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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
TOWNER COUNTY MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address)
HIGHWAY 281 NORTH BOX 688

Room/suite

City or town, state or country, and ZIP + 4
CANDO, ND 58324

D Employer identification number
45-0425948

E Telephone number
(701) 968-4411

G Gross receipts $ 9,483,821

F Name and address of principal officer
JAC MCTAGGART
HIGHWAY 281 NORTH BOX 688
CANDO,ND 58324

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW TCMEDCENTER COM

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

L Year of formation 1992

M State of legal domicile ND

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO ACQUIRE, MAINTAIN AND FURTHER DEVELOP HOSPITAL, CLINICAL, LONG TERM CARE, AND OTHER SERVICES IN CANDO AND THE SURROUNDING AREA

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	6
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	4
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	219
6	Total number of volunteers (estimate if necessary)	**6**	8
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	30,843
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	20,210

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	369,100	240,996
9	Program service revenue (Part VIII, line 2g)	8,863,297	9,021,814
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	322	211
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	40,948	51,691
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	9,273,667	9,314,712
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	5,312,407	4,961,345
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	3,796,225	4,229,290
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	9,108,632	9,190,635
19	Revenue less expenses Subtract line 18 from line 12	165,035	124,077

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	3,758,680	4,361,060
21	Total liabilities (Part X, line 26)	4,137,116	4,615,419
22	Net assets or fund balances Subtract line 21 from line 20	-378,436	-254,359

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** 2012-05-10
Signature of officer Date

TAMMY LARSON CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name LISA CHAFFEE CPA	Preparer's signature LISA CHAFFEE CPA	Date 2012-05-10	Check if self-employed ▶☐	PTIN
Firm's name ▶ EIDE BAILLY LLP				Firm's EIN ▶
Firm's address ▶ 4310 17TH AVE S PO BOX 2545 FARGO, ND 581082545				Phone no ▶ (701) 239-8500

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☑

1 Briefly describe the organization's mission

TOTAL QUALITY COMPREHENSIVE HEALTHCARE CARING AND COMPASSIONATE HEALTH SERVICES FOR PATIENTS, RESIDENTS, FAMILIES AND HEALTHCARE WORKERS MEDICAL CARE FOR ALL LIFE STAGES DELIVERED BY A PROFESSIONAL AND EXPERT HEALTHCARE TEAM COMMITMENT TO OUR COMMUNITIES TO MAINTAIN AND ENSURE THE ONGOING PROVISION OF QUALITY HEALTH SERVICES THE VISION OF TOWNER COUNTY MEDICAL CENTER IS TO BE THE HEALTHCARE RESOURCE OF CHOICE FOR THOSE WHO SEEK COMPREHENSIVE QUALITY HEALTH SERVICES

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 $ 8,372,917 including grants of $) (Revenue $ 9,021,814)

I INTRODUCTIONTOWNER COUNTY MEDICAL CENTER WAS AQUIRED FROM THE SISTERS OF ST FRANCIS, A CATHOLIC RELIGIOUS ORDER, IN 1992 THE COMMUNITY OF CANDO WANTED TO INSURE ITSELF THAT THERE WOULD CONTINUE TO BE HEALTH CARE SERVICES AVAILABLE TO NOT ONLY THE RESIDENTS OF CANDO, BUT TO THE AREAS SURROUNDING THE COMMUNITY AS WELL SERVICE TO THE COMMUNITY AND THE SURROUNDING AREA IS A HALLMARK OF HOW WE ARE HERE THE MEDICAL CENTER PROVIDES DIAGNOSTIC AND THERAPEAUTIC TREATMENT TO ALL, REGARDLESS OF RACE, SEX, RELIGION, FINANCIAL ABILITY TO PAY, OR ANY OTHER AREA THAT COULD BE DEEMED TO BE DISCRIMINATORY IN ADDITION TO THE CORE MEDICAL SERVICES, WE ARE CONTINUALLY REACHING OUT TO SURROUNDING COMMUNITIES ASSISTING THEM IN PROMOTING A HEALTHIER COMMUNITY AS WELL II UNCOMPENSATED CARETOWNER COUNTY MEDICAL CENTER PROVIDES UNCOMPENSATED CARE TO THOSE IN NEED OF SERVICES, WHO EITHER HAVE LIMITED RESOURCES OR WHO MAY HAVE FALLEN ON HARD TIMES AND ARE IN NEED OF RELIEF IN ORDER TO GET BACK ON THEIR FEET THE AMOUNT OF TRADITIONAL UNCOMPENSATED CARE FOR THE YEAR ENDED JUNE 30, 2011 WAS $296,639, WHICH INCLUDES CHARITY CARE AND BAD DEBTS IN MANY CASES, WE BELIEVE THAT THE BAD DEBT IS IN FACT CHARITY CARE, BUT INDIVIDUALS ARE TOO PROUD TO COME IN AND REQUEST CHARITY NEW POLICIES AND PROCEDURES HAVE BEEN DEVELOPED IN AN EFFORT TO ALLOW US TO BETTER IDENTIFY THESE INDIVIDUALS, AND TO BE ABLE TO CLASSIFY THEM AS THEY SHOULD BE IN ADDITION TO UNCOMPENSATED CARE, TOWNER COUNTY MEDICAL CENTER ALSO PROVIDES DISCOUNTS TO THE MEDICARE AND MEDICAID PROGRAMS FOR THE YEAR ENDED JUNE 30, 2011 THOSE DISCOUNTS TOTALED $1,010,164

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** ▶ $ 8,372,917

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	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 lines 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**	Yes	
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)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, 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)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **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

Check if Schedule O contains a response to any question in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	29		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	219		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b	

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

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	6		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	4		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	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	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b		No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	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		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	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		No
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		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," 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 ▶

TAMMY LARSON
HIGHWAY 281 NORTH BOX 688
CANDO, ND 58324
(701) 968-2560

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

Check if Schedule O contains a response to any question in this Part VII . . . . . .☐

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, 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, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID WOLSKY PRESIDENT	1 00	X		X				0	0	0
(2) GREG WESTLIND VICE PRESIDENT	1 00	X		X				0	0	0
(3) JOANN RODENBIKER SECRETARY/TREASURER	1 00	X		X				0	0	0
(4) TOM BELZER DIRECTOR	1 00	X						0	0	0
(5) JOHN PETERS DIRECTOR	1 00	X						0	0	0
(6) MIKE FARBO DIRECTOR	1 00	X						0	0	0
(7) TERRY JORDE DIRECTOR (THRU FALL 2010)	1 00	X						0	0	0
(8) EUGENE NICHOLAS DIRECTOR	1 00	X						0	0	0
(9) JAC MCTAGGART CEO	45 00			X				132,802	0	14,348
(10) TAMMY LARSON CFO	45 00			X				73,305	0	5,497
(11) JACQUALINE HOLLEVOET PHYSICIAN ASSISTANT	45 00					X		116,185	0	2,318
(12) RUSSELL PETTY MD	45 00					X		141,124	0	14,310
(13) ROBERT HAMILTON MD	45 00					X		133,631	0	3,256
(14) BASEM FANOUS MD	45 00					X		211,759	0	11,341

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								808,806	0	51,070

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 ▶ 5

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
EMPIRE CONSULTANTS INC 3665 YUMA LANE N PLYMOUTH, MN 55446	CONTRACTED LOCUM FEES	118,580

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 ▶ 1

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				
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	240,996			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		240,996			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUE	622110	5,993,692	5,993,692		
	b NURSING HOME REVENUE	623000	2,384,186	2,384,186		
	c MISCELLANEOUS REVENUE	900099	554,712	554,712		
	d CONTRACTED SERVICES -	900099	51,600	51,600		
	e MISC MEDICAL SERVICES	900099	37,624	37,624		
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		9,021,814			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		211			211
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	200,280	20,520			
	b Less rental expenses	164,776	4,333			
	c Rental income or (loss)	35,504	16,187			
	d Net rental income or (loss) . . . . . ▶			51,691		30,843	20,848
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses					
	c Gain or (loss)					
	d Net gain or (loss) . . . . . ▶					
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	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 . . . ▶		9,314,712	9,021,814	30,843	21,059

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	240,144	12,007	228,137	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	34,747	34,747		
7 Other salaries and wages	3,951,638	3,736,020	215,618	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	89,865	84,294	5,571	
9 Other employee benefits	359,180	342,029	17,151	
10 Payroll taxes	285,771	257,245	28,526	
a Fees for services (non-employees) Management				
b Legal	14,434		14,434	
c Accounting	39,255		39,255	
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	1,454,803	1,417,957	36,846	
12 Advertising and promotion	69,510	10,798	58,712	
13 Office expenses	1,041,261	954,967	86,294	
14 Information technology	52,429	14,199	38,230	
15 Royalties				
16 Occupancy	858,920	858,920		
17 Travel	50,692	38,865	11,827	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	27,440	24,511	2,929	
20 Interest	39,282	39,282		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	103,631	103,631		
23 Insurance	129,292	129,292		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a BAD DEBT EXPENSE	284,199	284,199		
b SUBSCRIPTIONS AND DUES	54,646	28,493	26,153	
c				
d				
e				
f All other expenses	9,496	1,461	8,035	
25 **Total functional expenses.** Add lines 1 through 24f	9,190,635	8,372,917	817,718	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) 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			1	
	2	Savings and temporary cash investments		243,244	2	420,965
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,186,853	4	1,235,371
	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)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		136,281	8	113,499
	9	Prepaid expenses and deferred charges		14,361	9	32,759
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 4,144,073			
	b	Less accumulated depreciation	10b 1,772,280	2,011,332	10c	2,371,793
	11	Investments—publicly traded securities		17,809	11	17,873
	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		148,800	15	168,800
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		3,758,680	16	4,361,060
Liabilities	17	Accounts payable and accrued expenses		1,061,839	17	1,395,368
	18	Grants payable			18	
	19	Deferred revenue			19	65,846
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		8,914	21	7,397
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		1,026,508	22	948,396
	23	Secured mortgages and notes payable to unrelated third parties		1,148,622	23	1,657,327
	24	Unsecured notes and loans payable to unrelated third parties		154,427	24	154,427
	25	Other liabilities Complete Part X of Schedule D		736,806	25	386,658
	26	**Total liabilities.** Add lines 17 through 25		4,137,116	26	4,615,419
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		-378,436	27	-254,359
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		-378,436	33	-254,359
	34	Total liabilities and net assets/fund balances		3,758,680	34	4,361,060

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	9,314,712
2	Total expenses (must equal Part IX, column (A), line 25)	2	9,190,635
3	Revenue less expenses Subtract line 2 from line 1	3	124,077
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	-378,436
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	-254,359

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
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	2c		No
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 separate basis, consolidated 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?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TOWNER COUNTY MEDICAL CENTER INC

Employer identification number
45-0425948

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

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

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

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

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 331/3% 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 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** 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—2009.** 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—2010.** 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—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2009 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	17
18	Investment income percentage from **2009** Schedule A, Part III, line 17	18

19a **33 1/3% support tests—2010.** 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—2009.** 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 explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TOWNER COUNTY MEDICAL CENTER INC

Employer identification number
45-0425948

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
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	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
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part 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
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

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

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

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

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

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	16,000			16,000
b Buildings	1,942,990		582,894	1,360,096
c Leasehold improvements				
d Equipment	78,940	1,701,479	1,189,386	591,033
e Other		404,664		404,664
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				2,371,793

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
(1) Financial derivatives		
(2) 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.

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
CAPITAL LEASE OBLIGATIONS	96,132
RELATED PARTY PAYABLE	290,526
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	386,658

2. Fin 48 (ASC 740) 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 (ASC740)

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	9,314,712
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	9,190,635
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	124,077
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	124,077

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	9,314,712
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	9,314,712
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	9,314,712

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

1	Total expenses and losses per audited financial statements			1	9,190,635
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	9,190,635
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	9,190,635

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 ORGANIZATION HOLDS FUNDS UNDER AN AGENCY RELATIONSHIP FOR THE RESIDENTS OF THE LONG-TERM NURSING CARE FACILITY THESE FUNDS ARE INCLUDED IN CASH WITH A CORRESPONDING LIABILITY IN ACCOUNTS PAYABLE FUNDS HELD TOTALED $7,397 AND $8,914 AS OF JUNE 30, 2011 AND 2010
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE MEDICAL CENTER IS ORGANIZED AS A NORTH DAKOTA NONPROFIT CORPORATION AND HAS BEEN RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS EXEMPT FROM FEDERAL INCOME TAXES UNDER INTERNAL REVENUE CODE SECTION 501(C)(3) THE MEDICAL CENTER UNDERGOES ANNUAL ANALYSIS OF THEIR VARIOUS TAX POSITIONS, ASSESSING THE LIKELIHOOD OF THESE POSITIONS BEING UPHELD UPON EXAMINATION OF RELEVANT TAX AUTHORITIES, AS DEFINED BY THE ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA THE MEDICAL CENTER BELIEVES THAT THEY ARE COMPLIANT WITH ALL IRS TAX REGULATIONS AND AS OF JUNE 30, 2011 HAS NOT RECORDED A TAX LIABILITY FOR A TAX UNCERTAINTY THE ORGANIZATION WILL RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS IN INCOME TAX EXPENSE IF INCURRED

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TOWNER COUNTY MEDICAL CENTER INC

Employer identification number
45-0425948

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			5,201		5,201	0 060 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			1,682,402	1,653,320	29,082	0 330 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			1,687,603	1,653,320	34,283	0 390 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			20,390	9,800	10,590	0 120 %
f Health professions education (from Worksheet 5)			23,800		23,800	0 270 %
g Subsidized health services (from Worksheet 6)			2,557,542	1,596,189	961,353	10 790 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j **Total** Other Benefits			2,601,732	1,605,989	995,743	11 180 %
k **Total.** Add lines 7d and 7j			4,289,335	3,259,309	1,030,026	11 570 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	118,824		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	47,003		
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 a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	1,832,898		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,816,944		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	15,954		
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?	9a	Yes		
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	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					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	TOWNER COUNTY MEDICAL CENTER HIGHWAY 281 NORTH BOX 688 CANDO,ND 58324	X	X			X		X		

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **3**

	Name and address	Type of Facility (Describe)
1	TOWNER COUNTY LIVING CENTER HIGHWAY 281 NORTH CANDO,ND 58324	LICENSED NURSING HOME
2	TOWNER COUNTY LIVING CENTER HIGHWAY 281 NORTH CANDO,ND 58324	LICENSED NURSING HOME
3	TOWNER COUNTY LIVING CENTER HIGHWAY 281 NORTH CANDO,ND 58324	LICENSED NURSING HOME
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE WAS CONVERTED TO COST ON LINE 7A USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 PART I, LINE 7B THE MEDICAID COST REPORT WAS USED TO CALCULATE THE AMOUNT OF UNREIMBURSED MEDICAID PART I, LINE 7E THIS AMOUNT INCLUDES HEALTH FAIR ACTUAL EXPENSES FOR SUPPLIES AND SALARIED EMPLOYEE TIME IN ADDITION, THE AMOUNT INCLUDES THE COST OF WELLNESS SCREENINGS THERE WERE 392 SCREENINGS COMPLETED AT AN ESTIMATED COST OF $25 PER SCREENING PART I, LINE 7F THIS AMOUNT WAS CALCULATED BY TAKING THE TOTAL SALARY AND BENEFITS OF THE NURSE PRACTITIONER AND MULTIPLYING THAT AMOUNT BY 35%, WHICH IS THE PERCENTAGE OF TIME TCMC CONSIDERED AS AN EDUCATION COST THAT AMOUNT WAS THEN MULTIPLIED BY 75%, WHICH IS THE AMOUNT OF TIME THE MEDICAL STUDENT WAS WITH THE TCMC NURSE PRACTITIONER (SEPT 2010 - MAY 2011)

Identifier	ReturnReference	Explanation
		PART I, LINE 7G TOWNER COUNTY MEDICAL CENTER OPERATES TWO CLINICS AND ONE EMERGENCY ROOM IN THEIR SERVICE AREA THE COST INCLUDED IN LINE 7G ATTRIBUTABLE TO THE PHYSICIAN CLINIC IS $966,173 THE COSTS INCLUDED IN LINE 7G ATTRIBUTABLE TO THE RURAL HEALTH CLNIC IS $1,079,268

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) FOR THE PURPOSE OF CALCULATING THE PERCENTAGE ON PART I, LINE 7F, $284,199 OF BAD DEBT EXPENSE WAS BACKED OUT OF TOTAL OPERATING EXPENSES

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE WAS CONVERTED TO COST USING THE RATIO OF PATIENT CARE COST TO CHARGES CALCULATED USING WORKSHEET 2 THE METHODOLOGY FOR DETERMINING THE AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS THAT WOULD BE ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS CALCULATED BY KEEPING A LIST OF ALL CHARITY CARE APPLICATIONS THAT WERE SENT OUT AND THE DOLLAR AMOUNT OF THOSE ACCOUNTS THAT ENDED UP GOING TO BAD DEBT BECAUSE THE APPLICATIONS WERE NEVER COMPLETED FINANCIAL STATEMENT FOOTNOTE FOR BAD DEBT EXPENSE THE CARRYING AMOUNT OF PATIENT AND RESIDENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S BEST ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS, RESIDENTS, AND THIRD-PARTY PAYORS 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 AND RESIDENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERS HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COST IS BASED ON THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS SET FORTH BY CMS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B AFTER A PATIENT RECEIVES TWO STATEMENTS WITHOUT MAKING A PAYMENT, TCMC WILL CALL THE PATIENT TO DISCUSS THEIR PAST DUE ACCOUNT AFTER THE THIRD STATEMENT IS SENT OUT THE PATIENT ALSO RECEIVES A WRITTEN NOTICE SAYING THEY ARE BEING SENT TO COLLECTIONS THIS NOTICE ALSO PROVIDES A NUMBER FOR THEM TO CONTACT TCMC ABOUT THEIR PAST DUE ACCOUNT IF THE PATIENT DOES GET IN CONTACT WITH TCMC THEY WILL OFFER THE PATIENT CHARITY CARE AT THAT TIME AND THE PATIENT WILL NEED TO COMPLETE THE STEPS TO SEE IF THEY QUALIFY FOR CHARITY CARE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 IN 2008, A MARKET ANALYSIS STUDY WAS DONE TO PROJECT SERVICES NEEDED FOR THE AREA LETTERS WERE ALSO SENT OUT TO RESIDENTS IN THE COMMUNITY TO GET THEIR INPUT AS TO WHAT SERVICES THEY WOULD LIKE TO SEE THE PHYSICIANS ARE ABLE TO MAKE SUGGESTIONS TO THE HOSPITAL FOR ADDITIONAL NEEDS OF SERVICE IN THE COMMUNITY A COMMUNITY SURVEY WAS CONDUCTED IN 2011 TO ASSESS COMMUNITY NEEDS THE TCMC IS CURRENTLY IN DISCUSSIONS WITH THE PUBLIC HEALTH DEPARTMENT TO ASSIST IN THE COMPLETION OF THE ASSESSMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 TOWNER COUNTY MEDICAL CENTER POSTS ITS CHARITY CARE POLICY, OR A SUMMARY THEREOF, AND FINANCIAL ASSISTANCE CONTACT INFORMATION IN ADMISSIONS AREAS, INCLUDES THE POLICY, OR A SUMMARY THEREOF, ALONG WITH FINANCIAL ASSISTANCE CONTACT INFORMATION IN PATIENT BILLS, AND/OR DISCUSSES WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS, AND ASSISTS THE PATIENT WITH QUALIFICATION FOR SUCH PROGRAMS, WHERE APPLICABLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE COMMUNITY TOWNER COUNTY MEDICAL CENTER (TCMC) SERVES IS RURAL WITH AN ESTIMATED POPULATION OF 2,246 PEOPLE, 24 5% OF THIS IS SENIOR POPULATION AGED 65 AND OLDER THE MEDIAN HOUSEHOLD INCOME IS $45,500 AND THE AVERAGE HOUSEHOLD SIZE IS 2 31 12 1% OF THE PATIENTS WHO RECEIVED SERVICES IN 2010 WERE UNINSURED OR MEDICAID RECIPIENTS THERE ARE TWO HOSPITALS WITHIN 40-55 MILES OF TOWNER COUNTY MEDICAL CENTER ONE IS IN ROLLA, WHICH IS WITHIN 10 MILES FROM THE TURTLE MOUNTAIN INDIAN RESERVATION THE OTHER IS IN DEVILS LAKE WHICH IS WITHIN 10 MILES FROM THE SPIRIT LAKE INDIAN RESERVATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 TOWNER COUNTY MEDICAL CENTER'S BOARD OF DIRECTORS IS COMPRISED OF VOLUNTEERS THAT RESIDE IN THE COMMUNITY TCMC WOULD EXTEND MEDICAL PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE HOSPITAL TO PRACTICE, ALTHOUGH THERE ARE CURRENTLY NO OTHER PHYSICIANS IN THE COMMUNITY ANY SURPLUS FUNDS, IF AVAILABLE, ARE USED TO IMPROVE PATIENT CARE AND ADD ADDITIONAL PATIENT SERVICES RECENT ADDITIONAL SERVICES ADDED HAVE BEEN SLEEP STUDIES, E-EMERGENCY, TELEPHARMACY TCMC PROVIDES SPECIALTY CARDIAC REHAB, CANCER OUTPATIENT SERVICES, AND OPERATES EMERGENCY ROOM REGARDLESS OF ABILITY TO PAY TCMC IS THE SOLE COMMUNITY PROVIDER OF HEALTHCARE SERVICES IN THIS COMMUNITY COMMUNITY OUTREACH WITH PUBLIC ENTITIESTOWNER COUNTY WAS THE LAST COUNTY IN THE STATE OF NORTH DAKOTA TO NOT HAVE A COUNTY PUBLIC HEALTH OFFICE IN CONJUNCTION WITH THE COUNTY, TOWNER COUNTY MEDICAL CENTER TOOK ON THE RESPONSIBILITY OF STARTING UP THE PUBLIC HEALTH OFFICE THE PROGRAM, WHICH IS FUNDED BY TOWNER COUNTY AND THROUGH GRANTS PROVIDES MANY SERVICES, SUCH AS IMMUNIZATIONS, BABY CHECKS, CAR SEATS AND OTHER SERVICES, TO THOSE IN NEED IT IS THROUGH COOPERATION, SUCH AS THIS, THAT TOWNER COUNTY MEDICAL CENTER IS ABLE TO REACH OUT AND PROVIDE SERVICES TO THOSE MOST IN NEED, WHO MAY NOT OTHERWISE BE ABLE TO RECEIVE THESE TYPES OF PREVENTATIVE SERVICES COMMUNITY OUTREACH FOR THE BROADER COMMUNITYTOWNER COUNTY MEDICAL CENTER OFFERS A NUMBER OF SERVICES TO INDIVIDUALS IN THE REGION AIMED AT PROVIDING PREVENTATIVE SERVICES, EDUCATIONAL SERVICES AND CHRONIC CARE MANAGEMENT SERVICES FOOT CARE - TOWNER COUNTY MEDICAL CENTER ROUTINELY PROVIDES FOOT CARE CLINICS FOR THE ELDERLY, BOTH HERE IN CANDO AND IN THE OUTLYING AREAS UPON REQUEST SENIOR MEALS/SENIOR CENTER - TOWNER COUNTY MEDICAL CENTER PROVIDES SENIOR MEALS SENIORS EITHER COME TO THE MEDICAL CENTER TO EAT THEIR LUNCHES OR THEY ARE TAKEN OUT TO THEM THROUGH THE USE OF VOLUNTEERS IN ADDITION TO THE MEALS, TOWNER COUNTY MEDICAL CENTER ALSO OFFERS ITS CONFERENCE ROOM AS A GATHERING PLACE FOR THE SENIORS IN THE COMMUNITY AND AREA TO COME SOCIALIZE, PLAY CARDS OR TO HAVE OTHER EVENTS THE USE OF THE SPACE IS WEEKLY AND THERE IS NO COST TO THE SENIORS FOR THE USE OF THIS SPACE MEDICAL EDUCATION - TOWNER COUNTY MEDICAL CENTER SERVES AS AN ACTIVE PARTICIPANT IN THE UNIVERSITY OF NORTH DAKOTA MEDICAL SCHOOL TRAINING PROGRAM SERVING AS A SITE FOR VARIOUS MEDICAL STUDENTS, WE ALSO SERVE AS A CLINICAL SITE FOR NURSES IN TRAINING, CERTIFIED NURSING ASSISTANT IN TRAINING, AND FOR OTHER FIELDS IN WHICH WE HAVE APPROPRIATELY TRAINED STAFF AND FACILITIES TO ASSIST IN THE TRAINING PROCESS HEALTH FAIR - TOWNER COUNTY MEDICAL CENTER HOLDS AN ANNUAL HEALTH FAIR LAB WELLNESS SCREENINGS, BLOOD PRESSURE CHECKS, AND OTHER SERVICES ARE DONE THERE ARE BOOTHS SET UP ALL IN RELATION TO THE SERVICES THAT ARE PROVIDED AT TOWNER COUNTY MEDICAL CENTER OTHER - WE ENCOURAGE PHYSICIANS AND OTHER STAFF TO BE ACTIVE PARTICIPANTS IN THE COMMUNITY WE HAVE STAFF ACTIVELY INVOLVED IN ECONOMIC DEVELOPMENT, IN YOUTH SPORTS, IN THE FINE ARTS, AND IN COMMUNITY LEADERSHIP POSITIONS IT IS THROUGH THIS ACTIVE PARTNERSHIP THAT TOWNER COUNTY MEDICAL CENTER IS ABLE TO CONTRIBUTE TO THE COMMUNITY TO MAKE IT A BETTER PLACE TO LIVE AND AN AREA THAT PEOPLE DESIRE TO MOVE TO

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TOWNER COUNTY MEDICAL CENTER INC

Employer identification number
45-0425948

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) RUSSELL PETTY	(i)	119,715	21,409	0	2,682	13,388	157,194	0
	(ii)	0	0	0	0	0	0	0
(2) BASEM FANOUS	(i)	78,028	133,731	0	3,785	8,790	224,334	0
	(ii)	0	0	0	0	0	0	0
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 7	THE DOCTORS EARN PRODUCTION PAY BASED ON WHAT IS STATED IN EACH OF THEIR CONTRACTS THEY ARE EITHER PAID ON A WORK RVU OR ON A PERCENTAGE OF PRODUCTION AFTER A CERTAIN MINIMUM DOLLAR AMOUNT IS MET

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TOWNER COUNTY MEDICAL CENTER INC

Employer identification number
45-0425948

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

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

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
(1) FIRST STATE BANK OF CANDO RESIDENTIAL ADDICTION TREATMENT CENTER	X		1,022,943	924,267		No	Yes		Yes	
(2) FIRST STATE BANK OF CANDO RESIDENTIAL ADDICTION TREATMENT CENTER	X		36,193	24,129		No	Yes		Yes	
Total . . . . . ▶ $				948,396						

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JANET WESTLIND	WIFE OF BOARD MEMBER, GREG WESTLIND	34,747	WAGES PAID		No

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TOWNER COUNTY MEDICAL CENTER INC

Employer identification number
45-0425948

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		EUGENE NICHOLAS AND TERRY JORDE HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE HOSPITAL IS A MEMBERSHIP CORPORATION THE MEMBERSHIP IS MADE UP OF CLASS A MEMBERS OF THE TOWNER COUNTY HOSPITAL AUTHORITY

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE BOARD OF DIRECTORS IS ELECTED BY THE MEMBERSHIP AT ITS ANNUAL MEETING

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		AMENDMENTS TO THE BYLAWS BY A MAJORITY OF THE BOARD OF DIRECTORS MUST BE RATIFIED BY THE CLASS A MEMBERSHIP AT THE NEXT SUCCEEDING ANNUAL MEETING

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 8B		THERE WERE NO COMMITTEES WITH AUTHORITY TO ACT ON BEHALF OF THE FULL BOARD

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE CFO AND CEO WILL REVIEW A DRAFT OF THE 990 THE 990 WILL BE PRESENTED TO THE BOARD OF DIRECTORS FOR THEIR APPROVAL PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE CEO, CFO AND BOARD MEMBERS ANNUALLY DISCLOSE ANY INTERESTS THAT COULD GIVE RISE TO CONFLICTS THE CEO REVIEWS THE RESPONSES ANY MEMBER OF THE BOARD OF DIRECTORS HAVING A CONFLICT OF INTEREST ON ANY MATTER SHOULD NOT VOTE OR USE HIS/HER PERSONAL INFLUENCE ON THE MATTER ANY CONFLICT OF INTEREST IS DISCLOSED AND MADE A MATTER OF RECORD THROUGH AN ANNUAL PROCEDURE APPROVED BY THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15A	A REVIEW AND EVALUATION WAS PERFORMED BY THE BOARD OF DIRECTORS AND AN OUTSIDE CONSULTANT FOR THE CEO IN MARCH OF 2010 COMPARABLE COMPENSATION DATA WAS USED FOR COMPENSATION AND BENEFITS THE CFO'S COMPENSATION IS APPROVED BY THE CEO

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
TOWNER COUNTY MEDICAL CENTER INC

Employer identification number
45-0425948

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

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) TOWNER COUNTY LIVING CENTER HIGHWAY 281 NORTH CANDO, ND 58324 45-0422204	LEASING OF CONGREGATE CARE AND LONG TERM CARE FACILITIES	ND	501(C)(3)	LINE 11A, I	TOWNER COUNTY MEDICAL CENTER INC	Yes	
(2) TOWNER COUNTY HOSPITAL AUTHORITY HIGHWAY 281 NORTH CANDO, ND 58324 45-0423303	FURNISHING OF HEALTH CARE FACILITIES AND EQUIPMENT	ND	501(C)(3)	LINE 7	N/A		No

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

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

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, 35A, or 36.)

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**	**No**
b	Gift, grant, or capital contribution to other organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from other organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for other organization(s)	**1d**	**No**
e	Loans or loan guarantees by other organization(s)	**1e**	**No**
f	Sale of assets to other organization(s)	**1f**	**No**
g	Purchase of assets from other organization(s)	**1g**	**No**
h	Exchange of assets	**1h**	**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**	**No**
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	**Yes**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	**No**
n	Sharing of paid employees	**1n**	**No**
o	Reimbursement paid to other organization for expenses	**1o**	**No**
p	Reimbursement paid by other organization for expenses	**1p**	**No**
q	Other transfer of cash or property to other organization(s)	**1q**	**No**
r	Other transfer of cash or property from other organization(s)	**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	(d) Method of determining amount involved
(1)	TOWNER COUNTY LIVING CENTER	J	342,000	GENERAL LEDGER
(2)		J		
(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) Disproprtionate 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

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation

Consolidated Financial Statements
June 30, 2011 and 2010

Towner County Medical Center, Inc. and Subsidiary
Cando, North Dakota

Towner County Medical Center, Inc. and Subsidiary

Table of Contents

June 30, 2011 and 2010

Independent Auditor's Report

The Board of Directors
Towner County Medical Center, Inc and Subsidiary
Cando, North Dakota

We have audited the accompanying consolidated balance sheets of Towner County Medical Center, Inc and Subsidiary as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net deficits and cash flows for the years then ended These financial statements are the responsibility of the Medical Center's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Towner County Medical Center, Inc and Subsidiary's internal control over financial reporting Accordingly, we do not express such an opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Towner County Medical Center, Inc and Subsidiary as of June 30, 2011 and 2010, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Eide Bailly LLP

Fargo, North Dakota
September 29, 2011

Towner County Medical Center, Inc. and Subsidiary
Consolidated Balance Sheets
June 30, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 423,625	$ 277,749
Assets limited as to use	230,712	241,990
Receivables		
Patient and resident receivables, net of estimated uncollectibles of $733,000 in 2011 and $587,000 in 2010	1,235,371	871,853
Estimated third-party payor settlements	20,000	315,000
Supplies	113,499	136,281
Prepaid expenses	32,759	14,361
Total current assets	2,055,966	1,857,234
Assets Limited as to Use, Under Indenture Agreements	350,000	350,000
Property and Equipment, Net	2,554,637	2,281,363
Other Assets		
Note receivable	148,800	148,800
Rental property, net of accumulated depreciation of $582,894 in 2011 and $486,937 in 2010	1,455,036	1,546,205
Deferred financing costs, net of accumulated amortization of $69,191 in 2011 and $65,169 in 2010	33,816	37,838
Total other assets	1,637,652	1,732,843
Total assets	$ 6,598,255	$ 6,221,440
Liabilities and Net Deficit		
Current Liabilities		
Note payable	$ 716,980	$ 810,000
Current maturities of long-term debt	492,302	388,042
Accounts payable		
Trade	821,616	565,166
Construction payable	60,428	-
Towner County Hospital Authority	75,991	453,175
Accrued expenses		
Salaries and wages	239,937	235,722
Vacation	235,680	240,702
Payroll taxes and other	45,104	30,153
Interest	80,295	84,540
Deferred revenue	65,846	-
Total current liabilities	2,834,179	2,807,500
Long-Term Debt, Less Current Maturities	4,372,434	4,140,567
Total liabilities	7,206,613	6,948,067
Net Deficit - Unrestricted	(608,358)	(726,627)
Total liabilities and net deficit	$ 6,598,255	$ 6,221,440

Towner County Medical Center, Inc. and Subsidiary
Consolidated Statements of Operations and Changes in Net Deficit
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Revenues, Gains, and Other Support		
Net patient and resident service revenue	$ 8,377,878	$ 8,713,777
Independent living revenue	120,810	116,985
Other revenue	157,586	141,303
Total revenues, gains, and other support	8,656,274	8,972,065
Expenses		
Nursing services	2,470,356	2,318,367
Other professional services	3,256,336	3,381,455
General services	1,401,361	1,363,419
Administrative and fiscal services	1,334,753	1,330,071
Depreciation and amortization	292,347	289,851
Interest	234,358	255,628
Provision for bad debts	284,199	256,834
Total expenses	9,273,710	9,195,625
Operating Loss	(617,436)	(223,560)
Other Income (Expense)		
Investment income	241	9,749
Unrestricted gifts and other	98,204	272,507
Rental income	205,200	205,200
Rental property interest expense	(73,153)	(83,424)
Rental property depreciation	(95,956)	(96,428)
Gain on forgiveness of Towner County Hospital Authority payable	453,174	-
Sale of nursing home bed licenses	-	25,000
Other income, net	587,710	332,604
Revenues in Excess of (Less Than) Expense	(29,726)	109,044
Contributions and Grants for Long-Lived Assets	147,995	91,675
Decrease in Unrestricted Net Deficit	118,269	200,719
Net Deficit, Beginning of Period	(726,627)	(927,346)
Net Deficit, End of Period	$ (608,358)	$ (726,627)

Towner County Medical Center, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Operating Activities		
Change in net deficit	$ 118,269	$ 200,719
Adjustments to reconcile change in net deficit to net cash from operating activities		
Depreciation and amortization	292,347	289,851
Depreciation on rental property	95,956	96,428
Amortization of original issue discount	1,968	2,054
Changes in assets and liabilities		
Receivables	(68,518)	144,148
Supplies	22,782	(2,636)
Prepaid expenses	(18,398)	17,145
Accounts payable	(120,734)	(76,837)
Accrued expenses	75,745	(23,452)
Net Cash From Operating Activities	399,417	647,420
Investing Activities		
Construction and purchase of property and equipment	(561,923)	(196,999)
Decrease in assets limited as to use	11,278	28,984
Improvements on rental property	(4,788)	-
Net Cash Used For Investing Activities	(555,433)	(168,015)
Financing Activities		
Proceeds from issuance of long-term debt	694,885	-
Increase in construction payables	60,428	-
Net repayment on note payable	(93,020)	(240,000)
Repayment of long-term debt	(360,401)	(290,440)
Net Cash From (Used For) Financing Activities	301,892	(530,440)
Net Increase (Decrease) in Cash and Cash Equivalents	145,876	(51,035)
Cash and Cash Equivalents, Beginning of Period	277,749	328,784
Cash and Cash Equivalents, End of Period	$ 423,625	$ 277,749
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 311,756	$ 342,924
Supplemental Disclosure of Non-Cash Operating Activities		
Gain on forgiveness of related party payable	$ 453,174	$ -

Note 1 - Organization and Significant Accounting Policies

Organization

Towner County Medical Center, Inc. and Subsidiary (Medical Center) operates a 20-bed acute care hospital, a 40-bed long-term care facility, a 10-bed basic care facility, and physician clinics in Cando and Devils Lake, North Dakota. The purpose of the Medical Center is to acquire, maintain, and further develop hospital, long-term care, clinical, and other services as appropriate within its service area. The members of the Medical Center are the members of Towner County Hospital Authority (Authority), which was organized to promote health care services in the Cando, North Dakota area.

Towner County Living Center, Inc. (Living Center), operates a 10-unit congregate housing complex, located in Cando, North Dakota, primarily for the aged, and owns the 40-bed long-term care facility, which is leased to the Medical Center. The Medical Center is the sole member of the Living Center.

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center and Living Center (collectively referred to as the Organization). All significant intercompany accounts and transactions have been eliminated in the consolidation.

Financial Statements

The Organization is affiliated with the Authority. These financial statements include only the operations of the Organization.

Income Taxes

The Medical Center and Living Center are organized as North Dakota nonprofit corporations and have been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Medical Center and Living Center undergo annual analysis of their various tax positions, assessing the likelihood of these positions being upheld upon examination of relevant tax authorities, as defined by the accounting principles generally accepted in the United States of America. The Medical Center and Living Center believe that they are compliant with all IRS tax regulations and as of June 30, 2011 has not recorded a tax liability for a tax uncertainty. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident, and third-party payor obligations Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim

The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients, residents, and third-party payors 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 and residents due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision

Notes Receivable

Notes receivable are stated at principal amounts plus accrued interest and are uncollateralized Payments of notes receivable are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance Management reviews all notes receivable periodically and estimates a portion, if any, of the balance that may not be collected

Supplies

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

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of (less than) expenses the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from expenses in excess of (less than) revenues unless the investments are trading securities

Assets Limited as to Use

Assets limited as to use consist of assets set aside by the Board of Directors for self-funded unemployment insurance over which the Board retains control and may, at its discretion, subsequently use for other purposes and assets held by a trustee under bond indenture agreements Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets

Property and Equipment

Property and equipment acquisitions in excess of $1,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. The estimated useful lives are as follows:

	Estimated Useful Lives
Land improvements	8-20 years
Buildings	10-40 years
Equipment	5-15 years

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

Deferred Financing Costs and Original Issue Discount

The deferred financing costs and original issue discount related to the Series 1997 Bonds are being amortized over the life of the bonds using the bonds outstanding method.

Resident Trust Funds

The Organization holds funds under an agency relationship for the residents of the long-term nursing care facility. These funds are included in cash with a corresponding liability in accounts payable. Funds held totaled $7,397 and $8,914 as of June 30, 2011 and 2010.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. At June 30, 2011 and 2010, the Organization did not have temporarily or permanently restricted net assets.

Revenues in Excess of (Less Than) Expenses

Revenues in excess of (less than) expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Net Patient and Resident Service Revenue

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

Rental Revenue

Rental revenue consists of rents, set by the Living Center Board, from tenants under rental agreements and from the Center for Solutions under a lease agreement

Charity Care

To fulfill its mission of community service, the Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue

Donor-restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted gifts and donations in the statement of operations

Advertising Costs

Advertising costs are expensed as incurred

Note 2 - Charity Care

The Medical Center maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics The amount of charges foregone, based on established rates, was $12,440 and $30,097 for the years ended June 30, 2011 and 2010

Note 3 - Net Patient and Resident Service Revenue

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

Medicare The Medical Center is a licensed as a Critical Access Hospital (CAH) The Medical Center is reimbursed for most acute care services at cost plus one percent with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare intermediary Certain services are subject to cost limits or fee schedules The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2009 The Medical Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Medical Center Clinic services are paid on a fixed fee schedule or on a cost related basis

Medicaid Inpatient and outpatient services provided to Medicaid program beneficiaries are paid on a cost related basis Inpatient services are reimbursed using Medicare interim per diem rates, decreased by one percent, and outpatient services are paid at the Medicare interim payment rates Final cost settlements are determined based on the audited Medicare cost report Clinical services are paid on a fixed fee schedule or on a cost related basis

Blue Cross Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount The prospectively determined discount is not subject to retroactive adjustment Clinical services are paid on a fixed fee schedule

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

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Resident service revenue is reported at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by North Dakota Department of Human Services regulations These rates are subject to retroactive adjustment by field audit The Medical Center participates in the Medicare program for which payment for services is made on a prospectively determined per diem rate which varies based on a case-mix adjusted patient classification system

Net patient and resident service revenue for the years ended June 30, 2011 and 2010 consists of the following

	2011	2010
Hospital patient service revenue	$ 4,922,252	$ 5,231,461
Cando Clinic patient service revenue	1,699,450	1,624,207
Devils Lake Clinic patient service revenue	1,536,347	1,443,467
Chiropractic patient service revenue	209,094	235,773
Long-term care resident service revenue	2,393,431	2,572,107
Total patient and resident service revenue	10,760,574	11,107,015
Contractual adjustments		
Hospital		
Medicare	(946,045)	(696,564)
Medicaid	(64,119)	(176,727)
Other	(371,798)	(426,236)
Clinic	(998,984)	(1,036,799)
Chiropractic	7,495	(7,740)
Long-term care	(9,245)	(49,172)
Total contractual adjustments	(2,382,696)	(2,393,238)
Net patient and resident service revenue	$ 8,377,878	$ 8,713,777

Note 4 - Assets Limited as to use and Investment Income

The composition of assets limited as to use at June 30, 2011 and 2010 is shown in the following table Investments are stated at fair value

	2011	2010
Held by Board for self-funded unemployment insurance		
Cash and cash equivalents	$ 17,873	$ 17,809
Held by trustee under bond indenture agreements		
Cash and cash equivalents	562,839	574,181
Total assets limited as to use	580,712	591,990
Less amount shown as current	(230,712)	(241,990)
	$ 350,000	$ 350,000

Investment Income

Investment income, primarily interest income, on assets limited as to use and cash equivalents for the year ended June 30, 2011 and 2010 was $241 and $9,749

Note 5 - Property and Equipment

A summary of property and equipment at June 30, 2011 and 2010 follows

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and buildings	$ 4,296,702	$ 2,669,338	$ 4,292,333	$ 2,487,915
Equipment	1,826,563	1,303,954	1,675,966	1,199,021
Construction in progress	404,664	-	-	-
	$ 6,527,929	$ 3,973,292	$ 5,968,299	$ 3,686,936
Net property and equipment		$ 2,554,637		$ 2,281,363

The construction in progress relates to the implementation of the electronic medical record software system The project is expected to meet meaningful use around April 2012 The estimated cost to complete the implementation is around $195,000 The Medical Center will fund the project through debt financing obtained through the State of North Dakota

Note 6 - Rental Property

A summary of rental property and equipment at June 30, 2011 and 2010 follows

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Center For Solutions				
Land and building	$ 1,808,246	$ 440,557	$ 1,808,246	359,875
Capital equipment	78,940	71,074	78,940	66,738
Other rental property	150,744	71,263	145,956	60,324
	$ 2,037,930	$ 582,894	$ 2,033,142	$ 486,937
Net rental property		$ 1,455,036		$ 1,546,205

Note 7 - Leases

Capital Leases

The Medical Center leases certain equipment under a noncancelable long-term capital lease agreements The capitalized leased assets at June 30, 2011 and 2010 consists of

	2011	2010
Major movable equipment	$ 178,502	$ 178,502
Less accumulated amortization (included as depreciation on the accompanying financial statements)	(75,068)	(46,467)
	$ 103,434	$ 132,035

Minimum future lease payments for the capital leases are as follows

Year Ending June 30,	Amount
2012	$ 44,570
2013	44,570
2014	14,198
	103,338
Less interest	(7,206)
Present value of minimum lease payments - Note 8	$ 96,132

Operating Lease

The Medical Center has an operating lease agreement with Center for Solutions, PC, an unrelated party, under which the Medical Center leases property and equipment of the residential addiction treatment center to Center for Solutions, PC Future minimum lease payments due to the Medical Center are as follows

Year Ending June 30,	Amount
2012	$ 205,200
2013	205,200
2014	196,200
2015	84,600
	$ 691,200

Rental revenue for the years ended June 30, 2011 and 2010 was $205,200 Expenses related to the rental property included interest expense of $73,153 and $83,424 and depreciation of $95,956 and $96,428 for the years ended June 30, 2011 and 2010

Note 8 - Note Payable and Long-Term Debt

Note Payable

The Medical Center has an outstanding 3 25% variable rate line of credit with a bank in the amount of $715,000 and $810,000 as of June 30, 2011 and 2010 The interest on the note is payable monthly with principal due February 1, 2012 The note is secured by inventory, accounts receivable, and equipment of the Medical Center

Long-Term Debt

Long-term debt consists of

	2011	2010
Medical Center		
Non-interest bearing note payable to Northern Plains Electric Cooperative, due in monthly installments of $2,000 to January 2014, secured by real estate mortgage	$ 60,000	$ 84,000
Non-interest bearing note payable to Trinity Health, due in monthly installments, commencing when cash flows allow, unsecured	154,427	154,427
5 5% note payable with bank, due in monthly installments of $9,627, including interest, to February 2022, secured by real estate mortgage and buildings related to the residential addiction treatment center	924,267	993,668
5 5% note payable with bank, due in monthly installments of $825, including interest, to March 2014, secured by real estate mortgage and buildings related to the residential addiction treatment center	24,129	32,841
Non-interest bearing note payable to Northern Plains Electric, Cooperative due in monthly installments of $1,729 to January 2016, secured by real estate mortgage	81,965	98,328
5 0% note payable to North Central Planning Council, due in monthly installments of $1,216 to February 2016 at which time the remaining principal is due, secured by real estate mortgage	149,790	156,293
1% note payable with bank, due in monthly installments of $6,089, including interest, to November 2020, secured by real estate mortgage, inventory, accounts, and equipment	650,572	-
Capitalized lease obligations - Note 7	96,132	132,566
	2,141,282	1,652,123

	2011	2010
Living Center		
Nursing Facility Revenue Bonds, Series 1997, secured by assignment of all leases and rents of the nursing facility (1)		
6 5% to 6 75% serial bonds, due in varying annual installments to August 2012	$ 245,000	$ 355,000
7 0% term bonds, due August 2017, with varying annual sinking fund requirements commencing in 2013	790,000	790,000
7 125% term bonds, due August 2022, with varying annual sinking fund requirements commencing in 2018	1,480,000	1,480,000
Original issue discount on the Series 1997 Bonds, net of accumulated amortization of $33,854 in 2011 and $31,886 in 2010	(16,546)	(18,514)
6 75% to 7 0% Congregate Housing Revenue Bonds, Series 1995, due in varying annual installments to February 2015, secured by property and equipment	225,000	270,000
	2,723,454	2,876,486
Total long-term debt	4,864,736	4,528,609
Less current maturities	(492,302)	(388,042)
Long-term debt, less current maturities	$ 4,372,434	$ 4,140,567

(1) Under the terms of the 1997 Revenue Bonds, the Living Center is required to maintain certain deposits with a trustee, including a reserve fund of $350,000 These funds are included in assets limited as to use The loan agreement also places limits on the occurrence of additional borrowings and requires that the Living Center satisfy certain measures of financial performance, including a covenant that income available for debt service must equal 110 percent of the debt service requirement in the current fiscal period The Living Center did not meet the debt service requirement in the current fiscal period and under the terms of the loan agreement must engage a management consultant to review operations and provide a written report to management and trustees within 90 days of the year-end

Long-term debt maturities are as follows

Year Ending June 30,	Amount
2012	$ 492,302
2013	443,409
2014	425,436
2015	383,836
2016	435,899
Thereafter	2,700,400
Original issue discount	(16,546)
Total	$ 4,864,736

Note 9 - Retirement Plan

The Medical Center had a 403B defined contribution pension plan covering substantially all qualified employees over 21 years of age and employed during three of the last five years, earning a minimum of $500 in each of those years. Employer contributions based on a percentage of annual compensation were deposited with the trustee who invested the plan assets.

On January 1, 2011, the Medical Center changed the pension plan to a 401K plan covering substantially all qualified employees over 21 years of age and completing one year of service. The Medical Center matches employee contributions up to 3% and matches half of employee contributions after 3% and up to 5% of employee contributions. The Medical Center also has the discretion to make a profit sharing contribution each year to those employees who have worked at least 1,000 hours and are employed on the last day of the plan year.

Total retirement plan expense was $93,862 and $63,211 for the years ended June 30, 2011 and 2010.

Note 10 - Related Party Transactions

As discussed in Note 1, the Organization is affiliated with the Authority. The Medical Center rents the hospital and clinic facilities and equipment under a 25-year lease agreement from the Authority. The terms of this lease agreement can be modified on a year-to-year basis. Rental expense related to this lease amounted to $195,600 for the years ended June 30, 2011 and 2010. The Medical Center has a payable of $75,990 and $453,175 due to the Authority at June 30, 2011 and 2010 relating to past due rent expense. During 2011, the Authority's Board forgave $453,174 of this payable.

At June 30, 2011 and 2010 the Medical Center had a note receivable of $148,800 from the Authority. This receivable is non-interest bearing and will be repaid as funds become available.

Note 11 - Concentrations of Credit Risk

The Medical Center grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. The mix of receivables from patients, residents, and third-party payors at June 30, 2011 and June 30, 2010 was as follows:

	2011	2010
Medicare	34%	27%
Medicaid	12%	9%
Blue Cross	13%	12%
Commercial	8%	7%
Self pay and other	33%	45%
	100%	100%

The Organization's cash balances are maintained in various bank deposit accounts. At various times during the year, the balance of these deposits may exceed federally insured limits.

Note 12 - Functional Expenses

The Organization provides health care services and independent living facilities to residents within its geographic location Expenses relating to providing these services, by functional class, for the years ended June 30, 2011 and 2010 are as follows

	2011	2010
Patient and resident health care services	$ 8,494,718	$ 8,423,192
General and administrative	778,992	772,433
	$ 9,273,710	$ 9,195,625

Note 13 - Contingencies

Malpractice Insurance

The Medical Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1,000,000 per claim and an annual aggregate limit of $5,000,000 Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured

Litigation, Claims, and Disputes

The Medical Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the financial position of the Medical Center

The health care industry is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time Federal government activity continues to increase with respect to investigations and allegations concerning possible violations by health care providers of regulations which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services Management believes that the Medical Center is in substantial compliance with current laws and regulations

Note 14 - Subsequent Events

The Organization has evaluated subsequent events through September 29, 2011, the date which the financial statements were available to be issued During this period, the Organization did not have any material recognizable subsequent events

Consolidating and Supplementary Information
June 30, 2011 and 2010

Towner County Medical Center, Inc. and Subsidiary

Independent Auditor's Report on Consolidating and Supplementary Information

The Board of Directors
Towner County Medical Center, Inc and Subsidiary
Cando, North Dakota

We have audited the consolidated financial statements of Towner County Medical Center, Inc and Subsidiary as of and for the year ended June 30, 2011, and our report thereon dated September 29, 2011, which expressed an unqualified opinion on those consolidated financial statements, appears on page 1 Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating information on pages 18 through 21 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations, changes in net assets, and cash flows of the individual companies The supplementary information on pages 22 through 31 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Eide Bailly LLP

Fargo, North Dakota
September 29, 2011

	Medical Center	Living Center	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 420,965	$ 2,660	$ 423,625
Assets limited as to use	17,873	212,839	230,712
Receivables			
Patient and resident receivables, net	1,235,371	-	1,235,371
Estimated third-party payor settlements	20,000	-	20,000
Supplies	113,499	-	113,499
Prepaid expenses	32,759	-	32,759
Total current assets	1,840,467	215,499	2,055,966
Assets Limited as to Use, under indenture agreements	-	350,000	350,000
Property and Equipment, Net	916,757	1,637,880	2,554,637
Other Assets			
Notes receivable	148,800	-	148,800
Rental property, net	1,455,036	-	1,455,036
Deferred financing costs, net	-	33,816	33,816
Total other assets	1,603,836	33,816	1,637,652
Total assets	$ 4,361,060	$ 2,237,195	$ 6,598,255
Liabilities and Net Deficit			
Current Liabilities			
Note payable	$ 715,000	$ 1,980	$ 716,980
Current maturities of long-term debt	324,302	168,000	492,302
Accounts payable			
Trade	821,616	-	821,616
Construction payable	60,428	-	60,428
Estimated third-party payor settlements	-	-	-
Related party	290,526	-	290,526
Accrued expenses			
Salaries and wages	239,937	-	239,937
Vacation	235,680	-	235,680
Payroll taxes and other	45,104	-	45,104
Interest	-	80,295	80,295
Deferred revenue	65,846	-	65,846
Total current liabilities	2,798,439	250,275	3,048,714
Long-Term Debt, Less Current Maturities	1,816,980	2,555,454	4,372,434
Total liabilities	4,615,419	2,805,729	7,421,148
Net Deficit - Unrestricted	(254,359)	(568,534)	(822,893)
Total liabilities and net deficit	$ 4,361,060	$ 2,237,195	$ 6,598,255

Eliminations	Consolidated
$ -	$ 423,625
-	230,712
-	1,235,371
-	20,000
-	113,499
-	32,759
-	2,055,966
-	350,000
-	2,554,637
-	148,800
-	1,455,036
-	33,816
-	1,637,652
$ -	$ 6,598,255
$ -	$ 716,980
-	492,302
-	821,616
-	60,428
-	-
(214,535)	75,991
-	239,937
-	235,680
-	45,104
-	80,295
-	65,846
(214,535)	2,834,179
-	4,372,434
(214,535)	7,206,613
214,535	(608,358)
$ -	$ 6,598,255

	Medical Center	Living Center	Total
Unrestricted Revenues, Gains, and Other Support			
Net patient and resident service revenue	$ 8,377,878	$ -	$ 8,377,878
Independent living revenue	-	462,810	462,810
Other revenue	201,159	8,027	209,186
Total revenues, gains, and other support	8,579,037	470,837	9,049,874
Expenses			
Nursing services	2,470,356	-	2,470,356
Other professional services	3,256,336	-	3,256,336
General services	1,743,361	-	1,743,361
Administrative and fiscal services	1,293,470	92,883	1,386,353
Depreciation and amortization	103,631	188,716	292,347
Interest	39,282	195,076	234,358
Provision for bad debts	284,199	63,470	347,669
Total expenses	9,190,635	540,145	9,730,780
Operating Loss	(611,598)	(69,308)	(680,906)
Other Income (Expense)			
Investment income	211	30	241
Unrestricted gifts and other	98,204	-	98,204
Rental revenue	205,200	-	205,200
Rental property interest expense	(73,153)	-	(73,153)
Rental property depreciation	(95,956)	-	(95,956)
Gain on forgiveness of related party payable	453,174	-	453,174
Other income, net	587,680	30	587,710
Expenses in Excess of Revenues	(23,918)	(69,278)	(93,196)
Contributions and Grants for Long-Lived Assets	147,995	-	147,995
Increase (Decrease) in Unrestricted Net Assets	124,077	(69,278)	54,799
Net Deficit, Beginning of Year	(378,436)	(499,256)	(877,692)
Net Deficit, End of Year	$ (254,359)	$ (568,534)	$ (822,893)

Eliminations	Consolidated
$ -	$ 8,377,878
(342,000)	120,810
(51,600)	157,586
(393,600)	8,656,274
-	2,470,356
-	3,256,336
(342,000)	1,401,361
(51,600)	1,334,753
-	292,347
-	234,358
(63,470)	284,199
(457,070)	9,273,710
63,470	(617,436)
-	241
-	98,204
-	205,200
-	(73,153)
-	(95,956)
-	453,174
-	587,710
63,470	(29,726)
-	147,995
63,470	118,269
151,065	(726,627)
$ 214,535	$ (608,358)

	Medical Center	Living Center	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 243,244	$ 34,505	$ 277,749
Assets limited as to use	17,809	224,181	241,990
Receivables			
Patient and resident receivables, net	871,853	-	871,853
Estimated third party payor settlements	315,000	-	315,000
Supplies	136,281	-	136,281
Prepaid expenses	14,361	-	14,361
Total current assets	1,598,548	258,686	1,857,234
Assets Limited as to Use, under indenture agreements	-	350,000	350,000
Property and Equipment, Net	465,127	1,816,236	2,281,363
Other Assets			
Notes receivable	148,800	-	148,800
Rental property, net	1,546,205	-	1,546,205
Deferred financing costs, net	-	37,838	37,838
Total other assets	1,695,005	37,838	1,732,843
Total assets	$ 3,758,680	$ 2,462,760	$ 6,221,440
Liabilities and Net Deficit			
Current Liabilities			
Note payable	$ 810,000	$ -	$ 810,000
Current maturities of long-term debt	233,042	155,000	388,042
Accounts payable			
Trade	565,166	-	565,166
Related party	604,240	-	604,240
Accrued expenses			
Salaries and wages	235,722	-	235,722
Vacation	240,702	-	240,702
Payroll taxes and other	29,163	990	30,153
Interest	-	84,540	84,540
Total current liabilities	2,718,035	240,530	2,958,565
Long-Term Debt, Less Current Maturities	1,419,081	2,721,486	4,140,567
Total liabilities	4,137,116	2,962,016	7,099,132
Net Deficit - Unrestricted	(378,436)	(499,256)	(877,692)
Total liabilities and net deficit	$ 3,758,680	$ 2,462,760	$ 6,221,440

Eliminations	Consolidated
$ -	$ 277,749
-	241,990
-	871,853
-	315,000
-	136,281
-	14,361
-	1,857,234
-	350,000
-	2,281,363
-	148,800
-	1,546,205
-	37,838
-	1,732,843
$ -	$ 6,221,440
$ -	$ 810,000
-	388,042
-	565,166
(151,065)	453,175
-	235,722
-	240,702
-	30,153
-	84,540
(151,065)	2,807,500
-	4,140,567
(151,065)	6,948,067
151,065	(726,627)
$ -	$ 6,221,440

	Medical Center	Living Center	Total
Unrestricted Revenues, Gains, and Other Support			
Net patient and resident service revenue	$ 8,713,777	$ -	$ 8,713,777
Rental revenue	-	458,985	458,985
Other revenue	170,038	257	170,295
Total revenues, gains, and other support	8,883,815	459,242	9,343,057
Expenses			
Nursing services	2,318,367	-	2,318,367
Other professional services	3,381,455	-	3,381,455
General services	1,705,419	-	1,705,419
Administrative and fiscal services	1,293,873	65,190	1,359,063
Depreciation and amortization	104,068	185,783	289,851
Interest	48,616	207,012	255,628
Provision for bad debts	256,834	43,270	300,104
Total expenses	9,108,632	501,255	9,609,887
Operating Loss	(224,817)	(42,013)	(266,830)
Other Income (Expense)			
Investment income	322	9,427	9,749
Unrestricted gifts and other	272,507	-	272,507
Rental revenue	205,200	-	205,200
Rental property interest expense	(83,424)	-	(83,424)
Rental property depreciation	(96,428)	-	(96,428)
Sale of nursing home bed licenses	-	25,000	25,000
Other income, net	298,177	34,427	332,604
Revenues in Excess of (Less Than) Expenses	73,360	(7,586)	65,774
Contributions and Grants for Long-Lived Assets	91,675	-	91,675
Increase (Decrease) in Unrestricted Net Assets	165,035	(7,586)	157,449
Net Deficit, Beginning of Year	(543,471)	(491,670)	(1,035,141)
Net Deficit, End of Year	$ (378,436)	$ (499,256)	$ (877,692)

Eliminations	Consolidated
$ -	$ 8,713,777
(342,000)	116,985
(28,992)	141,303
(370,992)	8,972,065
-	2,318,367
-	3,381,455
(342,000)	1,363,419
(28,992)	1,330,071
-	289,851
-	255,628
(43,270)	256,834
(414,262)	9,195,625
43,270	(223,560)
-	9,749
-	272,507
-	205,200
-	(83,424)
-	(96,428)
-	25,000
-	332,604
43,270	109,044
-	91,675
43,270	200,719
107,795	(927,346)
$ 151,065	$ (726,627)

	2011		
	Inpatient	Outpatient	Total
Routine Care			
Medical/surgical	$ 328,375	$ -	$ 328,375
Resident care	2,393,431	-	2,393,431
Respite care	-	-	-
Swing bed	108,900	-	108,900
Basic care	219,093	-	219,093
Total routine care	3,049,799	-	3,049,799
Ancillary Services			
Clinic	-	1,699,450	1,699,450
Devils Lake clinic	-	1,536,347	1,536,347
Chiropractic clinic	-	209,094	209,094
Observation/holding bed	2,438	415,796	418,234
Operating room	-	248,375	248,375
Anesthesiology	672	107,787	108,459
Radiology	18,186	151,944	170,130
Mobile diagnostic services	15,810	516,682	532,492
Laboratory	99,872	702,121	801,993
Electrocardiography	6,248	25,527	31,775
Electroencephalography	-	956	956
Medical and surgical supplies	34,257	166,658	200,915
Pharmacy	143,944	594,818	738,762
Emergency room	1,493	190,119	191,612
Blood bank	8,171	8,983	17,154
Magnetic resonance imaging	-	119,046	119,046
Physical therapy	42,622	323,576	366,198
Gastro/colonoscope	1,150	139,789	140,939
Sleep study	-	57,102	57,102
Cardiac rehab	-	5,175	5,175
Wellness	-	53,937	53,937
Daycare	-	75,070	75,070
Total ancillary services	374,863	7,348,352	7,723,215
	$ 3,424,662	$ 7,348,352	10,773,014
Charity Care			(12,440)
Total patient and resident service revenue			$ 10,760,574

2010		
Inpatient	Outpatient	Total
$ 463,829	$ -	$ 463,829
2,572,107	-	2,572,107
5,056	-	5,056
86,575	-	86,575
146,258	-	146,258
3,273,825	-	3,273,825
-	1,624,207	1,624,207
-	1,443,467	1,443,467
-	235,773	235,773
5,242	604,107	609,349
-	219,775	219,775
-	93,108	93,108
31,044	196,649	227,693
26,457	509,332	535,789
135,873	722,880	858,753
8,027	34,252	42,279
800	354	1,154
69,905	203,735	273,640
188,951	598,308	787,259
945	201,780	202,725
20,166	37,253	57,419
-	79,944	79,944
77,997	236,939	314,936
1,031	113,519	114,550
-	25,554	25,554
-	5,819	5,819
-	52,225	52,225
-	57,869	57,869
566,438	7,296,849	7,863,287
$ 3,840,263	$ 7,296,849	11,137,112
		(30,097)
		$ 11,107,015

	2011	2010
Contractual Adjustments		
Hospital		
Medicare	$ (946,045)	$ (696,564)
Medicaid	(64,119)	(176,727)
Other	(371,798)	(426,236)
Clinic	(998,984)	(1,036,799)
Chiropractic	7,495	(7,740)
Long-term care	(9,245)	(49,172)
Total contractual adjustments	(2,382,696)	(2,393,238)
Net patient and resident service revenue	8,377,878	8,713,777
Other Revenue		
Contracted services	64,338	49,783
Meals	23,152	16,387
Sale of supplies	15,508	14,694
Lab revenue	11,791	14,265
Grant revenue	10,397	20,518
Medical transcripts	2,790	2,897
Other	73,183	51,494
Total other revenue	201,159	170,038
Total revenues, gains, and other support	$ 8,579,037	$ 8,883,815

	2011	2010
Nursing Services		
Nursing administration - Hospital		
Salaries	$ 92,240	$ 91,474
FICA	6,550	6,769
Health insurance	3,875	3,872
Supplies and other	3,240	3,902
Education	3,682	1,848
	109,587	107,865
Nursing administration - Home		
Salaries	50,952	44,537
FICA	3,789	7,289
Supplies	6,811	3,975
Professional fees	81,411	35,948
Education	2,158	510
	145,121	92,259
Nursing service - Hospital		
Salaries	424,232	416,241
FICA	27,961	28,713
Health insurance	30,986	32,119
Supplies	45,535	46,738
Contracted services	12,540	1,856
Repairs and maintenance	10,225	12,992
	551,479	538,659
Nursing service - Home		
Salaries	645,944	744,042
FICA	47,426	55,450
Health insurance	38,947	57,915
Supplies	73,060	69,733
Contracted services	140,622	23,374
Education	13,132	14,424
	959,131	964,938
Operating room		
Salaries	14,596	15,722
FICA	1,054	1,168
Health insurance	778	1,102
Supplies	17,902	20,506
Contracted services	39,000	24,000
Repairs and maintenance	2,395	418
	75,725	62,916

	2011	2010
Emergency room		
Salaries	$ 133,272	$ 183,425
FICA	9,924	9,783
Health insurance	7,144	8,295
Supplies and other	374,703	239,241
	525,043	440,744
Central service		
Salaries	12,886	11,038
FICA	875	847
Health insurance	377	956
Medical and surgical supplies	55,147	70,082
Other	4,683	4,560
	73,968	87,483
Basic care		
Salaries	25,879	20,726
FICA	1,881	1,673
Health insurance	560	386
Supplies	24	-
Other	1,958	718
	30,302	23,503
Total nursing services	2,470,356	2,318,367
Other Professional Services		
Cando Clinic		
Salaries	296,936	523,263
FICA	28,160	37,790
Health insurance	40,852	37,935
Supplies and other	73,253	175,620
Contracted services	168,760	90,622
	607,961	865,230
Devils Lake Clinic		
Salaries	597,232	579,480
FICA	28,641	30,796
Health insurance	27,288	29,962
Supplies	78,517	49,852
Contracted services	79,252	75,501
Other	47,623	57,456
	858,553	823,047

	2011	2010
Chiropractic clinic		
Salaries	$ 129,121	$ 138,393
FICA	18,204	16,148
Health insurance	9,777	10,968
Supplies	8,065	14,710
Other	2,129	2,422
	167,296	182,641
Pharmacy - Hospital		
Salaries	69,475	59,185
FICA	4,709	4,399
Health insurance	6,456	6,305
Supplies and other	28,943	18,407
Drugs	160,483	164,012
Contracted pharmacist	35,250	15,465
	305,316	267,773
Pharmacy - Home		
Salaries	20,387	20,746
FICA	1,492	1,569
Health insurance	1,293	1,468
	23,172	23,783
Medical records		
Salaries	85,387	78,769
FICA	5,525	5,198
Contracted transcript	95,733	101,414
Health insurance	13,222	11,248
Supplies and other	4,432	8,393
Education	-	1,039
Repairs and maintenance	5,992	6,617
Lease	8,988	9,737
	219,279	222,415
Anesthesiology		
Professional fees	56,348	43,571
Rental	11,512	1,771
Supplies	-	62
Repairs and maintenance	2,440	-
	70,300	45,404

	2011	2010
Radiology		
Salaries	$ 64,465	$ 60,646
FICA	3,964	3,925
Health insurance	3,743	4,808
Supplies and other	8,214	14,862
Repairs and Maintenance	5,264	5,767
	85,650	90,008
Mobile diagnostic services		
Salaries	6,211	6,014
FICA	402	400
Health insurance	320	423
Technical equipment	196,182	181,866
	203,115	188,703
Laboratory		
Salaries	116,534	104,934
FICA	8,434	8,216
Health insurance	7,497	6,657
Supplies	76,585	84,975
Professional fees	29,550	34,039
Education	413	725
Repairs and maintenance	16,333	15,500
	255,346	255,046
Electrocardiography		
Salaries	3,994	2,896
FICA	251	196
Health insurance	240	212
Supplies	42	-
	4,527	3,304
Electroencephalography		
Salaries	103	88
FICA	8	7
Health insurance	-	7
Technical fees	205	303
	316	405
Blood bank - purchases	14,791	28,267
Sleep Study	24,750	11,250

	2011	2010
Physical therapy - Hospital		
Salaries	$ 19,689	$ 60,785
FICA	1,708	3,415
Health insurance	1,499	4,724
Supplies and other	3,172	4,531
Professional fees	86,974	13,992
	113,042	87,447
Physical therapy - Home		
Salaries	27,756	42,977
FICA	1,912	2,991
Health insurance	3,431	5,000
Supplies	871	825
Contracted services	22,136	11,814
Other	792	1,981
	56,898	65,588
Wellness		
Salaries	35,349	34,298
FICA	2,761	2,768
Health insurance	-	304
Supplies	519	726
Mileage	3,289	3,355
	41,918	41,451
Activities - Home		
Salaries	55,557	57,255
FICA	3,891	4,294
Health insurance	5,467	5,543
Supplies	890	904
Contracted services	1,537	1,681
Dues and subscriptions	430	772
Travel and education	694	1,419
	68,466	71,868
Social services - Home		
Salaries	34,340	31,018
FICA	2,360	2,398
Health insurance	3,390	3,348
Supplies	13	347
Dues and subscriptions	187	32
Travel and education	1,597	900
	41,887	38,043

	2011	2010
Daycare		
Salaries	$ 78,742	$ 57,895
FICA	5,483	4,581
Health insurance	7,774	3,350
Supplies and other	1,754	3,956
	93,753	69,782
Total other professional services	3,256,336	3,381,455
General Services		
Dietary		
Salaries	231,448	214,595
FICA	16,162	15,547
Health insurance	16,847	16,235
Food	136,801	130,633
Supplies	16,408	14,817
Contracted services	-	30
Education	900	664
Leased Equipment	525	-
Repairs and maintenance	1,562	1,217
	420,653	393,738
Housekeeping - Hospital		
Salaries	78,932	80,042
FICA	5,857	5,803
Health insurance	10,810	9,354
Contracted Services	1,138	-
Supplies and other	23,539	22,424
	120,276	117,623
Housekeeping - Home		
Salaries	52,308	49,018
FICA	3,760	3,810
Health insurance	5,052	7,328
Supplies and other	9,177	8,799
	70,297	68,955
Laundry		
Salaries	59,841	61,064
FICA	4,395	4,525
Health insurance	3,045	2,924
Supplies and other	11,258	13,448
Repairs and maintenance	1,089	1,072
	79,628	83,033

	2011	2010
Motor service supplies - Hospital	$ 5,637	$ 7,104
Repairs and Maintenance - Hospital		
Salaries	80,090	75,155
FICA	5,736	5,617
Health insurance	6,950	5,783
Supplies and other	3,845	10,118
Equipment repairs	20,213	12,125
Professional fees	11,525	11,928
	128,359	120,726
Maintenance of grounds - Hospital		
Supplies	403	1,227
Repairs and maintenance	9,554	7,615
	9,957	8,842
Operation of plant - Hospital		
Supplies	2,254	4,767
Utilities	157,431	139,177
Rental	195,600	195,600
Repairs and maintenance	6,186	4,153
Cable television	2,936	3,155
	364,407	346,852
Operation of plant - Home		
Salaries	52,474	60,439
FICA	3,832	4,933
Supplies	3,322	6,004
Utilities	65,830	67,499
Rental	342,000	342,000
Repairs and maintenance	13,463	10,719
Professional fees	3,697	1,513
Health insurance	4,664	6,254
Other	3,185	3,777
	492,467	503,138
Environmental and other services - Devils Lake Clinic		
Salaries	339	792
FICA	26	62
Rental	40,740	40,740
Supplies	53	47
Repairs and maintenance	1,904	5,278
Utilities	8,618	8,489
	51,680	55,408
Total general services	1,743,361	1,705,419

	2011	2010
Administrative and Fiscal Services		
Administrative		
Salaries	$ 491,823	$ 510,893
FICA	35,304	37,735
Health insurance	45,326	43,626
Supplies	18,144	18,887
Insurance and bonding	129,292	148,776
Employee health and welfare	151,548	141,236
Telephone	54,070	46,323
Collection fees	12,124	17,758
Computer fees	38,230	37,277
Postage	19,916	20,424
Education	46,222	35,513
Membership dues and subscriptions	26,581	13,036
Accounting and legal fees	53,689	46,406
Repairs and maintenance	2,942	3,573
Personnel advertising	7,530	8,570
Professional fees	54,129	71,956
Other	51,532	55,146
	1,238,402	1,257,135
Purchasing		
Salaries	35,817	31,743
FICA	2,678	2,486
Health insurance	3,875	3,934
Supplies and other	12,698	(1,425)
	55,068	36,738
Total administrative and fiscal services	1,293,470	1,293,873
Interest	39,282	48,616
Depreciation and Amortization	103,631	104,068
Provision for Bad Debts	284,199	256,834
Total Expenses	$ 9,190,635	$ 9,108,632