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Form 990

Return of Organization Exempt From Income Tax

2009

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2009 calendar year, or tax year beginning 07-01-2009 and ending 06-30-2010

<input type="checkbox"/> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Fallon Medical Complex Inc		D Employer identification number 36-3808993 E Telephone number (406) 778-3331 G Gross receipts \$ 7,827,940
	B Please use IRS label or print or type. See Specific Instructions.		
	D Doing Business As See Schedule O		
	E Number and street (or P O box if mail is not delivered to street address) 202 S 4th St W		
	F Room/suite City or town, state or country, and ZIP + 4 Baker, MT 59313		

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

J Website: ► www.fallonmedical.org

K Form of organization Corporation Trust Association Other ► L Year of formation 1991 M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities Providing healthcare services	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
H(c) Group exemption number ►		

2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets		
3 Number of voting members of the governing body (Part VI, line 1a)	3	
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	
5 Total number of employees (Part V, line 2a)	5	
6 Total number of volunteers (estimate if necessary)	6	
7a Total gross unrelated business revenue from Part VIII, column (C), line 12 . . .	7a	
b Net unrelated business taxable income from Form 990-T, line 34 . . .	7b	

8 Contributions and grants (Part VIII, line 1h)	Prior Year	
	1,399,032	
9 Program service revenue (Part VIII, line 2g)	Current Year	
6,302,685		
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-191,575	
1,340		
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	30,999	
25,430		
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,541,141	
7,827,940		

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		
	0	
14 Benefits paid to or for members (Part IX, column (A), line 4)	0	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	3,826,857	
4,110,925		
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	
b Total fundraising expenses (Part IX, column (D), line 25) ►0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	3,583,002	
3,083,934		
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	7,409,859	
7,194,859		
19 Revenue less expenses Subtract line 18 from line 12	131,282	
633,081		

20 Total assets (Part X, line 16)	Beginning of Current Year	
	9,659,657	
21 Total liabilities (Part X, line 26)	End of Year	
10,188,741		
22 Net assets or fund balances Subtract line 21 from line 20	1,284,554	
1,110,393		

20 Total assets (Part X, line 16)	Beginning of Current Year	
	8,375,103	
21 Total liabilities (Part X, line 26)	End of Year	
9,078,348		

Part II Signature Block

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge		
	***** Signature of officer David Espeland CEO Type or print name and title		2011-02-11 Date

Paid Preparer's Use Only	Preparer's signature ► John C Hauck CPA	Date	Check if self-employed ► <input type="checkbox"/>	Preparer's identifying number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4 ► EIDE BAILLY LLP 401N 31ST ST SUITE 1120 PO BOX 7112 BILLINGS, MT 591037112			EIN ►
				Phone no ► (406) 896-2400

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

Fallon Medical Complex, in its innovative pursuit of Friends Healing Friends, provides comfort, compassion, and excellence in the promotion of quality of life to all individuals

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

4a (Code) (Expenses \$ 6,360,075 including grants of \$) (Revenue \$ 6,389,117)

Fallon Medical Complex provides quality health care regardless of race, creed, sex, national origin, handicap, age, or ability to pay. Although reimbursement for services rendered is critical to the operation of the Complex, it is recognized that not all individuals possess the ability to purchase these essential services. It is the Complex's mission to serve the surrounding area by providing health care services and health care education to all community members. The Complex provides medical services to individuals who are determined unable to purchase such services under the Complex's charity care policy and guidelines. In addition to free care and/or subsidized care, care is also provided at below cost rates to persons covered by governmental programs. Recognizing its mission to the community, services are provided to both Medicare and Medicaid patients. The unreimbursed value of providing care to these patients, based on established rates is \$69,548 for the year ended June 30, 2010. During fiscal year ended June 30, 2010, the Complex provided over 439 days of hospital services and 3,364 days of swing bed care. The nursing home provided 5,821 days of resident services during the year. The clinic and hospital outpatient departments encountered and served over 18,500 patients.

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

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

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses **► \$** **6,360,07**

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, Schedule of Contributors?

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

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II

5 **Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

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

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

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.

- 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

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

14a Did the organization maintain an office, employees, or agents outside of the United States?

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

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

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

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

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

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

20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		
6		No
7		No
8		No
9	Yes	
10	Yes	
11	Yes	
12		No
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
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? If "Yes," complete Schedule I, Parts I and II	21		No
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? If "Yes," complete Schedule I, Parts I and III	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? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	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? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		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? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

		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	24
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	137
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
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)?		No
4b	If "Yes," enter the name of the foreign country. 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
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
5c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?		
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
6b	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).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
7d	If "Yes," indicate the number of Forms 8282 filed during the year		
7e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
7g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g	
7h	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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?	9a	
9b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12	10a	
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders	11a	
11b	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	
12b	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	7	
b Enter the number of voting members that are independent . . .	1b	7	
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes	
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4 Did the organization make any significant changes to its 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	Yes	
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a The governing body?	8a	Yes	
b Each committee with authority to act on behalf of the governing body?	8b	Yes	
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

		Yes	No
10a 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		No
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		

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
 Own website Another's website 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 ►
Selena Nelson
PO Box 820
Baker, MT 593130820
(406) 778-5103

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

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

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

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

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

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

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

1b Total	517,273	0	52,557
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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 ►2

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Fisher Construction Inc 235 Moore Lane Billings, MT 59101	Construction	507,990
MT Health Network Inc 11 South 7th Street Suite 241 Miles City, MT 59330	Contract Nursing Services	122,867
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 ►2		

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	3,852			
e Government grants (contributions)	1e	1,344,212			
f All other contributions, gifts, grants, and similar amounts not included above	1f	63,989			
g Noncash contributions included in lines 1a-1f \$ _____					
h Total. Add lines 1a-1f		1,412,053			
Program Service Revenue		Business Code			
2a Net Patient Service Re		622,110	6,306,961	6,306,961	
b Meals on Wheels		722,212	54,779	54,779	
c Cafeteria		722,212	26,731	26,731	
d Miscellaneous		900,099	646	646	
e					
f All other program service revenue					
g Total. Add lines 2a-2f		6,389,117			
3 Investment income (including dividends, interest and other similar amounts)					
4 Income from investment of tax-exempt bond proceeds			838		838
5 Royalties					
6a Gross Rents	(i) Real	(ii) Personal			
b Less rental expenses	25,430				
c Rental income or (loss)	25,430				
d Net rental income or (loss)			25,430		25,430
7a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b Less cost or other basis and sales expenses		502			
c Gain or (loss)		502			
d Net gain or (loss)			502		502
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
b Less direct expenses	b				
c Net income or (loss) from fundraising events					
9a Gross income from gaming activities See Part IV, line 19					
b Less direct expenses	b				
c Net income or (loss) from gaming activities					
10a Gross sales of inventory, less returns and allowances					
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		7,827,940	6,389,117	0	26,770

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				
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	403,670	212,236	191,434	
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	3,022,636	2,686,140	336,496	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	36,751	33,931	2,820	
9 Other employee benefits	385,379	320,162	65,217	
10 Payroll taxes	262,489	215,565	46,924	
11 Fees for services (non-employees)				
a Management				
b Legal	1,632		1,632	
c Accounting	31,100		31,100	
d Lobbying				
e Professional fundraising See Part IV, line 17				
f Investment management fees				
g Other	681,825	681,825		
12 Advertising and promotion	14,032	9,476	4,556	
13 Office expenses	1,080,093	1,050,325	29,768	
14 Information technology				
15 Royalties				
16 Occupancy	224,504	171,531	52,973	
17 Travel	5,275	5,195	80	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	25,105	22,073	3,032	
20 Interest	30,428	1,069	29,359	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	562,009	533,909	28,100	
23 Insurance				
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 Bad Debt	313,533	313,533	0	
b Taxes & Licenses	81,134	78,919	2,215	
c Miscellaneous	17,737	16,430	1,307	
d Dues & Subscriptions	15,527	7,756	7,771	
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	7,194,859	6,360,075	834,784	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) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	98,034	1 451,583
	2 Savings and temporary cash investments	2	
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	1,065,244	4 1,174,122
	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	171,133	8 193,782
	9 Prepaid expenses and deferred charges	9	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	14,086,531
	b Less accumulated depreciation	10b	6,701,204
		7,659,279	10c 7,385,327
	11 Investments—publicly traded securities	65,860	11 66,729
	12 Investments—other securities See Part IV, line 11	12	
	13 Investments—program-related See Part IV, line 11	13	
	14 Intangible assets	14	
	15 Other assets See Part IV, line 11	600,107	15 917,198
	16 Total assets. Add lines 1 through 15 (must equal line 34)	9,659,657	16 10,188,741
Liabilities	17 Accounts payable and accrued expenses	683,585	17 678,026
	18 Grants payable	18	
	19 Deferred revenue	19	
	20 Tax-exempt bond liabilities	20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D	21	1,781
	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	500,969	23 430,586
	24 Unsecured notes and loans payable to unrelated third parties	100,000	24
	25 Other liabilities Complete Part X of Schedule D	25	
	26 Total liabilities. Add lines 17 through 25	1,284,554	26 1,110,393
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	8,308,584	27 8,991,061
	28 Temporarily restricted net assets	14,470	28 14,238
	29 Permanently restricted net assets	52,049	29 73,049
	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	8,375,103	33 9,078,348
	34 Total liabilities and net assets/fund balances	9,659,657	34 10,188,741

Part XI Financial Statements and Reporting

1 Accounting method used to prepare the Form 990 Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

b Were the organization's financial statements audited by an independent accountant?

c 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

d 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
 Separate basis Consolidated basis Both consolidated and separated basis

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		No
2b	Yes	
2c		No
3a		No
3b		

2009

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**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.

Department of the Treasury
Internal Revenue Service

Name of the organization
Fallon Medical Complex Inc

Employer identification number

36-3808993

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

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 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)

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of 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 33 1/3% support test—2009. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here . The organization qualifies as a publicly supported organization		►
b 33 1/3% support test—2008. 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 stop here . The organization qualifies as a publicly supported organization		►
17a 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
b 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		►

Part III Support Schedule for Organizations Described in 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
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18
19a 33 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	
b 33 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	
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	

Part IV **Supplemental Information.** 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

2009

Open to Public
Inspection**SCHEDULE D**
(Form 990)**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.

Department of the Treasury
Internal Revenue Service**Name of the organization**
Fallon Medical Complex Inc**Employer identification number**

36-3808993

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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? Yes No

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

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

Preservation of land for public use (e.g., recreation or 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

b 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 ► \$ _____

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

	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	52,049	32,000			
b Contributions	21,000	20,049			
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	73,049	52,049			

2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ► %
 b Permanent endowment ► 100 000 % %
 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
 (ii) related organizations

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

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

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

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					
b Buildings		11,193,362	4,554,218	6,639,144	
c Leasehold improvements		391,989	192,760	199,229	
d Equipment		2,501,180	1,954,226	546,954	
e Other					
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					7,385,327

Part VII Investments—Other Securities. See Form 990, Part X, line 12

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		

Total. (Column (b) should equal Form 990, Part X, col (B) line 12)

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

Total. (Column (b) should equal Form 990, Part X, col (B) line 13)

Part IX Other Assets. See Form 990, Part X, line 15

Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.)

Part X Other Liabilities. See Form 990, Part X, line 25

2. Fin 48 Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

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	7,827,940
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	7,194,859
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	633,081
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	70,164
9	Total adjustments (net) Add lines 4 - 8	9	70,164
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	703,245

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	7,898,104
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	70,164
e	Add lines 2a through 2d	2e	70,164
3	Subtract line 2e from line 1	3	7,827,940
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	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	7,827,940

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	7,194,859
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	0
3	Subtract line 2e from line 1	3	7,194,859
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	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	7,194,859

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 IV, Line 2b		The complex acts as a custodian for the funds of some residents
Part V, Line 4	Description of Intended Use of Endowment Funds	Permanent Endowment Earnings are to be used for purchasing nursing home equipment, nursing home operations, or scholarships
Part X	Description of Uncertain Tax Positions Under FIN 48	The Complex is organized as a not-for-profit corporation, which is exempt from Federal income taxes pursuant to Section 501(c) (3) of the Internal Revenue Code. The Complex is also exempt from state income taxes. The Complex undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10, Accounting for Uncertainty in Income Taxes. As of June 30, 2010 and 2009 the unrecognized tax benefit is zero
Part XI, Line 8 - Other Adjustments		Equity in Earnings of Affiliate recorded in revenue for financial statements 70164
Part XII, Line 2d - Other Adjustments		Equity in Earnings of Affiliate recorded in revenue for financial statements 70164

SCHEDULE H
(Form 990)Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2009

Open to Public
InspectionName of the organization
Fallon Medical Complex Inc

Employer identification number

36-3808993

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		
<input checked="" type="checkbox"/> Applied uniformly to all hospitals	Applied uniformly to most hospitals	
<input type="checkbox"/> Generally tailored to individual hospitals		
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	3a	Yes
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other _____ %	11500 0000000000	
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	3b	Yes
<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 _____		
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"?	4	No
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	No
6b If "Yes," does the organization make it available to the public?	6b	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H		

7 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) . . .	0	153	71,627	78,153	-6,526	0 %
b Unreimbursed Medicaid (from Worksheet 3, column a) . . .			698,999	924,656	-225,657	0 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)	2	197	21,934	17,697	4,237	0 060 %
d Total Charity Care and Means-Tested Government Programs	2	350	792,560	1,020,506	-227,946	0 060 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	10	1,266	63,706	22,166	41,540	0 580 %
f Health professions education (from Worksheet 5)	0	9	36,956	0	36,956	0 510 %
g Subsidized health services (from Worksheet 6)	4	10,138	2,021,428	1,195,658	825,770	11 480 %
h Research (from Worksheet 7)	0	0	0	0		
i Cash and in-kind contributions to community groups (from Worksheet 8)	8	3,112	136,778	65,368	71,410	0 990 %
j Total Other Benefits	22	14,525	2,258,868	1,283,192	975,676	13 560 %
k Total. Add lines 7d and 7j	24	14,875	3,051,428	2,303,698	747,730	0

Part II Community 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	2	0	941		941	0 010 %
2 Economic development	2	0	1,268		1,268	0 020 %
3 Community support	1	0	1,147		1,147	0 020 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	1	0	3,937		3,937	0 050 %
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	6		7,293		7,293	0 100 %

Part III Bad Debt, Medicare, & Collection Practices
Section A. Bad Debt Expense

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

2 Enter the amount of the organization's bad debt expense (at cost)

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

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

	Yes	No
1		No
2	225,999	
3	11,300	
4		
5	2,512,167	
6	2,280,793	
7	231,374	
9a	Yes	
9b	Yes	

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)

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

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

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used

Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

9a Does the organization have a written debt collection policy?

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

9a	Yes
9b	Yes

Part IV Management 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)

ER-other

ER-24 hours

Research facility

Critical access hospital

Teaching hospital

Children's hospital

General medical & surgical

Licensed hospital

 Nursing Home - 15 bed
SNF

Fallon Memorial Hospital
202 S 4th St W
Baker, MT 59313
Memorial Nursing Home
202 S 4th St W
Baker, MT 59313

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 We do include an asset & liability test Anyone at or below 115% qualifies for free care Anyone who does not qualify for free care, and their income is between 116% and 250% qualify for discounted care Because the test of discounted care considers net assets and the patient's medical bills are included in liabilities, a medically indigent could qualify for discounted care under this program

Part I, Line 7g Subsidized Health services includes two clinics, a provider based rural health clinic and a satellite clinic Both clinics have a total community benefit cost of \$1,419,528

Part I, Line 7f The amount of bad debt expense removed from the denominator of the calculation was \$313,533

Part I, Line 7 A - Cost to charge ratio calculated by worksheet 2B - Cost to charge ratio calculated by worksheet 2C - Cost to charge ratio calculated by worksheet 2E - Direct Costs recorded in the general ledgerF - Direct Costs recorded in the general ledgerG - Medicare Cost Report Cost To Charge ratioI - Direct Costs recorded in the general ledgerTotal community benefit expense as a percentage of total expenses is 41%

Part III, Line 4 Bad debt expense was converted to cost using the cost to charge ratio derived from worksheet 2 The estimated amount of bad debt expense attributable to patients eligible under the organizations charity care policy is 5% Historically, Fallon Medical Complex struggles to find patients who are willing to apply therefore the estimated amount is low Bad debts are expensed when accounts are determined uncollectible (charges less any payments or insurer discounts) and any payments toward bad debt are booked as bad debt recovery Footnote from financial statements The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients or residents due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision

Part III, Line 8 Medicare allowable costs of care are based on the Medicare cost report The Medicare cost report is completed based on the rules and regulations set forth by CMS

Part III, Line 9b All patients are provided with communications at admission (notices requiring their signature, posters, and/or verbal communication) regarding our collections policies and that we have a financial assistance policy All past due accounts receive communications (a flyer) regarding our financial assistance policy with their statements Before accounts are turned to bad debt, we send letters and/or make telephone calls to guarantors with details of the financial assistance program, including contact information and/or applications

Part V In addition to the licensed, registered or similarly recognized facilities, Fallon Medical Complex, Inc also operates 1 Rural Health Clinic, 1 Satellite Medical Clinic, and Personal Care Services

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

Part VI, Line 2 We have traditionally received input about unmet community health care needs from a number of sources a) citizens, board members, patients, and residents expressing an idea or a concern, b) suggestions from consultants who were hired to provide a study of our operations, c) the county or state health department providing observations or data regarding the health status of our specific population, d) staff members gleaning information from an education program or from reviewing professional journals and periodicals regarding the latest equipment or trends in patient and resident care, e) suggestions from the public posted on our website, etc This information is analyzed on a case by case basis by the department manager who would be responsible for implementing the program The manager determines the program's merit relative to our stated mission as well as what resources would be necessary to implement the program The manager submits the analysis to our internal Operational Review Committee, which looks at its impact facility-wide and its feasibility If it progresses past this committee, it is then evaluated by our management team, which fleshes out any of the finer details Ultimately, it is discussed at the Board of Trustees level to seek their input and approval, if necessary

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 We notify our patients of our financial assistance program through a number of methods, (1) we post the charity care policy, or a summary thereof, and financial assistance contact information in admissions areas, emergency rooms, and other areas of our facility in which eligible patients are likely to be present, (2) we provide a copy of the policy, or a summary thereof, and financial assistance contact information to patients as part of the intake process, (3) we provide a copy of the policy, or a summary thereof, and financial assistance contact information to patients with discharge materials, (4) we include the policy, or a summary thereof, along with financial assistance contact information, in patient bills, and/or (5) we discuss with the patient the availability of various government benefits, such as Medicaid or state programs, and assist the patient with qualification for such programs, where applicable

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

Part VI, Line 4 Fallon Medical Complex (FMC) is a sole community health care provider for a rural population in excess of 7,200 people spread over seven counties In addition to serving Fallon County, located in southeastern Montana, FMC also provides health care for three bordering Montana counties (Carter, Wibaux, and part of Custer) and three adjacent North Dakota counties (Slope, Golden Valley, and part of Bowman) Considered "frontier" by the Montana Department of Public Health and Human Services, this region boasts less than two residents per square mile Although Carter County operates a Critical Access Hospital and a Rural Health Clinic in Ekalaka, MT (35 miles to the south), facilities offering the next highest level of care are over 80 miles from Baker, necessitating a drive of nearly two hours in inclement weather Two primary care physicians and two physician assistants practice full time in Baker In addition, FMC's physicians supervise physician assistants in Ekalaka, MT and in Wibaux, MT Given the small size of its medical staff and the broad dispersion of its service area, FMC is federally designated as a health professional shortage area and a medically underserved area The majority of patients in FMC's service area are Caucasian (98%), older than age 45 (52%) and have graduated from high school (82%) The per capita income is about \$30,000 per year (compared to \$33,000 for all of Montana) and the unemployment rate is 2.8% (compared to 4.5%) About 15% of the population is below the Federal Poverty Level and roughly 29% of the population does not have health insurance Of those with health insurance, 22% are covered by Medicare, and 6% are covered by Medicaid Of those people on Medicaid, 21% receive mental health services Like most rural Montana areas, FMC's service area economy is largely based on agriculture Wheat and barley are major farm crops and cattle and sheep dominate the local livestock production The other major contributor towards the local economy is oil and gas exploration and extraction Many residents are employed by large energy exploration and drilling companies or smaller energy-related service companies The area recently entered the alternative energy arena when wind farms began cropping up across the wind-swept prairie

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 FMC participates in a number of building activities to improve the community For instance, for the past few years we have been cleaning up a one mile stretch of State Highway 12 that runs east/west through Baker This effort is coordinated through the Montana Department of Transportation Adopt a Highway program In addition, our CFO has been a member of the local housing board, searching for ways to address our chronic housing shortage by facilitating the construction of new housing and the renovation of existing housing From an economic development standpoint, our CFO has also been a board member of our local Southeastern Montana Revitalization Team, which is dedicated to revitalizing the economic climate in the area They are focused on building infrastructure, as well as attracting new businesses and finding ways of providing housing for incoming workers and their families In addition, in an effort to help keep local commerce alive, our Foundation Coordinator regularly participates in Baker Chamber of Commerce meetings and events To further support the community, a number of FMC employees frequently participate in disaster preparedness meetings and events through the Fallon County Local Emergency Preparedness Committee (LEPC) This group meets regularly to discuss disaster preparedness activities, to review the response of similar groups to disasters across the nation, to determine ways to enhance the effectiveness of disaster response in our area, and to conduct table top exercises that simulate potential local disasters We have also dedicated staff time and resources to acquiring knowledge in the Hospital Emergency Incident Command System (HEICS), a nationally recognized and practiced program in incident management Participation in both LEPC and HEICS also represents our collaborative efforts to address health and safety issues It assists in coalition building with other healthcare entities and emergency service providers To further provide continuity across our service area, our Chief of the Medical Staff is the County Health Officer for Carter, Fallon, and Wibaux Counties Lastly, we routinely work with the local school system to offer "Medical Explorers," which exposes students to medical professionals to ask questions and learn about healthcare careers Some years we are able to secure a patient simulator to give the students a real life experience Additionally, we allow students of all levels to request an opportunity to job shadow a healthcare professional In the past, students have observed lab techs, radiology techs, nurses, doctors and mid-levels in their daily activities of providing care for patients

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 FMC's governing Board of Trustees is fully comprised of people who reside in its service area They are not compensated for their participation on the board and they are neither employees, family members of employees, nor contractors of FMC They must be interested in, and willing to work towards, the best interests of health care in FMC's service area One of the board's responsibilities is to maintain and oversee FMC's Medical Staff As such, they are responsible for granting privileges to qualified physicians and mid-levels based on education and skills confirmed through a structured credentialing process All providers in our service area are welcome to apply for privileges to treat patients and to admit patients to our medical facilities The board is also charged with controlling and managing all of the property, affairs, and funds of FMC Since our singular purpose is to deliver quality healthcare to our patients and residents, all surplus funds are used to make improvements in our delivery of patient care, either through the purchase of new equipment, the further education of our staff, the development of new services, or the renovation of our facility, to name a few Additionally, FMC operates a foundation that exists solely to attract and manage funds from donors who would like to provide financial support This separate non-profit entity is governed by its own Board of Directors, which raises the funds, manages the investments, and determines how the funds should be spent One of their most actively managed efforts is the awarding of scholarships to students seeking healthcare careers In addition to serving on one of the two boards described above, volunteers also have many other opportunities to contribute to the well-being of our patients and residents They can choose to be a member of our organized Hospital Helpers Auxiliary, participating in daily activities and/or periodic community events They can also work in the Auxiliary's hospital gift shop, which donates all surplus funds to FMC for the purchase of new patient care equipment or development of new services Or they can offer their volunteer services independently to our patients and residents All in all, these individuals all contribute towards FMC's mission, which includes providing comfort, compassion, and excellence in the promotion of quality of life to all individuals We do not have the resources to offer specialized services or to conduct medical research But as a sole community provider, we are committed to offering 24/7 emergency care regardless of a patient's ability to pay, offering hospital inpatient and outpatient services, offering physician services through our rural health clinic & satellite clinic, offering long term alternatives, and offering care in our patient's homes

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 Total community benefit expense as a percentage of total expenses is 41%

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

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2009Department of the Treasury
Internal Revenue Service

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.

Open to Public Inspection**Name of the organization**
Fallon Medical Complex Inc**Employer identification number**

36-3808993

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

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

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?

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

<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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?

b Any related organization?

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?

b Any related organization?

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

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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
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.

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

2009

Open to Public
Inspection**SCHEDULE O**
(Form 990)**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.

Department of the Treasury
Internal Revenue Service

Name of the organization
Fallon Medical Complex Inc

Employer identification number

36-3808993

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		David Espeland and Darryl Espeland have a family relationship
Form 990, Part VI, Section A, line 6		All persons presently residing in Fallon County and all outlying areas of Fallon Medical Complex who have contributed the sum of \$100 or more shall be lifetime members of the corporation. There are no classes of membership and no stock is issued. Members have no claims to corporate income and assets and their only defined right is to vote for members of the board
Form 990, Part VI, Section A, line 7a		All members of the corporation shall be entitled to vote for vacant positions on the corporation board of trustees
Form 990, Part VI, Section B, line 11		The Form 990 is emailed to the Board of Trustees for their review and allowed to comment prior to filing
Form 990, Part VI, Section B, line 12c		The organization's policy requires a duty to disclose any conflicts annually as well as during discussions. The conflict of interest policy covers all members of the board, officers and employees. Board Members, officers and employees complete a questionnaire annually addressing potential areas of conflicts. Conflicts are determined by each individual. If a conflict arises, the board member abstains from voting on matters that gave rise to the conflict
Form 990, Part VI, Section B, line 15		The Montana Hospital Association (MHA) publishes its annual compensation data for all classifications of healthcare workers. The data pertaining to facilities comparable in size is used to determine executive and officer compensation. The Board may also choose to call their peers in other facilities to substantiate the MHA data and to confirm the appropriateness of any proposed compensation. The board votes and approves the compensation for officers such as the CEO and CFO. The decisions are documented on an annual basis when salaries are approved. This process last took place at the end of fiscal year 06/30/09, with approval of the budget
Form 990, Part VI, Section C, line 19		The organization's governing documents, conflict of interest policy and financial statements are available for inspection at the corporation's place of business upon request
Form 990, Page 1, Line C		Fallon Medical Complex, Inc is doing business under the following names: Community Clinic, Home Care Services, Fallon Memorial Hospital, Memorial Nursing Home and Wibaux Clinic

**SCHEDULE R
(Form 990)****Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

► 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.

2009**Open to Public
Inspection**Department of the Treasury
Internal Revenue Service**Name of the organization**
Fallon Medical Complex Inc**Employer identification number**
36-3808993**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
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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
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Friends of FMC Foundation

202 S 4th St W

Baker, MT 59313
43-1975486

Foundation / Fundraising

MT

501(c)(3)

Line 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) Disproportionate allocations?	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?
							Yes No		Yes No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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)

(2)

(3)

(4)

(5)

(6)

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	Yes	No