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**Part III**

**Statement of Program Service Accomplishments**

**1** Briefly describe the organization’s mission

To improve community health and quality of life

**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 exempt purpose achievements for each of the organization’s three largest program services by expenses  
Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

<b>4a</b>	(Code ) (Expenses \$ 29,489,057 including grants of \$ ) (Revenue \$ 25,451,668 )
Bozeman Deaconess Health Group is our department that provides physician services to outpatients. The number of Medicare and Medicaid patients seen in 2009 increased from 2008 by 28%. Revenue for these patients and uninsured patients totaled 48% of all clinic revenue. Total operating revenues were \$25,451,668 with associated operating expenses of \$29,489,057. The \$4,037,388 loss is reflective of our commitment to provide access to all patients regardless of their ability to pay.	














<b>4b</b>	(Code ) (Expenses \$ 11,723,969 including grants of \$ ) (Revenue \$ 12,648,952 )
The emergency room at Bozeman Deaconess Hospital is one of the busiest departments in our organization, with more than 22,000 visits in 2009. Approximately 30% of these visits were from Medicare and Medicaid patients, comprising \$3,928,656 of the \$12,648,952 of the gross revenue. Over half of the Medicare/Medicaid revenue is unreimbursed and written off, along with almost 40% of the remaining revenue (total write-offs of \$5,458,726). Direct and indirect expenses incurred in supporting these emergency operations accumulated to \$6,265,243.	

<b>4c</b>	(Code ) (Expenses \$ 7,588,774 including grants of \$ ) (Revenue \$ 5,541,408 )
Bozeman Deaconess Medical Services prides itself in providing quality care to the 2,524 medical inpatients served in 2009. Medicare and Medicaid patients comprised 59.2% (\$3,278,329) of the revenue from these services (\$5,541,408). Over half of these revenues (\$1,740,258) were unreimbursed and written off, along with an additional \$918,247 from other payors. After operating expenses of \$2,469,423 and indirect expenses of \$2,460,846, the Medical Floor operated at a loss of (\$2,047,366).	

<b>4d</b>	Other program services (Describe in Schedule O ) <b>See also Additional Data for Description</b>
(Expenses \$ 76,954,947 including grants of \$ ) (Revenue \$ 112,891,899 )	

<b>4e</b>	<b>Total program service expenses</b> \$ 125,756,747
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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? 	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	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II 	4	Yes
5	<b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5	
6	Did the organization maintain any donor advised funds or any similar funds or accounts where 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, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11	Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. 	11	Yes
	◆ Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.		
	◆ 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.		
	◆ 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.		
	◆ 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.		
	◆ Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.		
	◆ 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? If "Yes," complete Schedule D, Part X.		
12	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12	No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year?	Yes	No
	If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional 	12A	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, and program service activities outside the United States? If "Yes," complete Schedule F, Part I	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Part II	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III	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	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
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States 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 and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 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 questions 24b-24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <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 a grant selection committee member, or to a person related to such an individual? <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		No
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or 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, Parts II, III, IV, and V, line 1</i> . . . . .	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35	Yes	
36	<b>Section 501(c)(3) organizations.</b> 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 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable . . . . .	1a	138	
	b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .			1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return . . . . .	2a	770	
	b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)			
3a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .			3a	Yes
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .			3b	Yes
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .			4a	No
b If "Yes," enter the name of the foreign country: <input type="text"/> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts				
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .			5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? . . . . .			5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? . . . . .			6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .			6b	
7 Organizations that may receive deductible contributions under section 170(c).				
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .			7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .			7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .			7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year . . . . .			7d	
e Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .			7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .			7f	No
g For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . .			7g	
h For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? . . . . .			7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .			8	
9 Sponsoring organizations maintaining donor advised funds.				
a Did the organization make any taxable distributions under section 4966? . . . . .			9a	
b Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .			9b	
10 Section 501(c)(7) organizations. Enter				
a Initiation fees and capital contributions included on Part VIII, line 12 . . . . .			10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			10b	
11 Section 501(c)(12) organizations. Enter				
a Gross income from members or shareholders . . . . .			11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .			11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year			12b	

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.

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . . .	1a	11	
b	Enter the number of voting members that are independent . . .	1b	10	
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 organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . . .	5		No
6	Does the organization have members or stockholders? . . . . .	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . .	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	Does the organization have local chapters, branches, or affiliates? . . . . .	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .	10b		
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11	Yes	
11A	Describe in Schedule O the process, if any, used by the organization to review the Form 990 . . . . .			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	12c	Yes	
13	Does the organization have a written whistleblower policy? . . . . .	13	Yes	
14	Does 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 a or b, describe the process in Schedule O (See instructions )			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	16b	Yes	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
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 make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ GORDON DAVIDSON 915 HIGHLAND BLVD BOZEMAN, MT 59715 (406) 585-1036

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

☐ Check this box if the organization did not compensate any current or former officer, director, trustee or key employee

Form **990** (2009)



<b>1b Total</b>	3,380,370	0	468,878
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**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **72**

		<b>Yes</b>	<b>No</b>
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
<b>4</b>	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>	Yes	
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		No

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Absaroka Emergency Physicians 1184 N 15th Street Ste 1 Bozeman, MT 59715	ER Physicians Fee	2,825,969
MC Builders JV 1203 S Church Bozeman, MT 59715	Construction	1,814,401
Arbor Medic PO Box 10305 bozeman, MT 59715	Landscaping/Lawn/Snow Removal	794,503
Holmes & Co Advertising 34 S 600 E Salt Lake City, UT 84105	Advertising & Promotion	644,211
Mayo Collaborative Services PO Box 9146 Minneapolis, MN 554809146	Reference Lab	548,167

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **27**

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a						
	b	Membership dues . . . . .	1b						
	c	Fundraising events . . . . .	1c						
	d	Related organizations . . . .	1d	715,256					
	e	Government grants (contributions)	1e						
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,454,267					
	g	Noncash contributions included in lines 1a-1f \$ _____							
	h	Total. Add lines 1a-1f . . . . .		4,169,523					
Program Service Revenue			Business Code						
	2a	Net Patient Service Re	900,099	140,908,988	140,908,988				
	b	Net Resident Revenue	623,000	5,643,963	5,643,963				
	c	Income from Subsidiari	900,099	3,662,149	3,662,149				
	d	Pharmacy Revenue	446,110	3,354,660	642,296	2,712,364			
	e	Miscellaneous	624,100	1,366,763	1,366,763				
	f	All other program service revenue		1,597,404	1,357,597	239,807			
	g	Total. Add lines 2a-2f . . . . .		156,533,927					
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .		2,880,203			2,880,203		
	4	Income from investment of tax-exempt bond proceeds . . .							
	5	Royalties . . . . .							
	6a	Gross Rents	(i) Real	(ii) Personal					
			1,449,590						
			2,451,290						
			-1,001,700						
	d	Net rental income or (loss) . . . . .		-1,001,700			-1,001,700		
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) O ther					
			27,802,365	761,601					
			30,026,436	1,036,877					
			-2,224,071	-275,276					
	d	Net gain or (loss) . . . . .		-2,499,347			-2,499,347		
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a						
			b	Less direct expenses . . . . .	b				
			c	Net income or (loss) from fundraising events . . .					
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a						
			b	Less direct expenses . . . . .	b				
			c	Net income or (loss) from gaming activities . . .					
	10a	Gross sales of inventory, less returns and allowances . . . . .	a						
b			Less cost of goods sold . . . . .	b					
c			Net income or (loss) from sales of inventory . . .						
Miscellaneous Revenue		Business Code							
11a									
b									
c									
d	All other revenue . . . . .								
e	Total. Add lines 11a-11d . . . . .								
12	Total revenue. See Instructions . . . . .		160,082,606	153,581,756	2,952,171	-620,844			

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) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	122,598	122,598		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees . . . . .	1,391,456	392,560	998,896	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
7	Other salaries and wages	53,819,510	46,018,740	7,800,770	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	1,866,656	1,669,569	197,087	
9	Other employee benefits . . . . .	5,824,522	4,905,108	919,414	
10	Payroll taxes . . . . .	3,994,906	3,342,118	652,788	
11	Fees for services (non-employees)				
a	Management . . . . .				
b	Legal . . . . .	160,305	1,217	159,088	
c	Accounting . . . . .	87,800		87,800	
d	Lobbying . . . . .	26,000		26,000	
e	Professional fundraising See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .	275,352		275,352	
g	Other . . . . .	10,686,515	5,720,969	4,965,546	
12	Advertising and promotion . . . . .	868,911		868,911	
13	Office expenses . . . . .	2,907,008	2,377,739	529,269	
14	Information technology . . . . .				
15	Royalties . . . . .				
16	Occupancy . . . . .	1,617,892	524,569	1,093,323	
17	Travel . . . . .	334,240	199,637	134,603	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	231,526	140,757	90,769	
20	Interest . . . . .	3,151,543	3,151,543		
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	12,540,824	12,540,824		
23	Insurance . . . . .	2,069,420	800,452	1,268,968	
24	Other expenses Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below )				
a	Medical Supplies	28,396,565	28,341,533	55,032	
b	Provision for Bad Debts	11,557,634	11,557,634		
c	Equipment Rent & Mainte	5,362,506	3,644,060	1,718,446	
d	Taxes & Licenses	1,226,435	167,785	1,058,650	
e	Dues & Subscriptions	362,322	137,335	224,987	
f	All other expenses	15,046		15,046	
25	Total functional expenses. Add lines 1 through 24f	148,897,492	125,756,747	23,140,745	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .				1	
	2	Savings and temporary cash investments . . . . .			16,225,727	2	17,321,904
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			21,778,950	4	22,357,943
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			4,446,952	8	4,576,504
	9	Prepaid expenses and deferred charges . . . . .			1,068,298	9	1,329,478
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	201,950,841	119,933,020	10c	116,700,102
	b	Less accumulated depreciation . . . . .	10b	85,250,739			
	11	Investments—publicly traded securities . . . . .			54,522,625	11	59,110,499
	12	Investments—other securities See Part IV, line 11 . . . . .			15,426,711	12	17,530,792
	13	Investments—program-related See Part IV, line 11 . . . . .			7,431,274	13	16,161,676
	14	Intangible assets . . . . .			9,993,216	14	8,813,248
	15	Other assets See Part IV, line 11 . . . . .			15,121,145	15	13,964,236
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			265,947,918	16	277,866,382
Liabilities	17	Accounts payable and accrued expenses . . . . .			14,888,612	17	14,571,481
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .			878,877	19	883,657
	20	Tax-exempt bond liabilities . . . . .			57,282,993	20	55,419,753
	21	Escrow or custodial account liability Complete Part IV of Schedule D . . . . .				21	
	22	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 . . . . .			4,312,076	23	3,239,409
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities Complete Part X of Schedule D . . . . .			11,341,408	25	11,377,458
	26	Total liabilities. Add lines 17 through 25 . . . . .			88,703,966	26	85,491,758
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			173,124,442	27	184,727,649
	28	Temporarily restricted net assets . . . . .			2,558,552	28	6,063,573
	29	Permanently restricted net assets . . . . .			1,560,958	29	1,583,402
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			177,243,952	33	192,374,624
	34	Total liabilities and net assets/fund balances . . . . .			265,947,918	34	277,866,382

**Part XI**    **Financial Statements and Reporting**

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? . . .		No
<b>b</b> Were the organization's financial statements audited by an independent accountant? . . . . .	Yes	
<b>c</b> If "Yes," to 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	
<b>d</b> If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
<b>3a</b> 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? . . . . .		No
<b>b</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 . . .		

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public  
Inspection

Name of the organization BOZEMAN DEACONESS HEALTH SERVICES	Employer identification number 81-0232121
---	--

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 **section 170(b)(1)(A)(i).**

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

Part II

Support Schedule for Organizations Described in IRC 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.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 (Explain in Part IV ) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage		
14	Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f))	14
15	Public Support Percentage for 2008 Schedule A, Part II, line 14	15
16a	<b>33 1/3% support test—2009.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization	<input type="checkbox"/>
b	<b>33 1/3% support test—2008.</b> If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization	<input type="checkbox"/>
17a	<b>10%-facts-and-circumstances test—2009.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
b	<b>10%-facts-and-circumstances test—2008.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
18	<b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions	<input type="checkbox"/>

Part IIISupport Schedule for Organizations Described in IRC 509(a)(2)  
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3Gross receipts from activities that are not an unrelated trade or business under section 513						
4Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5The value of services or facilities furnished by a governmental unit to the organization without charge						
6Total. Add lines 1 through 5						
7aAmounts included on lines 1, 2, and 3 received from disqualified persons						
bAmounts 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						
cAdd lines 7a and 7b						
8Public Support (Subtract line 7c from line 6 )						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9Amounts from line 6						
10aGross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
bUnrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
cAdd lines 10a and 10b						
11Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13Total support (Add lines 9, 10c, 11 and 12.)						
14First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage

15Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	15	
16Public support percentage from 2008 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17	
18Investment income percentage from 2008 Schedule A, Part III, line 17	18	
19a33 1/3% support tests—2009. 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		
b33 1/3% support tests—2008. 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		
20Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		



**Part IV**

**Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. See instructions

Additional Data

Software ID:  
Software Version:  
EIN: 81-0232121  
Name: BOZEMAN DEACONESS HEALTH SERVICES

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services					
(Code	) (Expenses \$	76,954,947	including grants of \$	) (Revenue \$	112,891,899 )
Bozeman Deaconess Health Services operates an 86 bed hospital facility (Hospital), along with a 43 unit assisted living home and a 115 unit independent living home (Hillcrest Senior Living or HSL) All patient and resident service revenue is used to provide health care services, health care promotion, and health care education to Bozeman and the surrounding communities					

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	(C) Position (check all that apply)						(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			
Mary Pohl Chair	1 00	X		X				0	0	0
Terry Cunningham 1st Vice Chair	1 00	X		X				0	0	0
Julie Jackson 2nd Vice Chair	1 00	X		X				0	0	0
David Dickensheets Secretary	1 00	X		X				0	0	0
Janet Colombo Treasurer	1 00	X		X				0	0	0
Kirk Miller Trustee	1 00	X						0	0	0
Tom Milleson Trustee	1 00	X						0	0	0
Dr John Robbins Trustee, Doctor	50 00	X						139,156	0	42,564
Rev Dave McConnell Trustee	1 00	X						0	0	0
John Murdoch Trustee	1 00	X						0	0	0
Steve Johnson Past Chair	1 00	X						0	0	0
Robert Lehrkind Past Treasurer	1 00	X						0	0	0
Brian Brown Trustee	1 00	X						0	0	0
John Nordwick CEO/President	50 00			X				362,120	0	63,988
Gordon Davidson CFO/VP Finance	50 00			X				244,405	0	65,686
Elizabeth Lewis Senior VP O perations/Leg	50 00				X			225,141	0	59,973
Cheryl Ridgely VP Business Development/	50 00				X			162,868	0	37,425
Anne Castillo MD Doctor	50 00					X		700,886	0	29,650
Jack Hensold MD Doctor	50 00					X		561,508	0	49,742
J Bruce Robertson MD Doctor	50 00					X		422,518	0	50,160
Kathryn Lynch MD Doctor	50 00					X		344,856	0	35,920
William Robinson MD Doctor	50 00					X		216,912	0	33,770

Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Net Patient Service Re	900,099	140,908,988	140,908,988		
Net Resident Revenue	623,000	5,643,963	5,643,963		
Income from Subsidiari	900,099	3,662,149	3,662,149		
Pharmacy Revenue	446,110	3,354,660	642,296	2,712,364	
Miscellaneous	624,100	1,366,763	1,366,763		

Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses

<i>Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Medical Supplies	28,396,565	28,341,533	55,032	
Provision for Bad Debts	11,557,634	11,557,634		
Equipment Rent & Mainte	5,362,506	3,644,060	1,718,446	
Taxes & Licenses	1,226,435	167,785	1,058,650	
Dues & Subscriptions	362,322	137,335	224,987	

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2009

Open to Public  
Inspection

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

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

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

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

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35a (regarding proxy tax), then

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

Name of the organization BOZEMAN DEACONESS HEALTH SERVICES	Employer identification number 81-0232121
---	--

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 funtion 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

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable 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)).

		(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?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		
	j Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Explanation of Other Lobbying Activities	Hired consultant to provide lobbying services in connection with governmental affairs representation to ensure hospital, community, and employee interests and needs are represented



SCHEDULE D

(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.**  
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2009

Open to Public  
Inspection

**Name of the organization**  
BOZEMAN DEACONESS HEALTH SERVICES

**Employer identification number**  
  
81-0232121

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ \_\_\_\_\_

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

If the organization elected, as permitted under SFAS 116, 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 XIV, the text of the footnote to its financial statements that describes these items

1b

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

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

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

2

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

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

b Assets included in Form 990, Part X▶ \$ \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2009

Part III

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

3

Using the organization's 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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV 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?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance . . . . .				
b	Contributions . . . . .				
c	Investment earnings or losses . . . . .				
d	Grants or scholarships . . . . .				
e	Other expenditures for facilities and programs . . . . .				
f	Administrative expenses . . . . .				
g	End of year balance . . . . .				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ %

b

Permanent endowment ▶ %

c

Term endowment ▶ %

3a

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

(i)

unrelated organizations . . . . .

3a(i)

☐ Yes

☐ No

(ii)

related organizations . . . . .

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .	7,104,648	2,481,189		9,585,837
b Buildings . . . . .		127,013,650	48,934,580	78,079,070
c Leasehold improvements . . . . .				
d Equipment . . . . .		65,351,354	36,316,159	29,035,195
e Other . . . . .				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				116,700,102



Part XI

Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements . . . . .	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities . . . . .	2a	
b	Prior year adjustments . . . . .	2b	
c	Other losses . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	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 XIV) . . . . .	4b	
c	Add lines 4a and 4b . . . . .	4c	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	

Part XIV

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
Part X	Description of Uncertain Tax Positions Under FIN 48	The Organization has adopted the provisions of Accounting Standards Codification Topic ASC 740-10, Accounting for Uncertainty in Income Taxes, and as of December 31, 2009 and 2008, the unrecognized tax benefit accrual was zero.

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization  
BOZEMAN DEACONESS HEALTH SERVICES

Employer identification number  
81-0232121

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Does the organization have a charity care policy? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," is it a written policy? . . . . .	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients  a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input checked="" type="checkbox"/> 150%<input type="checkbox"/> 200%<input type="checkbox"/> Other _____</div> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . <div><input type="checkbox"/> 200%<input checked="" type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____</div> c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care  4 Does the organization's policy provide free or discounted care to the "medically indigent"? . . . . .	3a	Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy? . . . .	5a	Yes	
b	If "Yes," did the organization's charity care 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	Does the organization prepare an annual community benefit report? . . . . .	6a	Yes	
6b	If "Yes," does 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 Charity Care and Certain Other Community Benefits at Cost						
Charity Care 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 Charity care at cost (from Worksheets 1 and 2) . . . .			3,742,229	456,828	3,285,401	2 390 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . . .			6,709,453	4,827,958	1,881,495	1 370 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .			167,071	231,235	-64,164	0 %
d <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .			10,618,753	5,516,021	5,102,732	3 760 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			755,230	187,148	568,082	0 410 %
f Health professions education (from Worksheet 5) . . . .			152,753		152,753	0 110 %
g Subsidized health services (from Worksheet 6) . . . .			23,253,370	16,245,964	7,007,406	5 100 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8) . . . .			290,037		290,037	0 210 %
j <b>Total</b> Other Benefits . . . .			24,451,390	16,433,112	8,018,278	5 830 %
k <b>Total.</b> Add lines 7d and 7j . . . .			35,070,143	21,949,133	13,121,010	0

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(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		4,815		4,815	0 %
2	Economic development		1,500		1,500	0 %
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members		4,310		4,310	0 %
6	Coalition building		1,154		1,154	0 %
7	Community health improvement advocacy		253		253	0 %
8	Workforce development					
9	Other					
10	Total		12,032		12,032	

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense (at cost)	2	6,680,462
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	521,076
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	23,718,766
6	Enter Medicare allowable costs of care relating to payments on line 5	6	25,933,793
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-2,215,027
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: <input checked="" type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI.	9b	No

Part IVManagement Companies and Joint Ventures

(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				
14				

**Part V Facility Information**

Name and address	Other (Describe)						
	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours
Bozeman Deaconess Hospital 915 Highland Blvd Bozeman, MT 59715	X	X					X
Deaconess Intercity Imaging LLC 915 Highland Blvd bozeman, MT 59715		X					
Rocky Mountain Surgery Center LLC 1450 Ellis St Ste 101 Bozeman, MT 59715		X					
Bozeman Dialysis Center PO Box 37000 Billings, MT 59107		X					
Hillcrest Senior Living 1201 Highland Blvd Bozeman, MT 59715							Independent and Assisted Living Facility

Part VI

Supplemental Information

Complete this part to provide the following information

**1** Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions

Part I, Line 3c Any individual and their dependents who are at 150% of the Federal Poverty income level or below will be eligible to receive a 100% write-off of the self-pay portion of incurred charges, upon completion of an application Any uninsured individual with income under 250% of the Federal Poverty Guidelines (FPG) will be eligible to receive a discount from charges based on certain guidelines Completion of the Financial Assistance application and proof of Medicaid denial will be required In some cases, full or partial assistance may be provided to insured individuals with gross family incomes above 250% of the FPG adjusted for family size Catastrophic Financial Assistance is available to individuals who have a large balance remaining after all third party payments have been taken into account The balance under consideration is that amount which is deemed to be the patient's financial responsibility If such responsibility is greater than 50% of the family's annual household income, the excess amount will be treated as Catastrophic Financial Assistance and written off of the patient's account This assistance is available without respect to the FPG, but they must follow the same process as all other patients seeking financial assistance based upon FPG Asset tests are not used for determining any level of financial assistance All decisions regarding financial assistance are in the sole discretion of BDH Prior to receiving services, BDH will make an effort to notify the patient regarding their eligibility for financial assistance

Part I, Line 7g The Hospital continues providing the following Care Programs due to the importance of providing such quality care to the community, despite overall costs being significantly higher than could be realized from charges, thus the Hospital subsidizes these health services to ensure the quality of care provided remains exemplary Renal Dialysis Services, Internal Medicine Associates, Hathaway Internal Medicine, Bridger Internal Medicine, Bozeman Deaconess Women's Services, Neurology, Diabetes Clinic, Bozeman Urology, Medical Associates, Gastroenterology Clinic, Cardio Pulmonary Rehabilitation, Anti-Coagulant Clinic, Clinical Nutrition Services, Hospice, and Palliative Care

Part I, Line 7f The amount of bad debt expense removed from the denominator is \$11,557,634

Part I, Line 7 Amount of cost attributable to a physician clinic is \$19,705,343 The cost to charge ratio was used to obtain the costs related to Charity Care, Medicaid, and Other Means-Tested Programs Worksheet 2, Ratio of Patient Care Cost to Charges was used in determining this ratio All Other Benefits were calculated using our internal costing system This system assigns all direct expenses to separate cost centers (departments) and accounts Indirect costs are then allocated to applicable departments based on appropriate statistics For example, Engineering and Environmental services would be allocated based on square footage whereas Information Systems and Benefits are allocated based on an accumulated cost percentage as determined by the Medicare Cost Report Our internal system does record patient revenues based on type (inpatient vs outpatient vs emergency) and payor (Medicaid, Medicare, Commercial, Self-Pay, etc ) Related costs are then determined based on the pro-rated share as a percentage of the total For example, if Medicaid comprises 7% of a departments revenue, Medicaid expenses are calculated at 7% of the total as well

Part III, Line 4 Per footnote 1 of Audited Financials "Management considers historical write off and recovery information in determining the estimated bad debt provision" The expense for such provision is included in operating expenses within the audited financials The organization uses Worksheet 2 to calculate bad debt expense at cost Bad debt is reported based upon actual bad debt expense net of discounts and contractual adjustments, less recoveries In determining the amount of bad debt attributable to patients eligible under our charity care policy, we obtained statistical information directly from our credit agencies From this information we were able to calculate an average percentage (7.8%) of accounts turned over for collections that were subsequently deemed uncollectible or returned for charity The organization uses Worksheet 2 to calculate bad debt expense at cost This percentage was applied to bad debt expense at cost to determine the estimate

Part III, Line 8 The entire amount of shortfall should be considered a community benefit The Medicare shortfall represents a cost absorbed by the Hospital as a result of providing care to Medicare patients The contract driving this loss is a nondiscretionary contract, as is providing the services to this population of individuals The cost of providing this benefit to the community should be reportable as such Total Medicare Allowable Costs were obtained from the Medicare Cost Report (worksheet D-1, total program excludable cost plus total program inpatient operating cost in addition to outpatient costs in worksheet D, part V, total for PPS Services) The Medicare allowable costs backed on in line 2 are those costs originally included in line 1 that are attributable to Subsidized Services

Part III, Line 9b

**2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves

Part VI, Line 2 Bozeman Deaconess conducts a health care needs assessment once every two years, the most recent being completed in 2009 The preliminary steps to performing this assessment involve gathering information about the consumer and the community assets This includes economic and demographic profiles, birth and death characteristics, disease incidence and prevalence, health status and behaviors, health care utilization, social and community issues, and school and student population characteristics We also review local associations, local institutions and their resources, community health resources, and physical assets of the community Using this data, we determine the scope of the assessment and issues to be addressed Survey questions are then developed and the survey is administered to two populations a general household mail survey (random sample of 2,550 Gallatin County Households) and a self-selected 'convenience' survey (surveys left and collected at selected locations ) Upon receiving the results, Senior Administration and the Board develop priorities and set forth a course of action

**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 charity care policy

Part VI, Line 3 Bozeman Deaconess Hospital is deeply committed to providing financial assistance to patients needing, but unable to afford, medically necessary health care services BDH posts notice of its Financial Assistance Policy in all admitting areas, as well as on the website At the earliest feasible time, BDH will attempt to determine whether a patient has third party coverage for any part of the hospital services provided If a patient does not have third party coverage, a patient advocate from the MASH program will screen all inpatients cases and any outpatient cases exceeding \$1,000 in total charges to determine if the patient qualifies for third party funding If not, the patient advocate will explain the Financial Assistance Policy and give the patient an application if desired In circumstances where payment in full will cause financial hardship that will significantly harm the patient or patient's family, the applicant may be asked to visit with Consumer Credit Counseling Services to further review the financial situations Upon request, patients may be asked to complete an application for Medicaid participation or for coverage by other governmental payment programs Patient bills also contain billing information explaining financial options and provide contact information to the appropriate resources

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

Part VI, Line 4 Our 'community' is defined as Gallatin, Park and Madison Counties Considered a rural area, estimated 2009 populations were 91,710, 16,275, and 7,633, respectively The estimated average household incomes were \$67,000, \$55,000, and \$57,000, respectively Approximately 72% of households had an income of less than \$50,000, with 10.5% being less than \$15,000 The average household size is just over 2 and the federal poverty guideline for a family of 2 is approx \$15,000 For Gallatin County, 16% of the population's health care costs were covered by a government payor, in Park and Madison Counties governmental payors support about 27% of the populations Respectively, 5%, 8%, and 5% of these pools are for Medicaid Approximately 24% of Gallatin County was without health insurance Bozeman Deaconess Hospital is the only local hospital in these 3 counties, while there is 1 critical access hospital in Park County and 2 in Madison County All of Park County is considered a medically underserved area, as is a portion of Madison County

**5 Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

Part VI, Line 5 In addition to community benefit, Bozeman Deaconess also donated resources and expertise to the community through multiple community building activities Contributions for a healthier community were given through clean-up efforts at local parks and schools, monetary donations to stimulate the local economy, community leadership development, and involvement with coalitions and advocacies dedicated to improving community health

**6** Provide any other information important to describing how the organization's hospitals 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.)

Part VI, Line 6 Various employees, physicians, administrators, and board members of the Hospital are actively involved in volunteer roles including community board positions in numerous other activities, groups, and organizations that actively promote the health of the community

**7** 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

Part VI, Line 7 Bozeman Deaconess Health Services owns a majority interest in Advanced Medical Imaging, Rocky Mountain Surgery Center, and Bozeman Dialysis Center All three of these organizations hold similar policies regarding providing care to all members of the community and offering financial assistance as determined by ability to pay

**8** If applicable, identify all states with which the organization, or a related organization, files a community benefit report



Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
BO ZEMAN DEACONESS HEALTH SERVICES

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

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

OMB No 1545-0047

2009

Open to Public  
Inspection

Employer identification number  
81-0232121

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Greater Gallatin United Way 945 Technology Blvd 101F Bozeman, MT 59718	810384820	501(c)(3)	55,000				Support community health programs within our service area
The Wellness Community 102 S 11th Ave Bozeman, MT 59715	810542266	501(c)(3)	44,348				Support community health programs within our service area
Community Health Partners 126 S Main St Livingston, MT 59047	841420492	501(c)(3)	8,000				Subsidize operations within their Medical Assistance Program

2

Enter total number of section 501(c)(3) and government organizations . . . . .

3

3

Enter total number of other organizations . . . . .

0

**Part III** **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Use Schedule I-1 (Form 990) if additional space is needed.

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

**Part IV** **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

[illegible]

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2009

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
BOZEMAN DEACONESS HEALTH SERVICES

Employer identification number  
81-0232121

Part I

Questions Regarding Compensation

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

**Part II** **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

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

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Dr John Robbins	(i)	122,510	10,000	6,646	28,788	14,659	182,603	0
	(ii)	0	0	0	0	0	0	0
John Nordwick	(i)	312,590	38,841	10,689	49,912	16,441	428,473	0
	(ii)	0	0	0	0	0	0	0
Gordon Davidson	(i)	197,471	20,060	26,874	51,610	15,770	311,785	0
	(ii)	0	0	0	0	0	0	0
Elizabeth Lewis	(i)	192,531	19,173	13,437	42,153	19,473	286,767	0
	(ii)	0	0	0	0	0	0	0
Cheryl Ridgely	(i)	146,959	15,247	662	26,480	12,344	201,692	0
	(ii)	0	0	0	0	0	0	0
Anne Castillo MD	(i)	609,767	0	91,119	29,650	2,220	732,756	0
	(ii)	0	0	0	0	0	0	0
Jack Hensold MD	(i)	520,819	0	40,689	34,700	16,533	612,741	0
	(ii)	0	0	0	0	0	0	0
J Bruce Robertson MD	(i)	384,356	0	38,162	31,200	20,148	473,866	0
	(ii)	0	0	0	0	0	0	0
Kathryn Lynch MD	(i)	344,496	0	360	16,500	20,459	381,815	0
	(ii)	0	0	0	0	0	0	0
William Robinson MD	(i)	215,882	0	1,030	13,609	21,337	251,858	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III

Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	Per John Nordwick's contract, he is reimbursed for two business trips per year where his wife accompanies him. Reported as taxable compensation.
	Part I, Line 6	A physician listed in Part VII, Section A, receives incentive compensation based on actual Relative Value Unit's (RVU's) produced in excess of targets. The total of the incentive is calculated by taking the excess RVU's times a RVU converter. The RVU converter is based upon net earnings from services provided by the physician.
	Part I, Line 7	The Board establishes goals each year and if met, there is compensation tied to them. All such compensation is reviewed by the independent compensation specialists. Incentive compensation is determined by achieving financial performance in excess of budgeted performance, and achieving pre-determined goals dealing with patient quality, patient satisfaction and employee satisfaction. This applies to all Senior Administration and all Physicians (with one exception described in Schedule J, Part I line 6a) that receive compensation and includes incentive compensation reflected in Part II, column B(ii).

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2009
		Open to Public Inspection

Name of the organization BO ZEMAN DEACONESS HEALTH SERVICES	Employer identification number 81-0232121
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Part I

Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
							Yes	No	Yes	No
A	Montana Facility Finance Authority	81-0302402	61204JAA2	03-01-2004	12,695,000	To fund new Medical Office Building IV addition to Bozeman Deaconess campus		X		X
B	Montana Facility Finance Authority	81-0302402	612043CE7	09-01-2005	28,545,000	To fund wing addition of Hillcrest and defease Hillcrest construction bonds		X		X

Part II

Proceeds

		A	B	C	D	E			
1	Total proceeds of issue	12,591,558	28,001,371						
2	Gross proceeds in reserve funds	835,776	408,114						
3	Proceeds in refunding or defeasance escrows	4,518,540	18,606,636						
4	Other unspent proceeds								
5	Issuance costs from proceeds	251,831	459,960						
6	Working capital expenditures from proceeds								
7	Capital expenditures from proceeds	6,985,411	8,526,661						
8	Year of substantial completion	2005	2006						
		Yes	No	Yes	No	Yes	No	Yes	No
9	Were the bonds issued as part of a current refunding issue?	X							
10	Were the bonds issued as part of an advance refunding issue?		X	X					
11	Has the final allocation of proceeds been made?	X		X					
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?		X		X						
3b	Are there any research agreements with respect to the financed property which may result in private business use?		X		X						
3c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X		X						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		0 %		0 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		0 %		0 %						
6	Total of lines 4 and 5		0 %		0 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X							

Part IV

Arbitrage

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X						
2	Is the bond issue a variable rate issue?		X		X						
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		X		X						
b	Name of provider										
c	Term of hedge										
4a	Were gross proceeds invested in a GIC?		X		X						
b	Name of provider										
c	Term of GIC										
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5	Were any gross proceeds invested beyond an available temporary period?		X		X						
6	Did the bond issue qualify for an exception to rebate?		X		X						

SCHEDULE O  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization  
BOZEMAN DEACONESS HEALTH SERVICES

Employer identification number  
81-0232121

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		Changing the Articles of Incorporation in relationship to the process of selecting Board membership must be approved by the Yellow stone Conference of the United Methodist Church
Form 990, Part VI, Section B, line 11		The Finance Committee will review the 990 and make a recommendation to the full Board for approval before filing of the Form 990
Form 990, Part VI, Section B, line 12c		In-house Counsel identifies potential conflicts from annual disclosures and informs the Board Chair The Board Chair discusses the conflict and decides whether the conflict is of such a nature to exclude the conflicted party from discussion and/or vote This policy covers all Board members, Officers, Senior Administration, and key employees
Form 990, Part VI, Section B, line 15		The Executive Committee receives a formal presentation by two independent compensation consultants qualified to perform compensation reviews including usage of comparability data This person presents recommendations to the Compensation Committee of the Board The Compensation Committee makes recommendations to the full Board on an annual basis for Officers and Senior Administration This annual process was performed during 2009
Form 990, Part VI, Section C, line 19		Governing documents, conflict of interest policy, and all tax related information required to be available for public inspection are available via walk-in, telephone call, e-mail, and/or mail-in request The audited financial statements are required to be provided to the Municipal Securities Rulemaking Board, which is our tax-exempt bonds trustee, via an on-line, central filing location called Electronic Municipal Market Access (EMMA) The financial statements can be obtained by the general public at the EMMA website Per Board policy, the financial statements are not made available to the general public upon specific request to Bozeman Deaconess Health Services
		Schedule R, Part V, Line 2, Column C Method used to determine value of services Cash received or paid by the filing organization
Schedule K, Part I, Bond A, CUSIP#s for Series 2004 Bond	Listing of all CUSIP#s associated with bond issuance	\$ 1,255,000 61204J AA 2 1,275,000 61204J AB 0 1,300,000 61204J AC 8 1,335,000 61204J AD 6 240,000 61204J AE 4 245,000 61204J AF 1 255,000 61204J AG 9 260,000 61204J AH 7 270,000 61204J AJ 3 280,000 61204J AK 0 290,000 61204J AL 8 305,000 61204J AM 6 315,000 61204J AN 4 330,000 61204J AP 9 340,000 61204J AQ 7 1,955,000 61204J AV 6 2,445,000 61204J AW 4
Schedule K, Part I, Bond B, CUSIP#s for Series 2005 Bond	Listing of all CUSIP#s associated with bond issuance	\$ 455,000 612043 CE7 655,000 612043 CF4 675,000 612043 CG2 700,000 612043 CH0 730,000 612043 CJ6 755,000 612043 CK3 785,000 612043 CL1 820,000 612043 CM9 845,000 612043 CN7 885,000 612043 CP2 920,000 612043 CQ0 960,000 612043 CR8 1,000,000 612043 CS6 1,040,000 612043 CT4 1,085,000 612043 CU1 1,125,000 612043 CV9 1,175,000 612043 CW7 1,220,000 612043 CX5 1,270,000 612043 CY3 1,325,000 612043 CZ0 7,555,000 612043 DA4 2,565,000 612043 DB2



SCHEDULE R (Form 990)  <small>Department of the Treasury Internal Revenue Service</small>	<div>Related Organizations and Unrelated Partnerships</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37. ▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2009
		Open to Public Inspection
Name of the organization BOZEMAN DEACONESS HEALTH SERVICES		Employer identification number 81-0232121

Part I

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

(a) Name, address, and EIN 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
Hillcrest Senior Living Limited Liability Company 1201 Highland Blvd Bozeman, MT 59715 81-0232121	Assisted Living Home	MT	7,040,257	54,528,536	N/A

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
Bozeman Deaconess Foundation  931 Highland Blvd Ste 3200  Bozeman, MT 59715 84-1407943	Raise funds to support Bozeman Deaconess Health Services	MT	501(c)(3)	7	N/A

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	
							Yes	No		Yes	No
Deaconess Intercity Imaging LLC	Healthcare - Imaging Services	MT	N/A	Related	2,038,809	3,065,243	No				No
915 Highland Blvd Bozeman, MT59715 81-0666871											
Rocky Mountain Surgical Center LLC	Healthcare - Surgical Services	MT	N/A	Related	2,419,376	2,739,759	Yes				No
1450 Ellis St Ste 101 Bozeman, MT59715 36-4462300											
Bozeman Dialysis Center	Healthcare - Dialysis Services	MT	N/A	Related	-28,541	-108,385	No			Yes	
PO Box 37000 Billings, MT59107 81-0519879											

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
Bozeman Deaconess Real Estate Development Corp PO Box 10490 Bozeman, MT59719 20-5496567	Sale of real estate property and residences to seniors	MT	N/A	C	347,432	9,235,971	100 000 %

Part V

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

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

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 (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a Yes

1b Yes

1c Yes

1d Yes

1e

1f

1g Yes

1h

1i Yes

1j Yes

1k Yes

1l Yes

1m Yes

1n Yes

1o Yes

1p Yes

1q Yes

1r 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 other organization	(b) Transaction type(a-r)	(c) Amount involved
(1)	See Additional Data Table		
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2009

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Software ID:

Software Version:

EIN: 81-0232121

Name: BOZEMAN DEACONESS HEALTH SERVICES

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)
(1)	Deaconess Intercity Imaging LLC	I	282,144
(2)	Deaconess Intercity Imaging LLC	K	161,745
(3)	Deaconess Intercity Imaging LLC	P	1,940,397
(4)	Deaconess Intercity Imaging LLC	R	2,239,750
(5)	Bozeman Deaconess Real Estate Development Corp	B	11,180,208
(6)	Bozeman Deaconess Real Estate Development Corp	D	3,920,000
(7)	Bozeman Deaconess Real Estate Development Corp	A	309,881
(8)	Bozeman Deaconess Real Estate Development Corp	G	1,394,738
(9)	Bozeman Deaconess Real Estate Development Corp	P	174,290
(10)	Bozeman Deaconess Foundation	Q	500,000
(11)	Bozeman deaconess Foundation	C	715,256
(12)	Rocky Mountain Surgical Center LLC	R	2,299,043
(13)	Deaconess Intercity Imaging LLC	L	88,001