57078 46-0463155	INSURANCE	SD	N/A	C					No
(4) DR DONALD & MARGUERITE MABEE TRUST C/O FIRST NATIONAL BANK OF SOUTH DA MITCHELL, SD 57301 46-6056202	INVESTING	SD	AVERA QUEEN OF PEACE HOSPITAL	T	105,740	864,630	100 000 %	Yes	
(5) VALLEY HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0357149	RENTAL REAL ESTATE	SD	N/A	C					No

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		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
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	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q		No
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
(1) AVERA MCKENNAN	L	1,121,534	GENERAL LEDGER
(2) AVERA MCKENNAN	M	64,211	GENERAL LEDGER

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: 46-0224604
Name: AVERA QUEEN OF PEACE

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	(g) Section 512(b)(13) controlled entity? No
(1) AVERA HEALTH 3900 WEST AVERA DRIVE SUITE 300 SIOUX FALLS, SD 57108 46-0422673	PROMOTION OF HEALTH	SD	501(C)(3)	LINE 9	N/A		No
(1) AVERA GETTYSBURG 606 EAST GARFIELD GETTYSBURG, SD 57442 46-0234354	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA ST MARY'S		No
(2) AVERA ST ANTHONY'S HOSPITAL 300 N 2ND STREET ONEILL, NE 68763 47-0463911	HEALTHCARE EDUCATION	NE	501(C)(3)	LINE 3	AVERA HEALTH		No
(3) AVERA HOLY FAMILY 826 NORTH 8TH STREET ESTHERVILLE, IA 51334 42-0680370	HEALTHCARE SERVICES	IA	501(C)(3)	LINE 3	AVERA HEALTH		No
(4) AVERA HOLY FAMILY FOUNDATION 826 NORTH 8TH STREET ESTHERVILLE, IA 51334 42-1317452	FUNDRAISING	IA	501(C)(3)	LINE 9	AVERA HOLY FAMILY		No
(5) AVERA MARSHALL 300 S BRUCE STREET MARSHALL, MN 56258 41-0919153	HEALTHCARE SERVICES	MN	501(C)(3)	LINE 3	AVERA HEALTH		No
(6) AVERA MARSHALL FOUNDATION 300 S BRUCE STREET MARSHALL, MN 56258 41-1784801	FUNDRAISING	MN	501(C)(3)	LINE 7	AVERA MARSHALL		No
(7) ST BENEDICT HEALTH CENTER 401 WEST GLYNN DRIVE PARKSTON, SD 57366 46-0226738	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
(8) ST BENEDICT HEALTH CENTER FOUNDATION WEST GLYNN DRIVE PO BOX B PARKSTON, SD 57366 46-0458725	SUPPORT HEALTH RELATED SERVICES	SD	501(C)(3)	LINE 11A, I	ST BENEDICT HEALTH CENTER		No
(9) AVERA MCKENNAN 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 57117 46-0224743	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
(10) SACRED HEART HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0225483	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
(11) AVERA ST MARY'S 801 EAST SIOUX AVENUE PIERRE, SD 57501 46-0230199	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
(12) AVERA AT HOME 5116 S SOLBERG AVE SIOUX FALLS, SD 57108 46-0399291	HOME SERVICES	SD	501(C)(3)	LINE 9	AVERA HEALTH		No
(13) LEWIS AND CLARK HEALTH EDUCATION AND SERVICE AGENCY 1000 W 4TH STREET SUITE 9 YANKTON, SD 57078 46-0337013	HEALTHCARE EDUCATION	SD	501(C)(3)	LINE 9	SACRED HEART HEALTH SERVICES		No
(14) AVERA ST LUKE'S 305 SOUTH STATE STREET ABERDEEN, SD 57401 46-0224598	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Q & M PROPERTIES LLC 525 NORTH FOSTER MITCHELL, SD 57301 73-1652049	MEDICAL CLINIC BUILDING	SD	AVERA QUEEN OF PEACE	RELATED	-498	381,182		No		Yes		50 000 %
AVERA HOME MEDICAL EQUIPMENT LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 57117 46-0488198	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									
HOME MEDICAL EQUIPMENT OF PIERRE LLC 329 E DAKOTA PIERRE, SD 57501 46-0444002	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									
AVERA HOME MEDICAL EQUIPMENT OF FLOYD VALLEY HOSPITAL LLC 714 LINCOLN ST NE LEMARS, IA 51031 82-0582350	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									
AVERA HOME MEDICAL EQUIPMENT OF ESTHERVILLE LLC PO BOX 5045 SIOUX FALLS, SD 57117 20-1686097	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									
AVERA HOME MEDICAL EQUIPMENT OF SIOUX CENTER LLC 38 19TH ST SW SIOUX CENTER, IA 51250 75-3203100	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									
AVERA HOME MEDICAL EQUIPMENT OF MARSHALL LLC 1104 EAST COLLEGE DRIVE MARSHALL, MN 56258 20-5271924	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									
AVERA HOME MEDICAL EQUIPMENT OF SPENCER HOSPITAL LLC 2400 S MINNESOTA AVE 102 SIOUX FALLS, SD 57117 80-0619999	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									
SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC 310 S PENNSYLVANIA ST ABERDEEN, SD 57401 46-0461429	SURGICAL ASSOCIATES	SD	N/A									
HEART HOSPITAL OF SOUTH DAKOTA LLC 4500 W 69TH STREET SIOUX FALLS, SD 57108 56-2143771	HEALTHCARE SERVICES	SD	N/A									
BROOKINGS HEALTH SYSTEM - AVERA HME LLC 101 22ND AVE SUITE 101 BROOKINGS, SD 57006 45-3204123	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A									

Consolidated Financial Statements
June 30, 2014 and 2013

Avera Health

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Avera Health
Sioux Falls, South Dakota

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Avera Health, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the 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 from material misstatement

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

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

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

200 E 10th St , Ste 500 | P O Box 5125 | Sioux Falls, SD 57117-5125 | T 605 339 1999 | F 605 339 1306 | EOE

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 86,604,034	$ 94,889,928
Assets limited as to use	27,128,045	30,059,466
Receivables		
Patients and residents, net	200,483,189	177,224,302
Other	34,642,018	17,043,114
Supplies	30,190,620	28,081,247
Prepaid expenses and other	16,505,209	13,986,812
Total current assets	395,553,115	361,284,869
Assets Limited as to Use		
Under indenture agreements	56,158,220	9,182,048
Other assets limited as to use	846,416,160	754,767,701
Total noncurrent assets limited as to use	902,574,380	763,949,749
Property and Equipment, Net	738,780,435	722,245,128
Other Assets		
Custodial funds held for unconsolidated entities	25,954,108	23,891,638
Investments in affiliated organizations	8,294,413	6,470,033
Goodwill	40,670,331	38,897,444
Intangible assets, net	15,423,733	15,454,397
Deferred financing costs, net	2,689,043	2,078,575
Noncurrent receivables	13,445,530	13,760,182
Other	27,986,554	21,281,311
Total other assets	134,463,712	121,833,580
Total assets	$2,171,371,642	$1,969,313,326

See Notes to Consolidated Financial Statements

Liabilities and Net Assets	2014	2013
Current Liabilities		
Current maturities of long-term debt	$ 18,274,633	$ 17,961,347
Accounts payable	50,248,539	42,139,135
Accrued salaries, benefits and withholdings	70,993,082	68,419,121
Interest payable	3,833,542	2,208,118
Estimated insurance claims payable	23,252,770	20,282,712
Estimated third-party payors	13,322,515	15,000,007
Other	16,087,658	12,483,752
Total current liabilities	196,012,739	178,494,192
Non-Current Liabilities		
Long-term debt, less current maturities	442,989,482	397,896,465
Custodial funds held for unconsolidated entities	25,954,108	23,891,638
Estimated insurance claims payable - noncurrent	16,888,625	18,864,376
Derivative liability	13,503,175	13,849,286
Other	6,448,252	3,521,490
Total non-current liabilities	505,783,642	458,023,255
Net Assets		
Unrestricted	1,402,603,468	1,272,027,566
Noncontrolling interest	12,692,720	12,158,623
Total unrestricted net assets	1,415,296,188	1,284,186,189
Temporarily restricted	48,284,280	43,095,378
Permanently restricted	5,994,793	5,514,312
Total net assets	1,469,575,261	1,332,795,879
Total liabilities and net assets	$2,171,371,642	$1,969,313,326

	2014	2013
Unrestricted Revenues, Gains, and Other Support		
Net patient and resident service revenue	$ 1,387,310,750	$ 1,275,009,148
Provision for bad debts	(44,926,210)	(36,823,730)
Net patient service revenue less provision for bad debts	1,342,384,540	1,238,185,418
Premium revenue	99,037,764	82,888,236
Other revenue	84,266,278	83,563,156
Total revenues, gains, and other support	1,525,688,582	1,404,636,810
Expenses		
Salaries, wages, and benefits	856,070,903	787,450,483
Supplies	249,107,279	214,444,019
Other	234,921,222	223,856,386
Claims expense	55,776,078	47,334,760
Interest	13,721,531	13,075,692
Depreciation and amortization	78,089,159	73,878,275
Total expenses	1,487,686,172	1,360,039,615
Operating Income	38,002,410	44,597,195
Other Income (Losses)		
Investment income - realized	32,501,926	25,053,354
Investment income - unrealized	60,348,021	26,023,145
Other nonoperating, net	(3,439,990)	13,841,964
Change in fair value of interest rate swaps not designated as hedges	193,881	5,888,245
Reclassification of accumulated losses on interest rate swaps	(534,363)	(534,363)
Loss on extinguishment of debt	-	(403,567)
Gain on acquisitions	-	29,092,796
Other income, net	89,069,475	98,961,574
Revenues in Excess of Expenses	127,071,885	143,558,769
Investment by noncontrolling interests, and distributions of earnings to noncontrolling interests, net	(5,654,163)	(5,114,834)
Reclassification of accumulated losses on interest rate swap	534,363	534,363
Grants and contributions restricted for capital purposes	4,046,938	1,931,498
Net assets released from restrictions for purchases of property and equipment	4,857,343	1,421,355
Other changes in net assets	253,633	608,176
Increase in Unrestricted Net Assets	$ 131,109,999	$ 142,939,327

	2014	2013
Unrestricted Net Assets		
Revenues in excess of expenses	$ 127,071,885	$ 143,558,769
Investment by noncontrolling interests, and distributions of earnings to noncontrolling interests, net	(5,654,163)	(5,114,834)
Reclassification of accumulated losses on interest rate swap	534,363	534,363
Grants and contributions restricted for capital purposes	4,046,938	1,931,498
Net assets released from restrictions for purchases of property and equipment	4,857,343	1,421,355
Other changes in net assets	253,633	608,176
Increase in unrestricted net assets	131,109,999	142,939,327
Temporarily Restricted Net Assets		
Contributions	7,771,841	6,629,299
Investment income	5,141,346	2,399,319
Net assets released from restrictions	(7,724,285)	(4,231,019)
Increase in temporarily restricted net assets	5,188,902	4,797,599
Permanently Restricted Net Assets		
Contributions	480,481	513,298
Increase in Net Assets	136,779,382	148,250,224
Net Assets, Beginning of Year	1,332,795,879	1,184,545,655
Net Assets, End of Year	$ 1,469,575,261	$ 1,332,795,879

	2014	2013
Operating Activities		
Change in net assets	$ 136,779,382	$ 148,250,224
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gains and losses on investments	(82,733,925)	(34,133,478)
Change in fair value of interest rate swaps	(346,112)	(6,418,726)
Impairment losses	2,448,238	1,195,956
Loss on disposal of property and equipment, net	799,195	1,851,058
Depreciation and amortization	80,840,549	76,809,731
Loss on extinguishment of debt - noncash portion	-	403,567
Losses on equity method investments	1,506,480	1,659,529
Restricted contributions	(12,299,260)	(9,074,095)
Gain on acquisitions	-	(29,092,796)
Investment by noncontrolling interests, and distributions of earnings to noncontrolling interests, net	5,654,163	5,114,834
Other non-cash changes	(2,576,144)	(563,208)
Change in assets and liabilities		
Receivables	(25,686,466)	(3,885,130)
Supplies	(1,998,727)	(359,355)
Prepaid expenses and other assets	(8,397,613)	(2,303,764)
Accounts payable	265,747	(6,948,823)
Estimated third-party payors	(1,677,492)	(3,919,229)
Accrued expenses	(385,019)	4,835,578
Other current liabilities	14,584,994	458,285
Net Cash from Operating Activities	106,777,990	143,880,158
Investing Activities		
Purchases of investments	(91,286,327)	(155,330,917)
Proceeds from disposition of investments	39,946,368	208,449,947
Purchase of property and equipment	(96,898,917)	(108,244,890)
Investment in affiliated organizations	(4,887,861)	(3,319,355)
Distributions from affiliated companies	1,557,001	1,086,729
Cash paid in business acquisitions, net of cash acquired in acquisition of controlling interest	(8,847,683)	(82,517,573)
Cash received for sale of business units	962,522	3,179,562
(Increase) decrease in other assets	(7,549,368)	73,384
Proceeds from disposal of equipment	689,042	343,958
Net Cash used for Investing Activities	(166,315,223)	(136,279,155)

	2014	2013
Financing Activities		
Proceeds from issuance of long-term debt	$ 63,290,699	$ 25,135,267
Proceeds from current and advanced refunding of bonds and other debt refinancing	-	11,340,984
Payments for current and advanced refunding of bonds and other debt refinancing	-	(15,745,984)
Scheduled principal payments on long-term debt	(17,730,013)	(12,401,190)
Change in other long-term liabilities	(134,954)	(536,106)
Payment of deferred financing costs	(819,490)	(71,695)
Distributions to noncontrolling interests	(5,654,163)	(5,114,834)
Restricted contributions	12,299,260	9,074,095
Net Cash from Financing Activities	51,251,339	11,680,537
Net Change in Cash and Cash Equivalents	(8,285,894)	19,281,540
Cash and Cash Equivalents, Beginning of Year	94,889,928	75,608,388
Cash and Cash Equivalents, End of Year	$ 86,604,034	$ 94,889,928
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest, net of amounts capitalized of $430,697 in 2014 and $1,366,664 in 2013	$ 13,911,795	$ 13,427,826
Business acquisitions and divestures		
Receivables	$ (292,427)	$ 9,482,470
Other assets	527,600	2,461,915
Property and equipment, net	4,597,101	15,537,395
Goodwill	3,052,887	5,551,000
Intangible assets	-	864,000
Investments	-	50,206,734
Noncontrolling interest	-	(4,765,503)
Net cash paid	$ 7,885,161	$ 79,338,011
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Accounts payable for purchase of property and equipment	$ 5,897,850	$ 5,272,383

Note 1 - Organization and Significant Accounting Policies

Organization

Avera Health ("Organization"), a sponsored ministry of the Benedictine Convent of the Sacred Heart of Yankton, South Dakota (OSB) and Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota, (PBVM), is a health ministry based in Sioux Falls, South Dakota The Organization is organized as a South Dakota nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code

Avera Health owns, sponsors, and operates health care facilities in the Dakotas, Iowa, Nebraska, and Minnesota Generally, the sponsored organizations are exempt from federal and state income taxes These organizations provide a variety of health care related activities and other benefits to the communities in which they operate Health care services include inpatient, outpatient, sub-acute, home-based care, long-term care, and clinical services

Avera Health is a health ministry rooted in the Gospel The mission of Avera Health is to make a positive impact in the lives and health of persons and communities by providing quality services guided by Christian values The Organization operates with a vision to improve the health care of the people it serves through a regionally integrated network of persons and institutions

As part of a system-wide corporate financing plan, Avera Health established an Obligated Group to access the capital markets and make loans to its members Obligated Group members are jointly and severally liable for the long-term debt outstanding under the Master Trust Indenture The Obligated Group's unrestricted net assets represent approximately 93% of the consolidated unrestricted net assets of Avera Health as of June 30, 2014 and 2013

Principles of Consolidation

The consolidated financial statements for the years ended June 30, 2014 and 2013 include the accounts of the Organization and the following sponsored organizations and controlled subsidiaries Significant intercompany balances and transactions have been eliminated in the consolidated financial statements

Obligated Group

- Avera Health
- Avera McKennan and Subsidiaries (Avera Home Medical Equipment LLC, Alumend LLC, and 66 67% of Heart Hospital of South Dakota LLC)
- Sacred Heart Health Services d/b/a Avera Sacred Heart Hospital and Subsidiaries (Health Management Services (corporate sponsorship and control ended April 9, 2013), Lewis and Clark Health Education and Service Agency d/b/a Avera Education and Staffing Solutions, and Valley Health Services)
- Avera St Luke's and Subsidiary (51% of Surgical Associates Endoscopy LLC)
- Avera Queen of Peace
- Avera Marshall and Subsidiary (Avera Marshall Foundation)
- Avera St Mary's and Subsidiary (Avera Gettysburg) (became Obligated Group member on January 1, 2013)

Non-Obligated Group

- Avera St. Anthony's Hospital
- Avera St. Benedict Health Center
- Avera Holy Family Health
- Avera Health Plans, Inc
- Accounts Management, Inc. (75% owned subsidiary)
- Avera Property Insurance, LLC
- Avera Communication, LLC
- Avera @ Home (began operations on July 1, 2013)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding assets limited as to use.

Patient and Resident Receivables

Patient and resident receivables are uncollateralized customer and third-party obligations. The Organization charges interest on patient and resident receivables, excluding amounts due from third-party payors, after an established period of time from 60 to 90 days. Interest rates range from 1% to 1.5% monthly. Due to the uncertainty of collecting private pay accounts, these interest charges are recognized as revenue when received. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice, or, if unspecified, are applied to the earliest unpaid claim.

Patient and resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts.

Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

The Organization's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed between the years ended June 30, 2014 and 2013 The Organization does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors The Organization has not significantly changed its charity care or uninsured discount policies during the years ended June 30, 2014 or 2013 Patient and resident receivables are shown net of estimated uncollectibles, charity care, and other allowances of approximately $315,553,000 and $259,136,000 as of June 30, 2014 and 2013, respectively

Supplies

Supplies are generally valued at lower of cost (first-in, first-out) or market

Investments and Investment Income

Investments with readily determinable market values are stated at fair value The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national and foreign securities exchanges Certificates of deposit are recorded at historical cost, plus accrued interest The Organization has adopted the fair value election which permits entities to choose to measure many financial instruments and certain other items at fair value Substantially all investments are classified as trading securities, therefore investment income or loss (including interest income, dividends, net changes in unrealized gains and losses, and net realized gains and losses) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law Investment income on funds held under indenture agreements is recorded as other operating revenue while all other investment income is recorded as nonoperating revenue in the consolidated statements of operations

The Organization has a portion of its holdings in alternative investments, which are not readily marketable These alternative investments include partnerships and other interests that invest in hedge funds, real asset funds, and private equity/venture capital funds, among others Many of these alternative investments have fair values that are determined using the net asset value (NAV) provided by the investment manager NAV is a practical expedient to determine the fair value of investments that do not have readily determinable fair values and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company Certain alternative investment holdings in real estate and private equity are carried at cost or under the equity method if fair value measures are not easily determinable

Physician Notes Receivable and Guarantees

Certain consolidated entities have entered into notes receivable and guaranteed salary commitments with certain physicians These contracts are limited in duration, and serve the purpose of recruiting new physicians Notes receivable with physicians totaling approximately $18,648,000 at June 30, 2014 and $17,087,000 at June 30, 2013 are recorded as other accounts receivable and noncurrent receivables in the consolidated balance sheets Guaranteed salary commitments are recorded as other current and noncurrent liabilities

Assets Limited as to Use

Assets limited as to use include assets set aside by governing Boards for future capital improvements and debt redemption, over which the Boards retain control and may at their discretion subsequently use for other purposes, assets donated for specific purposes, assets held by a trustee under indenture agreements, and assets held by foundations and trusts Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability Level 3 inputs are unobservable inputs related to the asset or liability

Investments in Affiliated Organizations

Investments in entities in which the Organization has the ability to exercise significant influence over operating and financial policies but does not have operational control are recorded under the equity method of accounting Under the equity method, the initial investment is recorded at cost and adjusted to recognize the Organization's share of earnings and losses of those entities, net of any additional investments or distributions The Organization's share of net earnings or losses of the entities is included in other operating revenue Other investments in joint ventures for which the Organization does not have the ability to exercise significant influence are recorded at cost Distributions from investments in affiliated organizations recorded at cost are recorded as non-operating income

Property and Equipment

Property and equipment acquisitions are recorded at cost The Organization and its consolidated affiliates have adopted policies ranging from $1,000 to $5,000 as the minimum threshold to determine whether assets will be capitalized Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Equipment under capital lease obligations is amortized using the straight-line method over the shorter of the lease term or estimated useful life of the equipment Amortization is included in depreciation and amortization in the consolidated financial statements The estimated useful lives of property and equipment are as follows

Land improvements	3-25 years
Buildings and improvements	5-100 years
Equipment	3-20 years

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

Deferred Financing Costs

Deferred financing costs are amortized over the period the obligation is outstanding using the effective interest method and the straight-line method Amortization of deferred financing costs is included in interest expense in the consolidated financial statements Accumulated amortization of deferred financing costs was approximately $1,605,000 and $1,423,000 as of June 30, 2014 and 2013, respectively

Intangible Assets

Intangible assets consist of patient records, non-compete agreements, and other identifiable intangibles associated with business combinations The identifiable intangibles are being amortized over their estimated economic life

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets acquired from business acquisitions

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

The Organization recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value The fair value of the reporting unit is estimated using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit The discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of the respective reporting unit The Organization performs its test for recoverability for goodwill at the same time each year, unless circumstances require additional analysis As a result of these tests, impairment losses of $1,280,000 and $1,195,956 were recognized for the years ended June 30, 2014 and 2013, respectively

Impairment of Long-Lived Assets

Avera Health considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying value of the asset is appropriate Impairment losses of $1,168,238 were recorded for the year ended June 30, 2014 No impairment was identified for the year ended June 30, 2013

Deferred Revenue

The Organization recognizes deferred revenue for amounts received for which the services have not yet been performed Grants are also recorded as deferred revenue when the Organization receives grant money in advance of qualifying grant expenditures Grant revenue is recognized and included in income at the time qualifying expenditures are made by the Organization

Estimated Malpractice Costs, Health Insurance and Workers' Compensation

Avera Health has established self-insurance programs for the majority of its employee health and dental insurance, workers' compensation benefits for employees, and for professional and general liability risks Annual self-insurance expense under these programs is based on past claims experience and projected losses Actuarial estimates of uninsured losses for each program at June 30, 2014 and 2013 have been accrued as liabilities and include an estimate of the ultimate costs for both reported claims and claims incurred but not reported Avera Health also has insurance coverage in place for amounts in excess of the self-insured retention for workers' compensation and professional and general liabilities

Noncontrolling Interest

The accompanying consolidated financial statements reflect the adoption of accounting guidance requiring that noncontrolling interests in subsidiaries be reported as net assets in the consolidated financial statements The guidance also requires that net income attributable to the parent and noncontrolling interests be clearly identifiable, that changes in a parent's ownership interest be accounted for as equity transactions, and that disclosures be expanded to clearly identify and distinguish between the interest of the parent and interests of the noncontrolling owners

The changes in consolidated unrestricted net assets attributable to the Organization's controlling interest and noncontrolling interests for the years ended June 30, 2014 and 2013 are as follows

	Unrestricted Net Assets		
	Controlling Interest	Noncontrolling Interests	Total
June 30, 2012	$ 1,129,756,180	$ 11,490,682	$ 1,141,246,862
Revenue in excess of expenses	137,956,170	5,602,599	143,558,769
Distributions to noncontrolling interests	-	(5,114,834)	(5,114,834)
Reclassification of accumulated losses on interest rate swaps	534,363	-	534,363
Grants and contributions restricted for capital purposes	1,931,498	-	1,931,498
Net assets released from restrictions for purchases of property and equipment	1,421,355	-	1,421,355
Other changes in net assets	428,000	180,176	608,176
June 30, 2013	1,272,027,566	12,158,623	1,284,186,189
Revenue in excess of expenses	120,985,185	6,086,700	127,071,885
Distributions to noncontrolling interests	-	(5,654,163)	(5,654,163)
Reclassification of accumulated losses on interest rate swaps	534,363	-	534,363
Grants and contributions restricted for capital purposes	4,046,938	-	4,046,938
Net assets released from restrictions for purchases of property and equipment	4,857,343	-	4,857,343
Other changes in net assets	152,073	101,560	253,633
June 30, 2014	$ 1,402,603,468	$ 12,692,720	$ 1,415,296,188

Temporarily and Permanently Restricted Net Assets

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

Endowments

Endowment assets include donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period Avera Health preserves the fair value of these gifts as of the date of donation unless otherwise stipulated by the donor The portion of donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure Avera Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of Avera Health

Avera Health has investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets

Endowment assets are invested in a manner that is intended to produce results that achieve the respective benchmark while assuming a moderate level of investment risk Actual returns in any given year may vary from this amount To satisfy its long-term rate-of-return objectives, Avera Health relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) Avera Health targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that Avera Health is required to retain as a fund of perpetual duration Deficits of this nature are reported in unrestricted net assets, unless otherwise specified by the donor

Revenues in Excess of Expenses

Revenues in excess of expenses excludes changes in interest in net assets of foundations and trusts related to distributions for capital expenditures or donor-restricted purposes, changes in the net assets attributable to noncontrolling interests, changes in the fair value of effective interest rate swap hedges, cumulative effect of change in accounting principle – goodwill, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors

Net Patient and Resident Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient and resident service revenue is reported at the estimated net realizable amounts from patients and residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

The Organization recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy On the basis of historical experience, a significant portion of the Organization's uninsured patients and residents will be unable or unwilling to pay for the services provided Thus, the Organization records a significant provision for bad debts related to uninsured patients and residents in the period the services are provided

Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended June 30, 2014 and 2013 from these major payor sources, is as follows

	2014	2013
Net patient and resident service revenue		
Third-party payors	$ 1,327,047,030	$ 1,217,970,878
Self-pay	60,263,720	57,038,270
Total all payors	$ 1,387,310,750	$ 1,275,009,148

Charity Care

The Organization provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less that established rates Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue Total direct and indirect costs related to these foregone charges were approximately $19,811,000 and $17,646,000 at June 30, 2014 and 2013, which was determined based on an average ratio of cost to gross charges

Premium Revenue

Premium revenue represents gross premiums earned in the year for which services are covered Premiums received in advance of a coverage period are recorded as other current liabilities

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated statements of operations

Pledges Receivable

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less Unconditional promises to give, less an allowance for estimated uncollectible amounts, are recorded as contributions receivable and temporarily restricted support in the year the promise is made, unless the donor explicitly states that the gift is to support current activities Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Hospital has elected that measure in accordance with the fair value option under accounting principles Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques and historical discount rates

Contributions Made

Unconditional promises to give cash and other assets are reported at fair value and recorded as liabilities at the date the promise is made Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions have been met or the date the gift is made

Derivative Financial Instruments and Market Risk

The Organization has adopted policies for managing risk related to exposure to variability in interest rates and other relevant market rates and prices which include consideration of entering into derivative instruments in order to mitigate its risks The Organization recognizes all derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value

Income Taxes

Avera Health and most of its sponsored organizations are considered nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code These organizations are required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS) Avera Health and certain sponsored organizations also file an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report their unrelated business taxable income

Avera Health and its sponsored organizations believe that they have appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred The federal Form 990T filings for consolidated subsidiaries are no longer subject to federal tax examinations by tax authorities for years before 2011

Certain consolidated entities are subject to federal income taxes Deferred income tax assets and liabilities are recognized for the differences between the financial and income tax reporting basis of assets and liabilities based on enacted tax rates and laws Deferred tax assets and liabilities are not material as of June 30, 2014 and 2013 The Organization paid an immaterial amount of federal and state income taxes for the years ended June 30, 2014 and 2013

Advertising Costs

The Organization expenses advertising costs as they are incurred During the years ended June 30, 2014 and 2013, advertising expenses were $7,123,000 and $7,713,000, respectively

Electronic Health Record (EHR) Incentives

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

Medicaid programs and payment schedules vary from state to state, but generally require eligible hospitals to register for the program prior to 2016, engage in efforts to adopt, implement or upgrade certified EHR technology in order to qualify for the initial year of participation, and to demonstrate meaningful use of certified EHR technology in order to qualify for additional years of payments The payment schedule is based on a formula of the overall EHR amount times the Medicaid share and is paid over a three year period with no more than 50% to be received in any one year

For eligible professionals, EHR incentive payments are based on a standard amount per professional Professionals that are eligible to participate in the Medicare EHR incentive program can be paid up to $44,000 over a 4 year period and professionals that are eligible to participate in the Medicaid program are eligible to receive up to $63,750 over a 6 year period Eligible professionals are only allowed to participate in either the Medicaid or Medicare programs, not both

During the years ended June 30, 2014 and 2013, the Organization recorded approximately $9,381,000 and $11,374,000 related to the Medicare program and approximately $2,390,000 and $2,420,000 related to Medicaid programs, respectively, in other revenue for meaningful use incentives These incentives have been recognized when management becomes reasonably assured of meeting the required criteria

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

Reclassifications

Certain reclassifications have been made to the 2013 consolidated financial statements to make them conform to the 2014 presentation The reclassifications had no effect on the consolidated changes in net assets

Note 2 - Net Patient and Resident Revenue

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

Medicare - PPS: Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge Outpatient services are also paid on prospectively determined rates per visit These rates varied according to a patient classification system that is based on clinical, diagnostic, and other factors The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare Administrative Contractor

Medicare - CAH: Several of the Organization's consolidated subsidiaries are licensed as Critical Access Hospitals (CAH) These hospitals are reimbursed for most inpatient and outpatient services on a cost-based methodology with final settlement determined after submission of annual cost reports by the hospitals and are subject to audits thereof by the Medicare Administrative Contractor

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are generally paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Clinical and outpatient services rendered to Medicaid program beneficiaries are reimbursed under prospectively determined amounts per service or under a cost reimbursement methodology depending on the applicable state program The Organization is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid program The Organization's Medicaid cost reports have been settled by the Medicaid program through varying dates

Wellmark Blue Cross: Services rendered to Wellmark Blue Cross subscribers are reimbursed under prospectively determined percentage of charges and fixed payment rate methodologies

Nursing Home – Medicare and Medicaid: The Organization is reimbursed for nursing home resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by the South Dakota Department of Social Services regulations These rates are subject to retroactive adjustment by field audit Under the Medicare program, payment for resident services is made on a prospectively determined per diem basis The per diems vary according to a resident classification system based on resource utilization

The Organization also entered into payment agreements with certain commercial and managed care insurance carriers and other organizations The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates

Revenue from the Medicare and Medicaid programs accounted for approximately 35% and 7% of the Organization's net patient service revenue for the year ended June 30, 2014 and 33% and 7% for the year ended June 30, 2013 Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation As a result, there is an ongoing level of uncertainty relative to the estimated liability for prior period cost reports There is a reasonable possibility that recorded estimates will change by a material amount in the near term

Note 3 - Investments and Investment Income

Investments and assets limited as to use consist of the following as of June 30, 2014 and 2013

	2014	2013
Cash and short-term investments	$ 120,840,303	$ 90,910,358
U S government issues	31,205,011	37,435,280
Corporate bonds	60,051,989	52,296,183
Other fixed income	19,693,334	20,163,008
Publicly traded equity securities	63,001,777	73,810,564
Foreign equities	47,237,877	38,999,234
Equity mutual funds	287,076,925	226,763,044
Fixed income mutual funds	166,254,112	138,450,225
Balanced mutual funds	47,929,726	41,268,477
Non-publicly traded alternative investments		
Hedge fund	95,555,214	80,495,948
Real asset	16,810,265	11,991,155
Cost method investments	-	5,317,377
	$ 955,656,533	$ 817,900,853
Assets limited as to use		
Current - under indenture agreements	$ 8,928,045	$ 12,559,466
Current - other	18,200,000	17,500,000
Under indenture agreements	56,158,220	9,182,048
Other Long-term assets limited as to use	846,416,160	754,767,701
Custodial funds held for unconsolidated entities	25,954,108	23,891,638
	$ 955,656,533	$ 817,900,853

Investment income and losses on assets limited as to use, cash equivalents, notes receivable, and other investments are comprised of the following for the years ended June 30, 2014 and 2013

	2014	2013
Other Revenue		
Interest income	$ 692,084	$ 1,130,931
Net realized (losses) gains on investments	2,667	12,855
	$ 694,751	$ 1,143,786
Other Income		
Interest and dividend income	$ 15,260,035	$ 16,955,876
Net realized gains on investments	17,241,891	8,097,478
Change in unrealized gains and losses on investments	60,348,021	26,023,145
	$ 92,849,947	$ 51,076,499
Changes in temporarily restricted net assets		
Net realized gains (losses) on investments	$ 1,166,965	$ 3,356,721
Change in unrealized gains and losses on investments	3,974,381	(957,402)
	$ 5,141,346	$ 2,399,319

Alternative Investments

Alternative investments include limited partnerships, limited liability corporations, and off-shore investment funds Included in the investments of the limited partnerships are certain types of financial instruments including, among others, future and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments These financial instruments, which include varying degrees of off-balance-sheet risk, may also contain elements of credit risk including, but not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and non-marketable investments), and nondisclosure of portfolio composition See Note 1 for more information on the accounting policy for these investments

Note 4 - Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis at June 30, 2014 and 2013, respectively, are as follows

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Assets limited as to use				
Cash and short-term investments	$ 40,398,441	$ 80,441,862	$ -	$ 120,840,303
U S government issues	25,542,393	5,662,618	-	31,205,011
Corporate bonds	-	60,051,989	-	60,051,989
Other fixed income	-	19,693,334	-	19,693,334
Publicly traded equity securities	63,001,777	-	-	63,001,777
Foreign equities	47,237,877	-	-	47,237,877
Equity mutual funds	51,487,309	235,589,616	-	287,076,925
Fixed income mutual funds	1,162,361	165,091,751	-	166,254,112
Balanced mutual funds	41,390	47,888,336	-	47,929,726
Non-publicly traded alternative investments				
Hedge fund	-	-	95,555,214	95,555,214
Real asset	-	-	16,810,265	16,810,265
Other assets				
Physician guarantees	-	-	3,909,938	3,909,938
Pledges receivable	-	-	3,584,529	3,584,529
	$ 228,871,548	$ 614,419,506	$ 119,859,946	$ 963,151,000
Liabilities				
Other liabilities				
Pledge commitments	$ -	$ -	$ 358,749	$ 358,749
Physician guarantees	-	-	3,909,938	3,909,938
Interest rate swaps	-	13,503,175	-	13,503,175
	$ -	$ 13,503,175	$ 4,268,687	$ 17,771,862

	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Assets limited as to use				
Cash and short-term investments	$ 60,438,930	$ 30,471,428	$ -	$ 90,910,358
U S government issues	31,495,823	5,939,457	-	37,435,280
Corporate bonds	-	52,296,183	-	52,296,183
Other fixed income	283,449	19,879,559	-	20,163,008
Publicly traded equity securities	73,810,564	-	-	73,810,564
Foreign equities	38,999,234	-	-	38,999,234
Equity mutual funds	42,469,959	184,293,085	-	226,763,044
Fixed income mutual funds	594,384	137,855,841	-	138,450,225
Balanced mutual funds	-	41,268,477	-	41,268,477
Non-publicly traded alternative investments				
Hedge fund	-	-	80,495,948	80,495,948
Real asset	-	-	11,991,155	11,991,155
Other assets				
Physician guarantees	-	-	749,174	749,174
Pledges receivable	-	-	3,764,997	3,764,997
	$ 248,092,343	$ 472,004,030	$ 97,001,274	$ 817,097,647
Liabilities				
Other liabilities				
Pledge commitments	$ -	$ -	$ 521,667	$ 521,667
Physician guarantees	-	-	749,174	749,174
Interest rate swap agreements	-	13,849,286	-	13,849,286
	$ -	$ 13,849,286	$ 1,270,841	$ 15,120,127

Avera Health's policy is to recognize transfers to or from Levels 1, 2 or 3 within the fair value hierarchy as of the beginning of the period There were no significant transfers to or from Levels 1 or 2 during the periods presented

The Level 2 and 3 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs

For marketable securities such as U S and foreign government securities, U S and foreign corporate bonds, U S and foreign equity securities, and other fixed income securities, in the instances where identical quoted market prices are not readily available, fair value is determined using quoted market prices and/or other market data for comparable instruments and transactions in establishing prices, discounted cash flow models and other pricing models These inputs to fair value are included industry-standard valuation techniques such as the income or market approach Avera Health classifies all such investments as Level 2

The fair value of liabilities for interest rate swap derivative instruments classified as Level 2 is determined using an industry standard valuation model, which is based on a market approach A credit risk spread (in basis points) is added as a flat spread to the discount curve used in the valuation model Each leg is discounted and the sums of the difference between the present value of the cash flow of each leg equals the market value of the swap

For investments such as hedge funds and real asset funds, fair value is determined using the calculated net asset value ("NAV") provided by the fund Hedge fund investments typically value underlying securities traded on a national securities exchange or reported on a national market at the last reported sales price on the day of the valuation Underlying securities traded in the over-the-counter market and listed securities for which no sale was reported on the valuation date are typically valued at the mean between representative bid and ask quotes obtained Where no fair value is readily available, the fund or investment manager may determine, in good faith, the fair value using models that take into account relevant information considered material Real asset investments are priced using valuation techniques that include income, market, and cost approaches Significant inputs include contract and market rents, operating expenses, capitalization rates, discount rates, sales of comparable properties, and market rent growth trends, as well as the use of the value of property plus the cost of building a similar structure of equal utility Due to the significant unobservable inputs present in these valuations, Avera Health classifies all such investments as Level 3

Fair values of pledge receivables and pledge commitments are based on the present value of the pledge commitments made and pledge receivables from the date of the pledge to when the pledge is expected to be received The fair values of physician guarantees are determined based on estimated future cash flows Avera Health classifies these assets and liabilities as Level 3

The following table presents a reconciliation of activity for investment assets measured at fair value based upon significant unobservable (non-market) information

	2014		
	Hedge Fund	Real Asset	Total
Balance at June 30, 2013	$ 80,495,948	$ 11,991,155	$ 92,487,103
Net realized and unrealized gains and losses	7,310,468	3,273	7,313,741
Purchases/Contributions/Other	11,300,000	6,672,985	17,972,985
Sales/Redemptions	(3,551,202)	(1,857,148)	(5,408,350)
Balance at June 30, 2014	$ 95,555,214	$ 16,810,265	$ 112,365,479

	2013		
	Hedge Fund	Real Asset	Total
Balance at July 1, 2012	$ 71,784,753	$ 11,349,222	$ 83,133,975
Net realized and unrealized gains and losses	8,963,180	1,073,400	10,036,580
Purchases/Contributions	6,559	-	6,559
Sales/Redemptions	(258,544)	(431,467)	(690,011)
Balance at June 30, 2013	$ 80,495,948	$ 11,991,155	$ 92,487,103

Included within the assets above are investments in certain entities that report fair value using a calculated NAV or its equivalent The following table and explanations identify attributes relating to the nature and risk of such investments as of June 30, 2014 and 2013

	2014		
Level 2	Fair Value	Unfunded Commitments	Redemption Notice Period
Daily redemption frequency			
Cash and short-term investments	$ 80,377,131	$ -	Daily
Equity mutual funds	73,196,456	-	Daily
Monthly redemption frequency			
Fixed income mutual funds	28,677,454	-	10-30 Days
	$ 182,251,041	$ -	
Level 3			
Monthly redemption frequency			
Hedge fund	$ 13,222,978	$ -	30-90 Days
Quarterly redemption frequency			
Hedge fund	20,556,041	-	45-90 Days
Annual redemption frequency			
Hedge fund	61,250,799	-	45-90 Days
Illiquid Investments			
Hedge fund	525,396	-	(A)
Real asset	16,810,265	-	(B)
	$ 112,365,479	$ -	

	2013		
Level 2	Fair Value	Unfunded Commitments	Redemption Notice Period
Daily redemption frequency			
Cash and short-term investments	$ 30,471,428	$ -	Daily
Equity mutual funds	54,340,386	-	Daily
Monthly redemption frequency			
Fixed income mutual funds	26,872,136	-	10-30 Days
	$ 111,683,950	$ -	
Level 3			
Monthly redemption frequency			
Hedge fund	$ 9,185,929	$ -	30-90 Days
Quarterly redemption frequency			
Hedge fund	21,048,478	-	45-90 Days
Annual redemption frequency			
Hedge fund	49,569,704	-	45-90 Days
Illiquid Investments			
Hedge fund	691,837	-	(A)
Real asset	11,991,155	132,500	(B)
	$ 92,487,103	$ 132,500	

A This category includes a fund that employs a multi-strategy approach in managing the fund, capital is allocated amongst a diverse industry base, employing a broad range of strategies Strategies include, but are not limited to convertible and derivative investing, risk arbitrage and event driven investing, energy investing, yield and credit related investing, private placements and private investments, distressed investing, quantitative trading, reinsurance and risk-linked investing, fixed-income trading, structured finance, global macro trading, long/short investing, and special investments Redemptions from the fund have been suspended as fund is currently in the process of liquidating

B This category includes several private equity funds focused primarily invest in a diversified portfolio of limited partnerships, limited liability companies, and private REITs, or similar entities that will be focused on Value Added opportunities in the acquisition, development, redevelopment, operation, and management of commercial real estate properties There are limited provisions for redemptions during the life of these funds Distributions from each fund will be received as the underlying investments of the funds wind down over expected future periods ranging from 2-12 years

The following table presents a reconciliation of activity for other assets and liabilities measured at fair value based upon significant unobservable (non-market) information

	Pledges Receivable	Pledges Commitments	Physician Guarantee Asset	Physician Guarantee Liability
July 1, 2012	$ 2,439,599	$ (613,772)	$ 1,744,547	$ (1,744,547)
Pledges received (made)	2,577,124	(155,000)	-	-
Cash (received) paid	(1,309,912)	264,000	(1,167,407)	1,167,407
Write-offs / adjustments	58,186	(16,895)	172,034	(172,034)
June 30, 2013	3,764,997	(521,667)	749,174	(749,174)
Pledges received (made)	1,738,547	-	4,170,601	(4,170,601)
Cash (received) paid	(1,973,119)	189,000	(1,089,264)	1,089,264
Write-offs / adjustments	54,104	(26,082)	79,427	(79,427)
June 30, 2014	$ 3,584,529	$ (358,749)	$ 3,909,938	$ (3,909,938)

Fair Value of Financial Instruments

The Organization considers the carrying amount of significant classes of financial instruments on the balance sheets, including cash and equivalents, receivables, assets limited as to use with readily determinable market values, other assets, accounts payable, due to other organizations, other long-term liabilities, and variable rate long-term debt to be reasonable estimates of fair value either due to their length of maturity or the existence of variable interest rates underlying such financial instruments that approximate prevailing market rates at June 30, 2014 and 2013

The Organization`s fixed rate long-term debt, including current portion, has a carrying amount that differs from its estimated fair value The fair value of the Organization`s fixed rate long-term debt is estimated using discounted cash flow analyses, based on the Organization`s effective borrowing rates at respective reporting dates for similar types of arrangements The carrying value of the Organization`s fixed rate debt is $245,211,848 and $196,849,676 as of June 30, 2014 and 2013, respectively The fair value of the Organization`s fixed rate debt is estimated to be $258,941,230 and $201,069,552 as of June 30, 2014 and 2013, respectively

Note 5 - Property and Equipment

A summary of property and equipment is as follows

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 51,729,442	$ -	$ 50,063,591	$ -
Land improvements	22,310,705	15,231,545	21,171,668	14,650,146
Buildings and improvements	880,709,998	415,083,741	849,103,471	386,544,028
Equipment	584,907,970	408,441,338	548,417,857	372,437,414
Construction in progress	37,878,944	-	27,120,129	-
	$1,577,537,059	$ 838,756,624	$1,495,876,716	$ 773,631,588
Net property and equipment		$ 738,780,435		$ 722,245,128

Construction in progress at June 30, 2014 consists of various building, software, and equipment projects The estimated cost to complete the projects is approximately $73 6 million and will be financed with Organization funds, proceeds from Series 2014 bonds, and other potential financing The estimated cost to complete the projects includes contract commitments of approximately $39 6 million as of June 30, 2014

Note 6 - Investments in Affiliated Organizations

The Organization and subsidiaries are participants in the following investments in affiliated organization with ownership/sponsorship percentages ranging from 25% to 50% The investments are recorded on the equity method

Organization Name	Percent Ownership/ Sponsorship	2014	2013
Brookings MRI Services	49 0%	$ 2,183,760	$ 1,580,566
Worthington CT Services	25 0%	816,889	747,486
Other investments in affiliates	49 0% - 50 0%	4,528,664	4,126,881
Total equity method investments		7,529,313	6,454,933
ExceleraRx, LLC (cost method)		765,100	15,100
Total investments in affiliated organizations		$ 8,294,413	$ 6,470,033

Summary financial information on a combined basis for the above entities, as of and for the years ended June 30, 2014 and 2013, is as follows

	2014	2013
Cash and cash equivalents	$ 3,239,947	$ 3,444,326
Other current assets	9,630,354	8,052,391
Land, buildings, and equipment - net	2,972,084	2,744,001
Other non-current assets	786,850	440,571
Total assets	$ 16,629,235	$ 14,681,289
Total current liabilities	$ 2,299,221	$ 2,157,067
Net assets/stockholders' equity	14,330,014	12,524,222
Total liabilities and net assets/stockholders' equity	$ 16,629,235	$ 14,681,289
Total revenues	$ 28,372,051	$ 25,866,282
Total expenses	(29,823,846)	(26,800,536)
Net loss	$ (1,451,795)	$ (934,254)

Note 7 - Goodwill and Intangible Assets

Changes in the carrying amount of goodwill during the years ended June 30, 2014 and 2013, were as follows

	2014	2013
Balance, beginning of year	$ 38,897,444	$ 34,870,868
Goodwill acquired	3,052,887	5,551,000
Goodwill impaired	(1,280,000)	(1,195,956)
Other adjustments	-	(328,468)
Balance, end of year	$ 40,670,331	$ 38,897,444

Intangible assets as of June 30, 2014 and 2013 consist of

	Cost	Accumulated Amortization	Net
Balance, June 30, 2014			
Non-compete agreements	$ 13,583,195	$ (8,040,212)	$ 5,542,983
Medical records	7,533,397	(3,210,695)	4,322,702
Other	9,354,225	(3,796,177)	5,558,048
	$ 30,470,817	$ (15,047,084)	$ 15,423,733
Balance, June 30, 2013			
Non-compete agreements	$ 13,318,070	$ (6,993,505)	$ 6,324,565
Medical records	7,468,171	(2,835,984)	4,632,187
Other	7,428,825	(2,931,180)	4,497,645
	$ 28,215,066	$ (12,760,669)	$ 15,454,397

Amortization expense for the years ended June 30, 2014 and 2013 was $2,733,743 and $2,731,800, respectively

Estimated future amortization expense is as follows

Years Ending June 30,	
2015	$ 2,467,477
2016	2,398,727
2017	2,212,988
2018	1,983,692
2019	1,454,387
Thereafter	4,906,462
	$ 15,423,733

Note 8 - Long-Term Debt

Long-term debt consists of

	2014	2013
Obligated Group Master Trust Obligations		
South Dakota Health and Educational Facilities Authority Revenue Bonds Payable, Series 2008B, 5 25% to 5 50%, interest only until July 1, 2033, then varying annual installments to July 1, 2038	$ 50,320,000	$ 50,320,000
South Dakota Health and Educational Facilities Authority Series 2008C Variable Rate Demand Revenue Bonds, 0 95% to 0 98% during the fiscal year for a weighted average interest rate of 0 96%, interest only until July 1, 2014, then varying annual installments through initial tender date of May 1, 2017 with a stated maturity of July 1, 2033	61,495,000	61,495,000
South Dakota Health and Educational Facilities Authority Series 2012A Revenue Bonds, fixed interest rates ranging from 3 00% to 5 00%, due in varying semi-annual interest payments and annual principal payments to July 1, 2042	69,720,000	71,205,000
South Dakota Health and Educational Facilities Authority Series 2012B Revenue Bonds, variable interest rates from 1 17% to 1 20% during the fiscal year for a weighted average interest rate of 1 18%, varying principal payments due annually through initial tender date of May 1, 2019, final maturity of July 1, 2038	127,030,000	130,690,000
Series 2012C term note obligation payable to a financial institution, fixed interest rate of 2 45%, due in monthly payments of $70,201 with final balloon payment of $15,672,840 due May 1, 2017	16,945,850	17,361,697
Series 2012D term note obligation payable to a financial institution, fixed interest rate of 2 95%, due in monthly payments of $96,605 through October 1, 2022	8,540,300	9,429,616
Series 2012E term note obligation payable to a financial institution, fixed interest rate of 2 70%, due in monthly payments of $46,405 with final balloon payment due January 1, 2020	9,641,011	9,929,625
South Dakota Health and Educational Facilities Authority Series 2014A Revenue Bonds, fixed interest rates ranging from 4 125% fo 5 00%, interest only until July 1, 2039, then varying annual installments to July 1, 2044	58,750,000	-
Total Master Trust Indenture Obligations	402,442,161	350,430,938

	2014	2013
Other Obligations of Obligated Group Members		
City of Creighton Health Care Facility Revenue Bonds, due annually in increasing installments through December 15, 2026		
Series 2006A, 4 375%	$ 2,875,157	$ 3,044,275
Series 2006B, 4 375%	100,583	106,239
Notes payable, 4 00% fixed interest, resets to a variable rate note on January 1, 2019 at the prime rate plus 1% subject to 4 00% floor		
Monthly principal and interest payments due as follows		
Payments of $46,663 to July 1, 2024, with final balloon payment due on July 1, 2024	7,205,109	7,415,694
Payments of $20,184 to December 15, 2015	345,596	565,766
Note payable, dated October 1, 2010, 3% fixed interest rate, original amount of $20,000,000, monthly principal and interest payments of $359,375 to October 1, 2015	5,652,057	9,725,118
Note payable, dated February 2006, variable interest at LIBOR + 1 25% (1 87% at June 30, 2014), monthly principal and interest payments of $125,492, with final balloon payment due September 2020	12,047,199	13,553,100
Notes payable to equipment lender, annual fixed rates of interest from 2 26% to 4 16%, original amounts totaling $17,764,514, due in monthly principal and interest payments to January 2019	8,498,330	10,577,564
Capital lease obligations	13,882	47,218
Unamortized bond premiums and discounts	6,335,156	3,441,873
Total Other Obligations of Obligated Group Members	43,073,069	48,476,847

	2014	2013
Obligations of Non-Obligated Group Members		
City of Estherville, Iowa, Avera Holy Family Health Revenue Bonds, Series 2012, 1 25% to 3 75%, due annually in increasing amounts to July 1, 2026	$ 3,600,000	$ 3,840,000
City of O'Neill, Nebraska, Avera St Anthony's, Series 2012A Revenue Refunding Note, 3 25%, due in monthly payments of $70,112 through December 2027	9,110,217	9,638,498
City of O'Neill, Nebraska, Avera St Anthony's, Series 2012B Revenue Refunding Note, 4 75%, due in monthly payments of $11,307 through December 2027	1,338,343	1,407,044
City of Parkston, South Dakota, Avera St Benedict Health Center, Series 1993 Revenue Refunding Bonds, 4 25%, due in varying annual installments to 2014	-	105,000
City of Parkston, South Dakota, Avera St Benedict Health Center, Series 2001, revenue bonds, 4 50%, due in varying annual installments to 2016	120,000	160,000
City of Parkston, South Dakota, Avera St Benedict Health Center, Series 2005, revenue bonds, 3 50%, for five years, then interest rate is readjusted recalculated every five years according to a preset formula, due in varying annual installments to 2025 Interest rate to be adjusted in May 2015	1,420,000	1,540,000
Capital lease obligations	160,325	259,485
Total Obligations of Non-Obligated Group Members	15,748,885	16,950,027
Total long-term debt	461,264,115	415,857,812
Less current maturities	(18,274,633)	(17,961,347)
Long-term debt, less current maturities	$ 442,989,482	$ 397,896,465

Long-term debt maturities are as follows

Years Ended June 30,	
2015	$ 18,274,633
2016	14,951,912
2017	28,598,628
2018	11,851,066
2019	11,555,758
Thereafter	369,696,962
Unamortized bond premiums and discounts	6,335,156
	$ 461,264,115

Substantially all of the Organization's assets as of June 30, 2014 and 2013 are pledged as collateral for debt obligations

Under the terms of the loan agreements for the revenue bonds, the Organization and its consolidated affiliates are required to maintain certain deposits with trustees Such deposits are included with assets limited as to use in the consolidated financial statements Assets that are available for obligations classified as current liabilities are reported in current assets The loan agreements also place limits on the incurrence of additional borrowings and requires that the Organization satisfy certain measures of financial performance as long as the bonds are outstanding

Obligated Group

As described in Note 1, the Avera Health Obligated Group (Obligated Group) was created to access the capital markets and make loans to its members Obligated Group members are jointly and severally liable for the long-term debt outstanding under the Master Trust Indenture

Debt Extinguishment

Avera St Anthony's recorded a loss on extinguishment of debt of $403,567 during the year ended June 30, 2013 in connection with refinancing their long-term debt

Line of Credit

A consolidated subsidiary of the Organization has a $3 5 million working capital line of credit provided by a mortgage lender, and is subject to the interest rate, covenants, guarantee and collateral of the real estate loan which is to expire in December 2014 No amounts were outstanding under this line of credit at June 30, 2014 and 2013

Note 9 - Leases

The Organization leases certain operations, equipment, and building space under various lease agreements with varying terms The Organization also participates in leases that are categorized as capital leases The leased assets have a net book value of approximately $189,000 and $301,000 as of June 30, 2014 and 2013, respectively Total lease expense for all operating leases and rental agreements was approximately $19,774,000 and $18,575,000 for the years ended June 30, 2014 and 2013, respectively

Minimum future lease payments for the capital and non-cancelable operating leases are as follows

Years Ending June 30,	Capital Leases	Operating Leases
2015	$ 125,914	$ 10,533,082
2016	56,016	8,468,855
2017	-	5,980,483
2018	-	3,047,434
2019	-	1,378,364
Thereafter	-	3,136,045
Total minimum lease payments	181,930	$ 32,544,263
Less interest	(7,723)	
Present value of minimum lease payments - Note 8	$ 174,207	

Note 10 - Interest Rate Swaps

In accordance with its market-risk policy, the Organization has developed a risk management strategy to maintain acceptable levels of exposure to the risk of changes in future expected variable cash flows resulting from interest rate fluctuation As part of this strategy, the Organization has entered into the following interest rate swap agreements

Reference	Maturity Date	Notional Amount	Organization Pays	Organization Receives	Fair Value 2014	Fair Value 2013
Swap A	2028	$ 17,165,000	3 870%	67% of LIBOR	$ (2,973,205)	$ (3,537,201)
Swap B	2033	$ 47,000,000	3 915%	67% of LIBOR	(9,566,208)	(9,196,092)
Swap C	2020	$ 9,637,759	5 210%	LIBOR +1 25%	(963,762)	(1,115,993)
					$ (13,503,175)	$ (13,849,286)

The Organization entered into Swap A to effectively convert $17,165,000 of the variable rate Series 2008A bonds to synthetic fixed rate debt at the rate of 3 87% The Organization entered into Swap B to effectively convert $47,000,000 of the variable rate Series 2008C bonds into synthetic fixed rate debt at a rate of 3 915% The Organization, through a consolidated affiliate, entered into Swap C to effectively convert 80% of a variable rate mortgage agreement, currently $9,637,759, into synthetic fixed rate debt at a rate of 5 21%

Effective July 1, 2009, the Organization elected to discontinue the designation of Swap A and Swap B as cash flow hedges The net unrealized loss on the date of hedge accounting discontinuance of $9,701,958 is being prospectively reclassified into revenues in excess of expenses as future interest payments are made over the remaining term of the swap agreements For the years ended, June 30, 2014 and 2013, $534,363 was reclassified into revenues in excess of expenses in relation to the hedge discontinuance The aggregate fair value of the swap agreements was recorded as a long term liability of $12,539,413 and $12,733,293 as of June 30, 2014 and 2013, respectively The change in fair value of $193,881 and $5,888,245 was recorded to revenues in excess of expenses for the years ended June 30, 2014 and 2013, respectively

The Organization has designated Swap C as a cash flow hedging instrument, and determined the agreement to be highly effective The fair value of the swap agreement was recorded as a long term liability of $963,762 and $1,115,993 as of June 30, 2014 and 2013, respectively For the years ended June 30, 2014 and 2013, the changes in fair value of $152,231 and $530,481, respectively, of the swap were recorded to other changes in net assets

The following table summarizes the derivative transactions reflected in the consolidated balance sheets and consolidated statements of operations for the years ended June 30, 2014 and 2013

	2014	2013
Long-term Liability		
Fair value of interest rate swap agreements	$ (13,503,175)	$ (13,849,286)
Revenues in Excess of Expenses		
Change in fair value of interest rate swaps not designated as hedging instruments	$ 193,881	$ 5,888,245
Reclassification of accumulated losses on interest rate swaps	(534,363)	(534,363)
Interest expense	2,272,669	2,524,892
Other Changes in Net Assets		
Change in fair value of interest rate swaps designated as hedging instruments	$ 152,231	$ 530,481
Reclassification of accumulated losses on interest rate swaps	534,363	534,363

Note 11 - Commitments

The Organization has entered into several agreements that are accounted for as unconditional and conditional promises to give Unconditional promises to give are recorded as other current and non-current liabilities in the balance sheet The Organization also entered into contracts that are considered exchange transactions resulting in purchase commitments A summary of outstanding commitments under unconditional promises to give, conditional promises to give, and purchase commitments is as follows

Years Ending June 30,	
2015	$ 7,747,436
2016	7,692,256
2017	7,403,895
2018	4,489,421
2019	2,052,000
Thereafter	2,490,750
	$ 31,875,758

Alternative Investment Commitment

The Organization has commitments to invest approximately an additional $15 4 million in various alternative investments

Other Commitments

Avera Health Plans, Inc (Health Plans), an affiliate of the Organization, is required to maintain a minimum net worth under the laws of the State of South Dakota As of June 30, 2014, Health Plans has met the minimum net worth requirements

Note 12 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013

	2014	2013
Various health care programs and capital projects, including hospice, cancer care, various regional operations, and others	$ 48,284,280	$ 43,095,378

Permanently restricted net assets at June 30, 2014 and 2013, are restricted to

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support various health care program services	$ 5,994,793	$ 5,514,312

Note 13 - Employee Pension Plans

Eligible employees of Avera Health and certain consolidated affiliates participate in either the Retirement Plan for Employees of the Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota ("Defined Benefit Pension Plan – Career Average") or the Cash Balance Retirement Plan for Employees of the Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen South Dakota ("Defined Benefit Pension Plan – Cash Balance"), (collectively, the "Plans") The Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota, sponsor these multiemployer retirement plans In July 2000, qualified employees under the Defined Benefit Pension Plan – Career Average plan were provided a one-time irrevocable election to continue to participate in the Defined Benefit Pension Plan – Career Average plan or, alternatively, participate in a new Defined Benefit Pension Plan – Cash Balance plan The Plans are not subject to regulations requiring the filing of IRS Form 5500 The Plans' fiscal years are from January 1 to December 31

Defined Benefit Pension Plan – Career Average

Under the Career Average plan, employees in an eligible class who were in service on or after January 1, 1988 became active members on the first day of the month coinciding with or next following the date they met the eligibility requirements of age 21 and one year of service Pension benefits are based on a percentage of the employee's eligible earnings and are payable at retirement under several annuitized payment options During the years ended June 30, 2014 and 2013, the Organization contributed approximately $17,571,000 and $16,956,000, respectively, to the Career Average plan

Defined Benefit Pension Plan – Cash Balance

Under the Cash Balance plan, employees first employed or reemployed after June 30, 2000 become active members on the first day of the month coinciding with or next following the date they meet the eligibility requirements of age 21 and one year of service Pension benefits are based on a percentage of the employee's eligible earnings and are payable at retirement under several annuitized payment options During the years ended June 30, 2014 and 2013, the Organization contributed approximately $10,437,000 and $7,840,000, respectively, to the Cash Balance plan

The latest available financial information available for the Plans as of June 30, 2014 is as follows

Pension Plan	EIN	December 31, 2013 Plan Assets	December 31, 2013 Actuarial Present Value of Accumulated Plan Benefits	Year Ended December 31, 2013 Total Plan Contributions
Defined Benefit Pension Plan – Career Average	46-0253283	$ 306,836,666	$ 335,381,145	$ 18,779,804
Defined Benefit Pension Plan – Cash Balance	46-0253283	63,076,277	57,560,021	8,151,006
		$ 369,912,943	$ 392,941,166	$ 26,930,810

Defined Contribution Employer Match Retirement Savings Plan (PBVM Match Retirement Savings)

Eligible employees that participate in the Defined Benefit Pension Plan – Cash Balance also participate in a defined contribution pension plan ("403(b) Plan") Under the 403(b) Plan, participant contributions are matched up to 2% of eligible employee compensation The Organization recognized total 403(b) Plan expenses of approximately $7,524,000 and $6,455,000 for the years ended June 30, 2014 and 2013, respectively

Other Defined Contribution Pension Plans

Certain consolidated affiliates have defined contribution pension plans available to eligible employees Employer contributions are based on a percentage of annual compensation and employee level of contributions Employee and employer contributions are deposited with the plan trustees who invest the plan assets The Organization recognized total other defined contribution pension plan expenses of approximately $2,821,000 and $2,498,000 for the years ended June 30, 2014 and 2013, respectively

Note 14 - Contingencies

Malpractice Insurance

The Organization and most of its consolidated affiliates primarily participate in a self-insured professional liability program which provides malpractice insurance coverage for professional liability losses subject to a self-insured retention of $2 million per claim and $6 million annual aggregate The Organization is also insured under an excess umbrella liability claims-made policy with a limit of $35 million Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured subject to the self-insured retention only Certain consolidated entities maintain their professional liability coverage on a claims-made basis with no significant deductibles

Litigation, Regulatory and Compliance Matters

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time These laws and regulations include, but are not necessarily limited to, the rules governing licensure, accreditation, government healthcare program participation, government reimbursement, antitrust, anti-kickback and anti-referral by physicians, false claims prohibitions, and in the case of tax-exempt organizations, the requirements of tax exemption In recent years, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations, quality of care provided to patients, and handling of controlled substances

In addition, during the course of business, Avera Health becomes involved in litigation Management assesses the probable outcome of unresolved litigation and investigations and determines the appropriate accounting recognition or disclosure based on their assessment As of June 30, 2014 and 2013, management feels there are no asserted or unasserted claims that would have a material impact on the consolidated financial position, results of operations, or cash flows of the Organization

Note 15 - Concentrations of Credit Risk

The Organization grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements The mix of receivables from third-party payors, patients and residents at June 30, 2014 and 2013, are as follows

	2014	2013
Medicare	34%	32%
Blue Cross	16%	16%
Medicaid	8%	8%
Commercial insurance	11%	9%
Other third-party payors, patients and residents	31%	35%
	100%	100%

The Organization's cash balances are maintained in various bank deposit accounts At times during the years ended June 30, 2014 and 2013, the consolidated balances of these deposits were in excess of federally-insured limits

Note 16 - Functional Expenses

The Organization provides general health care services to patients and residents within its geographic location Expenses related to providing these services are as follows for the years ended June 30, 2014 and 2013

	2014	2013
Program services	$1,246,295,559	$1,135,156,269
General and administrative	239,993,548	223,416,022
Fundraising	1,397,065	1,467,324
	$1,487,686,172	$1,360,039,615

Note 17 - Business Combinations

2014 Acquisitions

During the years ended June 30, 2014, the Organization closed on purchase agreements for the acquisition of an independent diagnostic testing company and various medical clinic practices Accordingly, the results of operations for these acquisitions have been included in the accompanying consolidated financial statements for the period subsequent to the acquisition date

The total purchase prices for 2014 acquisitions were allocated to the acquired assets based on estimated fair value as of the respective purchases dated during the year ended June 30, 2014, as follows

Receivables and other assets	$ 235,173
Property and equipment, net	4,597,101
Goodwill	3,052,887
Total assets acquired / purchase price	$ 7,885,161

Pro forma unrestricted revenue, gains, and other support and operating income as well as additional pro forma disclosures for changes in net assets have been omitted because of impracticality of measuring certain amounts prior to the acquisition date related to 2014 acquisitions

2013 Acquisitions

On January 1, 2013, Avera Health acquired the 60-bed St Mary's Healthcare Center of Pierre, South Dakota, the 10-bed Gettysburg Memorial Hospital of Gettysburg, South Dakota, and long-term care facilities in both of Pierre and Gettysburg Corporate sponsorship of these organizations was transferred from Catholic Health Initiatives to Avera in exchange for $70 million

During the years ended June 30, 2013, the Organization also closed on purchase agreements for the acquisition of various medical clinic practices Accordingly, the results of operations for these acquisitions have been included in the accompanying consolidated financial statements for the period subsequent to the acquisition date

Unrestricted revenue, gains, and other support and operating income from the acquisition date through June 30, 2013 are included in the consolidated financial statements as follows

	St Mary's	Others
Unrestricted revenue, gains, and other support subsequent to the date of acquisition	$ 24,482,980	$ 18,298,924
Operating income subsequent to the date of acquisition	854,177	52,122

The total purchase prices were allocated to the acquired assets based on estimated fair value as of the respective purchases dated during the year ended June 30, 2013, as follows

	St Mary's	Other
Cash and cash equivalents	$ 581,303	$ -
Receivables	9,075,428	407,042
Other assets	1,405,665	1,056,250
Property and equipment, net	42,462,326	2,167,865
Goodwill	-	5,551,000
Intangible assets	-	864,000
Investments	50,206,734	-
Total assets acquired	103,731,456	10,046,157
Liabilities	(4,638,660)	(126,843)
Net assets acquired	99,092,796	9,919,314
Net cash purchase price	70,000,000	9,919,314
Gain on acquisition	$ 29,092,796	$ -

Note 18 - Subsequent Events

The Organization has evaluated subsequent events through November, 14, 2014, the date which the consolidated financial statements were available to be issued

Supplementary Information
June 30, 2014

Avera Health

	Avera Obligated Group	Non-Obligated Group	Eliminations and Reclassifications	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	$ 67,289,840	$ 19,314,194	$ -	$ 86,604,034
Assets limited as to use	19,736,409	7,391,636	-	27,128,045
Receivables				
Patients and residents, net	194,024,818	12,058,371	(5,600,000)	200,483,189
Other	36,668,923	7,640,099	(9,667,004)	34,642,018
Supplies	28,207,255	1,983,365	-	30,190,620
Prepaid expenses and other	14,483,829	2,021,380	-	16,505,209
Total current assets	360,411,074	50,409,045	(15,267,004)	395,553,115
Assets Limited as to Use				
Under indenture agreements	55,448,638	709,582	-	56,158,220
Other assets limited as to use	792,082,922	54,333,238	-	846,416,160
Total noncurrent assets limited as to use	847,531,560	55,042,820	-	902,574,380
Property and Equipment	692,457,876	46,322,559	-	738,780,435
Other Assets				
Custodial funds held for unconsolidated entities	25,954,108	-	-	25,954,108
Custodial funds held for consolidated entities	37,907,710	-	(37,907,710)	-
Investments in affiliated organizations	8,139,678	154,735	-	8,294,413
Goodwill	40,670,331	-	-	40,670,331
Intangible assets, net	15,304,685	119,048	-	15,423,733
Deferred financing costs, net	2,506,606	182,437	-	2,689,043
Noncurrent receivables	14,527,822	167,708	(1,250,000)	13,445,530
Other	27,178,210	808,344	-	27,986,554
Total other assets	172,189,150	1,432,272	(39,157,710)	134,463,712
Total assets	$ 2,072,589,660	$ 153,206,696	$ (54,424,714)	$ 2,171,371,642

Avera Health
Consolidating Balance Sheets
June 30, 2014

Liabilities and Net Assets	Avera Obligated Group	Non-Obligated Group	Eliminations and Reclassifications	Consolidated
Current Liabilities				
Current maturities of long-term debt	$ 17,149,128	$ 8,825,505	$ (7,700,000)	$ 18,274,633
Accounts payable	44,127,116	8,088,427	(1,967,004)	50,248,539
Accrued salaries, benefits and withholdings	65,995,108	4,997,974	-	70,993,082
Interest payable	3,737,815	95,727	-	3,833,542
Estimated insurance claims payable	14,600,000	14,252,770	(5,600,000)	23,252,770
Estimated third-party payors	11,702,875	1,619,640	-	13,322,515
Other	10,791,801	5,295,857	-	16,087,658
Total current liabilities	168,103,843	43,175,900	(15,267,004)	196,012,739
Non-Current Liabilities				
Long-term debt, less current maturities	428,366,102	14,623,380	-	442,989,482
Custodial funds held for unconsolidated entities	25,954,108	-	-	25,954,108
Custodial funds held for consolidated entities	37,907,710	-	(37,907,710)	-
Estimated insurance claims payable	16,888,625	-	-	16,888,625
Derivative liability	13,503,175	-	-	13,503,175
Other	5,617,876	2,080,376	(1,250,000)	6,448,252
Total non-current liabilities	528,237,596	16,703,756	(39,157,710)	505,783,642
Net Assets				
Unrestricted	1,310,079,991	92,523,477	-	1,402,603,468
Noncontrolling interest	12,617,725	74,995	-	12,692,720
Total unrestricted net assets	1,322,697,716	92,598,472	-	1,415,296,188
Temporarily restricted	47,774,155	510,125	-	48,284,280
Permanently restricted	5,776,350	218,443	-	5,994,793
Total net assets	1,376,248,221	93,327,040	-	1,469,575,261
Total liabilities and net assets	$ 2,072,589,660	$ 153,206,696	$ (54,424,714)	$ 2,171,371,642

	Avera Obligated Group	Non-Obligated Group	Eliminations and Reclassifications	Consolidated
Assets				
Current Assets				
Cash and cash equivalents	$ 83,241,294	$ 11,648,634	$ -	$ 94,889,928
Assets limited as to use	19,023,704	11,035,762	-	30,059,466
Receivables				
Patients and residents, net	172,427,570	8,696,732	(3,900,000)	177,224,302
Other	16,496,146	3,038,424	(2,491,456)	17,043,114
Supplies	26,070,628	2,010,619	-	28,081,247
Prepaid expenses and other	11,934,568	2,052,244	-	13,986,812
Total current assets	329,193,910	38,482,415	(6,391,456)	361,284,869
Assets Limited as to Use				
Under indenture agreements	8,380,249	801,799	-	9,182,048
Other assets limited as to use	707,009,822	47,757,879	-	754,767,701
Total noncurrent assets limited as to use	715,390,071	48,559,678	-	763,949,749
Property and Equipment	677,417,041	44,828,087	-	722,245,128
Other Assets				
Custodial funds held for unconsolidated entities	23,891,638	-	-	23,891,638
Custodial funds held for consolidated entities	33,553,915	-	(33,553,915)	-
Investments in affiliated organizations	6,312,459	157,574	-	6,470,033
Goodwill	38,897,444	-	-	38,897,444
Intangible assets, net	15,281,588	172,809	-	15,454,397
Deferred financing costs, net	1,885,568	193,007	-	2,078,575
Noncurrent receivables	14,639,759	370,423	(1,250,000)	13,760,182
Other	20,546,452	734,859	-	21,281,311
Total other assets	155,008,823	1,628,672	(34,803,915)	121,833,580
Total assets	$ 1,877,009,845	$ 133,498,852	$ (41,195,371)	$ 1,969,313,326

Avera Health
Consolidating Balance Sheets
June 30, 2013

Liabilities and Net Assets	Avera Obligated Group	Non-Obligated Group	Eliminations and Reclassifications	Consolidated
Current Liabilities				
Current maturities of long-term debt	$ 16,764,773	$ 1,196,574	$ -	$ 17,961,347
Accounts payable	40,345,146	4,285,445	(2,491,456)	42,139,135
Accrued salaries, benefits and withholdings	64,155,623	4,263,498	-	68,419,121
Interest payable	2,130,746	77,372	-	2,208,118
Estimated insurance claims payable	14,100,000	10,082,712	(3,900,000)	20,282,712
Estimated third-party payors	14,083,168	916,839	-	15,000,007
Other	8,718,525	3,765,227	-	12,483,752
Total current liabilities	160,297,981	24,587,667	(6,391,456)	178,494,192
Non-Current Liabilities				
Long-term debt, less current maturities	382,143,012	15,753,453	-	397,896,465
Custodial funds held for unconsolidated entities	23,891,638	-	-	23,891,638
Custodial funds held for consolidated entities	33,553,915	-	(33,553,915)	-
Estimated insurance claims payable	18,864,376	-	-	18,864,376
Derivative liability	13,849,286	-	-	13,849,286
Other	2,885,542	1,885,948	(1,250,000)	3,521,490
Total non-current liabilities	475,187,769	17,639,401	(34,803,915)	458,023,255
Net Assets				
Unrestricted	1,182,309,071	89,718,495	-	1,272,027,566
Noncontrolling interest	12,061,957	96,666	-	12,158,623
Total unrestricted net assets	1,194,371,028	89,815,161	-	1,284,186,189
Temporarily restricted	41,834,496	1,260,882	-	43,095,378
Permanently restricted	5,318,571	195,741	-	5,514,312
Total net assets	1,241,524,095	91,271,784	-	1,332,795,879
Total liabilities and net assets	$ 1,877,009,845	$ 133,498,852	$ (41,195,371)	$ 1,969,313,326

Avera Health
Consolidating Statements of Operations
For the Year Ended June 30, 2014

	Avera Obligated Group	Non-Obligated Group	Eliminations and Reclassifications	Consolidated
Unrestricted Revenues, Gains, and Other Support				
Net patient and resident service revenue	$ 1,337,243,190	$ 86,095,796	$ (36,028,236)	$ 1,387,310,750
Provision for bad debts	(42,803,650)	(2,122,560)	-	(44,926,210)
Net patient service revenue, less provision for bad debt	1,294,439,540	83,973,236	(36,028,236)	1,342,384,540
Premium revenue	-	99,037,764	-	99,037,764
Other revenue	89,821,324	7,754,815	(13,309,861)	84,266,278
Total revenues, gains, and other support	1,384,260,864	190,765,815	(49,338,097)	1,525,688,582
Expenses				
Salaries, wages and benefits	797,208,887	58,862,016	-	856,070,903
Supplies	239,267,674	9,839,605	-	249,107,279
Other	220,435,556	27,795,527	(13,309,861)	234,921,222
Claims expense	-	91,804,314	(36,028,236)	55,776,078
Interest	13,162,132	745,253	(185,854)	13,721,531
Depreciation and amortization	72,945,004	5,144,155	-	78,089,159
Total expenses	1,343,019,253	194,190,870	(49,523,951)	1,487,686,172
Operating Income (Loss)	41,241,611	(3,425,055)	185,854	38,002,410
Other Income (Losses)				
Investment income - realized	30,861,583	1,826,197	(185,854)	32,501,926
Investment income - unrealized	56,931,610	3,416,411	-	60,348,021
Other nonoperating, net	(3,555,140)	115,150	-	(3,439,990)
Change in fair value of interest rate swaps not designated as hedges	193,881	-	-	193,881
Reclassification of accumulated losses on interest rate swaps	(534,363)	-	-	(534,363)
Other income, net	83,897,571	5,357,758	(185,854)	89,069,475
Revenues in Excess of Expenses	125,139,182	1,932,703	-	127,071,885
Net equity transfers	-	-	-	-
Investment by noncontrolling interests, and distributions of earnings to noncontrolling interests, net	(5,654,163)	-	-	(5,654,163)
Reclassification of accumulated losses on interest rate swap	534,363	-	-	534,363
Grants and contributions for capital purposes	4,046,938	-	-	4,046,938
Net assets released from restrictions for purchases of property and equipment	3,981,343	876,000	-	4,857,343
Other changes in unrestricted net assets	279,025	(25,392)	-	253,633
Increase in Unrestricted Net Assets	$ 128,326,688	$ 2,783,311	$ -	$ 131,109,999

Avera Health
Consolidating Statements of Operations
For the Year Ended June 30, 2013

	Avera Obligated Group	Non-Obligated Group	Eliminations and Reclassifications	Consolidated
Unrestricted Revenues, Gains, and Other Support				
Net patient and resident service revenue	$ 1,229,716,944	$ 74,820,747	$ (29,528,543)	$ 1,275,009,148
Provision for bad debts	(35,546,854)	(1,276,876)	-	(36,823,730)
Net patient service revenue, less provision for bad debt	1,194,170,090	73,543,871	(29,528,543)	1,238,185,418
Premium revenue	-	82,888,236	-	82,888,236
Other revenue	92,085,374	6,473,805	(14,996,023)	83,563,156
Total revenues, gains, and other support	1,286,255,464	162,905,912	(44,524,566)	1,404,636,810
Expenses				
Salaries, wages and benefits	744,391,339	47,776,333	(4,717,189)	787,450,483
Supplies	205,618,157	8,825,862	-	214,444,019
Other	212,934,473	21,200,747	(10,278,834)	223,856,386
Claims expense	-	76,863,303	(29,528,543)	47,334,760
Interest	12,331,441	744,251	-	13,075,692
Depreciation and amortization	69,112,159	4,766,116	-	73,878,275
Total expenses	1,244,387,569	160,176,612	(44,524,566)	1,360,039,615
Operating Income	41,867,895	2,729,300	-	44,597,195
Other Income (Losses)				
Investment income - realized	23,432,315	1,621,039	-	25,053,354
Investment income - unrealized	24,511,567	1,511,578	-	26,023,145
Other nonoperating, net	13,393,198	448,766	-	13,841,964
Change in fair value of interest rate swaps not designated as hedges	5,888,245	-	-	5,888,245
Reclassification of accumulated losses on interest rate swaps	(534,363)	-	-	(534,363)
Loss on extinguishment of debt	-	(403,567)	-	(403,567)
Gain on acquisitions	29,092,796	-	-	29,092,796
Other income, net	95,783,758	3,177,816	-	98,961,574
Revenues in Excess of Expenses	137,651,653	5,907,116	-	143,558,769
Net equity transfers	(1,337,100)	1,337,100	-	-
Investment by noncontrolling interests, and distributions of earnings to noncontrolling interests, net	(5,114,834)	-	-	(5,114,834)
Reclassification of accumulated losses on interest rate swap	534,363	-	-	534,363
Grants and contributions for capital purposes	1,580,048	351,450	-	1,931,498
Net assets released from restrictions for purchases of property and equipment	1,421,355	-	-	1,421,355
Other changes in unrestricted net assets	609,531	(1,355)	-	608,176
Increase in Unrestricted Net Assets	$ 135,345,016	$ 7,594,311	$ -	$ 142,939,327