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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

▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](#)

OMB No 1545-0047

2015

Open to Public Inspection

A For the 2015 calendar year, or tax year beginning 07-01-2015, and ending 06-30-2016

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Final return/terminated

☐ Amended return

☐ Application pending

C Name of organization

SMDC Medical Center

Doing business as

essentia health duluth

Number and street (or P O box if mail is not delivered to street address)

502 E 2nd St

Room/suite

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

Duluth, MN 55805

F Name and address of principal officer

Steven Jorgensen

502 E 2nd ST

Duluth, MN 55805

H(a) Is this a group return for subordinates?

No

☐ Yes ☒ No

H(b) Are all subordinates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ◀(insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶

www.essentiahealth.org

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1997

M State of legal domicile MN

D Employer identification number

41-1878730

E Telephone number

(218) 727-8762

G Gross receipts \$ 503,586,742

Part I Summary				
Activities & Governance	1 Briefly describe the organization's mission or most significant activities We are called to make a healthy difference in people's lives			
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	11	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8	
	5 Total number of individuals employed in calendar year 2015 (Part V, line 2a)	5	2,659	
	6 Total number of volunteers (estimate if necessary)	6	204	
Revenue	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,396,251	
	b Net unrelated business taxable income from Form 990-T, line 34	7b	535,430	
	8 Contributions and grants (Part VIII, line 1h) 9 Program service revenue (Part VIII, line 2g) 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	Prior Year		
		Current Year		
		494,428		
		491,152,059		
		3,876,585		
Expenses		-1,239,070		
		7,156,182		
		7,227,770		
		502,679,254		
		500,807,702		
		1,180,498		
Net Assets or Fund Balances	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	Beginning of Current Year		
	14 Benefits paid to or for members (Part IX, column (A), line 4)	End of Year		
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	661,270,193		
	16a Professional fundraising fees (Part IX, column (A), line 11e)	536,190,911		
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰	125,079,282		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	174,846,068		
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	482,688,076		
	19 Revenue less expenses Subtract line 18 from line 12	19,991,178		
	20 Total assets (Part X, line 16) 21 Total liabilities (Part X, line 26) 22 Net assets or fund balances Subtract line 21 from line 20	16,818,217		
		663,560,200		
		539,516,736		
		124,043,464		

Part II Signature Block

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

Sign Here

Signature of officer

Kevin Boren Chief Financial Officer

Type or print name and title

2017-04-17

Date

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990(2015)

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

We are called to make a healthy difference in people's lives

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 \$ 423,674,024 including grants of \$ 1,091,158) (Revenue \$ 497,925,336)

SMDC Medical Center dba Essentia Health Duluth is organized and operated exclusively for charitable, scientific, and educational purposes. In furtherance of its purposes, Essentia Health Duluth provides health care services in Minnesota through its 165 bed hospital and 8 multi-specialty clinics, including charitable care to persons unable to pay. The hospital and clinics offer a broad range of inpatient and outpatient services for its patients, including medical surgical care, behavioral health, rehabilitation, orthopedics, neuroscience, digestive health, family and pediatrics services, and heart and vascular services. In addition to the hospital and clinics, Essentia Health Duluth also operates optical centers, infusion therapy centers, outpatient surgery centers, and a cancer center. Through Amberwing Center for Youth & Family Well-Being, Essentia Health Duluth provides mental health and substance abuse services to children, adolescents, young adults and their families. Essentia Health Duluth employs over 2,000 full time equivalents. The hospital provided 26,000 hospital patient days and 40,500 outpatient visits during the fiscal year ended June 30, 2016. The clinics had 494,000 encounters during the same time period. During the fiscal year ended June 30, 2016, Essentia Health Duluth provided the following community benefits: \$2.3 million in charity care, \$32.1 million costs in excess of Medicaid payments, \$60,000 in community services, \$334,000 in health profession education, and \$150,000 in cash and in-kind contributions. Essentia Health Duluth is the sole member of Essentia Health Virginia, LLC dba Essentia Health Virginia. Essentia Health Virginia is organized exclusively for charitable, scientific, and educational purposes. Essentia Health Virginia has a 83-bed hospital and two clinics serving northeastern Minnesota. Essentia Health Virginia offers emergency care 24 hours a day, seven days a week. It is a level IV trauma center and a stroke ready hospital. The hospital offers 24/7 surgical services, obstetrics and birthing services, intensive care, and urgent care. Essentia Health Virginia has a 90-bed skilled nursing facility within its medical campus allowing residents and their families easy access to a full range of hospital, clinic, and other related services. Essentia Health Virginia employs over 490 full time equivalents. The hospital provided 6,200 patient days and 32,000 outpatient visits during the fiscal year ended June 30, 2016. The clinic had over 67,000 encounters and the skilled nursing facility provided 27,900 resident days during the same time period. During the fiscal year ended June 30, 2016, Essentia Health Virginia provided the following community benefits: \$520,000 in charity care, \$4.0 million costs in excess of Medicaid payments, \$63,000 in community services, and \$118,000 in health profession education.

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 ▶ 423,674,024

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	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15 Yes	
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b Yes	

Part IV Checklist of Required Schedules *(continued)*

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

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

Form 990 (2015)

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	11	
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	1b	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	MN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, address, and telephone number of the person who possesses the organization's books and records ▶kevin boren 502 e 2nd st DULUTH, MN 55805 (218) 786-1009	

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

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

- List all of the organization's **current** 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

[illegible]

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 ► 143

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

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.

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 ▶ 0	
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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	361,954			
	e	Government grants (contributions)	1e	26,917			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	211,864			
	g	Noncash contributions included in lines 1a-1f \$		3,300			
	h	Total. Add lines 1a-1f		600,735			
Program Service Revenue	2a	Inpatient and Outpatient Revenues	Business Code 621110	487,963,042	487,611,257	351,785	
	b	Skilled Nursing Facility	623000	6,255,225	6,255,225		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		494,218,267			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		1,118,099		
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties					
6a		Gross rents	(i) Real 99,054	(ii) Personal			
b		Less rental expenses	0				
c		Rental income or (loss)	99,054				
d		Net rental income or (loss)		99,054			99,054
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b		Less cost or other basis and sales expenses	2,213,719	143,450			
c		Gain or (loss)	-2,213,719	-143,450			
d		Net gain or (loss)		-2,357,169			-2,357,169
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	3,241			
b		Less direct expenses	b	3,661			
c		Net income or (loss) from gaming activities		-420			-420
10a		Gross sales of inventory, less returns and allowances	a	1,397,558			
b		Less cost of goods sold	b	418,210			
c		Net income or (loss) from sales of inventory . . .		979,348		831,918	147,430
Miscellaneous Revenue		Business Code					
11a		Duluth Family Practice MSA	541900	3,707,069	3,707,069		
b	Cafeteria Revenue	722514	1,773,699		129,270	1,644,429	
c	Parking Revenue	812930	291,991			291,991	
d	All other revenue		377,029		83,278	293,751	
e	Total. Add lines 11a-11d		6,149,788				
12	Total revenue. See Instructions		500,807,702	497,573,551	1,396,251	1,237,165	

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 domestic organizations and domestic governments. See Part IV, line 21.	1,037,561	1,037,561		
2	Grants and other assistance to domestic individuals. See Part IV, line 22.	27,306	27,306		
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16.	26,291	26,291		
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	3,128,691	491,187	2,637,504	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	567,025	567,025		
7	Other salaries and wages.	248,853,023	221,483,921	27,369,102	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	13,217,901	10,405,066	2,812,835	
9	Other employee benefits.	28,012,517	23,714,602	4,297,915	
10	Payroll taxes.	14,273,102	12,298,943	1,974,159	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	375,901		375,901	
c	Accounting.	-114,491		-114,491	
d	Lobbying.	8,662		8,662	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	362,506		362,506	
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	31,346,196	19,959,066	11,387,130	
12	Advertising and promotion.	1,650,568	72,757	1,577,811	
13	Office expenses.	14,425,747	7,815,100	6,610,647	
14	Information technology.	16,904,112	14,970,657	1,933,455	
15	Royalties.				
16	Occupancy.	9,662,232	8,647,189	1,015,043	
17	Travel.	2,307,017	1,591,657	715,360	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	886,523	463,207	423,316	
20	Interest.	-101,918		-101,918	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	18,336,011	16,289,601	2,046,410	
23	Insurance.	7,151,420	7,080,600	70,820	
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	Unrelated Business Tax.	125,650		125,650	
b	Medical Supplies.	48,826,720	48,826,720		
c	Affiliate Support Fee.	39,576,182	14,856,899	24,719,283	
d	Bad Debt Expense.	9,961,860	9,961,860		
e	All other expenses.	-26,844,830	3,086,809	-29,931,639	
25	Total functional expenses. Add lines 1 through 24e.	483,989,485	423,674,024	60,315,461	0
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)		(B)	
				Beginning of year		End of year	
Assets	1	Cash—non-interest-bearing		841,453	1	546,770	
	2	Savings and temporary cash investments		55,408,125	2	57,223,582	
	3	Pledges and grants receivable, net		31,055	3	1,161	
	4	Accounts receivable, net		53,794,456	4	59,359,091	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			5		
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L			6		
	7	Notes and loans receivable, net		9,305	7	3,220	
	8	Inventories for sale or use		5,753,158	8	7,123,672	
	9	Prepaid expenses and deferred charges		7,581,874	9	9,281,119	
	10a	Land, buildings, and equipment—cost or other basis. Complete Part VI of Schedule D	10a	252,331,077			
	b	Less: accumulated depreciation	10b	157,205,772	87,246,409	10c	95,125,305
	11	Investments—publicly traded securities			11		
	12	Investments—other securities. See Part IV, line 11		115,544,435	12	99,949,017	
	13	Investments—program-related. See Part IV, line 11			13		
	14	Intangible assets			14		
	15	Other assets. See Part IV, line 11		335,059,923	15	334,947,263	
16	Total assets. Add lines 1 through 15 (must equal line 34)		661,270,193	16	663,560,200		
Liabilities	17	Accounts payable and accrued expenses		43,649,230	17	35,278,336	
	18	Grants payable		175,000	18	35,000	
	19	Deferred revenue			19	18,665	
	20	Tax-exempt bond liabilities			20		
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		27,128	21	15,918	
	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		942,672	23	631,497	
	24	Unsecured notes and loans payable to unrelated third parties		12,031,984	24	20,674,850	
	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		479,364,897	25	482,862,470	
	26	Total liabilities. Add lines 17 through 25		536,190,911	26	539,516,736	
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		125,040,546	27	123,984,614	
	28	Temporarily restricted net assets		4,736	28	24,850	
	29	Permanently restricted net assets		34,000	29	34,000	
	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		125,079,282	33	124,043,464	
	34	Total liabilities and net assets/fund balances		661,270,193	34	663,560,200	

Part XI **Reconciliation of Net Assets**

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	500,807,702
2	Total expenses (must equal Part IX, column (A), line 25)	2	483,989,485
3	Revenue less expenses Subtract line 2 from line 1	3	16,818,217
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	125,079,282
5	Net unrealized gains (losses) on investments	5	-1,582,716
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-8,242
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-16,263,077
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	124,043,464

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? 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		No
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
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	Yes	

Additional Data

Software ID:
Software Version:
EIN: 41-1878730
Name: SMDC Medical Center

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Chuck Walt Board Chair	1 00 5 00	X		X				0	7,100	0
Joseph Mihalek Board Vice Chair	1 00 5 00	X		X				0	7,500	0
Joseph Bianco MD Board Secretary	1 00 59 00	X		X				0	351,618	52,700
Thomas Renier Board Treasurer	1 00 5 00	X		X				0	6,400	0
Howard Klatzky Board Director	1 00 5 00	X						0	5,400	0
Joseph Leoni Board Director	1 00 5 00	X						0	0	0
Michael Maddy MD Board Director	1 00 39 00	X						0	221,255	41,227
Sister Donna Schroeder Board Director	1 00 8 00	X						0	0	0
Sister Sarah Smedman Board Director	1 00 5 00	X						0	0	0
Sister Mary Josephine Torborg Board Director	1 00 5 00	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Laura Trombino MD Board Director	35 00 5 00	X						0	419,342	53,135
Alan Hodnik Board Director thru 2/16	1 00 8 00	X						0	0	0
Steven Jorgensen Administrator	1 00 59 00			X				679,159	0	102,627
Kevin Boren Chief Financial Officer	1 00 59 00			X				396,210	0	65,238
Eva Cleet MD Chief Medical Officer	1 00 59 00				X			0	645,240	38,251
Cynthia Kent Chief Nursing Officer	1 00 59 00				X			245,531	0	41,842
Sandra McCarthy Chief Nursing Officer thru 2/15	1 00 59 00				X			450,625	0	9,059
James Garvey SVP Hospital Operations	1 00 59 00				X			579,243	0	82,133
Daniel Nikceovich MD President, EH East	1 00 59 00					X		958,298	0	137,873
Harvey Anderson VP Facilities	1 00 59 00					X		307,460	0	47,721

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Daniel Milbrdge Ops Admin - Virginia	60 00 0 00					X		286,411	0	40,578
Ty Enckson SVP Regional Practice	1 00 59 00					X		263,147	0	56,902
Michael Motley Ops Admin - Neurosciences Division	59 00 1 00					X		249,526	0	49,576
Robert Norman Former Chief Financial Officer	0 00 60 00						X	0	751,292	101,844
Thomas Patnoe MD Former President & CMO	40 00 0 00						X	0	360,041	55,136
Barbara Wessberg Former Administrator	0 00 0 00						X	109,726	0	10,763
Cynthia Baker Former VP Medical Specialties	0 00 40 00						X	0	140,546	7,635
Brad Davis MD Section Chair	1 00 59 00						X	0	518,513	53,991
Theresa Gunnarson MD Clinical Chief	0 00 60 00						X	0	540,239	44,639
Justin Hill MD Former Clinical Chief	40 00 0 00						X	0	789,795	44,222

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Scott Johnson MD Former Clinical Chief	39 00 1 00						X	0	549,694	46,641
Brian Konowalchuk MD Clinical Chief	1 00 59 00						X	0	546,928	36,030
Jeffrey Lyon MD Chief Patient Safety Officer	1 00 59 00						X	0	327,383	46,683
Michael Metcalf Former EVP Clinical Operations	0 00 0 00						X	431,435	0	17,950
Vincent Ohaju MD Former Clinical Chief	0 00 0 00						X	0	146,706	20,083
Hugh Renier MD VP Medical Affairs	0 00 60 00						X	0	389,222	82,642
Anne Stephen MD Clinical Chief	1 00 59 00						X	0	280,398	51,221
Ann Watkins Former VP Surgical Services	0 00 0 00						X	117,140	0	0
Timothy Zager MD Former Duluth Clinic President	1 00 59 00						X	0	376,352	46,603

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2015

Open to Public Inspection

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

Name of the organization
SMDC Medical Center

Employer identification number
41-1878730

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 (Form 990 or 990-EZ))
- 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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g
- a

☐

Type I. A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
- b

☐

Type II. A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
- c

☐

Type III functionally integrated. A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
- d

☐

Type III non-functionally integrated. A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
- e

☐

Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization
- f

Enter the number of supported organizations
- g

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 (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			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)2011	(b)2012	(c)2013	(d)2014	(e)2015	(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)2011	(b)2012	(c)2013	(d)2014	(e)2015	(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 VI)						
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 section 501(c)(3) organization, check this box and stop here						☐

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2015 (line 6, column (f) divided by line 11, column (f))					14	
15 Public support percentage for 2014 Schedule A, Part II, line 14					15	
16a 33 1/3% support test—2015.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—2014.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—2015.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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						☐
b 10%-facts-and-circumstances test—2014.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 VI 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)2011	(b)2012	(c)2013	(d)2014	(e)2015	(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)2011	(b)2012	(c)2013	(d)2014	(e)2015	(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 VI.)						
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 section 501(c)(3) organization, check this box and stop here ► ☐						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2015 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2014 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2015 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2014 Schedule A, Part III, line 17	18	

19a 33 1/3% support tests—2015. 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—2014. 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 Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.	1	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).	2	
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.	3a	
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.	3b	
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.	3c	
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.	4a	
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.	4b	
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.	4c	
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).	5a	
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b	
c Substitutions only. Was the substitution the result of an event beyond the organization's control?	5c	
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .	6	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).	7	
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part II of Schedule L (Form 990).	8	
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .	9a	
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .	9b	
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .	9c	
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer b below.	10a	
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)	10b	
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a	
b A family member of a person described in (a) above?	11b	
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.	11c	

Part IV

Supporting Organizations (continued)

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.</i>		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions) a ☐ The organization satisfied the Activities Test. Complete line 2 below. b ☐ The organization is the parent of each of its supported organizations. Complete line 3 below. c ☐ The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.		
b Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		

Part V

Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1

Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970 **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E

☐

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI) _____		
2	Acquisition indebtedness applicable to non-exempt use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount		Current Year	
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions) ☐		

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2015 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2015	(iii) Distributable Amount for 2015
1 Distributable amount for 2015 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2015 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2015			
a			
b			
c			
d From 2013.			
e From 2014.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2015 distributable amount			
i Carryover from 2010 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2015 from Section D, line 7 \$			
a Applied to underdistributions of prior years			
b Applied to 2015 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2015, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2015 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 Excess distributions carryover to 2016. Add lines 3j and 4c			
8 Breakdown of line 7			
a			
b			
c Excess from 2013.			
d From 2014.			
e From 2015.			

Part VI **Supplemental Information.**

Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶Complete if the organization is described below. ▶Attach to Form 990 or Form 990-EZ.
▶Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

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

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

Name of the organization SMDC Medical Center	Employer identification number 41-1878730
---	--

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-
2				
3				
4				
5				
6				

Part II-A

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

A

Check

☐

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

B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table><tr><th>If the amount on line 1e, column (a) or (b) is:</th><th>The lobbying nontaxable amount is:</th></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a If zero or less, enter -0-														
i	Subtract line 1f from line 1c If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?														

☐ 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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a)2012	(b)2013	(c)2014	(d)2015	(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 on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity		(a)	(b)
		Yes	No Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of		
a	Volunteers?		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?	Yes	6,000
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No
i	Other activities?	Yes	2,662
j	Total. Add lines 1c through 1i.		8,662
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		
2		
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, lines 1 and 2 (see instructions), and Part II-B, line 1. Also, complete this part for any additional information.

Return Reference	Explanation
Part II-B, Line 1	LOBBYING ACTIVITY EXPLANATION. Essentia Health Duluth pays dues to a certain organization related to the industry which has lobbying expenses. The amount listed is the percentage of the dues paid that were used for lobbying. ESSENTIA HEALTH DULUTH WAS ALSO AN ADVOCATE SPONSOR THROUGH THE DULUTH AREA CHAMBER OF COMMERCE FOR THE 2016 "DULUTH & ST. LOUIS COUNTY AT THE CAPITAL" EVENT. REPRESENTATIVES FROM ESSENTIA HEALTH, ALONG WITH OTHER REGIONAL BUSINESSES AND CITIZENS, MET FACE-TO-FACE WITH MN LEGISLATORS TO DISCUSS ISSUES AFFECTING OUR COMMUNITIES AND HEALTHCARE.

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

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

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2015

Open to Public Inspection

Name of the organization SMDC Medical Center	Employer identification number 41-1878730
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Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate value of contributions to (during year)	
3	Aggregate value of 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" on 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) ☐ Protection of natural habitat ☐ Preservation of open space ☐ Preservation of an historically important land area ☐ Preservation of a certified historic structure	
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	
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, handling of violations, and enforcing conservation easements during the year ►	
7	Amount of expenses incurred in monitoring, inspecting, handling of violations, 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" on 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)	Revenue included on 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	Revenue included on 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" on 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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?

☒ 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	34,000	34,000	34,000	34,000	34,000
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	34,000	34,000	34,000	34,000	34,000

2

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

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Temporarily restricted endowment ▶

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

3a

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

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		No
3a(ii)		No
3b		

b

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

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)	Accumulated (c)depreciation	(d)Book value
1a Land		1,323,171		1,323,171
b Buildings		70,018,523	34,494,402	35,524,121
c Leasehold improvements		5,417,330	793,984	4,623,346
d Equipment		158,756,827	120,373,641	38,383,186
e Other		16,815,226	1,543,745	15,271,481
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) ▶				95,125,305

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

Complete if the organization answered 'Yes' on 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 (losses) 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' on 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	ESSENTIA HEALTH VIRGINIA ACTS AS CUSTODIAN FOR THE FUNDS OF THE SKILLED NURSING FACILITY RESIDENTS. RESIDENT TRUST FUNDS TOTALED \$15,918 AT JUNE 30, 2016

Part XIII

Supplemental Information *(continued)*

Return Reference	Explanation

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No 1545-0047

2015

**Open to Public
Inspection**

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
SMDC Medical Center

Employer identification number

41-1878730

Part I General Information on Activities Outside the United States.

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

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

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
North America			Send agents to seminars		10,513
Sub-Saharan Africa			Grantmaking		26,291
3a Sub-total	0	0			36,804
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			36,804

Part II Grants and Other Assistance to Organizations or Entities Outside the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
			Sub-Saharan Africa	Medical Missions	25,000	Check			

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶ 1

3 Enter total number of other organizations or entities ▶

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

[illegible]

Part IV Foreign Forms

- 1

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

☐

Yes

☒

No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U S Owner (see Instructions for Forms 3520 and 3520-A, do not file with Form 990)*

☐

Yes

☒

No
- 3

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

☐

Yes

☒

No
- 4

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

☐

Yes

☒

No
- 5

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

☐

Yes

☒

No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713, do not file with Form 990)*

☐

Yes

☒

No

Part V **Supplemental Information**

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

990 Schedule F, Supplemental Information

Return Reference	Explanation
Part I, Line 2	ESSENTIA HEALTH DULUTH PROVIDES GRANT MONIES TO ORGANIZATIONS THAT DEMONSTRATE THE MISSION OR VALUES OF ESSENTIA HEALTH ESSENTIA HEALTH DULUTH MANAGEMENT REVIEWS THE GRANT ACTIVIT Y BY REVIEWING AND DOCUMENTING EACH EXPENDITURE REQUEST AND APPROVING THE EXPENSE

SCHEDULE H
(Form 990)

Department of the
Treasury
Internal Revenue
Service

Hospitals

▶ Complete if the organization answered "Yes" on Form 990, Part IV, question 20.

▶ Attach to Form 990.

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

OMB No 1545-0047

2015

Open to Public
Inspection

Name of the organization SMDC Medical Center	Employer identification number 41-1878730
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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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☐ 200% ☒ Other <u>16000 0000000000 %</u>	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other <u>31000 0000000000 %</u>	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
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)			2,844,421		2,844,421	0 600 %
b Medicaid (from Worksheet 3, column a)			89,249,355	53,095,525	36,153,830	7 630 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			92,093,776	53,095,525	38,998,251	8 230 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			122,761		122,761	0 030 %
f Health professions education (from Worksheet 5)			895,558	443,629	451,929	0 100 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			150,000		150,000	0 030 %
j Total. Other Benefits			1,168,319	443,629	724,690	0 160 %
k Total. Add lines 7d and 7j			93,262,095	53,539,154	39,722,941	8 390 %

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	1	130,700		130,700	0.030 %
2	Economic development					
3	Community support	1	671,622		671,622	0.140 %
4	Environmental improvements	1	2,000		2,000	0 %
5	Leadership development and training for community members	1				
6	Coalition building	1	525		525	0 %
7	Community health improvement advocacy					
8	Workforce development	1	458,372		458,372	0.100 %
9	Other					
10	Total	6	1,263,219		1,263,219	0.270 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

Yes

No

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

9,961,860

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

87,476,608

6

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

6

112,507,486

7

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

7

-25,030,878

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

No

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

No

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?
2

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

	Other (Describe)	ER-other	ER-24 hours	Research facility	Critical access hospital	Teaching hospital	Children's hospital	General medical & surgical	Licensed hospital	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)
Essentia Health Duluth

Name of hospital facility or letter of facility reporting group

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

		Yes	No
Community Health Needs Assessment			
1	Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?	1	No
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2	No
3	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 12 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 significant 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 Section C)	3	Yes
4	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>15</u>		
5	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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	Yes
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	Yes
6b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b	Yes
7	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply) a ☒ Hospital facility's website (list url) <u>http://www.essentiahealth.org/main/community-benefit-chna.aspx</u> b ☒ Other website (list url) <u>http://www.slhduluth.com/documents/2016DuluthCHNA-web.pdf</u> c ☒ Made a paper copy available for public inspection without charge at the hospital facility d ☒ Other (describe in Section C)	7	Yes
8	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	Yes
9	Indicate the tax year the hospital facility last adopted an implementation strategy 20 <u>15</u>		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website? a If "Yes" (list url) <u>http://www.essentiahealth.org/main/community-benefit-chna.aspx</u> b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10	Yes
10b		10b	No
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed		
12a	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)?	12a	No
12b	If "Yes" on line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
c	If "Yes" on line 12b, 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 (FAP)

Essentia Health Duluth

Name of hospital facility or letter of facility reporting group

		Yes	No	
13	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 included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP a ☒ Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 160 000000000000 % and FPG family income limit for eligibility for discounted care of 310 000000000000 % b ☐ Income level other than FPG (describe in Section C) c ☒ Asset level d ☒ Medical indigency e ☒ Insurance status f ☒ Underinsurance discount g ☒ Residency h ☐ Other (describe in Section C)	13	Yes	
14	Explained the basis for calculating amounts charged to patients?	14	Yes	
15	Explained the method for applying for financial assistance? If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply) a ☒ Described the information the hospital facility may require an individual to provide as part of his or her application b ☒ Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application c ☐ Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process d ☐ Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications e ☐ Other (describe in Section C)	15	Yes	
16	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☒ The FAP was widely available on a website (list url) <u>http://www.essentiahealth.org/main/financial-assistance-program.aspx</u> b ☒ The FAP application form was widely available on a website (list url) <u>http://www.essentiahealth.org/main/financial-assistance-program.aspx</u> c ☒ A plain language summary of the FAP was widely available on a website (list url) <u>http://www.essentiahealth.org/main/financial-assistance-program.aspx</u> d ☒ The FAP was available upon request and without charge (in public locations in the hospital facility and by mail) e ☒ The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail) f ☒ A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail) g ☒ Notice of availability of the FAP was conspicuously displayed throughout the hospital facility h ☒ Notified members of the community who are most likely to require financial assistance about availability of the FAP i ☐ Other (describe in Section C)	16	Yes	

Billing and Collections

17	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 all of the actions the hospital facility or other authorized party may take upon non-payment?	17	Yes	
18	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(ies) b ☐ Selling an individual's debt to another party c ☐ Actions that require a legal or judicial process d ☐ Other similar actions (describe in Section C) e ☒ None of these actions or other similar actions were permitted			

Part V

Facility Information (continued)

Essentia Health Duluth

Name of hospital facility or letter of facility reporting group			Yes	No
19	Did the hospital facility or other authorized 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? If "Yes," check all actions in which the hospital facility or a third party engaged	19		No
a	☐ Reporting to credit agency(ies)			
b	☐ Selling an individual's debt to another party			
c	☐ Actions that require a legal or judicial process			
d	☐ Other similar actions (describe in Section C)			
20	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (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)			
f	☐ None of these efforts were made			
Policy Relating to Emergency Medical Care				
21	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	21	Yes	
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 Section C)			
d	☐ Other (describe in Section C)			
Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)				
22	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 Section C)			
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C	23		No
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C	24		No

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)

ESSENTIA HEALTH VIRGINIA

Name of hospital facility or letter of facility reporting group

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A):

2

		Yes	No
Community Health Needs Assessment			
1	Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?	1	No
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2	No
3	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 12 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 significant 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 Section C) 4 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>15</u> 5 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	No
6b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b	No
7	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply) a ☒ Hospital facility's website (list url) <u>http://www.essentiahealth.org/main/community-benefit-chna.aspx</u> b ☐ Other website (list url) _____ c ☒ Made a paper copy available for public inspection without charge at the hospital facility d ☒ Other (describe in Section C) 8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	7	Yes
9	Indicate the tax year the hospital facility last adopted an implementation strategy 20 <u>15</u>	8	Yes
10	Is the hospital facility's most recently adopted implementation strategy posted on a website? a If "Yes" (list url) <u>http://www.essentiahealth.org/main/community-benefit-chna.aspx</u> b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10	Yes
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed 12a 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)?	10b	No
12a	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)?	12a	No
12b	If "Yes" on line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
12b	If "Yes" on line 12b, 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 (FAP)

ESSENTIA HEALTH VIRGINIA

Name of hospital facility or letter of facility reporting group

		Yes	No	
13	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 included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP a ☒ Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 160 000000000000 % and FPG family income limit for eligibility for discounted care of 310 000000000000 % b ☐ Income level other than FPG (describe in Section C) c ☒ Asset level d ☒ Medical indigency e ☒ Insurance status f ☒ Underinsurance discount g ☒ Residency h ☐ Other (describe in Section C)	13	Yes	
14	Explained the basis for calculating amounts charged to patients?	14	Yes	
15	Explained the method for applying for financial assistance? If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply) a ☒ Described the information the hospital facility may require an individual to provide as part of his or her application b ☒ Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application c ☐ Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process d ☐ Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications e ☐ Other (describe in Section C)	15	Yes	
16	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☒ The FAP was widely available on a website (list url) http://www.essentiahealth.org/main/financial-assistance-program.aspx b ☒ The FAP application form was widely available on a website (list url) http://www.essentiahealth.org/main/financial-assistance-program.aspx c ☒ A plain language summary of the FAP was widely available on a website (list url) http://www.essentiahealth.org/main/financial-assistance-program.aspx d ☒ The FAP was available upon request and without charge (in public locations in the hospital facility and by mail) e ☒ The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail) f ☒ A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail) g ☐ Notice of availability of the FAP was conspicuously displayed throughout the hospital facility h ☒ Notified members of the community who are most likely to require financial assistance about availability of the FAP i ☐ Other (describe in Section C)	16	Yes	

Billing and Collections

17	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 all of the actions the hospital facility or other authorized party may take upon non-payment?	17	Yes	
18	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(ies) b ☐ Selling an individual's debt to another party c ☐ Actions that require a legal or judicial process d ☐ Other similar actions (describe in Section C) e ☒ None of these actions or other similar actions were permitted			

Part V

Facility Information (continued)

ESSENTIA HEALTH VIRGINIA

Name of hospital facility or letter of facility reporting group			Yes	No
19	Did the hospital facility or other authorized 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? If "Yes," check all actions in which the hospital facility or a third party engaged	19		No
a	☐ Reporting to credit agency(ies)			
b	☐ Selling an individual's debt to another party			
c	☐ Actions that require a legal or judicial process			
d	☐ Other similar actions (describe in Section C)			
20	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (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)			
f	☐ None of these efforts were made			
Policy Relating to Emergency Medical Care				
21	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	21	Yes	
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 Section C)			
d	☐ Other (describe in Section C)			
Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)				
22	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 Section C)			
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C	23		No
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C	24		No

Part V **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B.

Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

Form and Line Reference	Explanation

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? 11

Name and address	Type of Facility (describe)
1 See Additional Data Table	
2	
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	Assets will be considered along with the patient's income to determine eligibility for the Financial Assistance Program To be eligible, reportable assets may not exceed \$15,000 for a household of one (1), or \$25,000 for a household of two (2) or more Assets may include, but are not limited to, such items as checking and savings accounts, IRA's, 401(k)'s, value of additional cars that exceed the number of working members in the household, equity in recreational vehicles and additional property, etc

Form and Line Reference	Explanation
Part I, Line 6a	The organization's community benefit information is included in the consolidated Essentia Health (employer identification number 20-0360007) annual report which is made available to the public at http://www.essentiahealth.org/Main/Annual-Report.aspx Essentia Health, headquartered in Duluth, Minnesota, is the parent of a fully integrated health system serving patients in Minnesota, Wisconsin, North Dakota and Idaho

Form and Line Reference	Explanation
Part I, Line 7	The cost to charge ratio derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges was used to calculate the costs for the following community benefits Charity Care and Unreimbursed Medicaid Actual costs were used for the remainder of the community benefits reported

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	Bad debt expense that was subtracted from total expense to obtain the % of community benefit to total expense amounted to \$9,961,860

Form and Line Reference	Explanation
Part II, Community Building Activities	About half of the community building activities reported are physician recruitment expenses. The hospital facility is located in a federally-designated medically underserved area and as such includes physician recruitment as a community building activity per the recommendation of the Catholic Health Association Community Benefit Guide. The other half represents contributions to organizations that are performing community building activities. Examples include support to a not-for-profit organization that provides assistance to uninsured and underinsured low-income patients in the local area and donations to not-for-profit organizations that provide support services to individuals hurt by sexual and domestic abuse, the local food bank, local churches for various programs, a not-for-profit organization that provides low income home loans, the United Way, and the local public school system.

Form and Line Reference	Explanation
Part III, Line 2	Discounts, charity care, and bad debt expense are accounted for as reductions to revenue. Bad debt expense on patient accounts would be identified as any balance on the account, less any previous payments and discounts, that has aged and is absent of any payments. If, during the collection process, it becomes known that the patient qualifies for charity care, the amounts included within bad debt expense would be reclassified to charity care.

Form and Line Reference	Explanation
Part III, Line 3	Essentia Health Duluth and Essentia Health Virginia provide both full and partial charity care through their traditional application process. Full charity care is a complete write-off of eligible gross hospital and clinic charges while "partial" is a portion of eligible charges. Each are determined respectively based on the patient's income in relation to the Federal Poverty Guidelines. Essentia Health also recognizes that it is not feasible, or sometimes necessary, for all patients to complete financial assistance applications and provide documentation required through the traditional process. Essentia Health Duluth and Essentia Health Virginia implemented an alternative documentation and presumptive process using a tool that identifies accounts that automatically qualify for charity care and reclassified those accounts to charity care allowance. As a result, we estimate \$0 of patient accounts written off to bad debt would qualify for charity care. Essentia Health Duluth and Essentia Health Virginia are a part of a larger organization, Essentia Health. Essentia Health and its member organizations incorporate the cost of bad debt as a community benefit. As a tax exempt hospital, we must provide the necessary services regardless of the patient's ability to pay for that care. In doing so, Essentia Health makes quality patient care available to all in our community, regardless of their economic means.

Form and Line Reference	Explanation
Part III, Line 4	Page 13 of the audit contains the footnote describing the organization's bad debt expense

Form and Line Reference	Explanation
Part III, Line 8	RECONCILIATION FOR MEDICARE SHORTFALL BETWEEN TOTAL MEDICARE PROGRAM AND WHAT IS ALLOWED ON THE COST REPORT The hospitals' total Medicare shortfall is \$43,203,263, of which a shortfall of \$25,030,878 (consisting of \$87,476,608 revenue and \$112,507,486 cost) is included in Part III, Section B, Lines 5-7, and a shortfall of \$18,172,385 (consisting of \$61,102,800 revenue and \$79,275,185 cost) represent all other Medicare services not included in the annual cost report The costing methodology used in determining the Medicare Allowable Cost reported in the organization's Medicare Cost Report as reflected in the amount reported in Part III, Line 6 The methodology used in determining the reported Medicare Allowable Cost begins with the hospital's general ledger system The costs are obtained from the general ledger and then adjusted and reported in accordance with Centers for Medicare Services (CMS) "cost finding" guidelines as published in their Provider Reimbursement Manual Once the Medicare allowable costs are determined from the hospital's cost report, any costs attributed to subsidized health services, and Medical Education, are removed and reported separately Explanation for any prior year settlements for Medicare-related services in the current tax year Each Essentia Health hospital is required to file a Medicare cost report 5 months after the close of their fiscal year The cost report provides Medicare with information that is used to determine utilization and spending trends but also is used to set future payment rates for most Medicare services If the interim payments paid to a hospital are higher or lower than the filed cost report allowable reimbursement there will be a settlement for that fiscal year This can be due to changes in utilization or cost of providing services for Critical Access Hospitals (CAH) or differences between interim and final payment factors for Disproportionate Share, Bad Debts, or Indirect Medical Education for non-CAH hospitals An estimate for these settlements is recorded at the close of the fiscal year If the estimate varies from the final settlement received 6-7 months after the fiscal year ends then these amounts are recorded as prior year Medicare revenue The extent to which any shortfall reported in Part III, Line 7 should be treated as a community benefit and the rationale for the organization's opinion Essentia Health Duluth and Essentia Health Virginia are a part of a larger organization, Essentia Health Essentia Health and its member organizations incorporate the full value of the Medicare shortfall as a community benefit The rationale for the organization's opinion is providing care for the elderly and serving Medicare patients is an essential part of the community benefit standard Medicare, like Medicaid, does not pay the full cost of care and it is likely to get worse Many Medicare beneficiaries are poor and are eligible for Medicaid in addition to Medicare Medicare underpayment must be shouldered by the hospital in order to continue treating the community's elderly and poor These underpayments represent a real cost of serving the community

Form and Line Reference	Explanation
Part III, Line 9b	The policies and procedures for internal and external collection practices take into account the extent to which the patient qualifies for Essentia Health's Financial Assistance Policy (FAP) and financial assistance, a patient's good faith effort to apply for a governmental program or for financial assistance from Essentia Health, and the patient's good faith effort to comply with his/her payment agreements. The organization offers extended payment plans to eligible patients and will not impose liens on primary residences nor report patients to a credit rating agency for outstanding patient bills. The organization will not charge a patient gross amount of charges for any uninsured treatment. Uninsured discounts will be applied to the gross charges prior to any financial assistance or other discounts. At any time the organization recognizes that a patient may be eligible for State or Federal programs, a representative will assist the patient in obtaining information about these programs or provide contact information for these programs. The organization contracts with an outside patient advocacy agency, which may provide assistance to the uninsured patient in applying to certain State and Federal programs. At any stage of the patient experience and up through the collection process, the patient may express a concern that they are unable to pay their bill in full or meet the payment plan requirements. At that time, the patient will be given every opportunity to complete and submit an application for financial assistance. The organization trains its outside debt collection agencies and attorneys about the FAP and how a patient may obtain more information about the FAP or submit an application for financial assistance. The organization requires its outside collection agencies and attorneys to refer patients who may be eligible for financial assistance to Essentia Health. If a patient has submitted an application for financial assistance after an account has been referred for collection activity, the organization and its outside debt collection agencies suspend all collection activity until the patient's financial assistance application has been processed and Essentia Health has notified the patient of its decision.

Form and Line Reference	Explanation
Part VI, Line 2	Needs assessment We assess and respond to the health care needs of the communities we serve through many ways including the following Marketing research - The Essentia Health Marketing Research Department conducts surveys, focus groups and reviews internal data to better understand the needs and use(s) of our services This includes access to service areas (e g Primary Care), payor information (e g Essentia Care) and overall gaps in services Assessments have resulted in internal changes both in staffing and processes Population Care Management - We use their analysis of multiple populations, one specific example are ACO populations (e g St Louis County employees and their dependents) The analyses done include the identification of patients who have uncontrolled asthma, uncontrolled diabetes, are pre-diabetic or who have depression and results in targeted outreach by the Population Care Team Targeted outreach has proven to lead to better outcomes for these populations Patient and Family Advisory Councils - Each month, more than 200 patient and family partners come together to share their insights, experiences, and ideas to help Essentia Health design a health care system that is patient and family centered They provide high quality, cost-effective, and safe care, which helps patients achieve the best possible health outcomes Planned interaction with various community health, healthcare and social welfare groups - This includes gathering their perspective on community needs and the role Essentia Health can play in addressing those needs as a collaborative partner Internal Quality Indicators - They track data that lead to the improved care and treatment of patients with chronic diseases, tobacco use and mental health conditions This includes patient activity and outcomes, allowing for Essentia Health to better identify the needs of the patients, which can be utilized to assess the overall health of the communities we serve Health data provided by payor organizations, namely government and commercial health insurers - This health data typically involves medical treatment and outcomes that reflect trends of unhealthy lifestyles and behaviors Our objective is to understand these relationships and to develop action steps to intervene on the front end to prevent such medical situations from occurring Human Resources Department - Their analysis of current staffing trends aides in providing healthcare access appropriately to the communities we serve Essentia Institute of Rural Health (EIRH) - EIRH provides research of patient data, community data and the outcomes associated with current clinical practices as well as prevention strategies (e g falls prevention, diabetes prevention)

Form and Line Reference	Explanation
Part VI, Line 3	Patient education of eligibility for assistance The organization makes information on its Financial Assistance Policy (FAP) readily available to the patient Information about financial assistance programs is available on the Essentia Health website (www.essentiahealth.org) where the Information and application is easily accessible to be viewed, downloaded and printed at no charge to the patient Notices on the availability of financial assistance are conspicuously posted in emergency room departments AT ESSENTIA HEALTH DULUTH Financial assistance information is available during the pre-admission financial screening, at the time of registration and prior to a hospital discharge Information about the FAP is in all collection letters and patient statements FAP information and/or applications are made available to appropriate community health services agencies and other organizations that assist people in need The organization educates staff members who work closely with patients providing direct patient treatment and who work in admissions, billing and collections, about the existence of the FAP and how a patient may obtain more information Annual education/awareness of the FAP is provided to ensure all employees with patient contact are aware of the program and how patients can obtain additional information Clinical and hospital staff who provide direct patient care have knowledge of the FAP and know to direct patients to a Registration Interviewer or Business Office Representative Registration staff have an understanding of the policy, knowledge of where the related documents are located and where to direct the patient for more information on the FAP Designated employees (Financial Counselors, Patient Accounts Representatives) have a thorough understanding of the FAP and offer the information on the FAP to those patients who make an inquiry about the program or are determined through a financial screening that the patient may be eligible for this program Patient advocacy services also inform the patient about the availability of assistance A request for financial assistance may be made by the patient, a patient's guarantor, a family member, close friend, or associate of the patient, subject to applicable privacy laws The organization responds to any oral or written requests for more general information on the FAP made by a patient or any interested party

Form and Line Reference	Explanation
Part VI, Line 4	COMMUNITY INFORMATION ESSENTIA HEALTH DULUTH Essentia Health Duluth is located in Duluth, MN Essentia Health Duluth is a part of Essentia Health, which is defined in Part VI, line 6 Essentia Health Duluth operates 1 hospital and 8 clinics that serve the St Louis County area The overall community is classified as suburban Essentia Health Duluth covers a service region of approximately 171,000 people The service region age distribution is 23% under the age of 18, 61% between the ages of 18 and 65, and 16% over the age of 65 The racial makeup of the service region is 92% Caucasian, 2% African American, 1% Asian, 1% Hispanic, and 4% other, predominantly Native American The gender split ratio is 51% women and 49% men The average income for the service area is approximately \$49,000 Approximately 9 2% of the population falls below the federal poverty guidelines Essentia Health Duluth, along with Essentia Health is committed to serve patients regardless of their ability to pay Approximately 1 3% gross revenue dollars were from self-pay patients In addition, approximately 18 0% of their gross revenue dollars were Medicaid recipients St Louis County is currently designated as a Medically Underserved Area As mentioned above, Essentia Health Duluth is part of Essentia Health Essentia Health staffs hospitals and clinics in federally-recognized underserved areas and supports the health of its communities through an active outreach program that brings specialists like oncologists, cardiologists, neurologists and others into its smaller communities This eliminates barriers to care for many patients, particularly those who are elderly, living on low incomes, or are faced with other challenges that make it difficult to travel long distances for care There are 13 other hospitals outside of the Essentia Health umbrella that service the community ESSENTIA HEALTH VIRGINIA Essentia Health Virginia is located in Virginia, MN Essentia Health Virginia is a part of Essentia Health, which is defined in Part VI, line 6 Essentia Health Virginia operates 1 hospital, 2 clinics, and a skilled nursing facility that serve northern St Louis County The overall community is classified as rural Essentia Health Virginia covers a service region of approximately 37,000 people The service region age distribution is 22% under the age of 18, 56% between the ages of 18 and 65, and 22% over the age of 65 The racial makeup of the service region is 95% Caucasian, 1% African American, 1% Hispanic, and 3% other, predominantly Native American The gender split ratio is 50% women and 50% men The average income for the service area is approximately \$45,000 Essentia Health Virginia, along with Essentia Health is committed to serve patients regardless of their ability to pay 2 9% gross revenue dollars were from self-pay patients In addition, approximately 18 4% of their gross revenue dollars were Medicaid recipients As mentioned above, Essentia Health Virginia is part of Essentia Health Essentia Health staffs hospitals and clinics in federally-recognized underserved areas and supports the health of its communities through an active outreach program that brings specialists like oncologists, cardiologists, neurologists and others into its smaller communities This eliminates barriers to care for many patients, particularly those who are elderly, living on low incomes, or are faced with other challenges that make it difficult to travel long distances for care There is 1 other hospital outside of the Essentia Health umbrella that services the community

Form and Line Reference	Explanation
Part VI, Line 5	Promotion of community health ESSENTIA HEALTH DULUTH ESSENTIA HEALTH DULUTH's board of directors is composed mainly of volunteer representatives from the communities it serves ESSENTIA HEALTH DULUTH has an open medical staff, so any qualified physician of the community is allowed to apply All applicants that apply must meet the credentialing standards and be approved by our governing board in order to come and provide services at Essentia Health In addition, the hospital facility provides on-site clinical experiences for medical students, nurses, therapists, technicians and other healthcare vocations We reinvest in the organization by acquiring the latest state of the art equipment and by investing in programs that are needed in our community In addition to the activities listed in Part I, Line 7 as well as Part V, Section B, Line 11, ESSENTIA HEALTH DULUTH encouraged the community to get outside and be active through the support of local races and other physical activity centered events Additionally, the hospital enhanced mental fitness in the community through its support of services that enhance the quality of life for individuals who are aged , chronically ill, or disabled, and their families and caregivers, as well as supported opportunities for youth to enrich their lives through science based activities Additionally , the hospital helped youth development through contributions to a program that enhances student educational success and safety The hospital supported activities and programming that works to address the social determinants of health in the neighborhoods of Duluth, including housing, food access, racism, education and healthcare access Lastly, they engaged communities in coming together and creating social connectivity through support of various local events, fundraisers and outings, many of which involved physical activity and supported businesses that play a major role in the health of the community ESSENTIA HEALTH VIRGINIA Essentia Health Virginia's board of directors is composed mainly of volunteer representatives from the communities it serves Essentia Health Virginia has an open medical staff, so any qualified physician of the community is allowed to apply All applicants that apply must meet the credentialing standards and be approved by our governing board in order to come and provide services at Essentia Health In addition, the hospital facility provides on-site clinical experiences for medical students, nurses, therapists, technicians and other healthcare vocations We reinvest in the organization by acquiring the latest state of the art equipment and by investing in programs that are needed in our community In addition to the activities listed in Part I, Line 7 as well as Part V, Section B, Line 11, Essentia Health Virginia encouraged the community to get outside and be active through the support of two local 5k races Additionally, the hospital enhanced mental fitness in the community through its support of services that enhance the quality of life for individuals who are aged, chronically ill, or disabled, and their families and caregivers Additionally, Essentia Health Virginia helped youth development through contributions to a program that enhances student educational success Lastly, they engaged communities in coming together and creating social connectivity through support of various local events, fundraisers and outings, many of which involved physical activity and supported businesses that play a major role in the health of the community ESSENTIA HEALTH DULUTH AND ESSENTIA HEALTH VIRGINIA ESSENTIA HEALTH DULUTH AND ESSENTIA HEALTH VIRGINIA ARE a part of Essentia Health, a fully integrated health system with facilities in Minnesota, Wisconsin, North Dakota and Idaho As a non-profit organization, Essentia Health reinvests surplus revenues into medical training, programs and technology that improve patient care Essentia Health provides services predominantly in rural communities and is committed to eliminating geographic barriers to care Many of Essentia Health's clinics and community hospitals are located in communities that are federally recognized as being medically underserved We invest in facility upgrades, technology and staffing that enhance care in these communities to ensure patients can receive as much care as possible close to home - a vital component of community health in areas where residents are often elderly, living on limited incomes and restricted in their transportation options Residents of geographically isolated communities served by Essentia Health also benefit from telehealth services that provide local access to specialists and specialty services usually available only in larger urban areas Services are available in more than 20 specialties, ranging from cardiology and behavioral health to speech therapy and medical weight loss Patients treated in a number of Essentia Health emergency departments benefit from telehealth connections

Form and Line Reference	Explanation
Part VI, Line 5	that allow community hospital physicians and nurses to communicate with trauma and other specialists located in Essentia Health's larger hospitals Essentia Health was one of the first Accountable Care Organizations (ACO) in the country to receive the highest level of accreditation from the National Committee for Quality Assurance (NCQA) As an ACO, Essentia Health is committed to meeting the Triple Aim of improving care and population health, while reducing the overall costs for patients and society as a whole One of the newest programs under the ACO is a Population Care Management team of registered nurses who carefully review medical histories of high-risk patients on government assistance programs to ensure they are getting care needed to keep them healthy and out of the hospital Patients with multiple high-risk conditions (e.g. diabetes, congestive heart failure, mental health issues) and who have not recently received care are connected with Primary Care clinicians, nurses, specialists, therapists and others who can provide additional care, therapy or education The goal is improving patients' health and reducing the likelihood of hospitalizations or other high-cost care Since a majority of healthcare costs are directly related to caring for patients who have chronic conditions, Essentia Health is committed to improving health outcomes for patients, especially those with chronic diseases For example, Essentia Health now offers one-on-one tobacco cessation counseling at 37 sites across Minnesota, Wisconsin and North Dakota These sites cover a wide geography, from small rural communities to larger urban areas, and often serve people living on low and moderate incomes In cases where these services are not covered by private or government insurance or programs, Essentia Health covers the remaining costs This is true of other programs Essentia Health supports the health of our communities through active research and clinical trials through the Essentia Institute of Rural Health (Institute) The Institute conducts clinical, translational and health services research with a primary focus on the needs of rural Americans Various Essentia Health organizations contributed approximately \$4.25 million in support to the Institute during the past year Essentia Health is also a primary supporter of medical education, particularly in the area of rural primary care Essentia Health physicians serve as faculty and preceptors for the University of Minnesota School of Medicine in Duluth, MN Essentia Health also provides funding, administrative support and residency opportunities for the Duluth Family Practice Residency Program This program is vital in addressing the growing shortage of primary care physicians in rural communities

Form and Line Reference	Explanation
Part VI, Line 6	Affiliated health care system ESSENTIA HEALTH DULUTH AND ESSENTIA HEALTH VIRGINIA ARE part of Essentia Health, a fully integrated health system with 15 hospitals, over 60 clinics, seven long-term care facilities, three assisted living facilities, three independent living facilities, five ambulance services and one research institute in four states Minnesota, Wisconsin, North Dakota and Idaho The health system serves a predominantly rural population whose median incomes generally fall below averages of the states where they live The presence of our clinics and hospitals ensures that people with few economic resources don't have to drive an hour or more to receive basic (and in some cases lifesaving) medical care In addition to staffing hospitals and clinics in federally recognized underserved areas, Essentia Health supports the health of communities through active outreach programs that bring oncologists, cardiologists, neurologists and others into small hospitals and clinics Essentia Health's size and integrated structure also allow the organization to extend services like chemotherapy, congestive heart failure management, wound care and hospice care to smaller communities Patients are able to travel seamlessly between Essentia Health's smaller community clinics and its larger specialty care centers thanks to significant investments in electronic health records (EHRs) Every Essentia Health hospital and clinic is linked to this system, allowing clinicians to share everything from lab results and radiology images to notes on clinic visits, hospital stays and services like physical rehabilitation The EHR is also an increasingly valuable tool for patients and their families, thanks to MyHealth, which offers patients secure, 24/7 online access to their medical record MyHealth also allows patients to contact their physician or clinic, schedule appointments and order medication refills There are also established protocols that allow parents to access their children's medical records (with child's permission after age 11) and for adult patients to authorize access for family or friends who assist with caregiving These services are all offered at no cost to patients and their authorized family, friends and caregivers Essentia Health also promotes the health of all of its communities through adherence to evidence-based best practice standards and clinical quality goals designed to ensure that patients receive the same high standard of care at any Essentia Health hospital or clinic The Essentia Institute of Rural Health (Institute) actively supports community health through its translational and health services research with a primary focus on the needs of rural Americans The Institute also sponsors a number of conferences and other educational events, open to all medical professionals in the region, to ensure that rural clinicians have access to current medical education and training close to home In addition to work at the system level, Essentia Health's hospitals and clinics play additional roles in promoting health within their communities Each of Essentia Health's 15 hospitals conducts a community health assessment to determine the unique health needs of community residents These assessments, which are based on input from a broad range of community residents and stakeholders, are the basis for action plans aimed at addressing the community's most pressing health needs Most recently, topics of concern have included eliminating social and economic barriers to health and wellness, improving mental health services and awareness, and addressing obesity and creating opportunities for fitness These issues are then addressed through collaboration with private business, government agencies and other non-profits Essentia Health employees contribute directly to the health and wellness of their communities by volunteering in programs ranging from Habitat for Humanity to United Way food and clothing drives They are active fundraisers for health-related organizations in their communities, like local chapters of the American Heart Association and March of Dimes Essentia Health encourages and supports these volunteer efforts in a variety of ways, including sponsorships, financial contributions and volunteer recognition We also support community health through six foundations and through corporate contributions that focus on programs and services, like after-school meal and tutoring programs or respite services for caregivers of loved ones with dementia, that benefit the overall health of the communities we serve

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	M N

Schedule H (Form 990) 2015

Additional Data

Software ID:

Software Version:

EIN: 41-1878730

Name: SMDC Medical Center

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

Section A. Hospital Facilities

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

2

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

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER—24 hours	ER—other	Other (Describe)	Facility reporting group
1	Essentia Health Duluth 502 E 2ND ST DULUTH, MN 55805 WWW.ESSENTIAHEALTH.ORG 375458	X	X		X						
2	ESSENTIA HEALTH VIRGINIA 901 9TH ST N VIRGINIA, MN 55792 WWW.ESSENTIAHEALTH.ORG 375395	X	X		X			X			

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

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?

Name and address	Type of Facility (describe)
1 1 - Essentia Health Duluth Clinic - 3rd Street 400 E 3rd St Duluth, MN 55805	Multi-Specialty Clinic
1 2 - Essentia Health Duluth Clinic - 1st Street 420 E 1st St Duluth, MN 55805	Multi-Specialty Clinic
2 3 - Essentia Health Virginia Clinic 1101 9th St N Virginia, MN 55792	Multi-Specialty Clinic
3 4 - Essentia Health Duluth Clinic - 2nd Street 502 E 2nd St Duluth, MN 55805	Multi-Specialty Clinic
4 5 - Essentia Health West Duluth Clinic 4212 Grand Ave Duluth, MN 55807	Multi-Specialty Clinic
5 6 - Essentia Health Hermantown Clinic 4855 W Arrowhead Rd Hermantown, MN 55811	Multi-Specialty Clinic
6 7 - Essentia Health Lakeside Clinic 4621 E Superior St Duluth, MN 55804	Multi-Specialty Clinic
7 8 - Essentia Health Lakewalk Clinic 1502 London Rd Duluth, MN 55812	Multi-Specialty Clinic
8 9 - Essentia Health Proctor Clinic 211 S Boundary Ave Proctor, MN 55810	Multi-Specialty Clinic
9 10 - Essentia Health Virginia Medical Arts Clin 901 9th St N Virginia, MN 55792	OBGYN Clinic
10 11 - Essentia Health Virginia Care Center 901 9th St N Virginia, MN 55792	Skilled Nursing Facility

2015

Schedule I (Form 990) 2015

Part III **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on 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
(1) Scholarships	6	6,000			
(2) Bike Helmets for community members	1500		14,250	FMV	Bike Helmets
TOYS FOR OUTPATIENT SURGERY (3) PATIENTS	1171		4,333	FMV	Toys
(4) Meditation Books for Adult Patients	208		2,221	FMV	Books
(5) Christmas Gifts for Amberwing patients	92		275	FMV	Gifts
(6) Fleece Blankets for Amberwing patients	76		227	FMV	Blankets

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	Procedures for Monitoring Use of Grant Funds ESSENTIA HEALTH DULUTH PROVIDES GRANT MONIES TO ORGANIZATIONS THAT DEMONSTRATE THE MISSION OR VALUES OF ESSENTIA HEALTH THE BOARD APPROVES GRANT MONIES TO COMMUNITY ORGANIZATIONS THAT MAKE A HEALTHY DIFFERENCE IN THE NORTHLAND THE BOARD ALSO APPROVES GRANTS FOR HEALTHCARE INITIATIVES THAT MAKE A POSITIVE DIFFERENCE IN THE LIVES OF PATIENTS IN THE AREA IT SERVES THE BOARD IS PROVIDED AN ANNUAL REPORT OF THE USE OF FUNDS GRANT RECIPIENTS ARE REQUIRED TO PROVIDE A WRITTEN REPORT FOR GRANTS OVER \$5,000 Essentia Health Miller Dwan Medical Center Auxiliary provides scholarships to individuals in the medical field Scholarship winners are selected by the auxiliary scholarship committee based on financial needs, grade point average, and volunteerism In addition, students have to be accepted into their major/program, I E medical school, nursing program, physical therapy program, etc Essentia Health Virginia's Volunteer Service Organization (VSO) provides two \$750 scholarships Scholarship winners are selected by the VSO scholarship committee based on grade point average and volunteerism In addition, students' chosen course of study must be in a health related field, the applicant shall be a senior graduating from High School in the area, and the applicant must have an accumulated grade point average not below 3.0 Eligibility and criteria are set and approved by the three Auxiliary board of directors for toys, clothing, personal care items, blankets, etc donated to patients All managers are expected to keep receipts for items purchased with grant funds and send copies back to the Auxiliary for filing All grants are approved by one of the three Auxiliary board of directors prior to purchase The funds are then distributed to the department managing the program, or directly to the vendor
Schedule I, Part III, Line 1, Column b	Number of Recipients Estimate The number of helmets purchased was used as the estimate for the number of recipients

Additional Data

Software ID:
Software Version:
EIN: 41-1878730
Name: SMDC Medical Center

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
BOYS & GIRLS CLUB OF THE NORTHLAND 102 S 29TH AVE W 200 Duluth, MN 55816	41-0969947	501(c)(3)	20,000				Program Support
CENTER AGAINST SEXUAL & DOMESTIC ABUSE INC 2231 Catlin Ave Superior, WI 54880	39-1478768	501(c)(3)	60,000				Program Support
CHURCHES UNITED IN MINISTRY 102 W 2nd St Duluth, MN 55802	41-1227969	501(c)(3)	38,000				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
CYCLISTS OF THE GITCHEE GUMEE SHORES INC PO Box 161261 Duluth, MN 55815	37-1590122	501(c)(3)	7,500				Program Support
DAMIANO CENTER 206 W 4th St Duluth, MN 55806	41-1453521	501(c)(3)	10,000				Program Support
Independent School District 709 Denfield High School 215 N 1ST Ave E Duluth, MN 55802	41-6003776	509(a)(1)	21,600				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
Essentia Health Foundation 502 E 2nd St Duluth, MN 55805	27-1984704	501(c)(3)	35,200				Program Support
GLORIA DEI LUTHERAN CHURCH 219 N 6th Ave E Duluth, MN 55805	41-0718322	501(c)(3)	42,000				Program Support
GND DEVELOPMENT ALLIANCE 2 W Superior St Ste 200 Duluth, MN 55802	46-5272750	501(c)(3)	7,500				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
Lake Superior Center dba Great Lakes Aquarium at Lake Superior Center 353 Harbor Dr Duluth, MN 55802	41-1659809	501(c)(3)	9,000				Program Support
HEAD OF THE LAKES UNITED WAY 424 W Superior St 402 Duluth, MN 55802	41-0857077	501(c)(3)	20,000				Program Support
JUNIOR LEAGUE OF DULUTH INC 4031 Grand Ave Duluth, MN 55807	41-6025729	501(c)(3)	10,000				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
JUST KIDS DENTAL INC PO Box 146 Two Harbors, MN 55616	27-2311353	501(c)(3)	40,000				Program Support
KIDS CLOSET OF DULUTH 727 Central Ave Duluth, MN 55807	20-1878745	501(c)(3)	10,000				Program Support
Lake Superior Community Health Center 4325 Grand Ave Duluth, MN 55807	23-7167576	501(c)(3)	215,000				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
LIFE HOUSE INC 102 W 1st St Duluth, MN 55802	41-1704840	501(c)(3)	25,000				Program Support
LOCAL INITIATIVES SUPPORT CORP 202 W Superior St Duluth, MN 55802	13-3030229	501(c)(3)	35,103				Program Support
LUTHERAN SOCIAL SERVICE OF MN 2485 COMO AVE St Paul, MN 551081445	41-0872993	501(c)(3)	29,995				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
MYERS-WILKINS COMMUNITY SCHOOL COLLABORATIVE 1027 N 8TH AVE E Duluth, MN 55805	41-2002724	501(c)(3)	27,796				Program Support
MILLER DWAN FOUNDATION 502 E 2nd St Duluth, MN 55805	23-7396466	501(c)(3)	65,739				Program Support
MINNESOTA ASSISTANCE COUNCIL for Veterans 360 Roberts St N 306 St Paul, MN 55101	41-1694717	501(c)(3)	7,700				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
NORTHERN WATERS PARISH NURSE MINISTRY 3500 TOWER AVE Superior, WI 54880	39-2001278	501(c)(3)	10,000				Program Support
NORTHLAND FAMILY PROGRAMS 407 E 3rd St Duluth, MN 55805	41-1360396	501(c)(3)	5,000				Program Support
NORTHLAND FOUNDATION 202 W Superior St Ste 610 Duluth, MN 55802	41-1554455	501(c)(3)	25,000				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
NORTHWOODS PARTNERS 328 W CONAN ST Ely, MN 55731	41-2016401	501(c)(3)	10,000				Program Support
NORTHWOODS WOMEN INC PO BOX 88 Ashland, WI 54806	39-1364912	501(c)(3)	8,000				Program Support
ONE ROOF COMMUNITY HOUSING 12 E 4th St Duluth, MN 55805	41-1678328	501(c)(3)	25,000				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
PROGRAM FOR AID TO VICTIMS OF SEXUAL ASSAULT INC 32 E 1st St Ste 200 Duluth, MN 55802	41-1350021	501(c)(3)	25,000				Program Support
RANGE RESPITE PROJECT INC 1309 20th St S Virginia, MN 55792	41-1726790	501(c)(3)	25,300				Program Support
SECOND HARVEST NORTHERN LAKES FOOD BANK 4503 Airpark Blvd Duluth, MN 55811	36-3479964	501(c)(3)	30,000				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
SOAR CAREER SOLUTIONS 205 W 2ND ST 101 Duluth, MN 55802	41-1449179	501(c)(3)	20,000				Program Support
UNITED WAY OF NORTHEASTERN MINNESOTA 229 W Lake St Chisholm, MN 55719	41-0908454	501(c)(3)	25,000				Program Support
YMCA OF DULUTH 32 E 1st ST Ste 202 Duluth, MN 55802	41-0696493	501(c)(3)	10,000				Program Support

Form 990, Schedule I, Part II, Grants and Other Assistance to Domestic Organizations and Domestic Governments.

(a) Name and address of organization or government	(b) EIN	(c) IRC 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
YOUTH FOR CHRIST USA INC 7670 S Vaughn Ct Englewood, CO 80155	36-2193619	501(c)(3)	25,000				Program Support

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" on Form 990, Part IV, line 23.
▶ Attach to Form 990.
▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2015

Open to Public Inspection

Name of the organization
SMDC Medical Center

Employer identification number
41-1878730

Part I Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☒ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	Yes	
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?	Yes	
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 on 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?	Yes	
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.		
5 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of: a The organization?		No
b Any related organization? If "Yes," on line 5a or 5b, describe in Part III		No
6 For persons listed on 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?		No
b Any related organization? If "Yes," on line 6a or 6b, describe in Part III		No
7 For persons listed on 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		No
8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	Yes	
9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	Yes	

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 on 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 in column(B) reported as deferred on prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

Part III **Supplemental Information**

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

Return Reference	Explanation
Part I, Line 1a	Benefits provided. During tax year 2015, as a new employee relocating from another area, highest compensated employee, Ty Erickson, received a housing allowance. This benefit was treated as taxable compensation to him.
Part I, Line 3	ESTABLISHING CEO'S COMPENSATION. ESSENTIA HEALTH, AS A RELATED ORGANIZATION, USED THE FOLLOWING METHODS TO ESTABLISH ESSENTIA HEALTH DULUTH'S ADMINISTRATOR'S COMPENSATION: A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, COMPENSATION SURVEY OR STUDY, AND APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.
Part I, Lines 4a-b	Severance payment. Former key employee, Michael Metcalf, received payment totaling \$405,000 in calendar year 2015 related to his termination. The termination terms are from October 10, 2014 to April 9, 2016. Mr. Metcalf will receive pay totaling \$585,000 & benefits totaling \$62,026 related to his termination. Former key employee, Ann Watkins, received payment totaling \$117,140 in calendar year 2015 related to her termination. The termination terms are from October 19, 2014 to October 19, 2015. Ms. Watkins will receive pay totaling \$147,265 & benefits totaling \$1,689 related to her termination. Former key employee, Cynthia Baker, received payment totaling \$48,540 in calendar year 2015 related to her termination. The termination terms are from October 14, 2014 to October 13, 2015. Ms. Baker will receive pay totaling \$58,427 & benefits totaling \$5,395 related to her termination. Current key employee, Sandra McCarthy, received payment totaling \$256,332 in calendar year 2015 related to her termination. The termination terms are from March 2, 2015 to September 1, 2016. Ms. McCarthy will receive pay totaling \$464,974 & benefits totaling \$15,208 related to her termination. All other individuals listed as Formers in Form 990, Part VII, Section A, Line 1a did not receive a severance payment during calendar year 2015. Supplemental nonqualified retirement plan. Essentia Health's nonqualified retirement plan is offered to designated Essentia Health executives. There is a minimum two year vesting date, or vesting is automatic upon reaching retirement age, death, disability or involuntary termination without cause. Benefits are subject to income taxes upon vesting and payable from Essentia Health's general assets. Reported as Other Reportable Compensation in Schedule J, Part II, Column B (iii), the following individuals listed in Form 990, Part VII, Section A, Line 1a received payment of the vested benefit from the supplemental nonqualified retirement plan during the year: Sandra McCarthy \$118,284; Harvey Anderson \$21,600; Michael Metcalf \$31,310; Robert Norman \$50,008. Reported as Retirement and Other Deferred Compensation in Schedule J, Part II, Column C, Essentia Health made contributions, subject to the vesting terms, during the year into the supplemental nonqualified retirement plan on behalf of the following individuals listed in Form 990, Part VII, Section A, Line 1a: Steven Jorgensen \$51,520; Kevin Boren \$18,901; Cynthia Kent \$5,811; James Garvey \$40,997; Daniel Nikceovich, MD \$85,888; Harvey Anderson \$5,485; Ty Erickson \$35,391; Robert Norman \$57,467; Hugh Renier, MD \$29,505.
Part I, Line 8	Initial contract exception. Essentia Health Duluth's Chief Nursing Officer, Cynthia Kent, and Senior VP of Regional Practice, Ty Erickson, each received compensation during the year under an initial employment agreement subject to the initial contract exception. Through an authorized body of the organization, these compensation arrangements were reviewed and approved by independent persons using comparability data and the basis for determination was documented.

Additional Data

Software ID:

Software Version:

EIN: 41-1878730

Name: SMDC Medical Center

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

(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 in column (B) reported as deferred on prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1Joseph Bianco MD Board Secretary	(i)	0	0	0	0	0	0	0
	(ii)	349,855	251	1,512	21,200	-	-	0
						31,500	404,318	
1Michael Maddy MD Board Director	(i)	0	0	0	0	0	0	0
	(ii)	219,603	226	1,426	18,152	-	-	0
						23,075	262,482	
2Laura Trombino MD Board Director	(i)	0	0	0	0	0	0	0
	(ii)	415,259	2,002	2,081	21,200	-	-	0
						31,935	472,477	
3Steven Jorgensen Administrator	(i)	482,372	190,038	6,749	72,720	29,907	781,786	0
	(ii)	0	0	0	0	-	-	0
						0	0	
4Kevin Boren Chief Financial Officer	(i)	328,523	66,670	1,017	32,151	33,087	461,448	0
	(ii)	0	0	0	0	-	-	0
						0	0	
5Eva Cleet MD Chief Medical Officer	(i)	0	0	0	0	0	0	0
	(ii)	642,031	2,333	876	21,200	-	-	0
						17,051	683,491	
6Cynthia Kent Chief Nursing Officer	(i)	243,987	0	1,544	21,510	20,332	287,373	0
	(ii)	0	0	0	0	-	-	0
						0	0	
7Sandra McCarthy Chief Nursing Officer thru 2/15	(i)	74,724	0	375,901	5,829	3,230	459,684	118,284
	(ii)	0	0	0	0	-	-	0
						0	0	
8James Garvey SVP Hospital Operations	(i)	391,900	181,626	5,717	62,197	19,936	661,376	0
	(ii)	0	0	0	0	-	-	0
						0	0	
9Daniel Nikcevich MD President, EH East	(i)	679,697	274,419	4,182	107,088	30,785	1,096,171	0
	(ii)	0	0	0	0	-	-	0
						0	0	
10Harvey Anderson VP Facilities	(i)	222,040	43,354	42,066	26,111	21,610	355,181	21,600
	(ii)	0	0	0	0	-	-	0
						0	0	
11Daniel Milbrdge Ops Admin - Virginia	(i)	251,710	34,149	552	12,851	27,727	326,989	0
	(ii)	0	0	0	0	-	-	0
						0	0	
12Ty Enckson SVP Regional Practice	(i)	213,272	36,990	12,885	35,391	21,511	320,049	0
	(ii)	0	0	0	0	-	-	0
						0	0	
13Michael Motley Ops Admin - Neurosciences Division	(i)	200,995	41,430	7,101	19,502	30,074	299,102	0
	(ii)	0	0	0	0	-	-	0
						0	0	
14Robert Norman Former Chief Financial Officer	(i)	0	0	0	0	0	0	0
	(ii)	487,234	210,130	53,928	78,667	-	-	50,008
						23,177	853,136	
15Thomas Patnoe MD Former President & CMO	(i)	0	0	0	0	0	0	0
	(ii)	355,012	2,481	2,548	21,200	-	-	0
						33,936	415,177	
16Barbara Wessberg Former Administrator	(i)	71,486	0	38,240	8,828	1,935	120,489	0
	(ii)	0	0	0	0	-	-	0
						0	0	
17Cynthia Baker Former VP Medical Specialties	(i)	0	0	0	0	0	0	0
	(ii)	90,588	0	49,958	4,591	-	-	0
						3,044	148,181	
18Brad Davis MD Section Chair	(i)	0	0	0	0	0	0	0
	(ii)	514,987	2,203	1,323	21,200	-	-	0
						32,791	572,504	
19Theresa Gunnarson MD Clinical Chief	(i)	0	0	0	0	0	0	0
	(ii)	537,480	1,895	864	21,200	-	-	0
						23,439	584,878	

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

(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 in column (B) reported as deferred on prior Form 990
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
2Justin Hill MD Former Clinical Chief	(i)	0	0	0	0	0	0	0
	(ii)	785,783	3,294	718	21,200	-	-	0
						23,022	834,017	
1Scott Johnson MD Former Clinical Chief	(i)	0	0	0	0	0	0	0
	(ii)	546,199	882	2,613	21,200	-	-	0
						25,441	596,335	
2Bran Konowalchuk MD Clinical Chief	(i)	0	0	0	0	0	0	0
	(ii)	545,434	933	561	15,900	-	-	0
						20,130	582,958	
3Jeffrey Lyon MD Chief Patient Safety Officer	(i)	0	0	0	0	0	0	0
	(ii)	325,836	118	1,429	21,200	-	-	0
						25,483	374,066	
4Michael Metcalf Former EVP Clinical Operations	(i)	0	0	431,435	0	17,950	449,385	31,310
	(ii)	0	0	0	0	-	-	0
						0	0	
5Vincent Ohaju MD Former Clinical Chief	(i)	0	0	0	0	0	0	0
	(ii)	145,023	1,524	159	10,989	-	-	0
						9,094	166,789	
6Hugh Renier MD VP Medical Affairs	(i)	0	0	0	0	0	0	0
	(ii)	319,403	65,123	4,696	50,705	-	-	0
						31,937	471,864	
7Anne Stephen MD Clinical Chief	(i)	0	0	0	0	0	0	0
	(ii)	278,414	686	1,298	21,200	-	-	0
						30,021	331,619	
8Ann Watkins Former VP Surgical Services	(i)	0	0	117,140	0	0	117,140	0
	(ii)	0	0	0	0	-	-	0
						0	0	
9Timothy Zager MD Former Duluth Clinic President	(i)	0	0	0	0	0	0	0
	(ii)	374,445	0	1,907	21,200	-	-	0
						25,403	422,955	

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) Sarah Johnson	Related to Scott Johnson, MD	76,670	Compensation of Family Member of Former Key Employee		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 990-EZ 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

2015**Open to Public
Inspection**Name of the organization
SMDC Medical Center**Employer identification number**

41-1878730

Return Reference**Explanation**FORM 990, PART V,
LINE 1A1099 REPORTING VENDOR PAYMENTS AND FORM 1099'S WERE PROCESSED THROUGH ESSENTIA HEALTH ON
BEHALF OF CERTAIN LEGAL ENTITIES COMPRISING ESSENTIA HEALTH

Return Reference	Explanation
Form 990, Part VI, Section A, line 4	Significant Changes to Governing Documents During the fiscal year ended June 30, 2016, the Bylaws of Essentia Health Duluth were amended to modify the composition of the board of directors to three voting directors In addition, the officer positions, along with their descriptions, were modified to be Administrator, Chair, and Secretary/Treasurer

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	MEMBERS OF ORGANIZATION ESSENTIA HEALTH EAST MAY ELECT ONE OR MORE MEMBERS OF THE GOVERNING BODY AS DESCRIBED IN SCHEDULE O, PART VI, LINE 7A ESSENTIA HEALTH AND ESSENTIA HEALTH EAST HAVE RESERVED POWERS WITH RESPECT TO ESSENTIA HEALTH DULUTH AS DESCRIBED IN SCHEDULE O, PART VI, LINE 7B

Return Reference	Explanation
Form 990, Part VI, Section A, line 7a	MEMBER WITH RIGHT TO ELECT GOVERNING BODY ESSENTIA HEALTH EAST APPOINTS AND REMOVES ESSENTIA HEALTH DULUTH'S GOVERNING BODY

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	MEMBER WITH RIGHT TO APPROVE GOVERNING BODY DECISION ESSENTIA HEALTH DULUTH and Essentia Health Virginia are SUBSIDIARIES OF ESSENTIA HEALTH, WHOSE BOARD OF DIRECTORS HAS RESERVED POWERS WITH RESPECT TO THESE CORPORATIONS AND THEIR SUBSIDIARIES, AND ALL OF THE OTHER DIRECT AND INDIRECT SUBSIDIARIES OF ESSENTIA HEALTH (COLLECTIVELY, THE "SYSTEM") ESSENTIA HEALTH'S RESERVED POWERS ARE AS FOLLOWS STRATEGIC AND BUSINESS PLANS AUTHORITY TO CREATE, AND TO APPROVE, THE SYSTEM'S STRATEGIC AND BUSINESS PLANS MISSION AUTHORITY TO CREATE, AND TO APPROVE, THE MISSION, PURPOSE AND VISION STATEMENTS FOR ALL ENTITIES IN THE SYSTEM BY THE AFFIRMATIVE VOTE OF AT LEAST 67% OF THE ESSENTIA HEALTH BOARD OF DIRECTORS DEBT APPROVAL OF THE INCURRENCE OF DEBT BY, AND THE CREATION OF ALL MORTGAGES, LIENS, SECURITY INTERESTS, OR OTHER ENCUMBRANCES ON THE ASSETS OF, ALL ENTITIES IN THE SYSTEM IN EXCESS OF THE SINGLE OR ANNUAL AGGREGATE DOLLAR LIMITS PRESCRIBED IN WRITING BY THE ESSENTIA HEALTH BOARD OF DIRECTORS, AND THE AUTHORITY TO CAUSE ALL ENTITIES IN THE SYSTEM TO PARTICIPATE IN SYSTEM BORROWING GOVERNING INSTRUMENTS AUTHORITY TO CAUSE, AND TO APPROVE, AMENDMENTS OF THE ARTICLES OF INCORPORATION AND BYLAWS AND/OR CERTIFICATES OF FORMATION AND OPERATING AGREEMENTS OF ALL ENTITIES IN THE SYSTEM MERGERS AND ACQUISITIONS AUTHORITY TO CAUSE, AND TO APPROVE, ALL MERGERS, CONSOLIDATIONS, AND DISSOLUTIONS OF ALL ENTITIES IN THE SYSTEM AFFILIATIONS AND JOINT VENTURES AUTHORITY TO CAUSE, AND TO APPROVE, ALL AFFILIATIONS, JOINT VENTURES AND OTHER ALLIANCES WITH THIRD PARTIES OF ALL ENTITIES IN THE SYSTEM TRANSFER OF ASSETS WITHIN THE SYSTEM AUTHORITY TO TRANSFER ASSETS, INCLUDING CASH, BETWEEN AND AMONG ENTITIES WITHIN THE SYSTEM, PROVIDED, HOWEVER, THAT ESSENTIA HEALTH SHALL NOT HAVE AUTHORITY TO REQUIRE ANY ENTITY IN THE SYSTEM TO TRANSFER ASSETS (A) THAT WOULD CAUSE SUCH ENTITY TO BE IN DEFAULT OF ITS COVENANTS OR OBLIGATIONS UNDER ANY BOND OR OTHER FINANCING DOCUMENTS, (B) FROM THE CATHOLIC ENTITIES TO THE SECULAR ENTITIES OR FROM THE SECULAR ENTITIES TO THE CATHOLIC ENTITIES IN A MANNER OR TO AN EXTENT THAT WOULD CAUSE THE CATHOLIC ENTITIES TO BE IN VIOLATION OF THE ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTH CARE SERVICES (ERDS) IN THE JUDGMENT OF THE LOCAL ORDINARY, OR (C) SUCH THAT MONEY GENERATED BY SERVICES AT SECULAR FACILITIES WITHIN THE SYSTEM BY PROCEDURES THAT ARE CONTRARY TO THE ERDS WOULD BE USED AT THE CATHOLIC ENTITIES OR MONEY GENERATED BY CATHOLIC ENTITIES WOULD BE USED IN THE PROVIDING OF SERVICES CONTRARY TO THE ERDS AT SECULAR FACILITIES WITHIN THE SYSTEM TRANSFER OF ASSETS OUTSIDE THE SYSTEM AUTHORITY TO CAUSE, AND TO APPROVE, THE SALE, LEASE OR OTHER TRANSFER OF ASSETS OF ALL ENTITIES IN THE SYSTEM TO PARTIES OUTSIDE OF THE SYSTEM WHEN THE ASSET'S VALUE EXCEEDS THE SINGLE OR ANNUAL AGGREGATE LIMITS PRESCRIBED IN WRITING BY THE ESSENTIA HEALTH BOARD OF DIRECTORS SERVICES AUTHORITY TO CAUSE, AND TO APPROVE, THE ADDITION OF NEW SERVICES AND SERVICE LOCATIONS AND THE DISCONTINUANCE OF SERVICES AND SERVICE LOCATIONS WITHIN ALL ENTITIES IN THE SYSTEM BUDGETS APPROVAL OF CAPITAL AND OPERATING BUDGETS OF ALL ENTITIES IN THE SYSTEM PROFESSIONAL SERVICES SELECTION OF THE GENERAL LEGAL COUNSEL AND EXTERNAL AUDITORS OF ENTITIES IN THE SYSTEM ACQUISITIONS AUTHORITY TO CAUSE, AND TO APPROVE, ALL ACQUISITIONS BY AND FORMATIONS OF ENTITIES IN THE SYSTEM MARKETING AUTHORITY TO IMPLEMENT SYSTEM-WIDE MARKETING AND PROMOTIONAL ACTIVITIES COMPLIANCE PLANS AUTHORITY TO CREATE, AND TO APPROVE, CORPORATE COMPLIANCE, SAFETY AND RISK MANAGEMENT PLANS FOR ENTITIES WITHIN THE SYSTEM QUALITY PLAN AUTHORITY TO CREATE, AND TO APPROVE, THE SYSTEM'S QUALITY PLAN NON-BUDGETED PURCHASES APPROVAL OF NON-BUDGETED CAPITAL PURCHASES AND LEASES IN EXCESS OF THE SINGLE OR ANNUAL AGGREGATE DOLLAR LIMITS PRESCRIBED IN WRITING BY ESSENTIA HEALTH FOR ENTITIES WITHIN THE SYSTEM HUMAN RESOURCES AUTHORITY TO CREATE HUMAN RESOURCE POLICIES AND PROCEDURES WITHIN THE SYSTEM RESERVED POWERS AUTHORITY TO CREATE ADDITIONAL ESSENTIA HEALTH RESERVED POWERS BY THE AFFIRMATIVE VOTE OF AT LEAST 80% OF THE ESSENTIA HEALTH BOARD OF DIRECTORS (EXCLUDING THE ESSENTIA HEALTH CEO), PROVIDED, HOWEVER, THAT ANY ADDITIONAL ESSENTIA HEALTH RESERVED POWERS SHALL NOT CONTRAVENE OR HINDER THE RESERVED POWERS OF BENEDICTINE SISTERS BENEVOLENT ASSOCIATION

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	FORM 990, PART VI, LINE 7B CONTINUED ESSENTIA HEALTH EAST SHALL HAVE THE FOLLOWING RESERVED POWERS OVER ITS SUPPORTED ORGANIZATIONS, ESSENTIA HEALTH DULUTH and Essentia Health Virginia (DIRECT SUBSIDIARIES) QUALITY, SAFETY AND SERVICE AUTHORITY TO RECOMMEND QUALITY AND SAFETY INITIATIVES AND TO REVIEW AND EXECUTE APPROVED QUALITY AND SAFETY PLANS FOR THE EAST REGION MISSION, VISION AND VALUES AUTHORITY TO CREATE A MISSION AND A VISION THAT SUPPORT THE MISSION AND VISION OF ESSENTIA HEALTH, RESPONSIBILITY TO OVERSEE THE MISSION PERFORMANCE, INCLUDING CHARITY CARE, OF ALL FACILITIES WITHIN THE EAST REGION, RESPONSIBILITY TO ADOPT THE VALUES OF ESSENTIA HEALTH OPERATING AND FINANCIAL PERFORMANCE RESPONSIBILITY TO OVERSEE THE OPERATING AND FINANCIAL PERFORMANCE OF THE EAST REGION DEVELOPMENT OF BUDGETS, STRATEGIC PLANS AND STRATEGY MAP AUTHORITY TO DEVELOP AND RECOMMEND, BASED ON ESSENTIA HEALTH TARGETS, CAPITAL AND OPERATING BUDGETS FOR THE EAST REGION AND ITS FACILITIES, AUTHORITY TO RECOMMEND, WITHIN THE ESSENTIA HEALTH CONTEXT, REGIONAL AND LOCAL STRATEGIC PLANS FOR THE EAST REGION, AUTHORITY TO DEVELOP EAST REGION GOVERNANCE STRATEGY MAP AND BALANCED SCORECARD WITHIN ESSENTIA HEALTH'S SYSTEM STRATEGY TO MEET SYSTEM GOALS NON-BUDGETED EXPENDITURES AUTHORITY TO APPROVE NON-BUDGETED CAPITAL PURCHASES AND LEASES FOR EAST REGION FACILITIES WITHIN DOLLAR LIMITS DEFINED BY ESSENTIA HEALTH ACCREDITATION AND LICENSURE RESPONSIBILITY TO OVERSEE ACCREDITATION AND LICENSURE COMPLIANCE FOR THE FACILITIES OF THE EAST REGION AFFILIATIONS, ACQUISITIONS AND JOINT VENTURES AUTHORITY TO RECOMMEND PROPOSED AFFILIATIONS, ACQUISITIONS, JOINT VENTURES AND OTHER ALLIANCES, RESPONSIBILITY TO OVERSEE NEGOTIATION AND IMPLEMENTATION OF APPROVED ACQUISITIONS AND OPERATION OF ALL APPROVED AFFILIATIONS, JOINT VENTURES AND OTHER ALLIANCES WITH THIRD PARTIES WITHIN THE EAST REGION APPOINTMENT OF DIRECTORS AUTHORITY TO APPOINT OR ELECT DIRECTORS OF THE DIRECT SUBSIDIARIES, AND TO REMOVE SUCH DIRECTORS, WITH OR WITHOUT CAUSE SATISFACTION RESPONSIBILITY TO EXECUTE, EVALUATE AND OVERSEE PATIENT, FAMILY AND CUSTOMER SATISFACTION WITH RESPECT TO SERVICES PROVIDED WITHIN THE EAST REGION AND TO ENSURE ESTABLISHED GOALS ARE MET JOB SATISFACTION RESPONSIBILITY TO OVERSEE JOB SATISFACTION AND STAFF MORALE WITHIN THE EAST REGION FACILITIES HUMAN RESOURCES RESPONSIBILITY TO OVERSEE IMPLEMENTATION OF ESSENTIA HEALTH HUMAN RESOURCE POLICIES AND PROCEDURES THROUGHOUT THE EAST REGION COMPLIANCE RESPONSIBILITY TO EXECUTE THE APPROVED ESSENTIA HEALTH CORPORATE COMPLIANCE AND RISK MANAGEMENT PLANS FOR THE EAST REGION CREDENTIALING RESPONSIBILITY TO OVERSEE MEDICAL STAFF CREDENTIALING FOR THE EAST REGION FACILITIES AMENDMENTS AUTHORITY TO SUGGEST PROPOSED AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BYLAWS OF THIS CORPORATION, THE DIRECT SUBSIDIARIES, AND ANY SUBSIDIARIES THEREOF COMPENSATION PLANS RESPONSIBILITY TO REVIEW AND APPROVE COMPENSATION OF EAST REGION EXECUTIVES AND PHYSICIANS FOR REASONABLENESS AND CONSISTENCY WITH THE LAW AND ESSENTIA HEALTH'S COMPENSATION PHILOSOPHY PRESIDENT/CHIEF MEDICAL OFFICER BY ACTION OF THE PRESIDENT OF ESSENTIA HEALTH EAST, AUTHORITY TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, THE PRESIDENT/CHIEF MEDICAL OFFICER OF ANY OF THE DIRECT SUBSIDIARIES PUBLIC POLICY RESPONSIBILITY TO SUPPORT ESSENTIA HEALTH PUBLIC POLICY AND ADVOCACY PLANS MARKETING RESPONSIBILITY TO COORDINATE REGIONAL MARKETING AND PROMOTIONAL ACTIVITIES CONSISTENT WITH ESSENTIA HEALTH MARKETING PLANS PHILANTHROPY RESPONSIBILITY TO COORDINATE PHILANTHROPY CONSISTENT WITH ESSENTIA HEALTH FOUNDATION POLICIES PROFESSIONAL SERVICES RESPONSIBILITY TO OVERSEE EAST REGION MANAGEMENT'S COOPERATION WITH EXTERNAL AUDITORS AND GENERAL LEGAL COUNSEL SELECTED BY ESSENTIA HEALTH AND COORDINATION OF LEGAL SERVICES THROUGH THE ESSENTIA HEALTH OFFICE OF GENERAL COUNSEL CATHOLIC FACILITIES RESPONSIBILITY TO OVERSEE IMPLEMENTATION OF BSBA-APPROVED METHODS, POLICIES AND PROCEDURES PERTAINING TO ADHERENCE BY THE EAST REGION CATHOLIC FACILITIES WITH THE ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTH CARE SERVICES AND USE OF RELIGIOUS SYMBOLS, DISTINGUISHING ELEMENTS AND PRAYERS PROJECTS INVOLVING REAL ESTATE AUTHORITY TO RECOMMEND FACILITY DEVELOPMENT PROJECTS, SUBJECT TO THE APPROVAL OF ESSENTIA HEALTH, RESPONSIBILITY TO OVERSEE EXECUTION OF APPROVED DEVELOPMENT PROJECTS ACCORDING TO ESSENTIA HEALTH POLICIES

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	FORM 990 REVIEW PROCESS THE 2015 FORM 990, INCLUDING ALL SCHEDULES, WAS REVIEWED BY ESSENTIA HEALTH DULUTH'S MANAGEMENT AND GOVERNING BODY PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE EACH CURRENT DIRECTOR OF THE GOVERNING BODY RECEIVED A COPY OF THE 2015 FORM 990 ESSENTIA HEALTH DULUTH'S CHIEF FINANCIAL OFFICER LED THE REVIEW OF THE FORM AND SCHEDULES AND ANY QUESTIONS WERE DISCUSSED

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	Monitoring and enforcing Conflict of Interest policy. Essentia Health's comprehensive conflict of interest program prevents, detects and resolves actual conflicts of interests or the actual or potential appearance of such. Fiduciaries, defined as an Essentia Health board member/trustee, officer, board committee member, senior management employee, or any others considered to be in a position of influence, are covered under Essentia Health's conflict of interest program. Upon initial appointment, each fiduciary must complete an initial conflict of interest statement and disclosure questionnaire. At the conclusion of each calendar year, each fiduciary must complete an annual conflict of interest statement and disclosure questionnaire. As needed, a fiduciary will update his/her most recently completed questionnaire each time the fiduciary becomes aware of a financial interest, a potential conflict, or change to any information that the fiduciary previously reported. Essentia Health's Chief Compliance Officer will collect the questionnaires and evaluate the disclosures. If a fiduciary has a potential conflict of interest, the Chief Compliance Officer or designee may request additional information from the fiduciary, the management team, and others. During the evaluation process, the Chief Compliance Officer may also consult with Essentia Health's Board and Audit Committee Chairs, senior management, legal department, or appropriate representatives from Essentia Health. The Chief Compliance Officer reports to the Essentia Health Audit Committee and the Essentia Health Board of Directors any actual or potential conflicts of interest disclosed by the fiduciary, along with recommended actions. The Essentia Health Board of Directors (or designee) will then determine whether to approve the situation or to implement special controls to manage the potential conflict of interest. The Chief Compliance Officer will then officially notify the fiduciary in writing of the board's decision. The decision of whether or not the disclosure constitutes a conflict will be at the Essentia Health Board of Director's (or designee) sole discretion, and its concern must be the welfare of Essentia Health and its affiliate(s) and the advancement of its purposes. When the Essentia Health Board of Directors (or designee) considers a Fiduciary's disclosure as a Conflict of Interest, special controls will be identified to manage, eliminate or reduce the likelihood and/or appearance of a conflict arising. Controls may include, but are not limited to: A. If the conflict involves an on-going matter or relationship, the Fiduciary must not participate in Board, Board committee or management discussions related to the conflict and must recuse themselves and if appropriate, withdraw, from any Board meeting or portion thereof where the matter is being discussed and during the vote on the potential Conflict of Interest. The Fiduciary may answer questions at the Board's or the Board Committee's request. B. If the conflict involves a specific transaction or decision, the Fiduciary will fully disclose their interest and all related material facts. The Board or committee of the Board will determine whether the contemplated transaction may be authorized as just, fair, and reasonable to Essentia Health or its affiliate(s). If the Board determines a conflict does not exist, the Fiduciary may proceed with the transaction, however, he or she will not be eligible to vote on related issues should they arise. If the Board determines a conflict does exist, the Fiduciary will be notified of the decision regarding whether the contemplated transaction will be authorized as just, fair, and reasonable. FORM 990, PART VI, LINE 12 POLICY APPLIES TO DISREGARDED ENTITY, ESSENTIA HEALTH VIRGINIA. Form 990, Part VI, Line 13 POLICY APPLIES TO DISREGARDED ENTITY, ESSENTIA HEALTH VIRGINIA. Form 990, Part VI, Line 14 POLICY APPLIES TO DISREGARDED ENTITY, ESSENTIA HEALTH VIRGINIA. Form 990, Part VI, Line 15 POLICY APPLIES TO DISREGARDED ENTITY, ESSENTIA HEALTH VIRGINIA.

Return Reference	Explanation
Form 990, Part VI, Section B, line 15	PROCESS FOR DETERMINING COMPENSATION The Executive Compensation Committee of Essentia Health's board of directors is authorized to fulfill the board's responsibilities regarding executive compensation consistent with Essentia's mission, values and tax-exempt status, and the Executive Compensation Committee's Charter The Executive Compensation Committee meets at least twice annually to carry out its responsibilities, which include, but are not limited to, establishing, reviewing and modifying, as appropriate, reasonable compensation and benefits for designated Essentia executives who are officers or key employees of Essentia or any of its affiliates which may be paid by related organizations The Executive Compensation Committee engages qualified independent compensation advisors to provide objective and impartial comparative data and to express opinions on total compensation reasonableness The Executive Compensation Committee may request its independent advisors to monitor comparability data and marketplace trends, make appropriate recommendations regarding salary ranges, and periodically review the market competitiveness of Essentia executive compensation packages Prior to establishing or adjusting executive compensation, the Executive Compensation Committee will obtain and rely upon appropriate data as to comparability of the proposed compensation or adjustments The Executive Compensation Committee will adequately document the basis for its determination concurrently with making those determinations The Executive Compensation Committee minutes will include the terms of the approved compensation and the date approved, the Executive Compensation Committee members present during the review, discussion and approval of the proposed compensation and those who voted on the proposed compensation, identification of the comparability data obtained and relied upon by the Executive Compensation Committee and how the data was obtained, any actions by a member of the Executive Compensation Committee having a conflict of interest, and documentation of the basis for the determination The year this process was last undertaken for Essentia Health Duluth's Administrator, Chief Financial Officer, Chief Nursing Officer, and Senior VP of Hospital Operations was 2016

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	Availability of governing documents, conflict of interest policy, & financial statements to the public Governing documents, conflict of interest policy, and financial statements are made available to the public upon request for the same period of disclosure as set forth in section 6104(d) The organization is part of Essentia Health's consolidated financial statements which are included in Essentia Health's annual report posted on Essentia Health's web site

Return Reference	Explanation
FORM 990, PART IX, LINE 24E	AFFILIATE REVENUE AND EXPENSE ALLOCATION ESSENTIA HEALTH DULUTH, ESSENTIA HEALTH ST MARY'S MEDICAL CENTER, AND THE DULUTH CLINIC, LTD ALLOCATE CERTAIN REVENUES AND EXPENSES DIRECTLY TO ESSENTIA HEALTH DULUTH, ESSENTIA HEALTH ST MARY'S MEDICAL CENTER, THE DULUTH CLINIC, LTD , ESSENTIA HEALTH ST MARY'S HOSPITAL-SUPERIOR, AND ESSENTIA HEALTH POLINSKY MEDICAL REHABILITATION CENTER, ALL RELATED ORGANIZATIONS NET AFFILIATE REVENUE AND EXPENSE ALLOCATIONS OF (\$42,007,899) INCLUDE THE FOLLOWING TYPES OF REVENUE AND EXPENSES NONPATIENT REVENUE, AGENCY FEES, AMORTIZATION AND DEPRECIATION, INTEREST, PROFESSIONAL FEES, PURCHASED SERVICES, REPAIRS AND MAINTENANCE, SALARIES, WAGES, AND RELATED BENEFITS, SUPPLIES, UTILITIES, AND OTHER EXPENSES

Return Reference	Explanation
Form 990, Part XI, line 9	Change in discount on City of Virginia Payable -8,224,591 Change in Minimum Pension Liability -3,613,589 NET ASSET TRANSFERS WITH RELATED ORGS -4,424,897

Return Reference	Explanation
Form 990, Part XII, Line 3b	Consolidated A-133 Essentia Health Duluth, as part of Essentia Health's consolidated financial statements, was required and underwent a consolidated audit set forth in the Single Audit Act and OMB Circular A-133 The consolidated audit is reviewed by the Essentia Health Audit Committee

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2015

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
SMDC Medical Center

Employer identification number
41-1878730

Part I

Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Essentia Health Virginia LLC 502 E 2nd St Duluth, MN 55805 46-0909870	hospital/clinic/skilled nursing facility	DE	10,006,413	43,908,538	SMDC Medical Center

Part II

Identification of Related Tax-Exempt Organizations

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

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

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) PMC-Gateway Imaging LLC 109 Court Ave S Sandstone, MN 55072 26-1634764	Imaging Services	MN	N/A	N/A				No			No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) East Range Clinics Ltd (thru 11615) 910 6th Ave N Virginia, MN 55792 41-0909915	Clinics	MN	N/A	C				Yes	
Essentia Health Insurance (2)Services SPC Ltd PO Box 1159 Grand Cayman CJ 000000000	Self Indemnity	CJ	N/A	C				Yes	

Part V

Transactions With Related Organizations

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

Yes

Yes

No

No

No

No

No

Yes

Yes

Yes

No

Yes

No

Yes

Yes

Yes

Yes

Yes

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

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

Schedule R (Form 990) 2015

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

[illegible]

Part VII

Supplemental Information

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

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

Additional Data

Software ID:

Software Version:

EIN: 41-1878730

Name: SMDC Medical Center

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
Brainerd Lakes Integrated Health System 2024 S 6th St Brainerd, MN 56401 37-1532145	Supporting org	MN	501(c)(3)	Line 11b, II	Essentia Health	Yes	
Brainerd Medical Center Inc 2024 S 6th St Brainerd, MN 56401 37-1532148	Clinic	MN	501(c)(3)	Line 3	Brainerd Lakes Integrated Health System	Yes	
Bridges Medical Center 503 E 3rd St Ste 400 Duluth, MN 55805 20-0479568	Hospital/Clinic	MN	501(c)(3)	Line 3	Innovis Health LLC	Yes	
Clearwater Valley Hospital and Clinics Inc 301 Cedar Orofino, ID 83544 82-0497771	Hospital/Clinic	ID	501(c)(3)	Line 3	Critical Access Group	Yes	
Critical Access Group 503 E 3rd St Ste 400 Duluth, MN 55805 26-1219624	Supporting org	MN	501(c)(3)	Line 11b, II	Essentia Health	Yes	
Deer River Healthcare Center Inc 115 10th Ave NE Deer River, MN 56636 41-0844574	Hospital/Clinic/Skilled Nursing Facility	MN	501(c)(3)	Line 3	St Mary's Duluth Clinic Health System	Yes	
Essentia Health 502 E 2nd St Duluth, MN 55805 20-0360007	Supporting org	MN	501(c)(3)	Line 11c, III-FI	N/A		No
Essentia Health Foundation 502 E 2nd St Duluth, MN 55805 27-1984704	Foundation	MN	501(c)(3)	Line 7	Essentia Health	Yes	
Essentia Institute of Rural Health 502 E 2nd St Duluth, MN 55805 27-1291124	Research	MN	501(c)(3)	Line 4	The Duluth Clinic Ltd	Yes	
First Care Medical Services 900 Hilligoss Blvd SE Fosston, MN 56542 41-0706143	Hospital/Clinic/Skilled Nursing Facility	MN	501(c)(3)	Line 3	Innovis Health LLC	Yes	
Graceville Health Center 115 West Second St Graceville, MN 56240 41-0726173	Hospital/Clinic/Skilled Nursing Facility	MN	501(c)(3)	Line 3	Innovis Health LLC	Yes	
Innovis Health LLC 3000 32nd Ave S Fargo, ND 58103 26-1175213	Hospital/Clinic	DE	501(c)(3)	Line 3	Essentia Health	Yes	
Midwest Medical Equipment and Supplies Inc 4418 Haines Rd Duluth, MN 55811 41-1674021	Medical Equipment	MN	501(c)(3)	Line 9	St Mary's Medical Center	Yes	
Northern Pines Medical Center 5211 Hwy 110 Aurora, MN 55705 41-0841441	Hospital/Clinic/Skilled Nursing Facility	MN	501(c)(3)	Line 3	St Mary's Duluth Clinic Health System	Yes	
Pine Medical Center 109 Court Ave S Sandstone, MN 55072 41-1884597	Hospital/Skilled Nursing Facility	MN	501(c)(3)	Line 3	St Mary's Duluth Clinic Health System	Yes	
Polinsky Medical Rehabilitation Center 530 E 2nd St Duluth, MN 55805 41-0691275	Rehabilitation services	MN	501(c)(3)	Line 3	St Mary's Medical Center	Yes	
St Joseph's Medical Center 523 N 3rd St Brainerd, MN 56401 41-0695602	Hospital/Clinic	MN	501(c)(3)	Line 3	Brainerd Lakes Integrated Health System	Yes	
St Mary's Duluth Clinic Health System 407 E 3rd St Duluth, MN 55805 41-1836633	Supporting org	MN	501(c)(3)	Line 11b, II	Essentia Health	Yes	
St Mary's EMS 1027 Washington Ave Detroit Lakes, MN 56501 41-1805811	Emergency services	MN	501(c)(3)	Line 9	St Mary's Regional Health Center	Yes	
St Mary's Hospital of Superior 3500 Tower Ave Superior, WI 54880 41-1811073	Hospital/Clinic	MN	501(c)(3)	Line 3	St Mary's Medical Center	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
St Mary's Hospital Inc PO Box 137 Cottonwood, ID 83522 82-0226453	Hospital/Clinic	ID	501(c)(3)	Line 3	Critical Access Group	Yes	
St Mary's Innovis Health 1027 Washington Ave Detroit Lakes, MN 56501 26-2861321	Pharmacy	MN	501(c)(3)	Line 3	Innovis Health LLC	Yes	
St Mary's Medical Center 407 E 3rd St Duluth, MN 55805 41-0695604	Hospital	MN	501(c)(3)	Line 3	St Mary's Duluth Clinic Health System	Yes	
St Mary's Regional Health Center 1027 Washington Ave Detroit Lakes, MN 56501 41-1620386	Hospital/Clinic/Skilled Nursing Facility	MN	501(c)(3)	Line 3	Innovis Health LLC	Yes	
The Duluth Clinic Ltd 400 E 3rd St Duluth, MN 55805 41-0883623	Clinic	MN	501(c)(3)	Line 3	St Mary's Duluth Clinic Health System	Yes	

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

(a) Name of related organization		(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
(1)	Bridges Medical Center	P	118,834	Actual Costs
(1)	THE DULUTH CLINIC LTD	J	61,524	Actual Costs
(2)	THE DULUTH CLINIC LTD	K	110,310	Actual Costs
(3)	THE DULUTH CLINIC LTD	P	26,286,602	Actual Costs
(4)	THE DULUTH CLINIC LTD	Q	36,093,291	Actual Costs
(5)	DEER RIVER HEALTHCARE CENTER INC	I	810,406	Actual Costs
(6)	DEER RIVER HEALTHCARE CENTER INC	Q	707,786	Actual Costs
(7)	ESSENTIA HEALTH	M	39,576,182	Actual Costs
(8)	ESSENTIA HEALTH	P	21,336,015	Actual Costs
(9)	ESSENTIA HEALTH	Q	6,737,621	Actual Costs
(10)	ESSENTIA HEALTH	R	207,281	Actual Costs
(11)	ESSENTIA HEALTH FOUNDATION	P	111,365	Actual Costs
(12)	ESSENTIA HEALTH FOUNDATION	C	340,766	Actual Costs
(13)	ESSENTIA INSTITUTE OF RURAL HEALTH	Q	213,130	Actual Costs
(14)	INNOVIS HEALTH LLC	Q	3,863,599	Actual Costs
(15)	NORTHERN PINES MEDICAL CENTER	Q	305,405	Actual Costs
(16)	POLINSKY MEDICAL REHABILITATION CENTER	P	82,728	Actual Costs
(17)	POLINSKY MEDICAL REHABILITATION CENTER	Q	1,676,050	Actual Costs
(18)	ST JOSEPH'S MEDICAL CENTER	Q	1,521,762	Actual Costs
(19)	ST MARY'S HOSPITAL OF SUPERIOR	P	259,757	Actual Costs
(20)	ST MARY'S HOSPITAL OF SUPERIOR	Q	7,586,615	Actual Costs
(21)	ST MARY'S MEDICAL CENTER	J	54,000	Actual Costs
(22)	ST MARY'S MEDICAL CENTER	O	635,010	Actual Costs
(23)	ST MARY'S MEDICAL CENTER	P	10,903,804	Actual Costs
(24)	ST MARY'S MEDICAL CENTER	Q	34,261,641	Actual Costs

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

(a) Name of related organization		(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
(26) ST MARY'S MEDICAL CENTER		R	224,796	Actual Costs
(1) ST MARY'S MEDICAL CENTER		S	60,092	Actual Costs