See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136056192

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
NORTHERN MONTANA HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 1231

City or town, state or country, and ZIP + 4
HAVRE, MT 595011231

D Employer identification number
81-0231787

E Telephone number
(406) 265-2211

G Gross receipts $ 67,986,721

F Name and address of principal officer
DAVID HENRY
PO BOX 1231
HAVRE, MT 595011231

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 NMHCARE ORG

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

L Year of formation 1921

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVISION OF HEALTHCARE SERVICES

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	762
6	Total number of volunteers (estimate if necessary)	**6**	115
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	431,496
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	371,041	237,879
	9 Program service revenue (Part VIII, line 2g)	52,416,962	52,974,508
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	452,871	922,805
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,056	11,540
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	53,252,930	54,146,732
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	8,909	9,152
	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)	28,161,270	28,598,427
	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)	23,362,441	22,385,565
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	51,532,620	50,993,144
	19 Revenue less expenses Subtract line 18 from line 12	1,720,310	3,153,588

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	50,643,440	53,915,880
	21 Total liabilities (Part X, line 26)	11,345,455	9,021,711
	22 Net assets or fund balances Subtract line 21 from line 20	39,297,985	44,894,169

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

****** | 2012-05-15
Signature of officer | Date

DAVID HENRY PRESIDENT/CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
KIM C HUNWARDSEN	KIM C HUNWARDSEN	2012-05-15	☐	

Firm's name ▶ EIDE BAILLY LLP — Firm's EIN ▶

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

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO DELIVER HIGH QUALITY COMPREHENSIVE HEALTH CARE SERVICES TO THE HI-LINE COMMUNITIES

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 $ 38,146,336 including grants of $) (Revenue $ 52,543,012)

NORTHERN MONTANA HOSPITAL (HOSPITAL) PROVIDES QUALITY HEALTH CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION OF THE HOSPITAL, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE THESE ESSENTIAL SERVICES IT IS THE HOSPITAL'S MISSION TO SERVE THE SURROUNDING AREA BY PROVIDING HEALTHCARE SERVICES AND HEALTHCARE EDUCATION TO ALL COMMUNITY MEMBERS DURING THE YEAR ENDED JUNE 30, 2011, THE HOSPITAL PROVIDED $1,262,053 OF MEDICAL SERVICES, BASED ON CHARGES, TO INDIVIDUALS WHO WERE DETERMINED UNABLE TO PURCHASE SUCH SERVICES UNDER THE HOSPITAL'S CHARITY CARE POLICY AND GUIDELINES IN ADDITION TO FREE CARE AND/OR SUBSIDIZED CARE, CARE IS ALSO PROVIDED AT BELOW COST RATES TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS RECOGNIZING ITS MISSION TO THE COMMUNITY, SERVICES ARE PROVIDED TO BOTH MEDICARE AND MEDICAID PATIENTS THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS $27,645,331 FOR THE YEAR ENDED JUNE 30, 2011 DURING THE FISCAL YEAR ENDED JUNE 30, 2011 THE HOSPITAL PROVIDED OVER 5,000 DAYS OF HOSPITAL SERVICES THE NURSING HOME PROVIDED OVER 39,000 DAYS OF RESIDENT SERVICES DURING THE YEAR THE HOSPITAL ALSO PROVIDES COMMUNITY CARE AND SERVICES THROUGH MANY HEALTH CARE ACTIVITIES AND PROGRAMS PROVIDED TO SUPPORT THE COMMUNITY THESE ACTIVITIES INCLUDE WELLNESS PROGRAMS, COMMUNITY EDUCATION PROGRAMS, SENIOR SERVICES, HEALTH CARE SCREENING, SPECIAL PROGRAMS FOR SPECIFIC GROUPS, PUBLISHED ARTICLES, RADIO PROGRAMS, AND A VARIETY OF COMMUNITY SUPPORTED ACTIVITIES THE HOSPITAL ALSO RECEIVED MANY HOURS OF VOLUNTEER HELP FROM THE COMMUNITY RESIDENTS

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** ▶ $ 38,146,336

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	Yes	
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**	Yes	
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**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
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**		No
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**		No
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	103		
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	762		
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	12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3	Yes	
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		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b		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	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b		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 ▶

KIM LUCKE VP OF FINANCE
PO BOX 1231
HAVRE, MT 59501
(406) 265-2211

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 C HENRY PRESIDENT/CEO	40 00	X		X				347,250	0	0
(2) DAVID LEEDS TREASURER	1 00	X		X				0	0	0
(3) JUDY GREENWOOD SECRETARY	1 00	X		X				0	0	0
(4) MILES HAMILTON CHAIRMAN	1 00	X		X				0	0	0
(5) BRUCE RICHARDSON MD VICE-CHAIRMAN	40 00	X		X				322,727	0	18,229
(6) PAUL TUSS TRUSTEE	1 00	X						0	0	0
(7) STEPHEN BECHDOLT MD TRUSTEE	40 00	X						277,266	0	11,019
(8) TOM PATRICK TRUSTEE	1 00	X						0	0	0
(9) ANDREW CARLSON TRUSTEE	1 00	X						0	0	0
(10) MARGARET DOW MD TRUSTEE - IPD MEMBER	40 00	X						206,109	0	22,828
(11) MICHAEL NOLAN MD TRUSTEE - IPD MEMBER	40 00	X						256,158	0	3,048
(12) JULIE HOLT TRUSTEE	1 00	X						0	0	0
(13) KAREN POLLINGTON VICE PRESIDENT	40 00			X				91,011	0	18,417
(14) KIM LUCKE VP OF FINANCE	40 00			X				70,551	0	15,318
(15) JOEL CLEARY MD DOCTOR	40 00					X		345,808	0	1,386
(16) KAREN E LIEN MD DOCTOR	40 00					X		319,656	0	20,779

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			
(17) JOHN TRUE MD DOCTOR	40 00					X		352,286	0	0
(18) SHAHRIAR ANOUSHFAR MD DOCTOR	40 00					X		374,225	0	7,844
(19) SUZANNE SWIETNICKI MD DOCTOR	40 00					X		243,861	0	21,321
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								3,206,908	0	140,189

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 ▶ 34

			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
MARK A WARD DO 120 W 30TH STREET HAVRE, MT 59501	CONTRACT PHYSICIAN SERVICES	360,926
MERIDIAN MEDICAL STAFFING 26 W DRYCREEK CIRCLE SUITE 600 LITTLETON, CO 80120	NURSING STAFFING	329,209
DANIEL ABBOTT 1715 13TH STREET WEST HAVRE, MT 59501	ANESTHESIA SERVICES	327,482
PHILIPS MEDICAL SYSTEMS 22100 BOTHELL EVERETT HIGHWAY BOTHELL, WA 98041	MAINTENANCE SERVICES	281,077
LISTON RADIOLOGY CONSULTING 1562 RIALTO LANE DAVIS, CA 95618	CONTRACT RADIOLOGY SERVICES	240,142

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 ▶ 13

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	185,110				
	e Government grants (contributions) 1e	19,600				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	33,169				
	g Noncash contributions included in lines 1a-1f $	10,110				
	h **Total.** Add lines 1a-1f . . . . . ▶		237,879			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE RE	622110	46,076,753	46,076,753		
	b PHARMACY	446110	6,150,287	5,718,791	431,496	
	c HEALTHCARE CONSULTING	541900	418,151	418,151		
	d CAFETERIA REVENUE	722210	232,285	232,285		
	e OTHER PROGRAM REVENUE	900099	97,032	97,032		
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		52,974,508			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		786,666			786,666
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	11,040	500			
	b Less rental expenses					
	c Rental income or (loss)	11,040	500			
	d Net rental income or (loss) . . . . . ▶			11,540		11,540
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	13,915,824	60,304			
	b Less cost or other basis and sales expenses	13,813,934	26,055			
	c Gain or (loss)	101,890	34,249			
	d Net gain or (loss) . . . . . ▶			136,139		136,139
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 . . . ▶		54,146,732	52,543,012	431,496	934,345

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	9,152	9,152		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,934,630	1,348,827	585,803	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	22,256,367	15,579,457	6,676,910	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	865,492	564,871	300,621	
9 Other employee benefits	1,541,966	910,775	631,191	
10 Payroll taxes	1,999,972	1,399,980	599,992	
a Fees for services (non-employees) Management	291,000	58,200	232,800	
b Legal	35,938		35,938	
c Accounting	70,364		70,364	
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	4,661,347	4,385,316	276,031	
12 Advertising and promotion	342,434		342,434	
13 Office expenses	6,931,881	5,892,099	1,039,782	
14 Information technology	428,241	342,593	85,648	
15 Royalties				
16 Occupancy	1,749,351	1,224,546	524,805	
17 Travel	214,903	75,216	139,687	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	103		103	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,845,555	1,291,889	553,666	
23 Insurance	1,324,169	1,059,335	264,834	
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	2,903,633	2,903,633		
b EQUIPMENT RENTAL AND MA	843,180	463,749	379,431	
c BED TAX	610,006	610,006		
d				
e				
f All other expenses	133,460	26,692	106,768	
25 **Total functional expenses.** Add lines 1 through 24f	50,993,144	38,146,336	12,846,808	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		4,475,278	1	5,390,345
	2	Savings and temporary cash investments		936,844	2	287,849
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		10,620,214	4	11,385,437
	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		1,378,066	8	1,319,273
	9	Prepaid expenses and deferred charges		391,380	9	713,310
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 46,181,805			
	b	Less accumulated depreciation	10b 37,552,627	9,073,946	10c	8,629,178
	11	Investments—publicly traded securities		20,135,368	11	25,350,329
	12	Investments—other securities See Part IV, line 11		3,327,184	12	90,226
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		305,160	15	749,933
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		50,643,440	16	53,915,880
Liabilities	17	Accounts payable and accrued expenses		4,392,924	17	3,759,420
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		6,952,531	25	5,262,291
	26	**Total liabilities.** Add lines 17 through 25		11,345,455	26	9,021,711
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		39,297,985	27	44,894,169
	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		39,297,985	33	44,894,169
	34	Total liabilities and net assets/fund balances		50,643,440	34	53,915,880

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	54,146,732
2	Total expenses (must equal Part IX, column (A), line 25)	2	50,993,144
3	Revenue less expenses Subtract line 2 from line 1	3	3,153,588
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	39,297,985
5	Other changes in net assets or fund balances (explain in Schedule O)	5	2,442,596
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	44,894,169

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		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136056192

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136056192

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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	30,662
d Additions during the year	1d	104,037
e Distributions during the year	1e	102,290
f Ending balance	1f	32,409

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		75,272		75,272
b Buildings		19,732,336	15,819,824	3,912,512
c Leasehold improvements				
d Equipment		25,159,741	21,052,301	4,107,440
e Other		1,214,456	680,502	533,954
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				8,629,178

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	
LIABILITY FOR PENSION BENEFITS	4,499,593
THIRD-PARTY PAYOR SETTLEMENTS	762,698
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	5,262,291

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

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

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

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

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
	PART IV, LINE 1B	PART IV, LINE 1B THE CUSTODIAL FUNDS ARE NOT REPORTED ON THE BALANCE SHEET OF NMH AS THEY ARE THE PERSONAL RESOURCE FUNDS OF THE RESIDENTS TO BE USED ONLY FOR THEIR PERSONAL NEEDS IF THE RESIDENT PASSES, THE FUNDS EITHER GO TO THE FAMILY OR BACK TO THE STATE THEY ARE IN NO WAY AN ASSET OF THE ORGANIZATION
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	PART X, LINE 2 THE ORGANIZATION UNDERGOES AN ANNUAL ANALYSIS OF ITS VARIOUS TAX POSITIONS, ASSESSING THE LIKELIHOOD OF THOSE POSITIONS BEING UPHELD UPON EXAMINATION WITH RELEVANT TAX AUTHORITIES AS OF JUNE 30, 2011 AND 2010, THE UNRECOGNIZED TAX BENEFIT ACCRUAL IS ZERO

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136056192

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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 ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
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 ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
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	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			734,257		734,257	1 530 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			10,991,865	10,127,417	864,448	1 800 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			238,133	266,297	-28,164	0 %
d **Total** Financial Assistance and Means-Tested Government Programs			11,964,255	10,393,714	1,570,541	3 330 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)		12,667	7,728		7,728	0 020 %
f Health professions education (from Worksheet 5)		160	20,532		20,532	0 040 %
g Subsidized health services (from Worksheet 6)		10,335	7,944,322	6,358,942	1,585,380	3 300 %
h Research (from Worksheet 7)		0				
i Cash and in-kind contributions to community groups (from Worksheet 8)		3,626	23,226		23,226	0 050 %
j **Total** Other Benefits		26,788	7,995,808	6,358,942	1,636,866	3 410 %
k **Total.** Add lines 7d and 7j		26,788	19,960,063	16,752,656	3,207,407	6 740 %

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		3,780	7,427		7,427	0 020 %
2	Economic development						
3	Community support		163	1,796		1,796	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building		1,342	861		861	0 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other		44	1,950		1,950	0 %
10	**Total**		5,329	12,034		12,034	0 020 %

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 Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,689,321		
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	26,327		
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	8,963,871		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,206,903		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-243,032		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a		No
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		

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	NORTHERN MONTANA HOSPITAL 30 13TH STREET HAVRE,MT 59501	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	NORTHERN MONTANA MEDICAL GROUP WEST 20 13TH STREET WEST HAVRE,MT 59501	CLINIC
2	NORTHERN MONTANA MEDICAL GROUP WEST 20 13TH STREET WEST HAVRE,MT 59501	CLINIC
3	NORTHERN MONTANA MEDICAL GROUP WEST 20 13TH STREET WEST HAVRE,MT 59501	CLINIC
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 6A THE ORGANIZATION'S COMMUNITY BENEFIT REPORT WAS PUBLISHED AS A 1/2 PAGE AD IN THE LOCAL NEWSPAPER IN ADDITION, A STATEMENT ABOUT THE AMOUNT OF COMMUNITY BENEFIT THE ORGANIZATION PROVIDED CAN BE FOUND ON OUR WEB-SITE AT WWW NMHCARE ORG

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE EXPENSE ON LINE 7A WAS CONVERTED TO COST USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 UNREIMBURSED MEDICAID, LINE 7B, AND UNREIMBURSED COSTS - OTHER MEANS-TESTED GOVERNMENT PROGRAMS, LINE 7C, WERE CALCULATED USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 COMMUNITY HEALTH IMPROVEMENT SERVICES, LINE 7E, HEALTH PROFESSIONS EDUCATION, LINE 7F, AND CASH AND IN-KIND DONATIONS, LINE 7I, ARE ACTUAL COSTS REPORTED IN THE GENERAL LEDGER THE COST FOR SUBSIDIZED HEALTH SERVICES REPORTED ON LINE 7G WAS DETERMINED USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM THE DENOMINATOR OF THE CALCULATION WAS $2,903,633

Identifier	ReturnReference	Explanation
		PART II REPORTED UNDER COMMUNITY BUILDING ACTIVITIES IS THE MAINTENANCE OF OUR FITNESS PARK IT IS A 7 ACRE PARK WITH CONCRETE WALKING TRAILS, A SOFTBALL AND SOCCER FIELD AND IS A PLACE FOR THE COMMUNITY TO GET OUTDOORS AND EXERCISE ALSO INCLUDED IS STORAGE OF BASKETBALL HOOPS FOR THE 3-ON-3 TOURNAMENTS THE CITY PUTS ON TO GET YOUTH OUT AND ACTIVE MANY LEADERS OF THE ORGANIZATION SERVE ON VARIOUS BOARDS THROUGHOUT THE COMMUNITY, SUCH AS THE CHAMBER OF COMMERCE, HILL COUNTY PLANNING BOARD AND HILL COUNTY HEALTH CONSORTIUM THROUGH THESE SERVICES, WE ARE ABLE TO KEEP ABREAST OF HEALTHCARE NEEDS IN THE COMMUNITY AND COLLABORATE WITH VARIOUS ORGANIZATIONS TO HELP MAKE IT HAPPEN

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE WAS CONVERTED TO COST USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS CALCULATED BY USING CHARITY CARE AS A PERCENTAGE OF GROSS PATIENT SERVICE REVENUE AS A PORTION OF REVENUE IS CONSIDERED CHARITY CARE, IT IS ASSUMED THAT A PERCENTAGE OF BAD DEBT EXPENSE WOULD ALSO BE CONSIDERED CHARITY CARE BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR 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 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 THESE EXPENSES REPRESENT AN OVERALL SHORTFALL OF THE MEDICARE PATIENT POPULATION THE COSTS THEMSELVES ARE THEREFORE A COMMUNITY BENEFIT AS THE COMMUNITY WOULD NOT RECEIVE THESE SERVICES IF WE DID NOT PROVIDE THEM MEDICARE ALLOWABLE COSTS OF CARE ARE BASED ON THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS SET FORTH BY CMS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE ORGANIZATION DOES NOT HAVE A WRITTEN DEBT COLLECTION POLICY, BUT HAVE WRITTEN PROCEDURES THAT THEY FOLLOW THE ORGANIZATION IS WORKING ON DEVELOPING A WRITTEN DEBT COLLECTION POLICY THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY PROVIDES HOW THEY WILL COLLECT FROM THOSE KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE THE POLICY STATES "DURING THE PATIENT REGISTRATION OR COLLECTION PROCESS, THE HOSPITAL WILL MAKE AN INITIAL DETERMINATION OF ELIGIBILITY BASED ON VERBAL OR WRITTEN APPLICATION FOR CHARITY CARE PENDING FINAL ELIGIBILITY DETERMINATION, THE HOSPITAL WILL NOT INITIATE COLLECTION EFFORTS OR REQUESTS FOR DEPOSITS, PROVIDED THAT THE RESPONSIBLE PARTY IS COOPERATIVE WITH THE HOSPITAL'S EFFORTS TO REACH A DETERMINATION OF STATUS, INCLUDING RETURN OF APPLICATIONS AND DOCUMENTATION REQUIRED BY THE HOSPITAL WITHIN FOURTEEN (14) DAYS OF RECEIPT "

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 COMMUNITY NEEDS ASSESSMENTS ARE CONDUCTED THROUGHOUT THE COMMUNITY BY ORGANIZATIONS SUCH AS HRDC, THE BOYS & GIRLS CLUB AND THE MONTANA ECONOMIC DEVELOPMENT COUNCIL THESE ASSESSMENTS ARE SHARED WITH THE COMMUNITY THROUGH THESE ASSESSMENTS, NORTHERN MONTANA HOSPITAL IS ABLE TO IDENTIFY THE NEEDS WE CAN HELP MEET THE CURRENT NEEDS ARE TRANSPORTATION, MENTAL HEALTH AND YOUTH IN NEED NORTHERN MONTANA HOSPITAL HAS KEY EMPLOYEES THAT ARE WORKING WITH A COLLECTIVE COMMUNITY GROUP ON THE TRANSPORTATION COALITION WE ALSO PARTICIPATE IN A COMMUNITY PROGRAM, 'HEALTHY YOUTH, HEALTHY COMMUNITY' IN COALITION WITH THE BOYS & GIRLS CLUB AND OTHER COMMUNITY ORGANIZATIONS NORTHERN MONTANA HOSPITAL IS HELPING TO MEET THE MENTAL HEALTH NEEDS OF THE COMMUNITY BY OFFERING AND SUBSIDIZING MENTAL HEALTH SERVICES WE ALSO SUBSIDIZE THE BULLHOOK COMMUNITY HEALTH CENTER WHICH WAS FORMED TO MEET THE NEEDS OF THE UNINSURED AND UNDERINSURED BEGINNING IN FY 2011 NORTHERN MONTANA HOSPITAL BECAME A MEMBER OF THE HILL COUNTY HEALTH CONSORTIUM THE CONSORTIUM IS COMPOSED OF MANY IMPORTANT STAKEHOLDERS IN OUR COMMUNITY WHO HAVE JOINED TOGETHER WORKING TOGETHER, THE CONSORTIUM MEMBERS CONTRIBUTED A GREAT DEAL OF TIME AND RESOURCE TO COMPLETE THE COMMUNITY HEALTH NEEDS ASSESSMENT THE CHANGE (COMMUNITY HEALTH ASSESSMENT AND GROUP EVALUATION) TOOL FROM THE CDC WEBSITE WAS CHOSEN TO HELP US THROUGH THE PROCESS OF OUR COMMUNITY HEALTH ASSESSMENT MAINLY BECAUSE IT WOULD WALK US THROUGH EACH STEP IN THE PROCESS CHANGE CAN BE USED TO GAIN A PICTURE OF THE POLICY, SYSTEMS, AND ENVIRONMENTAL CHANGE STRATEGIES CURRENTLY IN PLACE THROUGHOUT THE COMMUNITY, DEVELOP A COMMUNITY ACTION PLAN FOR IMPROVING POLICIES, SYSTEMS, AND THE ENVIRONMENT TO SUPPORT HEALTHY LIFESTYLES, AND ASSIST WITH PRIORITIZING COMMUNITY NEEDS AND ALLOCATING AVAILABLE RESOURCES THE CHANGE TOOL INVOLVES DIVIDING OUR COMMUNITY INTO 5 DIFFERENT SECTORS AND CHOOSING A FEW SITES WITHIN THOSE SECTORS TO COLLECT RESPONSES FROM THE 5 SECTORS INCLUDE (1) COMMUNITY-AT-LARGE(2) COMMUNITY-INSTITUTIONS-ORGANIZATIONS(3) WORKSITE(4) HEALTH CARE(5) SCHOOLSALONG WITH THE CHANGE TOOL, A WRITTEN SURVEY WAS CREATED USING AN EXAMPLE FROM WILKES HEALTHY CAROLINIANS COUNCIL (WILKESHEALTH COM) THIS SURVEY SEEMED TO FIT CLOSELY WITH OUR NEEDS, WITH ONLY MINOR ADJUSTMENTS BEING MADE TO FIT HILL COUNTY THIS WRITTEN SURVEY WAS AVAILABLE THROUGHOUT HILL COUNTY AT VARIOUS WAITING AREAS SO PEOPLE WOULD HAVE ADEQUATE TIME TO COMPLETE THEM

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 NORTHERN MONTANA HOSPITAL INFORMS AND EDUCATES PATIENTS ABOUT THEIR ELIGIBILITY FOR ASSISTANCE THROUGH A SIGN POSTED AT OUR ADMISSIONS DESK, NOTED IN THE BROCHURE WE GIVE PATIENTS AT OUR CLINICS, AND SIGNS POSTED AT OUR CLINIC REGISTRATION DESKS IN ADDITION, OUR COLLECTION STAFF OFFERS CHARITY CARE AS AN OPTION WHEN THEY ARE DISCUSSING THE PATIENT'S BALANCE AS WELL AS THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS AS OF OCT 2010, NMH HAS CONTRACTED WITH A COMPANY TO ASSIST THE PATIENT WITH QUALIFICATION FOR PROGRAMS SUCH AS MEDICAID AND DISABILITY DETERMINATION WE ALSO PUBLISH A COMMUNITY BENEFIT REPORT ANNUALLY WHICH STATES HOW MUCH CHARITY CARE WE HAVE GIVEN AWAY, AND WE POST OUR COMMUNITY BENEFIT REPORT ON OUR WEBSITE NOTING THAT WE PROVIDE CHARITY CARE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 NORTHERN MONTANA HOSPITAL IS A 49 BED HOSPITAL INCLUDING 5 SWING BEDS, A 5 BED INTENSIVE CARE UNIT, EMERGENCY ROOM, SAME DAY SURGERY, AND A 6 CHAIR DIALYSIS UNIT, NORTHERN MONTANA CARE CENTER, A 136 BED SKILLED AND INTERMEDIATE CARE FACILITY OF WHICH 20 BEDS ARE DESIGNATED FOR RESIDENT'S WITH ALZHEIMER'S DISEASE AND OTHER RELATED DEMENTIAS, NORTHERN MONTANA ASSISTED LIVING, A 10 BED FACILITY, NORTHERN MONTANA MEDICAL GROUP - EAST, A RURAL HEALTH CLINIC, NORTHERN MONTANA MEDICAL GROUP - WEST, A RURAL HEALTH CLINIC, NORTHERN MONTANA VISION CENTER, AN OPHTHALMOLOGY OFFICE, NORTHERN MONTANA HOME MEDICAL EQUIPMENT (OPERATIONS DISCONTINUED 12/31/2010), BEAR PAW HOSPICE, AND THE HI-LINE SLEEP CENTER THE HOSPITAL'S SERVICE AREA CONSISTS OF HILL, BLAINE, LIBERTY, PHILIPS AND THE BIG SANDY CENSUS DISTRICT OF CHOTEAU COUNTIES THE POPULATION OF THIS SERVICE AREA IS APPROXIMATELY 30,000 THE MEDIAN HOUSEHOLD INCOME IS ABOUT $37,000 APPROXIMATELY 45% OF THE POPULATION HAS A HOUSEHOLD INCOME BELOW 200% OF THE FEDERAL POVERTY GUIDELINES APPROXIMATELY 23% OF THE POPULATION IS COVERED BY MEDICAID, 30% BY MEDICARE, 2 41% BY CHIP AND ABOUT 10 4% UNINSURED ADDITIONALLY, ANOTHER 8% OF THE POPULATION IS COVERED BY INDIAN HEALTH SERVICES THE ENTIRE SERVICE AREA IS CONSIDERED RURAL AND HAS BEEN DESIGNATED A HEALTH PROFESSIONAL SHORTAGE AREA FOR ALL PRIMARY MEDICAL CARE, MENTAL HEALTH AND DENTAL IN ADDITION, THE ENTIRE SERVICE AREA IS DESIGNATED AS A MEDICALLY UNDERSERVED AREA NORTHERN MONTANA HOSPITAL IS THE ONLY LOCAL HOSPITAL IN ITS SERVICE AREA, HOWEVER THERE ARE 3 CRITICAL ACCESS HOSPITALS, 4 RURAL HEALTH CLINICS, 3 COMMUNITY HEALTH CLINICS AND 3 IHS-TRIBAL CLINICS WITHIN ITS SERVICE AREA THE NEAREST HOSPITAL IS A CRITICAL ACCESS HOSPITAL AND IS 35 MILES AWAY

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 NORTHERN MONTANA HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY THE ORGANIZATION APPLIES SURPLUS FUNDS TO IMPROVEMENTS IN PATIENT CARE BY KEEPING ITS MEDICAL EQUIPMENT UP TO DATE, SENDING ITS EMPLOYED PHYSICIANS FOR FURTHER CONTINUING EDUCATION, SUPPORTING NURSING EDUCATION THROUGH A LOAN RE-PAYMENT ASSISTANCE PROGRAM AND SUPPORTING HEALTH CARE EDUCATION THROUGH AN EDUCATION ASSISTANCE PROGRAM IN ADDITION, THE HOSPITAL SUBSIDIZES ITS EMERGENCY DEPARTMENT BY OFFERING 24/7 EMERGENT CARE COVERAGE TO ALL, REGARDLESS OF THEIR ABILITY TO PAY NORTHERN MONTANA HOSPITAL ALSO PARTICIPATES IN ALL GOVERNMENT SPONSORED HEALTH PROGRAMS, SUCH AS CHIP, HEALTHY MONTANA KIDS AND THE MONTANA CERVICAL AND BREAST CANCER PROGRAM, WHERE IT ACCEPTS PAYMENTS FOR SERVICES AT GREATLY DISCOUNTED RATES SEVERAL MEMBERS OF NORTHERN MONTANA HOSPITAL'S LEADERSHIP TEAM SERVE ON OTHER COMMUNITY BOARDS, SUCH AS HAVRE CHAMBER OF COMMERCE, HILL COUNTY HEALTH CONSORTIUM, LOCAL EMERGENCY PLANNING, FETAL/INFANT/CHILD MORTALITY REVIEW BOARD, HAVRE/HILL COUNTY PLANNING BOARD, HILL AND BLAINE COUNTY ADULT PROTECTIVE SERVICES COMMITTEE, HILL COUNTY UNITED WAY, HRDC MEDICAL ADVISORY BOARD, MSU-N NURSING ADVISORY BOARD AND THE SAFE KIDS SAFE COMMUNITIES COMMITTEE

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 N/A

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	MT

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136056192

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

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

3 Enter total number of other organizations . . . ▶

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) EDUCATION ASSISTANCE	5	9,152			

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE ORGANIZATION PROVIDES EDUCATION ASSISTANCE TO QUALIFIED EMPLOYEES THE ORGANIZATION MONITORS THE USE OF THE ASSISTANCE BY DISBURSING THE FUNDS DIRECTLY TO THE INSTITUTION THE ORGANIZATION ALSO PROVIDES SUPPORT TO A RELATED TAX-EXEMPT ORGANIZATION IN SUPPORT OF THEIR EXEMPT PURPOSE
OTHER INFORMATION	PART IV	PER OUR EDUCATION ASSISTANCE POLICY, WE WILL ONLY ASSIST FOR DEGREES THAT WILL FULFILL OUR STAFFING NEEDS WE WILL PAY UP TO $5,250 PER EMPLOYEE PER YEAR, HOWEVER NOT EVERY APPLICANT REQUESTS THE FULL AMOUNT THEREFORE, WE ANTIPATE 3-6 RECIPIENTS PER YEAR

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136056192

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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**	Yes	
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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) DAVID C HENRY	(i)	275,250	72,000	0	0	0	347,250	0
	(ii)	0	0	0	0	0	0	0
(2) BRUCE RICHARDSON MD	(i)	321,539	0	1,188	0	21,131	343,858	0
	(ii)	0	0	0	0	0	0	0
(3) STEPHEN BECHDOLT MD	(i)	276,078	0	1,188	0	13,474	290,740	0
	(ii)	0	0	0	0	0	0	0
(4) MARGARET DOW MD	(i)	205,941	0	168	0	24,756	230,865	0
	(ii)	0	0	0	0	0	0	0
(5) MICHAEL NOLAN MD	(i)	254,970	0	1,188	0	5,310	261,468	0
	(ii)	0	0	0	0	0	0	0
(6) JOEL CLEARY MD	(i)	345,098	0	710	0	4,424	350,232	0
	(ii)	0	0	0	0	0	0	0
(7) KAREN E LIEN MD	(i)	319,446	0	210	0	23,685	343,341	0
	(ii)	0	0	0	0	0	0	0
(8) JOHN TRUE MD	(i)	350,000	0	2,286	0	3,068	355,354	0
	(ii)	0	0	0	0	0	0	0
(9) SHAHRIAR ANOUSHFAR MD	(i)	348,341	0	25,884	0	10,921	385,146	0
	(ii)	0	0	0	0	0	0	0
(10) SUZANNE SWIETNICKI MD	(i)	243,447	0	414	0	23,565	267,426	0
	(ii)	0	0	0	0	0	0	0
(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 5	PART I, LINE 5 TWO PHYSICIANS LISTED IN PART VII OF THE FORM 990 ARE COMPENSATED AS A PERCENTAGE OF THE PRIOR THREE MONTHS' AVERAGE GROSS REVENUE EARNED FOR THE HOSPITAL BY THE PHYSICIAN, WITH THE PERCENTAGE BEING BASED ON THEIR SPECIALTY
SUPPLEMENTAL INFORMATION	PART III	SCHEDULE J, PART I, LINE 3 THE CEO/PRESIDENT OF NORTHERN MONTANA HOSPITAL IS COMPENSATED BY AN UNRELATED MANAGEMENT COMPANY, FUNDAMENTAL FINANCIAL GROUP, FOR HIS SERVICES PROVIDED TO NORTHERN MONTANA HOSPITAL, NORTHERN MONTANA HEALTH CARE FOUNDATION, INC , AND NORTHERN MONTANA HEALTH CARE, INC HE SERVES 40 HOURS PER WEEK AT THE HOSPITAL, TWO (2) HOURS PER WEEK AT THE FOUNDATION, AND ONE (1) HOUR PER WEEK AT NORTHERN MONTANA HEALTH CARE, INC THE BOARD WORKS WITH THE UNRELATED MANAGEMENT COMPANY TO DETERMINE THE CEO/PRESIDENT'S COMPENSATION USING THE METHODS CHECKED IN LINE 3

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493136056192

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	VISITING NURSE SERVICES AVAILABLE JULY 1, 2010

Identifier	Return Reference	Explanation
CHANGES IN PROGRAM SERVICES	FORM 990, PART III, LINE 3	HOME HEALTH CARE CLOSED JUNE 30, 2010 AND HOME MEDICAL EQUIPMENT CLOSED DECEMBER 31, 2010

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3		THE PRESIDENT/CEO OF THE HOSPITAL IS EMPLOYED BY AN UNRELATED MANAGEMENT COMPANY

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE SOLE MEMBER OF THE ORGANIZATION IS NORTHERN MONTANA HEALTH CARE, INC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE SOLE MEMBER OF THE ORGANIZATION SHALL HAVE SUCH RIGHTS AND POWERS AS ARE PROVIDED FOR IN THE ARTICLES OF INCORPORATION, THE BYLAWS OF THE ORGANIZATION AND THE LAWS OF THE STATE OF MONTANA, INCLUDING BUT NOT LIMITED TO, THE EXCLUSIVE POWER (A) TO REMOVE ANY TRUSTEE FROM ANY OFFICE AT ANY TIME, WITH OR WITHOUT CAUSE, (B) TO PROPOSE AND APPROVE (I) A PLAN OF DISSOLUTION OR LIQUIDATION OF THE ORGANIZATION OR (II) A PLAN OF MERGER OR CONSOLIDATION OF THE ORGANIZATION WITH ANOTHER CORPORATION, (C) TO PROPOSE AND APPROVE AMENDMENTS TO THE ARTICLES OF INCORPORATION AND OR THE BYLAWS,(D) TO ADOPT ANY ANNUAL OR LONG-TERM CAPITAL OR OPERATIONAL BUDGET OR ANY CHANGES THEREIN EXCEEDING $75,000,(E) TO AUTHORIZE THE ORGANIZATION TO ENTER INTO ANY CONTRACT OR ENGAGE IN ANY TRANSACTION WHICH IS NOT PROVIDED FOR IN AN ANNUAL OR LONG-TERM CAPITAL OR OPERATIONAL BUDGET APPROVED BY THE SOLE MEMBER OF THE ORGANIZATION WHERE THE AMOUNT INVOLVED EXCEEDS $50,000,(F) TO ADOPT SUBSTANTIVE CHANGES TO EXISTING LONG-TERM OR MASTER INSTITUTIONAL PLANS OF THE ORGANIZATION, (G) TO AUTHORIZE THE ORGANIZATION TO ENGAGE IN, OR ENTER INTO, ANY TRANSACTION PROVIDING FOR THE SALE, MORTGAGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE ORGANIZATION, (H) TO ORGANIZE OR ACQUIRE, OR AUTHORIZE THE ORGANIZATION OR ACQUISITION OF, ANY SUBSIDIARY OR AFFILIATE OF THE ORGANIZATION, (I) TO AUTHORIZE THE ORGANIZATION TO ENTER INTO ANY SHARED SERVICE AGREEMENT, (J) TO APPROVE LONG-TERM BORROWING OF MONEY BY THE ORGANIZATION OR AUTHORIZE THE ORGANIZATION TO INCUR INDEBTEDNESS INVOLVING A MORTGAGE OR LIEN ON ASSETS, OR (K) TO APPROVE THE TRUSTEES OR THE PRESIDENT OF THE ORGANIZATION FROM A SLATE PREPARED BY THE NOMINATING COMMITTEE OF THE ORGANIZATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 8B		NO COMMITTEE HAS THE AUTHORITY TO ACT ON BEHALF OF THE BOARD

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		A DRAFT COPY OF THE FORM 990 WILL BE REVIEWED BY THE VP OF FINANCE, THEN SUBMITTED VIA E-MAIL TO THE BOARD OF DIRECTORS TO VIEW BEFORE FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS ALL TRUSTEES, DIRECTORS, OFFICERS, AND KEY EMPLOYEES THE BOARD IDENTIFIES POTENTIAL CONFLICTS FROM ANNUAL DISCLOSURES DISCLOSURES ARE REVIEWED BY ADMINISTRATION AFTER ALL ARE GATHERED A SECOND CONFLICT DISCLOSURE LETTER IS SENT OUT ANNUALLY TO ALL CURRENT AND FORMER OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES TO ENSURE ALL POTENTIAL CONFLICTS ARE IDENTIFIED THE RESULTS OF THIS DISCLOSURE FORM ARE REVIEWED BY THE VP OF FINANCE THE BOARD DISCUSSES THE POTENTIAL CONFLICTS AND DETERMINES IF VOTING ON RELATED ITEMS WOULD BE A CONFLICT OF INTEREST IF A CONFLICT IS DETERMINED TO EXIST, THE CONFLICTED INDIVIDUAL IS EXCLUDED FROM VOTING ON THE CONFLICTED ITEM

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15A	THE CEO/PRESIDENT IS COMPENSATED BY AN UNRELATED MANAGEMENT COMPANY THE EXECUTIVE COMMITTEE OF THE BOARD MEETS AND REVIEWS NORTHERN MONTANA HOSPITAL(NMH)/NORTHERN MONTANA HEALTH CARE, INC (NMHC) FINANCIAL RESULTS, THE CEO'S CURRENT YEAR PRIORITIES, DISCUSS EVALUATION TOOLS TO BE USED FOR CEO EVALUATION, HOW COMPARATIVE SALARIES WILL BE OBTAINED AND DISCUSS THE HISTORY OF COMPENSATION TO THE CEO AT A SECOND EXECUTIVE COMMITTEE MEETING THEY REVIEW NON-FINANCIAL ACTIVITY OF NMH/NMHC AND THE RESULTS OF THE CEO EVALUATIONS COMPLETED BY THE BOARD MEMBERS THEN THEY REVIEW AND DISCUSS A COMPENSATION COMPARATIVE SUMMARY OF MONTANA CEO'S COMPENSATION AND A GUIDESTAR CEO COMPENSATION CHECKPOINT THAT IS PREPARED SPECIFICALLY FOR NMH THEY AGREE UPON A LIST OF THE COMING YEAR'S PRIORITIES FOR THE CEO AND PROPOSED COMPENSATION, WITH THE COMPENSATION SET BY BOARD VOTE THIS ANNUAL PROCESS WAS LAST PERFORMED DURING THE TAX YEAR ENDED JUNE 30, 2011

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	FORM 990, PART VI, SECTION C, LINE 19 THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST THE FINANCIAL STATEMENTS ARE ATTACHED TO THE FORM 990 PER THE IRS INSTRUCTIONS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 503,536 MINIMUM PENSION LIABILITY ADJUSTMENT 2,439,058 EQUITY TRANSFER TO RELATED ORGANIZATION -500,000 ROUNDING 2 TOTAL TO FORM 990, PART XI, LINE 5 2,442,596

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE CONTROLLING ORGANIZATION, NORTHERN MONTANA HEALTH CARE, INC 'S BOARD HAS A COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND SELECTION OF AN INDEPENDENT AUDITOR

Identifier	Return Reference	Explanation
ORGANIZATIONS	FORM 990, PART VII, SECTION A, PERCENTAGE OF TIME SPENT BETWEEN RELATED	NO INDIVIDUALS ARE COMPENSATED FOR THEIR BOARD SERVICE TO EITHER ORGANIZATION, ONLY FOR THEIR SERVICE AS EMPLOYEES OF THE HOSPITAL THE FOLLOWING INDIVIDUALS SPEND 2% OF THEIR TIME ON NMHC BUSINESS AND 98% OF THEIR TIME ON NMH BUSINESS -VICE PRESIDENT OF NMHC ALSO SERVES AS THE VP OF NMH -THE VICE CHAIR OF NMHC ALSO SERVES AS THE VICE CHAIR AND AN EMPLOYED PHYSICIAN OF NMH -THREE TRUSTEES OF NMHC ALSO SERVE AS TRUSTEES AND EMPLOYED PHYSICIANS (INCLUDING THE MEDICAL DIRECTOR AND CHIEF OF STAFF) OF NMH THE FOLLOWING INDIVIDUALS SPEND 2% OF THEIR TIME ON NMHC BUSINESS AND 2% OF THEIR TIME ON NMHCF BUSINESS AND 96% OF THEIR TIME ON NMH BUSINESS - CEO/PRESIDENT OF NMHC ALSO SERVES AS THE CEO/PRESIDENT OF NMH AND NMHCF -VP OF FINANCE OF NMHC ALSO SERVES AS THE VP OF FINANCE OF NMH AND NMHCF THE REMAINING MEMBERS OF THE BOARD OF TRUSTEES SPEND 50% OF THEIR TIME ON NMHC BUSINESS AND 50% OF THEIR TIME ON NMH BUSINESS NONE OF THEM ARE EMPLOYED BY EITHER ORGANIZATION

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136056192

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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) NORTH CARE CORPORATION 30 13TH STREET HAVRE, MT 59501 81-0447638	SUPPORTING ORGANIZATION	MT	501(C)(3)	LINE 3	NORTHERN MONTANA HEALTH CARE INC		No
(2) NORTHERN MONTANA HEALTH CARE INC PO BOX 1231 HAVRE, MT 59501 81-0428854	SUPPORTING ORGANIZATION	MT	501(C)(3)	LINE 11B, II	N/A		No
(3) NORTHERN MONTANA HEALTH CARE FOUNDATION INC PO BOX 1231 HAVRE, MT 59501 36-3464641	FUNDRAISING	MT	501(C)(3)	LINE 7	NORTHERN MONTANA HEALTH CARE INC		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**	**Yes**	
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**	**Yes**	
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**	**Yes**	
n	Sharing of paid employees	**1n**	**Yes**	
o	Reimbursement paid to other organization for expenses	**1o**		**No**
p	Reimbursement paid by other organization for expenses	**1p**	**Yes**	
q	Other transfer of cash or property to other organization(s)	**1q**	**Yes**	
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)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) 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

Northern Montana Health Care, Inc. and Affiliates

Northern Montana Health Care, Inc. and Affiliates

Table of Contents

June 30, 2011 and 2010

Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5
Independent Auditor's Report on Consolidating Information	20
Consolidating Financial Statements	
Consolidating Schedules of Assets	21
Consolidating Schedules of Liabilities and Net Assets	22
Consolidating Schedules of Operations	23
Independent Auditor's Report on Supplementary Information	24
Supplementary Information	
Operational and Financial Highlights – Northern Montana Hospital	25
Statistical Highlights – Northern Montana Hospital	26

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Northern Montana Health Care, Inc and Affiliates
Havre, Montana

We have audited the accompanying consolidated balance sheets of Northern Montana Health Care, Inc and Affiliates (Organization) as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits 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 the Organization'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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 Northern Montana Health Care, Inc and Affiliates as of June 30, 2011 and 2010, and the results of its operations and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Eide Bailly LLP

Billings, Montana
September 22, 2011

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 6,693,703	$ 6,133,928
Investments	3,061,071	2,838,327
Assets limited as to use	940,732	907,043
Receivables		
Patient and resident, net of estimated uncollectibles of $11,880,000 in 2011 and $10,815,000 in 2010	11,292,815	10,520,273
Interest	121,100	144,396
Other	206,014	273,537
Supplies	1,319,273	1,378,066
Prepaid expenses and other current assets	748,420	418,297
Total current assets	24,383,128	22,613,867
Assets Limited as to Use		
By board for capital improvements	11,771,890	11,405,616
Under indenture agreements - held by trustee	1,494,327	1,476,964
By board for self-insurance programs	169,655	166,669
By board for other restricted purposes	135,339	135,339
	13,571,211	13,184,588
Less current portion	(940,732)	(907,043)
Total noncurrent assets limited as to use	12,630,479	12,277,545
Property and Equipment	19,129,494	20,124,899
Other Assets		
Investments	17,026,350	15,286,520
Investment in New West Health Services	2,170,000	2,250,000
Deferred financing costs, net of accumulated amortization of $263,411in 2011 and $222,100 in 2010	172,567	213,878
Total other assets	19,368,917	17,750,398
Total assets	$ 75,512,018	$ 72,766,709

See Notes to Consolidated Financial Statements

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,099,682	$ 1,048,623
Accounts payable		
Trade	1,744,096	1,754,017
Estimated third-party payor settlements	762,698	600,000
Accrued expenses	2,452,525	2,459,756
Total current liabilities	6,059,001	5,862,396
Liability for Pension Benefits	4,499,593	6,952,531
Long-Term Debt, Less Current Maturities	7,389,906	8,489,330
Total liabilities	17,948,500	21,304,257
Net Assets		
Unrestricted	56,731,479	50,492,967
Temporarily restricted	726,404	866,083
Permanently restricted	105,635	103,402
Total net assets	57,563,518	51,462,452
Total liabilities and net assets	$ 75,512,018	$ 72,766,709

Northern Montana Health Care, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted Revenues		
Net patient and resident service revenue	$ 52,075,622	$ 51,546,340
Other revenue	1,020,179	897,684
Total unrestricted revenues	53,095,801	52,444,024
Expenses		
Salaries and benefits	31,213,829	30,489,409
Cost of drugs, food, supplies and other	12,533,280	12,764,109
Purchased services	2,013,407	1,971,436
Depreciation and amortization	2,548,498	2,661,577
Provision for bad debts	2,903,633	3,766,940
Interest	421,225	470,653
Total expenses	51,633,872	52,124,124
Operating Income	1,461,929	319,900
Other Income		
Investment income	976,347	1,002,478
Gain (loss) on sale of investments, net	158,624	(426,970)
Unrestricted gifts and bequests	179,696	38,030
Gain on sale of property and equipment, net	34,249	1,000
Equity in income of New West Health Services	14,140	15,000
Other	21,358	42,020
Total other income, net	1,384,414	671,558
Revenues in Excess of Expenses	2,846,343	991,458
Unrealized Gains on Investments	745,839	2,135,147
Net Assets Released from Donor Restrictions	207,272	307,139
Minimum Pension Liability Adjustment	2,439,058	(1,265,866)
Increase in Unrestricted Net Assets	6,238,512	2,167,878
Temporarily Restricted Net Assets		
Contributions	67,593	158,389
Net assets released from donor restrictions	(207,272)	(307,139)
	(139,679)	(148,750)
Permanently Restricted Net Assets		
Contributions	2,233	2,518
Increase in Net Assets	6,101,066	2,021,646
Net Assets, Beginning of Year	51,462,452	49,440,806
Net Assets, End of Year	$ 57,563,518	$ 51,462,452

See Notes to Consolidated Financial Statements

	2011	2010
Operating Activities		
Increase in net assets	$ 6,101,066	$ 2,021,646
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation and amortization	2,548,498	2,661,577
Equity in income of New West Health Services	(14,140)	(15,000)
Gain on sale of equipment, net	(34,249)	(1,000)
(Gain) loss on sale of investments, net	(158,624)	426,970
Contributions restricted by donors	(69,826)	(160,907)
Unrealized gains on investments	(745,839)	(2,135,147)
Changes in assets and liabilities		
Receivables	(681,723)	344,889
Supplies	58,793	(29,196)
Prepaid expenses and other current assets	(330,123)	(1,564)
Accounts payable	152,777	(47,668)
Accrued expenses	(7,231)	(156,827)
Pension liability	(2,452,938)	1,670,074
Net Cash from Operating Activities	4,366,441	4,577,847
Investing Activities		
Net proceeds from New West Health Services	94,140	105,000
Purchase of investments	(13,380,875)	(9,382,353)
Proceeds from maturities and sales of investments	12,367,339	3,930,072
Purchase of property and equipment	(1,537,833)	(2,341,086)
Proceeds from sale of property and equipment	60,300	1,000
Change in assets limited as to use		
Net withdrawals from cash and cash equivalents	(17,363)	(14,196)
Purchase of investments	(5,438,074)	(1,518,826)
Proceeds from maturities and sales of investments	5,024,239	1,576,657
Net Cash used for Investing Activities	(2,828,127)	(7,643,732)
Financing Activities		
Contributions restricted by donors	69,826	160,907
Principal payments on long-term debt	(1,048,365)	(999,073)
Net Cash used for Financing Activities	(978,539)	(838,166)
Net Change in Cash and Cash Equivalents	559,775	(3,904,051)
Cash and Cash Equivalents, Beginning of Year	6,133,928	10,037,979
Cash and Cash Equivalents, End of Year	$ 6,693,703	$ 6,133,928
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 426,188	$ 480,000

Note 1 - Organization and Significant Accounting Policies

Organization and Principles of Consolidation

The consolidated financial statements include the accounts of the holding company, Northern Montana Health Care, Inc and its three nonprofit affiliates Northern Montana Hospital, Northern Montana Health Care Foundation, Inc , North Care Corporation, and its for-profit affiliate Paramount Health Care, Inc All significant intercompany balances and transactions have been eliminated in consolidation

Northern Montana Health Care, Inc includes 49 acute care hospital beds, 136 skilled nursing beds, 10 assisted living beds, and 2 medical clinics located in Havre, Montana

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 and Credit Policy

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations The Organization does not charge interest on past due accounts 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 due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision

Supplies

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

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the effective interest method The estimated annual amortization of deferred financing costs is approximately $44,000, $46,000, $48,000 and $35,000 for years 2012 through 2015 respectively

Investments and Investment Income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values 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 expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments that are deemed to be temporary in nature are excluded from revenues in excess of expenses In the periods in which it is determined that an investment's decline in fair value below its cost basis is other than temporary, the other than temporary impairment is recognized in revenues in excess of expenses

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and other purposes, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under indenture agreements, and assets set aside for self-insurance trust arrangements Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification 820, *Fair Value Measurements* (ASC 820), which provides a framework for measuring fair value under generally accepted accounting principles

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date The valuation techniques utilized maximize the use of observable inputs and minimize the use of unobservable inputs In accordance with the fair value hierarchy, the valuation inputs are prioritized into three broad levels

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability Level 3 inputs are unobservable inputs related to the asset or liability

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 The estimated useful lives of property and equipment are as follows

Land and improvements	5 - 25 years
Buildings	25 - 40 years
Furniture, fixtures and equipment	3 - 20 years

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

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

Revenues in Excess of Expenses

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

Net Patient and Resident Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from 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

Charity Care

To fulfill its mission of community service, the Organization 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 Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient and resident 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 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, restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions Gifts restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the gifts are recognized

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred

Income Taxes

The Organization and its three nonprofit affiliates are entities organized as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The Organization also has a taxable affiliate

The Organization undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities As of June 30, 2011 and 2010, the unrecognized tax benefit accrual is zero The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred The Organization is no longer subject to Federal or state tax examinations by tax authorities before 2007

Subsequent Events

The Organization has evaluated subsequent events through September 22, 2011, the date which the financial statements were available to be issued

Note 2 - Community Benefit Expense

The following is a summary of the Organization's community service, based upon charges, provided to the indigent and benefits for the broader community

	2011	2010
Benefits for the indigent		
Traditional charity care	$ 1,262,053	$ 1,245,351
Unpaid amounts of Medicaid program	7,253,369	6,578,503
	8,515,422	7,823,854
Benefits for the broader community		
Unpaid amounts of Medicare program	12,662,094	13,404,058
	$ 21,177,516	$ 21,227,912

Benefits for the indigent include services provided to persons who cannot afford health care because of inadequate resources or who are uninsured This includes traditional charity care and the unpaid amounts for treating Medicaid beneficiaries at charges which exceed the related government payments Benefits for the broader community are unpaid amounts for treating Medicare beneficiaries at charges which exceed the related government payments

Note 3 - Net Patient and Resident Service Revenue

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

Medicare During the year ended June 30, 2010, the Organization participated in the Centers for Medicare and Medicaid Services (CMS) Rural Community Hospital Demonstration Program under Section 410A of the Medicare Modernization Act For inpatient and swing bed services provided to Medicare program beneficiaries, the Organization is reimbursed on a cost-based methodology subject to retrospective settlement Outpatient services rendered to Hospital Medicare program beneficiaries are paid at prospectively determined rates per discharge or on a fee schedule Effective July 1, 2010, inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge The majority of outpatient services are paid under a prospective payment methodology These rates varied according to a patient classification system that is based on clinical, diagnostic, and other factors The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare fiscal intermediary The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007

Medicaid Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Other inpatient services, outpatient services, and outpatient capital costs related to Medicaid program beneficiaries are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and settlements thereof by the Medicaid fiscal intermediary The Organization's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2007

Blue Cross Inpatient services rendered to Blue Cross subscribers are reimbursed at charges less a prospectively determined discount 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

Resident Services The Organization is reimbursed for resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by Montana Department of Public Health and Human Services regulations These rates are subject to retroactive adjustment by field audit Under the Medicare program, payment is made on a prospectively determined per diem rate which varies based on a case-mix adjusted patient classification system

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

Revenue from the Medicare and Medicaid programs accounted for approximately 29 percent and 23 percent, respectively, of the Organization`s net patient and resident revenue for the year ended June 30, 2011, and 33 percent and 22 percent, respectively, of the Organization`s net patient and resident revenue for the year ended June 30, 2010

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 The net patient and resident service revenue for the years ended June 30, 2011 and 2010 increased approximately $-0- and $560,000, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years no longer likely subject to audits, reviews and investigations

CMS has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007 are reviewed by contractors for validity, accuracy, and proper documentation The potential exists that the Organization may incur a liability for a claims overpayment The Organization has recorded a liability of $360,000 and $240,000 as of June 30, 2011 and 2010, respectively The liability is included in the third-party payor settlements payable on the consolidated balance sheets

A summary of patient and resident service revenue and contractual adjustments is as follows

	2011	2010
Total patient and resident service revenue	$ 79,720,953	$ 77,394,913
Contractual adjustments	(27,645,331)	(25,848,573)
Net patient and resident service revenue	$ 52,075,622	$ 51,546,340

Note 4 - Investments and Assets Limited as to Use

Investments and assets limited as to use are stated at fair value and include the following as of June 30, 2011 and 2010

Investments

	2011	2010
U S Treasury obligations	$ 6,250,663	$ 5,978,157
Corporate bonds and notes	7,494,780	7,245,532
Common stock	4,577,022	2,757,330
Certificates of deposit	1,764,956	2,143,828
	20,087,421	18,124,847
Less current portion	(3,061,071)	(2,838,327)
	$ 17,026,350	$ 15,286,520

Assets Limited as to Use

	2011	2010
By board for capital improvements		
U S Treasury obligations	$ 2,598,790	$ 3,233,793
Corporate bonds and notes	6,107,276	5,490,547
Cash and certificates of deposit	2,975,767	2,593,969
Interest receivable	90,057	87,307
	$ 11,771,890	$ 11,405,616
Under indenture agreements- held by trustee		
Money market deposit fund	$ 994,327	$ -
U S Treasury obligations	-	1,446,821
Cash and certificates of deposit	500,000	30,143
	$ 1,494,327	$ 1,476,964
By board for self-insurance programs		
Cash and certificates of deposit	$ 169,486	$ 166,482
Interest receivable	169	187
	$ 169,655	$ 166,669
By board for other restricted purposes		
Certificates of deposit	$ 135,339	$ 135,339

The following table sets forth by level, within the fair value hierarchy, the fair values of investments and assets limited as to use as of June 30, 2011 and 2010

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2011			
U S Treasury obligations	$ -	$ 8,849,453	$ -
Money market deposit funds	-	994,327	-
Corporate bonds and notes	-	13,602,056	-
Cash and certificates of deposit	804,429	4,741,119	-
Common stock			
Large market capitalization	2,715,215	-	-
Middle market capitalization	505,138	-	-
Small market capitalization	195,016	-	-
International	1,161,653	-	-
	$ 5,381,451	$ 28,186,955	$ -
2010			
U S Treasury obligations	$ -	$ 10,658,771	$ -
Corporate bonds and notes	-	12,736,079	-
Cash and certificates of deposit	30,143	5,039,618	-
Common stock			
Large market capitalization	1,560,231	-	-
Middle market capitalization	712,406	-	-
Small market capitalization	132,440	-	-
International	352,253	-	-
	$ 2,787,473	$ 28,434,468	$ -

The fair values and gross unrealized losses of investments and assets limited as to use for individual securities that have been in a continuous unrealized loss position as of June 30, 2011 and 2010 are as follows

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
2011				
U S Treasury obligations	$ (8,936)	$ 778,929	$ (31,101)	$ 16,735
Corporate bonds and notes	(78,498)	3,850,152	(15,341)	674,058
Certificates of deposit	(805)	99,195	-	-
Common stock	(19,019)	387,379	(20,457)	202,214
	$ (107,258)	$ 5,115,655	$ (66,899)	$ 893,007
2010				
U S Treasury obligations	$ (307)	$ 448,934	$ (30,710)	$ 24,478
Corporate bonds and notes	-	-	(215,776)	4,221,701
Certificates of deposit				
Common stock	(30,352)	254,120	(283,829)	1,938,727
	$ (30,659)	$ 703,054	$ (530,315)	$ 6,184,906

The gross unrealized losses on these investments were primarily due to interest rate fluctuations and market-price movements The Organization reviewed the investment portfolio and determined that the gross unrealized losses on these investments at June 30, 2011 and 2010 were generally temporary in nature The Organization has the ability and intent to hold these investments until recovery of their carrying values

Note 5 - Investment in New West Health Services

The Organization is a member of New West Health Services (New West), a mutual benefit corporation that provides health insurance The Organization contributed $200,000 to become an equity member of the health plan Additionally, the Organization has advanced cash in the form of receivables, which are reflected as equity in New West's financial statements The investment and cash advances to New West are accounted for in a manner, which reflects the Organization's portion of New West's equity, which is 10 78% at June 30, 2011 and 2010 Income from New West was $14,140 and $15,000 for the years ended June 30, 2011 and 2010, respectively

Note 6 - Property and Equipment

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and improvements	$ 1,323,211	$ 845,757	$ 1,323,211	$ 785,639
Buildings	37,245,895	23,706,380	37,209,658	22,498,532
Furniture, fixtures and equipment	25,300,205	21,182,627	24,330,720	20,213,491
Construction in progress	994,947	-	758,972	-
	$ 64,864,258	$ 45,734,764	$63,622,561	$43,497,662
Net property and equipment		$ 19,129,494		$20,124,899

Construction in progress consists of various expansion and remodel projects within the Organization's facilities There are no contractual commitments related to these projects

Note 7 - Lease Revenue

The Organization leases medical office space to local clinics under operating leases The net book value of the buildings which are leased was approximately $4,037,000 and $4,163,000 at June 30, 2011 and 2010, respectively The Organization recorded approximately $518,000 and $408,000 of rental income during the years ended June 30, 2011 and 2010, respectively, which is included in other revenue on the statements of operations and changes in net assets Future rental income under the non cancelable operating leases is as follows

Years Ending June 30,	Amount
2012	$ 413,629
2013	325,930
2014	296,512
2015	284,016
2016	284,016
Thereafter	3,431,860
	$ 5,035,963

Note 8 - Accrued Expenses

Accrued expenses at June 30, 2011 and 2010 consist of the following

	2011	2010
Salaries	$ 952,286	$ 948,137
Vacation	998,369	992,815
Payroll taxes	59,795	51,931
Interest	61,004	65,967
Other	381,071	400,906
	$ 2,452,525	$ 2,459,756

Note 9 - Long-Term Debt

	2011	2010
$6,670,000 Montana Facility Finance Authority loan, supporting Health Care Facilities Revenue Refunding Bonds, Series 2006A, including unamortized bond premium of $77,107, due in annual principal installments through October 1, 2015, at increasing principal amounts of $475,000 to $870,000, interest is due in semi-annual installments at varying interest rates of 4 0% to 5 0%, secured by property and equipment and receivables (A)	$ 3,807,107	$ 4,551,351
5 28%, $3,125,000 Hospital Revenue Note, Series 2007A, due in semi-annual interest only payments of $82,500 through May 30, 2013, semi-annual principal and interest installments of $155,571 from November 30, 2013 through November 30, 2027, secured by real estate, certain equipment, and income from mortgaged property (A)	3,125,000	3,125,000
5 93% Montana Facility Finance Authority Trust Fund loan, due in monthly installments of $20,025, including interest to September 2015, secured by property and equipment and receivables	900,619	1,081,632
7 32%, $631,000 Taxable Hospital Revenue Note, Series 2007B, due in semi-annual installments of $70,713, including interest to May 30, 2013, secured by real estate, certain equipment, and income from mortgaged property (A)	398,110	405,142
4 75% Rural Housing Service loan, due in monthly installments of $2,177, including interest to September 2038, secured by building	258,752	374,828
	8,489,588	9,537,953
Less current maturities	(1,099,682)	(1,048,623)
Total long-term debt, less current maturities	$ 7,389,906	$ 8,489,330

(A) - Under the terms of the Mortgage and Master Trust Indenture between the Organization and the Master Trustee related to the Series 2006A Health Care Facilities Revenue Bonds and the 2007A and 2007B Hospital Revenue Notes, the Organization and its affiliates are required to maintain certain deposits with a trustee Such deposits are included with assets limited as to use in the consolidated financial statements (Note 4) The Mortgage and Master Trust Indenture also places limits on the incurrence of additional borrowings and requires the Organization and its affiliates to satisfy certain measures of operational and financial performance, including a covenant that income available for debt service must equal at least 125% of the debt service requirement in any future year For the years ended June 30, 2011 and 2010, the debt service requirement covenants and all other financial covenants were met

Long-term debt maturities are as follows

Years Ending June 30,	Amount
2012	$ 1,099,682
2013	1,166,934
2014	1,224,804
2015	1,276,348
2016	707,734
Thereafter	3,014,086
	$ 8,489,588

In addition, the Organization has a $444,000 irrevocable letter of credit outstanding to the benefit of the State of Vermont's Commissioner of Insurance related to the Organization's participation in Yellowstone Insurance Exchange, A Risk Retention Group The letter of credit is secured by Organization investments

Note 10 - Pension Plan

The Organization has a defined benefit pension plan covering substantially all of its employees who, have completed one year of employment and attained age 21 The plan provides pension benefits based on the employee's compensation The Organization as the plan sponsor of the defined benefit pension plan recognizes the overfunded or underfunded status of their pension plan in the consolidated balance sheets, and measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end balance sheets, and provides additional disclosures

	2011	2010
Weighted-average assumptions used to determine benefit obligations at June 30		
Discount rate	5 55%	5 40%
Expected long term return on plan assets	7 50%	7 50%
Rate of compensation increase	2 20%	2 20%

	2011	2010
Change in benefit obligation		
Benefit obligation at beginning of year	$ 24,469,200	$ 20,756,083
Service cost	507,967	391,001
Interest cost	1,299,481	1,273,319
Actuarial (gain) loss	151,775	(278,995)
Benefits paid	(634,246)	(539,293)
Effects of actuarial assumptions change	(361,426)	2,867,085
Benefit obligation at end of year	$ 25,432,751	$ 24,469,200
Accumulated benefit obligation end of year	$ 25,382,988	$ 24,450,053
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	$ 17,516,669	$ 15,473,626
Actual return on plan assets	3,152,327	2,201,678
Employer contribution	898,408	380,658
Benefits paid	(634,246)	(539,293)
Fair value of plan assets at end of year	$ 20,933,158	$ 17,516,669
Funded status (underfunded)	$ (4,499,593)	$ (6,952,531)
Amounts recognized in consolidated balance sheets		
Liability for pension benefits-long-term liability	$ (4,499,593)	$ (6,952,531)
Components of net periodic benefit cost		
Service cost	$ 507,967	$ 391,001
Interest cost	1,299,481	1,273,319
Expected return on plan assets	(1,286,167)	(1,160,757)
Amortization of prior service cost	(207,818)	(207,818)
Amortization of loss	571,065	489,121
Net periodic benefit cost	$ 884,528	$ 784,866

Investment Objectives

The investment objectives reflect the long-term nature of the investment program of the plan This program is expected to produce a rate of return that at least matches the actuarial rate of return utilized in the annual actuarial valuation

Plan Assets

The plan had the following asset allocation as of the two most recent measurement dates of June 30

	2011	2010
Asset category		
Cash and cash equivalents	$ 772,707	$ 478,392
Mutual funds		
Large Cap Growth Funds	3,599,735	3,555,858
Large Cap Value Funds	2,178,651	1,580,609
Small Cap Funds	2,405,556	1,950,171
International Equities	1,452,037	359,777
Bond Index Funds	10,524,472	9,591,862
	$ 20,933,158	$ 17,516,669

Cash Flows-Contributions

The Organization expects to contribute a minimum of approximately $812,000 to the plan in fiscal year 2012

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

	Benefits
2012	$ 844,487
2013	923,533
2014	978,315
2015	1,018,112
2016	1,215,364
2017-2021	7,611,104
	$ 12,590,915

Note 11 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010

	2011	2010
Health care services	$ 705,534	$ 844,723
Health education	19,794	20,284
Planned giving development	1,076	1,076
	$ 726,404	$ 866,083

Permanently restricted net assets at June 30, 2011 and 2010 consist of

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support health care services	$ 105,635	$ 103,402

Note 12 - Concentrations of Credit Risk

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

	2011	2010
Medicare	13%	11%
Medicaid	9%	8%
Commercial insurances	12%	12%
Other third-party payors and patients	66%	69%
	100%	100%

The Organization's cash balances are maintained in various bank deposit accounts At June 30, 2011 and 2010, the balance of these deposits was in excess of federally insured limits by approximately $910,000 and $225,000, respectively

Note 13 - Functional Expenses

The Organization provides health care services to residents within its geographic location Expenses related 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	$ 38,902,878	$ 39,522,711
Supporting services	12,622,091	12,558,973
Fundraising	108,903	42,440
	$ 51,633,872	$ 52,124,124

Note 14 - Contingencies

Malpractice Insurance

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $3 million Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured

Pending Litigation

In the ordinary course of its business, the Organization has become involved in legal claims which have been filed against the Organization by various claimants In the opinion of management, the outcome of these legal proceedings will not have a material effect on the Organization's financial position or changes in net assets

Regulations

The health care industry is subject to numerous laws and regulations including, but not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed Management believes that the Organization is in compliance with the fraud and abuse regulations, as well as other applicable government laws and regulations Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time

Note 15 - Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value

Financial Assets Due to the liquid nature of the instruments, the carrying value of cash and cash equivalents approximates fair value For all investments and assets limited as to use, the fair value is based upon quoted market prices The fair value of accounts receivable and other receivables approximates book value since the Organization expects receipt in the near-term

Financial Liabilities The fair value of accounts payable and estimated settlements with third party payors approximates book value due to expected payment in the near term The fair value of long-term debt approximates book value since the interest rates on the debt approximates the Organization`s current long-term borrowing rate

Consolidating Financial Statements
June 30, 2011

Northern Montana Health Care, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Consolidating Information

The Board of Trustees
Northern Montana Health Care, Inc and Affiliates
Havre, Montana

We have audited the consolidated financial statements of Northern Montana Health Care, Inc and Affiliates as of and for the years ended June 30, 2011 and 2010, and our report thereon dated September 22, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual entities, and it 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 consolidating 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Eide Bailly LLP

Billings, Montana
September 22, 2011

Northern Montana Health Care, Inc. and Affiliates
Consolidating Schedules of Assets
June 30, 2011

	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Assets							
Current Assets							
Cash and cash equivalents	$ 688,949	$ 5,678,194	$ 326,560	$ -	$ -	$ -	$ 6,693,703
Investments	1,209,129	1,491,400	360,542	-	-	-	3,061,071
Assets limited as to use	940,732	-	-	-	-	-	940,732
Receivables							
Patient and resident, net of estimated uncollectibles	-	11,292,815	-	-	-	-	11,292,815
Affiliates	839	663,905	10,045	-	-	(674,789)	-
Interest	27,596	86,028	7,476	-	-	-	121,100
Other	59,595	92,622	53,797	-	-	-	206,014
Supplies	-	1,319,273	-	-	-	-	1,319,273
Prepaid expenses and other assets	23,995	713,310	11,115	-	-	-	748,420
Total current assets	2,950,835	21,337,547	769,535	-	-	(674,789)	24,383,128
Assets Limited as to Use							
By board for capital improvements	-	11,771,890	-	-	-	-	11,771,890
Under indenture agreements - held by trustee	1,494,327	-	-	-	-	-	1,494,327
By board for self-insurance programs	-	169,655	-	-	-	-	169,655
By board for other restricted purposes	-	-	135,339	-	-	-	135,339
	1,494,327	11,941,545	135,339	-	-	-	13,571,211
Less current portion	(940,732)	-	-	-	-	-	(940,732)
Total noncurrent assets limited as to use	553,595	11,941,545	135,339	-	-	-	12,630,479
Property and Equipment	10,494,485	8,629,178	5,831	-	-	-	19,129,494
Other Assets							
Investment in affiliates	46,528,493	-	-	-	-	(46,528,493)	-
Investments	4,238,527	12,007,610	780,213	-	-	-	17,026,350
Investment in New West Health Services	2,170,000	-	-	-	-	-	2,170,000
Deferred financing costs, net of accumulated amortization	172,567	-	-	-	-	-	172,567
Total other assets	53,109,587	12,007,610	780,213	-	-	(46,528,493)	19,368,917
Total assets	$ 67,108,502	$ 53,915,880	$ 1,690,918	$ -	$ -	$ (47,203,282)	$ 75,512,018

Northern Montana Health Care, Inc. and Affiliates
Consolidating Schedules of Liabilities and Net Assets
June 30, 2011

Liabilities and Net Assets	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Current Liabilities							
Current maturities of long-term debt	$ 1,099,682	$ -	$ -	$ -	$ -	$ -	$ 1,099,682
Accounts payable							
Trade	300,202	1,391,264	52,630	-	-	-	1,744,096
Affiliates	670,823	-	3,127	311	528	(674,789)	-
Estimated third-party payor settlements	-	762,698	-	-	-	-	762,698
Accrued expenses	84,369	2,368,156	-	-	-	-	2,452,525
Total current liabilities	2,155,076	4,522,118	55,757	311	528	(674,789)	6,059,001
Liability for Pension Benefits	-	4,499,593	-	-	-	-	4,499,593
Long-Term Debt, Less Current Maturities	7,389,906	-	-	-	-	-	7,389,906
Total liabilities	9,544,982	9,021,711	55,757	311	528	(674,789)	17,948,500
Net Assets							
Unrestricted	57,563,520	44,894,169	803,122	(311)	(528)	(46,528,493)	56,731,479
Temporarily restricted	-	-	726,404	-	-	-	726,404
Permanently restricted	-	-	105,635	-	-	-	105,635
Total net assets	57,563,520	44,894,169	1,635,161	(311)	(528)	(46,528,493)	57,563,518
Total liabilities and net assets	$ 67,108,502	$ 53,915,880	$ 1,690,918	$ -	$ -	$ (47,203,282)	$ 75,512,018

Northern Montana Health Care, Inc. and Affiliates
Consolidating Schedules of Operations
Year Ended June 30, 2011

	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Unrestricted Revenues							
Net patient and resident service revenue	$ -	$ 52,075,622	$ -	$ -	$ -	$ -	$ 52,075,622
Equity in earnings of affiliates	6,033,875	-	-	-	-	(6,033,875)	-
Other revenue	1,405,057	910,427	-	-	-	(1,295,305)	1,020,179
Total unrestricted revenues	7,438,932	52,986,049	-	-	-	(7,329,180)	53,095,801
Expenses							
Salaries and benefits	-	31,213,829	-	-	-	-	31,213,829
Cost of drugs, food, supplies and other	256,777	13,111,968	284,640	-	-	(1,120,105)	12,533,280
Purchased services	388,386	1,918,056	67,275	-	-	(360,310)	2,013,407
Depreciation and amortization	702,129	1,845,555	814	-	-	-	2,548,498
Provision for bad debts	-	2,903,633	-	-	-	-	2,903,633
Interest	421,122	103	-	-	-	-	421,225
Total expenses	1,768,414	50,993,144	352,729	-	-	(1,480,415)	51,633,872
Operating Income (Loss)	5,670,518	1,992,905	(352,729)	-	-	(5,848,765)	1,461,929
Other Income							
Investment income	150,437	786,666	39,244	-	-	-	976,347
Gain on sale of investments, net	56,734	101,890	-	-	-	-	158,624
Unrestricted gifts and bequests	-	218,279	146,527	-	-	(185,110)	179,696
Gain on sale of property and equipment, net	-	34,249	-	-	-	-	34,249
Equity in income of New West Health Services	14,140	-	-	-	-	-	14,140
Other	-	19,600	1,758	-	-	-	21,358
Total other income, net	221,311	1,160,684	187,529	-	-	(185,110)	1,384,414
Revenues in Excess of (Less Than) Expenses	5,891,829	3,153,589	(165,200)	-	-	(6,033,875)	2,846,343
Unrealized Gains on Investments	209,239	503,536	33,064	-	-	-	745,839
Net Assets Released from Donor Restrictions	-	-	207,272	-	-	-	207,272
Transfers from (to) Affiliate	-	(500,000)	107,147	-	-	392,853	-
Minimum Pension Liability Adjustment	-	2,439,058	-	-	-	-	2,439,058
Increase (Decrease) in Unrestricted Net Assets	6,101,068	5,596,183	182,283	-	-	(5,641,022)	6,238,512
Temporarily Restricted Net Assets							
Contributions	-	-	67,593	-	-	-	67,593
Net assets released from donor restrictions	-	-	(207,272)	-	-	-	(207,272)
	-	-	(139,679)	-	-	-	(139,679)
Permanently Restricted Net Assets							
Contributions	-	-	2,233	-	-	-	2,233
Increase in Net Assets	$ 6,101,068	$ 5,596,183	$ 44,837	$ -	$ -	$ (5,641,022)	$ 6,101,066

Supplementary Information
June 30, 2011, 2010, 2009, 2008, 2007 and 2006

Northern Montana Health Care, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Trustees
Northern Montana Health Care, Inc and Affiliates
Havre, Montana

We have audited the consolidated financial statements of Northern Montana Health Care, Inc and Affiliates as of and for the year ended June 30, 2011 and 2010, and our report thereon dated September 22, 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 financial statements as a whole The Schedules of Operational and Financial Highlights, and Statistical Highlights – Northern Montana Hospital are presented for purposes of additional analysis and are not a required part of the 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 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 financial statements or to the 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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Montana Health Care, Inc and Affiliates as of and for the years ended June 30, 2009, 2008, 2007 and 2006, none of which is presented herein, and we expressed unqualified opinions on those financial statements Those audits were conducted for purposes of forming an opinion on the financial statements as a whole The supplementary information of the years ending June 30, 2009, 2008, 2007 and 2006 is presented for purposes of additional analysis and it is not a required part of the 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 June 30, 2009, 2008, 2007 and 2006 financial statements The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the June 30, 2009, 2008, 2007 and 2006 information is fairly stated in all material respects in relation to the basic financial statements from which it has been derived

Eide Bailly LLP

Billings, Montana
September 22, 2011

Northern Montana Health Care, Inc. and Affiliates

Operational and Financial Highlights – Northern Montana Hospital

Years Ended June 30

	2011	2010	2009	2008	2007	2006
Operational						
Patient and Resident Service						
Revenue						
Inpatient	$ 21,258,001	$ 25,721,626	$ 33,544,290	$ 30,884,171	$ 30,422,613	$ 27,623,446
Outpatient	30,993,820	28,057,980	28,611,403	26,088,537	23,240,612	20,580,116
Long-term care	13,186,053	11,584,569	11,338,379	10,803,470	9,997,373	9,499,954
Clinic revenue	15,545,132	13,276,089	14,083,097	13,859,038	13,294,256	12,042,875
Charity care	(1,262,053)	(1,245,351)	(1,144,050)	(903,120)	(850,111)	(627,665)
Contractual adjustments	(27,645,331)	(25,848,573)	(31,012,039)	(27,895,837)	(25,994,765)	(21,945,204)
Net patient and resident service revenue	52,075,622	51,546,340	55,421,080	52,836,259	50,109,978	47,173,522
Other Revenue	910,427	882,678	976,884	809,083	836,535	779,967
Total revenue	52,986,049	52,429,018	56,397,964	53,645,342	50,946,513	47,953,489
Expenses						
Salaries and benefits	31,213,829	30,489,409	31,564,375	30,264,354	28,730,955	26,748,439
Cost of drugs, food, supplies and other	13,111,968	13,442,000	15,405,347	15,187,481	14,604,451	13,623,823
Purchased services	1,918,056	1,875,782	1,977,160	1,843,617	1,658,660	1,501,276
Depreciation and amortization	1,845,555	1,958,489	1,892,421	2,163,944	2,195,974	2,273,349
Provision for bad debts	2,903,633	3,766,940	4,325,315	3,100,229	3,557,962	3,407,397
Interest	103	-	-	4,858	26,780	173,344
Total expenses	50,993,144	51,532,620	55,164,618	52,564,483	50,774,782	47,727,628
Operating Income	$ 1,992,905	$ 896,398	$ 1,233,346	$ 1,080,859	$ 171,731	$ 225,861
Financial						
Percentages of contractual adjustments to total patient and resident service revenue	34 7%	33 4%	35 9%	34 6%	34 2%	31 8%
Percentage of salaries and benefits to total revenue	59%	58%	56%	56%	56%	56%
Number of days revenue in net patient and resident receivables	79 15	74 49	68 01	73 30	65 50	67 92
Current ratio	4 72	4 55	4 60	3 61	3 98	2 89

	2011	2010	2009	2008	2007	2006
Statistical						
Hospital						
Number of acute beds at end of year	49	49	49	49	49	49
Available bed days	17,885	17,885	17,885	17,934	17,885	17,885
Patient days, excluding swing bed days	4,897	5,894	8,422	8,303	9,078	8,813
Swing bed days	225	420	711	579	660	753
Percent of occupancy	27 4%	33 0%	47 1%	46 3%	50 8%	49 3%
Discharges	1,699	2,092	2,691	2,629	2,748	2,676
Average acute length of stay (days)	2 88	2 82	3 13	3 16	3 30	3 29
Care Center						
Number of beds	136	136	136	136	136	136
Available bed days	49,640	49,640	49,640	49,776	49,640	49,640
Resident days	39,746	37,088	39,804	40,449	41,491	42,026
Percent of occupancy	80 1%	74 7%	80 2%	81 3%	83 6%	84 7%