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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

C Name of organization
NORTH VALLEY HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1600 HOSPITAL WAY

City or town, state or country, and ZIP + 4
WHITEFISH, MT 59937

D Employer identification number
81-0247969

E Telephone number
(406) 863-3529

G Gross receipts $ 39,779,033

F Name and address of principal officer
JASON SPRING
1600 HOSPITAL WAY
WHITEFISH, MT 59937

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 NVHOSP ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1955 | **M** State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
NORTH VALLEY HOSPITAL PROVIDES HOSPITAL AND REHABILITATIVE SERVICES, OTHER HEALTH CARE SERVICES AS NECESSARY AND ADVISABLE, AND SERVES AS A STIMULUS FOR THE PROVISION OF HEALTH CARE SERVICES IN THE AREA

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	350
6	Total number of volunteers (estimate if necessary)	**6**	82
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	711,911	89,975
9	Program service revenue (Part VIII, line 2g)	35,319,424	39,257,803
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	140,790	105,612
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	336,123	315,801
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	36,508,248	39,769,191
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	13,487,593	16,158,688
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶174,806		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	21,833,937	24,089,538
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	35,321,530	40,248,226
19	Revenue less expenses Subtract line 18 from line 12	1,186,718	-479,035

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	52,634,512	52,269,495
21	Total liabilities (Part X, line 26)	30,200,667	29,975,023
22	Net assets or fund balances Subtract line 21 from line 20	22,433,845	22,294,472

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2012-03-06
Signature of officer | Date

JASON SPRING 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
THOMAS DINGUS	THOMAS DINGUS	2012-03-07	☐	

Firm's name ▶ DINGUS ZARECOR & ASSOCIATES | Firm's EIN ▶

Firm's address ▶ 12015 E MAIN STE A
SPOKANE VALLEY, WA 99206 | Phone no ▶ (509) 242-0874

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

NORTH VALLEY HOSPITAL PROVIDES HOSPITAL AND REHABILITATIVE SERVICES, OTHER HEALTH CARE SERVICES AS NECESSARY AND ADVISABLE, AND SERVES AS A STIMULUS FOR THE PROVISION OF HEALTH CARE SERVICES IN THE AREA

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 $ 33,515,391 including grants of $) (Revenue $ 39,257,803)

NORTH VALLEY HOSPITAL OPERATES A 25-BED ACUTE CARE HOSPITAL WHICH PROVIDES EMERGENCY, INPATIENT, OUTPATIENT, ACUTE CARE AND SUBACUTE SERVICES IN HOSPITAL AND CLINIC SETTINGS THE HOSPITAL PROVIDED 8,107 ER VISITS, 6,143 DAYS OF PATIENT SERVICES, 44,622 OUTPATIENT VISITS WHICH INCLUDES 24,754 CLINIC VISITS, AND 462 BIRTHS FOR THE YEAR ENDED JUNE 30, 2011 THE HOSPTIAL PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS 1,585,233 FOR CHARITY CARE, 347,314 FOR MEDICAID, 6,867,761 FOR MEDICARE, AND 4,974,582 FOR OTHER THIRD PARTY PAYORS FOR THE YEAR ENDED JUNE 30, 2011

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** ▶ $ 33,515,391

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		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		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**	Yes	
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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	85		
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	350		
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	No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	
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	No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h	No
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 13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3	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		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
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	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ MT

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 ▶

RANDY NIGHTENGALE
1600 HOSPITAL WAY
WHITEFISH, MT 59937
(406) 863-3556

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) LIN AKEY BOARD MEMBER	1 00	X						0	0	0
(2) HENRY RICKLEFS CHAIR	1 00	X		X				0	0	0
(3) RICHARD FRIEDMAN BOARD MEMBER	1 00	X						0	0	0
(4) STEVE STAHLBERG BOARD MEMBER	1 00	X						0	0	0
(5) DAVID FEFFER BOARD MEMBER	1 00	X						0	0	0
(6) PENNI CHISHOLM VICE CHAIR	1 00	X		X				0	0	0
(7) JAKE HECKATHORN BOARD MEMBER	1 00	X						0	0	0
(8) SUZANNE DANIELL MD BOARD MEMBER	1 00	X						0	0	0
(9) RANDY BEACH MD BOARD MEMBER	1 00	X						0	0	0
(10) ALISON YOUNG BOARD MEMBER	1 00	X						0	0	0
(11) TURNER ASKEW BOARD MEMBER	1 00	X						0	0	0
(12) DEBBIE MELBY SECRETARY	1 00	X		X				0	0	0
(13) DICK HUGHES BOARD MEMBER	1 00	X						0	0	0
(14) JASON SPRING CEO	50 00			X				274,559	0	65,211
(15) MARILYN HAYS INTERIM CFO	50 00			X				111,192	0	0
(16) DEREK JONES INTERIM CFO	50 00			X				44,693	0	11,426

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) BRIAN LONG INTERIM CFO	50 00			X				25,637	0	6,267
(18) MAURA FIELDS CCO	50 00					X		142,011	0	19,718
(19) MICHAEL BARNES CIO	40 00					X		120,843	0	9,206
(20) SERBAN IONESCU PHYSICIAN	40 00					X		114,630	0	14,862
(21) HARLEY BROTHERTON PHARMACIST	40 00					X		111,128	0	4,054
(22) MARY ANN CARLSON PHYSICIAN	40 00					X		110,826	0	14,638
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								1,055,519		145,382

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 ▶ 7

			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
MONTALASKA 200 STAGELINE DRIVE WHITEFISH, MT 59937	ER PHYSICIANS	994,956
KALISPELL REGIONAL HOSPITAL 310 SUNNYVIEW LANE KALISPELL, MT 59901	HEALTH CARE SVS	793,531
QUORUM HEALTH RESOURCES 105 CONTINENTAL PLACE BRENTWOOD, TN 37027	MGMT SERVICES	764,531
THOMAS MANAGEMENT CO 640 E FRANKLIN ROAD MERIDIAN, ID 83642	FOOD SERVICE MG	416,669
NORTHERN ROCKIES ANESTHESIA 1075 MARTIN CREEK LANE WHITEFISH, MT 59937	PHYSICIAN	268,925

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 ▶ 20

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	78,370				
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f	11,605				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		89,975			
Program Service Revenue		Business Code				
	2a NET HEALTHCARE SERVICES	624100	39,229,642	39,229,642		
	b RENTAL INCOME	621110	28,161	28,161		
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		39,257,803			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		115,454			115,454
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) . . . . . ▶					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory					
	b Less cost or other basis and sales expenses		9,842			
	c Gain or (loss)		-9,842			
	d Net gain or (loss) . . . . . ▶		-9,842			-9,842
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 CAFETERIA	722210	180,796			180,796
	b OTHER REVENUE	900099	88,733			88,733
	c REBATES	900099	46,272			46,272
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶		315,801			
	12 **Total revenue.** See Instructions . . . ▶		39,769,191	39,257,803		421,413

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	497,087		497,087	
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	12,412,916	9,942,225	2,365,553	105,138
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	496,697	398,295	94,190	4,212
9 Other employee benefits	1,679,794	1,343,046	322,545	14,203
10 Payroll taxes	1,072,194	857,049	206,082	9,063
a Fees for services (non-employees) Management	303,356		303,356	
b Legal	85,933		85,933	
c Accounting	48,515		48,515	
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	5,110,784	4,683,886	422,531	4,367
12 Advertising and promotion	249,131		248,561	570
13 Office expenses	5,293,272	4,925,052	351,092	17,128
14 Information technology	614,637	8,195	606,442	
15 Royalties				
16 Occupancy	2,049,743	1,793,569	250,425	5,749
17 Travel	91,377	21,763	66,328	3,286
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	108,351	33,694	69,951	4,706
20 Interest	372,279	372,279		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,670,219	3,101,643	565,431	3,145
23 Insurance	648,418	508,942	139,476	
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 DEBTS	3,005,022	3,005,022		
b REPAIRS AND MAINTENANCE	941,778	832,578	109,200	
c REFERRAL FEES	447,036	447,036		
d TAXES AND LICENSES	323,538	315,251	7,527	760
e RECRUITMENT	299,997	283,780	16,217	
f All other expenses	426,152	642,086	-218,413	2,479
25 **Total functional expenses.** Add lines 1 through 24f	40,248,226	33,515,391	6,558,029	174,806
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		254,512	1	215,674
	2	Savings and temporary cash investments		12,432,806	2	13,139,362
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		4,506,870	4	5,249,121
	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		1,158,764	8	1,380,485
	9	Prepaid expenses and deferred charges		848,616	9	755,810
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 47,007,397			
	b	Less accumulated depreciation	10b 17,365,260	31,479,550	10c	29,642,137
	11	Investments—publicly traded securities		32,225	11	39,475
	12	Investments—other securities See Part IV, line 11		4,991	12	4,991
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,916,178	15	1,842,440
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		52,634,512	16	52,269,495
Liabilities	17	Accounts payable and accrued expenses		3,221,320	17	3,632,613
	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		25,925,351	23	25,332,743
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		1,053,996	25	1,009,667
	26	**Total liabilities.** Add lines 17 through 25		30,200,667	26	29,975,023
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		22,433,845	27	22,294,472
	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		22,433,845	33	22,294,472
	34	Total liabilities and net assets/fund balances		52,634,512	34	52,269,495

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	39,769,191
2	Total expenses (must equal Part IX, column (A), line 25)	2	40,248,226
3	Revenue less expenses Subtract line 2 from line 1	3	-479,035
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	22,433,845
5	Other changes in net assets or fund balances (explain in Schedule O)	5	339,662
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	22,294,472

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	Yes	
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	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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).

Facts And Circumstances Test

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☑ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☑ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☑ No

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

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ _____

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

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☑ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☑ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

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

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

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

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

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

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

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,874,940		1,874,940
b Buildings		26,083,471	7,389,812	18,693,659
c Leasehold improvements				
d Equipment		14,481,406	9,087,930	5,393,476
e Other		4,567,580	887,518	3,680,062
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				29,642,137

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	
COLLATERALIZED AR	544,964
THIRD-PARTY SETTLEMENTS	464,703
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,009,667

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
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	THE HOSPITAL IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ACCORDINGLY, NO PROVISION FOR INCOME TAX IS NECESSARY THE HOSPITAL EVALUATES UNCERTAIN TAX POSITIONS WHEREBY THE EFFECT OF THE UNCERTAINTY WOULD BE RECORDED IF THE OUTCOME WAS CONSIDERED PROBABLE AND REASONABLY ESTIMABLE AS OF JUNE 30, 2011 AND 2010, THE HOSPITAL HAD NO UNCERTAIN TAX POSITIONS REQUIRING ACCRUAL

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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	Yes	
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		No
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)			1,093,811	674,201	419,610	1 130 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			4,944,710	4,944,710		
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			6,038,521	5,618,911	419,610	1 130 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	7	10,143	104,618	14,675	89,943	0 240 %
f Health professions education (from Worksheet 5)	4	76	22,271		22,271	0 060 %
g Subsidized health services (from Worksheet 6)	4	4,188	24,193		24,193	0 060 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)	3	119,508	75,414		75,414	0 200 %
j **Total** Other Benefits	18	133,915	226,496	14,675	211,821	0 560 %
k **Total.** Add lines 7d and 7j	18	133,915	6,265,017	5,633,586	631,431	1 690 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	1		4,182		4,182	0 010 %
3	Community support	2		11,982		11,982	0 030 %
4	Environmental improvements						
5	Leadership development and training for community members	1	500	4,761		4,761	0 010 %
6	Coalition building	1		41,645		41,645	0 110 %
7	Community health improvement advocacy						
8	Workforce development	1	33	3,348		3,348	0 010 %
9	Other						
10	**Total**	6	533	65,918		65,918	0 170 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	2,073,465		
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			
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	9,598,469
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,503,435
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	95,034
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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	NORTH VALLEY DEXASCA	DEXASCAN SERVICES	50 000 %		
2	ALPINE WOMENS CENTER	PHYSICIAN GROUP		67 000 %	
3	GLACIER MEDICAL ASSO	PHYSICIAN GROUP		12 000 %	
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	NORTH VALLEY HOSPITAL 1600 HOSPITAL WAY WHITEFISH, MT 59937	X	X			X		X		

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

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

How many non-hospital facilities did the organization operate during the tax year? **6**

	Name and address	Type of Facility (Describe)
1	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
2	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
3	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
4	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
5	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
6	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
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
SUBSIDIZED HEALTH SERVICES EXPLANATION	PART I LINE 7G	THE HOSPITAL HAS NOT INCLUDED ANY COSTS ASSOCIATED WITH PHYSICIAN CLINICS AS SUBSIDIZED HEALTH SERVICES IN PART I LINE 7G

Identifier	ReturnReference	Explanation
EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	PART I LINE 7 COLUMN F	BAD DEBT EXPENSE INCLUDED ON FORM 990 PART IX LINE 25 COLUMN A OF 3005022 WAS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN PART I LINE 7 COLUMN F

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	THE HOSPITAL APPLIES THE RATIO OF PATIENT CARE COSTTOCHARGES FOR AMOUNTS REPORTED IN THE TABLE TOTAL OPERATING EXPENSES LESS BAD DEBT NONPATIENT CARE ACTIVITIES MEDICAID PROVIDER TAXES TOTAL COMMUNITY BENEFIT AND TOTAL COMMUNITY BUILDING EXPENSES

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	PART II	LEADERSHIP AT NORTH VALLEY HOSPITAL ARE ACTIVE MEMBERS OF AREA CHAMBERS OF COMMERCE MONTANA WEST ECONOMIC DEVELOPMENT FIRST BEST PLACE TASK FORCE FLATHEAD AREA YOUNG PROFESSIONALS WHITEFISH CONVENTION AND VISITORS BUREAU FLATHEAD BUSINESS AND INDUSTRY AND MORE IN ADDITION NORTH VALLEY HOSPITAL SPONSORS A STAFF MEMBER EACH YEAR TO ATTEND LEADERSHIP FLATHEAD A TWOYEAR COMMITMENT OF LEARNING THE INS AND OUTS OF THE FLATHEAD VALLEY AND SPEARHEADING A PROJECT THAT FULFILLS A NEED IN THE COMMUNITY NORTH VALLEY HOSPITAL MANAGEMENT AND STAFF SPEND COUNTLESS HOURS DEVELOPING RELATIONSHIPS WITH AREA HIGH SCHOOLS COLLEGES AND UNIVERSITIES TO PROMOTE HEALTHCARE RELATED FIELDS AND THE FACILITY IS A RESOURCE FOR INTERNS AND JOB SHADOWS THE HOSPITAL HUMAN RESOURCES STAFF CONTRIBUTE MUCH OF THEIR TIME TO CAREER COUNSELING AND ARE ACTIVE PARTICIPANTS IN THE LOCAL CHAPTER OF HOSA HEALTHCARE OCCUPATION STUDENTS OF AMERICA IN ADDITION STAFF PROVIDE A FORUM FOR THE PERFORMANCE IMPROVEMENT NETWORK AND INFANT MORTALITY REVIEW WHICH PROVIDES QUALITY ASSURANCE FOR FUTURE HEALTH CARE THEY ALSO HAVE BEEN INSTRUMENTAL IN STARTING THE STATES MEDICATION RECONCILIATION PROGRAM AND ARE AN IMPORTANT CONTRIBUTOR FOR THE MONTANA CRITICAL ACCESS NETWORK SEVERAL STAFF ARE VERY ACTIVE IN THE HEALTH INFORMATION EXCHANGE OF MONTANA HIEM ESTABLISHING A CENTRAL LOCATION FOR SHARED MEDICAL INFORMATION HELPS TO ELIMINATE DUPLICATION AND ENABLES EXPEDIENCY OF SHARED INFORMATION OR FASTER TREATMENT IN THE FUTURE IT WILL STREAMLINE INTO A NATIONAL SYSTEM THAT ALLOWS FOR PATIENTS MEDICAL INFORMATION TO BE ACCESSED FROM ANYWHERE IN THE COUNTRY AN INCIDENT MANAGEMENT SYSTEM WITH HOSPITAL COMMAND CENTER IS ESTABLISHED AT NORTH VALLEY HOSPITAL FOR EMERGENCY PREPAREDNESS INTERNALLY THE MEMBERS REGULARLY EXECUTE DRILLS AND REVIEW EMERGENCY MEASURES FOR IMPROVEMENT AS WELL AS ASSESS RESOURCE NEEDS ALSO THEY PROVIDE CORE REPRESENTATIVES FROM NORTH VALLEY HOSPITAL WHO ARE PART OF THE FLATHEAD VALLEYS LARGER EFFORT OF DISASTER PREPAREDNESS A COALITION OF MEMBERS FROM OTHER EMERGENCY MEDICAL AND CITYCOUNTY SERVICES MEET REGULARLY TO ASSESS RESOURCES SCENARIOS COMMUNITY NEEDS AND MORE FOR THE BENEFIT OF THE COMMUNITY IF DISASTER SHOULD HAPPEN QUALIFIED COMMUNITY BENEFITS UNDER THIS QUESTION COMMUNITY SUPPORT DONATIONS TO BUT ACCOUNTED FOR IN CBISA UNDER CASH DONATIONS TAMARACK GRIEF RESOURCE CENTER WHITEFISH WINTER CLASSIC CITIZENS FOR A BETTER FLATHEAD DRUGFREE GRADUATION PARTY SPONSORSHIPS SHEPHERDS HAND CLINIC BOYS AND GIRLS CLUB SCHOOL SPORTS ASSOCIATIONS WINGS FINANCIAL SUPPORT SCHOOL BOOSTER CLUBS MEMORY WALK KIWANIS UNITED WAY SAVE A SISTER MAMMOGRAM INITIATIVE RELAY FOR LIFE FLATHEAD INDUSTRIES SPECIAL OLYMPICS WHITEFISH PARKS AND RECREATION SUMMER CAMP FOR CHILDREN ECONOMIC DEVELOPMENT MONTANA WEST ECONOMIC DEVELOPMENT CHAMBER OF COMMERCE BOARDS LEADERSHIP FLATHEAD FLATHEAD AREA YOUNG PROFESSIONALS ASSOCIATION FIRST BEST PLACE TASK FORCE IN COLUMBIA FALLS WHITEFISH CONVENTION AND VISITOR BUREAU FLATHEAD BUSINESS AND INDUSTRY WORKFORCE DEVELOPMENT MENTORING AND JOB SHADOWING CAREER COUNSELING FLATHEAD BUSINESS AND INDUSTRY COALITION BUILDING PERFORMANCE IMPROVEMENT NETWORK HEALTH OCCUPATIONS STUDENT ASSOCIATION FETAL INFANT CHILD MORTALITY REVIEW WHITEFISH HIGH SCHOOL EXPANSION SUICIDE PREVENTIONINTERVENTIONPOSTVENTION COLLEGES FOR NURSING PROGRAMS HEALTH PROVIDER PRECEPTORS AND MEETINGS MEDICATION RECONCILIATION PROGRAM STUDENT RECRUITMENT CRITICAL ACCESS NETWORK HIEM AND DISASTER PREPAREDNESS NVH HAS ESTABLISHED A MENTAL HEALTH PROGRAM TARGETED AT ADULTS 55 YEARS OLD AND OLDER TO ADDRESS ISSUES OF DEPRESSION LOSS WITHDRAWAL ETC IT IS THE 1ST STRUCTURED OUTPATIENT PROGRAM OF ITS KIND IN NORTHWEST MONTANA

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNTS REPORTED ON SCHEDULE H PART III LINE 2 INCLUDES THE COST TO CHARGE RATIO OF PATIENT CARE THE HOSPITAL IDENTIFIES PATIENTS ELGIBLE FOR CHARITY CARE UP FRONT PRIOR TO TURNING THE BALANCE OVER TO THE COLLECTIONS AGENCY THE COLLECTION AGENCY ATTEMPTS TO COLLECT FROM THE PATIENT UNTIL DEEMED UNCOLLECTIBLE OR ELGIBLE FOR FINANCIAL ASSISTANCE AT WHICH POINT THE ACCOUNT IS CLOSED AND RETURNED TO THE HOSPITAL HOSPITAL FINANCIAL COUNSELORS AND OR THE EXTENDED BUSINESS OFFICE WILL ATTEMPT OTHER COLLECTION ACTIONS SUCH AS SUBSEQUENT BILLINGS COLLECTION LETTERS AND TELEPHONE CALLS AN ACCOUNT IS CONSIDERED FOR BAD DEBT DETERMINATION ONCE THE DEBT REMAINS UNPAID MORE THAN 120 DAYS ONCE AN ACCOUNT IS DETERMINED TO BE BAD DEBT IT IS SUBMITTED TO THE PATIENT FINANCIAL SERVICES SUPERVISOR WHO REVIEWS APPROVES AND RECORDS THE BAD DEBT AMOUNT ANY WRITEOFFS EXCEEDING 3000 IS ALSO REVIEWED BY THE CFO THE HOSPITAL DOES NOT HAVE ANY BAD DEBT EXPENSE THAT COULD REASONABLY BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITALS CHARITY CARE POLICY THE HOSPITAL IDENTIFIES ALL THOSE ELIGIBLE FOR CHARITY CARE UPFRONT OR THROUGH THE COLLECTIONS AGENCY BEFORE ANY AMOUNTS ARE WRITTEN OFF TO BAD DEBT THE PATIENT ACCOUNTS RECEIVABLE FOOTNOTE OF THE AUDITED FINANCIAL STATEMENTS READS AS FOLLOWS RECEIVABLES ARISING FROM REVENUE FROM SERVICES TO PATIENTS ARE REDUCED BY ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS AND CONTRACTUAL ADJUSTMENTS BASED ON EXPERIENCE THIRDPARTY CONTRACTUAL REIMBURSEMENT ARRANGEMENTS AND ANY UNUSUAL CIRCUMSTANCES WHICH MAY AFFECT THE ABILITY OF PATIENTS TO MEET THEIR OBLIGATIONS ACCOUNTS DEEMED UNCOLLECTIBLE ARE CHARGED AGAINST THESE ALLOWANCES

Identifier	ReturnReference	Explanation
MEDICARE EXPLANATION	PART III LINE 8	ANY MEDICARE ALLOWABLE COSTS OF PATIENT CARE SHORTFALLS ARE NOT COUNTED AS COMMUNITY BENEFIT THESE ALLOWABLE COSTS ARE OBTAINED FROM THE MEDICARE COST REPORT FOR THE YEAR

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	SEE LAST PARAGRAPH OF SCHEDULE H PART III LINE 4

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	BOTH ONGOING QUALITATIVE AND QUANTITATIVE FEEDBACK IS TAKEN INTO ACCOUNT TO ASSESS COMMUNITY HEALTH CARE NEEDS A QUANTITATIVE NEEDS ASSESSMENT WAS CONDUCTED IN 2002 AND ANOTHER IS CURRENTLY IN PROCESS TO GAIN INSIGHTS FROM AREA RESIDENTS AS TO THEIR HOUSEHOLD HEALTHCARE ISSUES AND THEIR PERCEPTIONS REGARDING NEEDS IN THE COMMUNITY FOLLOWING THE QUANTITATIVE RESEARCH A FORUM OF COMMUNITY HEALTH CARE LEADERS WILL BE CONDUCTED THAT WILL MERGE THE PUBLIC INSIGHTS WITH THOSE OF COMMUNITY LEADERS TO GUIDE AREAS OF FOCUS FOR NORTH VALLEY HOSPITAL COMMUNITY EFFORTS QUALITATIVE INFORMATION IS GAINED REGULARLY THROUGH PARTNERSHIPS WITH THE CITY GOVERNMENT AREA SCHOOL DISTRICTS FEDERAL AND LOCAL LEGISLATORS AND FLATHEAD CITYCOUNTY HEALTH DEPARTMENT ADDITIONALLY THE HOSPITALS SCHOOL NURSE PHYSICIANS AND EMPLOYEES PROVIDE VALUABLE FEEDBACK FROM THEIR EXPERIENCE ON THE JOB AND WITHIN THE COMMUNITY NORTH VALLEY HOSPITAL SPONSORED COMMUNITY EDUCATION PRESENTATIONS ARE FOLLOWED BY A REQUEST FOR FEEDBACK FROM ATTENDEES ON THE VALUE OF THE PRESENTATION AND THEIR INTEREST IN OTHER HEALTH TOPICS NORTH VALLEY HOSPITAL HAS PARTICIPATED IN THE AVATAR INTERNATIONAL A THIRDPARTY PATIENT FEEDBACK SYSTEM SINCE 2002 THE COMMENTS MADE WITHIN THIS PROCESS ARE REVIEWED AND CONSIDERED FOR NEW PROGRAMS BOTH IN THE COMMUNITY AND AT THE HOSPITAL LIKEWISE INFORMATION GAINED FROM THE HOSPITAL CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS HCAHPS ARE REVIEWED FOR OPPORTUNITIES TO ADDRESS COMMUNITY HEALTHCARE NEEDS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	WHEN PATIENTS REGISTER AT NORTH VALLEY HOSPITAL THEY ARE COUNSELED ON THE CHARITY PROGRAMS AVAILABLE TO THEM THROUGH THE REGISTRATION PROCESS EVERY PATIENT IS OFFERED A PRINTED HANDBOOK THAT DESCRIBES PATIENT RIGHTS AND OPTIONS THE HANDBOOK ALSO IS AVAILABLE IN A PDF FORMAT ON THE HOSPITAL WEBSITE A GUIDE TO YOUR BILL BROCHURE IS INSERTED IN EVERY PATIENT STATEMENT AND INVOICE THAT EXPLAINS ALL OF THE PATIENTS OPTIONS INCLUDING PHONE NUMBERS TO CALL FOR ASSISTANCE THE HOSPITAL ALSO HAS SEVERAL FINANCIAL COUNSELORS WHO ASSIST PATIENTS DURING AND AFTER THEIR VISIT TO HELP GUIDE THEM THROUGH THE PROCESS OF OBTAINING CHARITY CARE PATIENTS ARE OFTEN REFERRED TO APPLICABLE NONPROFITS AND STATE CHARITY CARE SERVICES SUCH AS SAVE A SISTER FOUNDATION AN ORGANIZATION THAT ASSISTS LOW INCOME WOMEN WITH FREE MAMMOGRAM SCREENINGS CHIPS MONTANA BREAST PROGRAM SHEPHERDS HAND FREE CLINIC AND FLATHEAD CITYCOUNTY HEALTH DEPARTMENT

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	NORTH VALLEY HOSPITAL SERVES A WIDE VARIETY OF PATIENTS MANY OF WHOM ARE SELFEMPLOYED YOUNG FAMILIES UNEMPLOYED SEASONAL WORKERS OR HAVE MINIMUMWAGE JOBS AND CANT AFFORD INSURANCE SELF PAY AND COMMERCIAL INSURANCE INDIVIDUALS MAKE UP 56 PERCENT OF NORTH VALLEY HOSPITALS PAYERS MAKING THEM THE MAJORITY MEDICARE CONSTITUTES 32 PERCENT OF THE HOSPITALS PAYERS AND MEDICAIDPHS IS 12 PERCENT NORTH VALLEY HOSPITAL HAS BEEN INSTRUMENTAL IN PROVIDING RURAL AREAS WITH PRIMARY WELLNESS AND URGENT CARE THROUGH CLINICS IN EUREKA YEARROUND AND SEASONALLY WHEN TOURISM DEFINES THE EXTRA NEED AT WHITEFISH MOUNTAIN RESORT AND WEST GLACIER THE EUREKA CLINIC ALSO PROVIDES A LOCATION FOR SPECIALISTS IN GYNECOLOGY CARDIOLOGY ORTHOPEDICS AND UROLOGY TO MEET WITH PATIENTS ON REGULAR SCHEDULES WITHOUT THE PATIENTS HAVING TO TRAVEL FAR FOR SERVICES THE EUREKA CLINIC ALSO PROVIDES DIGITAL XRAYS CLIACERTIFIED LAB SERVICES AND ULTRASOUND THE SEASONAL CLINICS ARE OPEN DAILY IN THEIR RESPECTIVE LOCATIONS TO PROVIDE WELLNESS AND URGENT CARE TO AREA RESIDENTS AND VISITORS AVAILABLE ARE PHARMACEUTICALS DIGITAL XRAYS AND CLIACERTIFIED LABS REMOTE ACCESS TO NEUROLOGISTS OUTSIDE OF THE AREA IS AVAILABLE VIA NORTH VALLEY HOSPITALS TELESTROKE SYSTEM PROVIDING TIMELY EVALUATION AND TREATMENT FOR POTENTIAL STROKE VICTIMS IN HOSPITAL CLINICS AS WELL AS THE HOSPITAL THE PICTURE ARCHIVING COMPUTER SYSTEM PACS IS USED TO QUICKLY SHARE DATA WITH OTHER MEDICAL FACILITIES NORTH VALLEY HOSPITAL PROVIDES SERVICES TO RESIDENTS FROM EUREKA IN THE NORTH TO WEST GLACIER IN THE EAST AND LAKESIDESOMERS TO THE SOUTH THE DEMOGRAPHICS OF THE HOSPITALS PRIMARY SERVICE AREAS OF WHITEFISH COLUMBIA FALLS AND KALISPELL ARE AS FOLLOWS SOURCES WWWCITYDATACOM AND US CENSUS 2010 WHITEFISH POPULATION 6357 MEDIUM AGE 401 AVERAGE HOUSEHOLD 21 PEOPLE PER CAPITA INCOME 27048 2009 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 44286 PEOPLE IN POVERTY 147 LARGELY WHITE POPULATION 958 FOREIGN BORN 06 COLUMBIA FALLS POPULATION 4688 MEDIUM AGE 356 AVERAGE HOUSEHOLD 247 PEOPLE PER CAPITA INCOME 18059 2009 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 39758 INCOME BELOW POVERTY LEVEL 233 LARGELY WHITE POPULATION 944 NEXT IS AMERICAN INDIAN 18 KALISPELL POPULATION 19927 MEDIUM AGE 345 AVERAGE HOUSEHOLD 254 PEOPLE PER CAPITA INCOME 21572 2009 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 39953 INCOME BELOW POVERTY LEVEL 169 LARGELY WHITE POPULATION 942 NEXT IS AMERICAN INDIAN 13 FLATHEAD COUNTY TOTAL POPULATION 90928 PER CAPITA INCOME 23612 2009 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 45594 INCOME BELOW POVERTY LEVEL 135 LARGELY WHITE POPULATION 955 NEXT IS AMERICAN INDIAN 11

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	NORTH VALLEY HOSPITAL PROVIDES RESOURCES AND FINANCIAL ASSISTANCE TO OTHER NONPROFITS AND HEALTHRELATED ENTITIES TO IMPROVE THE WELLBEING OF THE COMMUNITY NORTH VALLEY HOSPITAL HELPS SUPPORT THE SHEPHERDS HAND FREE CLINIC IN WHITEFISH WITH FREE TESTING AND SERVICES THAT THE CLINIC IS UNABLE TO PROVIDE ON ITS OWN MANY OF THE NORTH VALLEY HOSPITAL PHYSICIANS AND NURSING STAFF VOLUNTEER THEIR OWN TIME CONTRIBUTING TO THIS CLINIC NVH ALSO PROVIDES FINANCIAL AND PERSONNEL RESOURCES FOR RESIDENTS WHO NEED TO TRAVEL OUTSIDE OF THE AREA FOR MEDICAL SERVICES WHITEFISH WINTER CLASSIC FAMILIES OF SICK CHILDREN AND WINGS CANCER PATIENTS NORTH VALLEY HOSPITAL ALSO ASSISTS WITH SUPPORTING THE ALERT MEDICAL HELICOPTER NVH DONATES TO PROGRAMS THAT ENCOURAGE CHILDREN TO LEAD POSITIVE LIVES STAY IN SCHOOL AND PARTICIPATE IN CONSTRUCTIVE ACTIVITIES THAT ARE DRUG AND ALCOHOL FREE THESE INCLUDE CHILDRENS SPORTS ASSOCIATIONS SCHOOL BOOSTER CLUBS BOYS AND GIRLS CLUB KEY CLUB NORTH VALLEY MUSIC SCHOOL AND CIVIC ORGANIZATIONS THAT PROMOTE THESE SAME IDEALS SUCH AS KIWANIS AND SOROPTIMISTS STAFF IS ACTIVE ON MANY BOARDS SUCH AS MSHHRA MONTANA SOCIETY OF HEALTHCARE HUMAN RESOURCE ADMINISTRATION TO ASSIST WITH DEVELOPING HEALTHY WORK PLACES AREA AGENCY ON AGINGEAGLE TRANSIT TO PROVIDE A VOICE FOR SUBSIDIZED RIDES TO MEDICAL FACILITIES AMERICAN CANCER SOCIETY AND RELAY FOR LIFE TO RAISE AWARENESS AND MONEY FOR RESEARCH EMS TO STREAMLINE SERVICES AND MORE OTHER ACTIVE MEMBERSHIPS INCLUDE DISCOVERY DEVELOPMENT CENTER A NONPROFIT CHILDCARE FACILITY ROTARY AND FLATHEAD VALLEY CARE NORTH VALLEY HOSPITAL FOCUSES ON HEALTH EDUCATION EARLY DETECTION AND PREVENTION THE HOSPITAL HAS A COMMUNITY HEALTH LIBRARY COMPLETE WITH HUNDREDS OF HEALTHRELATED BOOKS AND PUBLIC ACCESS TO THE INTERNET STAFF AND PHYSICIANS PROVIDE HEALTHRELATED COMMUNITY EDUCATION PROGRAMS ON TOPICS SUCH AS NUTRITION HEART HEALTH ORTHOPEDICS OSTEOPOROSIS MENS AND WOMENS HEALTH AND MORE THE NORTH VALLEY HOSPITAL COMMUNITY HEALTH NURSE TEACHES A MONTHLY CPR AND CPRFIRST AID CLASS ALONG WITH A SAFE SITTER COURSE SEVERAL TIMES A YEAR THE HOSPITAL HAS AN EMPHASIS ON EXERCISE BY SUPPORTING ATHLETIC TRAINERS IN WHITEFISH AND COLUMBIA FALLS SCHOOLS NORTH VALLEY HOSPITAL PARTICIPATES IN EVENTS THROUGHOUT THE YEAR PROVIDING FREE OR REDUCED HEALTH SCREENINGS AND CONTRIBUTES RESOURCES FOR FUNDRAISERS SUCH AS SAVE A SISTER WHICH PROVIDES FREE MAMMOGRAMS TO QUALIFIED WOMEN IN THE FLATHEAD VALLEY THE HOSPITAL OFFERS FREE SUPPORT GROUPS FOR BOTH CANCER SURVIVORS AND TO THOSE WHO HAVE HAD A MISCARRIAGE STILLBIRTH OR NEONATAL LOSS A FREE MOMBABY SUPPORT GROUP FACILITATED BY A REGISTERED NURSE IS OFFERED WEEKLY TO HELP NEW PARENTS ADJUST TO THEIR NEW FAMILY DYNAMICS AND TO WEIGH THEIR BABIES TO MONITOR GROWTH NORTH VALLEY HOSPITAL ALSO PROVIDES A LOCATION FOR AARP CLASSES AND SPACE TO STORE THE ASSISTIVE EQUIPMENT FOR THE COMMUNITY LOANER PROGRAM INKIND GOODS TO AREA NONPROFITS ARE DONATED TO FOOD BANKS MONTANA NATIONAL GUARDS CHRISTMAS AT OUR HOUSE FREE DINNERS FOR MORE THAN 2500 FLATHEAD VALLEY RESIDENTS YOUTH WITH A MISSION AND HEALTHRELATED ORGANIZATIONS RECOGNIZING THE PROBLEM OF PHARMACEUTICAL MISUSE AND THE CHALLENGE OF DISPOSING OLD MEDICATIONS SAFELY NVH SPONSORED MONTANAS FIRST OPERATION MEDICINE CABINET WITH CITIZENS FOR A BETTER FLATHEAD SEVERAL SECURE DROP CENTERS WERE ESTABLISHED FOR PRESCRIPTION DISPOSAL ALONG WITH EDUCATIONAL MATERIAL AND LAW ENFORCEMENT WERE ONSITE FOR SECURITY AND TO ANSWER QUESTIONS QUALIFIED COMMUNITY BENEFITS UNDER THIS QUESTION BOARD POSITIONS INCLUDE MSHHRA HEALTHY WORK PLACES AREA AGENCY ON AGINGEAGLE TRANSIT AMERICAN CANCER SOCIETY WINGS WHITEFISH AND COLUMBIA FALLS CHAMBER OF COMMERCE ACTIVE MEMBERSHIPS INCLUDE DISCOVERY DEVELOPMENT CENTER WHITEFISH AND KALISPELL ROTARY EMS FLATHEAD VALLEY CARE SOROPTIMIST CHAMBERS OF COMMERCE PREVENTION PROGRAMS PSA SCREENINGS SAVE A SISTER AND ATHLETIC TRAINERS EDUCATION PROVIDER HEALTH RELATED COMMUNITY EDUCATION BIRTH CPRFIRST AID SCREENINGS NUTRITION SUPPORT GROUPS COMMUNITY HEALTH LIBRARY INKIND DONATIONS TO FOOD BANK AARP ASSISTIVE EQUIPMENT LOANER PROGRAM EUREKA BREAST CANCER LUNCHEON LOCAL FAMILIES THANKSGIVING BASKETS SHEPHERDS HAND CLINIC

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE INFORMATION	PART VI	NA

Identifier	ReturnReference	Explanation
LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED	PART VI	MONTANA

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☑ Written employment contract ☐ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**	Yes	
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		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) JASON SPRING	(i) (ii)	220,000	54,559			65,211	339,770	
(2) MAURA FIELDS	(i) (ii)	142,011				19,718	161,729	
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
COMPENSATION CONTINGENT UPON NET EARNINGS OF ORGANIZATION	SCHEDULE J, PAGE 1, PART I, LINE 6A	THE CEO IS PAID A BONUS THROUGH THE MANAGEMENT COMPANY BASED ON QUALITATIVE RESULTS, BUT CONTINGENT ON POSITIVE FINANCIAL RESULTS OF THE HOSPITAL

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

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Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) Loan to or from the organization? From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) In default? No	(f) Approved by board or committee? Yes	(f) Approved by board or committee? No	(g) Written agreement? Yes	(g) Written agreement? No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) LIN AKEY	BOARD MEMBER		BANK PRESIDENT		No
(2) RANDY BEACH MD	BOARD MEMBER	190,079	PHYS GROUP PARTNER		No
(3) SUZANNE DANIELL MD	BOARD MEMBER	127,073	PHYS GROUP PARTNER		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

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Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Identifier	Return Reference	Explanation
ADDITIONAL INFORMATION	FORM 990, PART VI	THE HOSPITAL PARTICIPATED IN A JOINT VENTURE TO PROVIDE DEXASCAN SERVICES TO PATIENTS UNTIL IT SOLD ALL OF ITS ASSETS IN 2008 FOR 2011, THE JOINT VENTURE ONLY COLLECTED ON EXISTING PATIENT ACCOUNTS RECEIVABLE

Identifier	Return Reference	Explanation
MANAGEMENT DELEGATED	FORM 990, PAGE 6, PART VI, LINE 3	THE HOSPITAL CONTRACTS WITH QUORUM HEALTH RESOURCES, LLC (QHR) FOR MANAGEMENT SERVICES AND UTILIZES AN EMPLOYEE OF QHR AS ITS CHIEF EXECUTIVE OFFICER

Identifier	Return Reference	Explanation
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE 990 IS PROVIDED TO THE CFO WHO REVIEWS THE FORM, SCHEDULES AND RELATED ATTACHMENTS ANY COMMENTS OR QUESTIONS ARE ADDRESSED WITH THE PREPARER AND A FINAL DRAFT IS PRESENTED TO THE BOARD OF DIRECTORS WHO THEN APPROVE THE 990 ONCE MANAGEMENT IS SATISFIED WITH THE 990, THE CEO SIGNS THE FORM 8879-EO AUTHORIZING THE PREPARER TO E-FILE THE RETURN

Identifier	Return Reference	Explanation
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	A CONFLICT OF INTEREST STATEMENT IS COMPLETED ANNUALLY BY THE BOARD OF DIRECTORS DISCLOSING ANY POSSIBLE CONFLICTS OF INTEREST THE BOARD REVIEWS ALL MEMBERS' STATEMENTS AND IF POTENTIAL ISSUES ARISE, THE MEMBER IN QUESTION MAY BE ASKED TO LEAVE THE ROOM WHILE THE REST OF THE BOARD DISCUSSES AND VOTES ON THE MATTER BOARD MEMBERS WITH A POTENTIAL CONFLICT OF INTEREST WHO ARE PRESENT FOR A VOTE WILL CAST AN ABSTAINING VOTE ALL BOARD MEMBERS ANNUALLY REVIEW AND SIGN A CONFLICT OF INTEREST POLICY UNDER THE HOSPITAL'S COMPLIANCE STANDARDS ALL EMPLOYEES ARE REQUIRED TO REPORT TO THEIR SUPERVISOR OR THE COMPLIANCE OFFICER ANY POTENTIAL INSTANCES THAT CREATE A CONFLICT OF INTEREST SITUATION

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE BOARD OF DIRECTORS REVIEW AND APPROVE MANAGEMENT WAGES EACH YEAR DURING THE BUDGET PROCESS SOURCES UTILIZED BY THE BOARD WHEN REVIEWING FAIR MARKET VALUE IN COMPENSATION INCLUDE MARKET SURVEYS AND SALARY RANGES PROVIDED BY THE MANAGEMENT COMPANY

Identifier	Return Reference	Explanation
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	THE BOARD OF DIRECTORS REVIEW AND APPROVE OFFICERS WAGES EACH YEAR DURING THE BUDGET PROCESS SOURCES UTILIZED BY THE BOARD WHEN REVIEWING FAIR MARKET VALUE IN COMPENSATION INCLUDE MARKET SURVEYS AND SALARY RANGES PROVIDED BY THE MANAGEMENT COMPANY

Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	NORTH VALLEY HOSPITAL MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 5	TRANSFER OF ASSETS FROM NORTH VALLEY MEDICAL EQUIPMENT 22,231 INSURANCE RECOVERY 317,431 ======== 339,662

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

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2010

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Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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 VALLEY HOSPITAL FOUNDATION 1600 HOSPITAL WAY WHITEFISH, MT 59937 81-0526541	SUPPORT	MT	501C3	11C	NA N/A		No
(2) NORTH VALLEY MEDICAL EQUIPMENT 1600 HOSPITAL WAY WHITEFISH, MT 59937 81-0510627	HEALTHCARE	MT	501C3	3	NA N/A		No

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

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

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

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

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c	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		No
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	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n		No
o Reimbursement paid to other organization for expenses	1o		No
p Reimbursement paid by other organization for expenses	1p		No
q Other transfer of cash or property to other organization(s)	1q		No
r Other transfer of cash or property from other organization(s)	1r		No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) NORTH VALLEY HOSPITAL FOUNDATION	C	78,370	ACTUAL
(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

North Valley Hospital and Subsidiary

Financial Statements and
Independent Auditors' Reports

June 30, 2011 and 2010

North Valley Hospital and Subsidiary
Table of Contents

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
North Valley Hospital and Subsidiary
Whitefish, Montana

We have audited the accompanying balance sheets of North Valley Hospital and Subsidiary (the Hospital) (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the 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 Hospital's internal control over financial reporting Accordingly, we express no such opinion An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2011 and 2010, and the 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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011, on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and 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 financial statements The information has been subjected to the auditing procedures applied in the audit of the 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

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
December 20, 2011

North Valley Hospital and Subsidiary
Balance Sheets
June 30, 2011 and 2010

ASSETS	2011	2010
Current assets		
Cash and cash equivalents	$ **6,990,823**	$ 6,181,238
Receivables		
Patient accounts, net of allowance for doubtful accounts of approximately $1,796,000 and $1,852,000, respectively	**4,858,169**	4,121,528
Collateralized patient accounts, net of estimated uncollectibles of approximately $154,000 and $152,000, respectively	**390,952**	385,438
Insurance recovery	**317,431**	-
Other	**155,281**	157,054
Estimated third-party payor settlements	**301,000**	640,299
Inventories	**1,380,485**	1,158,764
Prepaid expenses	**679,847**	685,905
Current portion of assets limited as to use	**39,475**	245,910
Total current assets	**15,113,463**	13,576,136
Interest in net assets of North Valley Hospital Foundation	**742,050**	757,988
Assets limited as to use	**6,364,213**	6,313,515
Property and equipment, net	**29,642,137**	31,479,550
Other assets		
Deferred financing costs	**1,068,728**	1,118,825
Prepaid expenses and other assets	**80,954**	167,702
Total other assets	**1,149,682**	1,286,527
Total assets	$ **53,011,545**	$ 53,413,716

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Balance Sheets (Continued)
June 30, 2011 and 2010

LIABILITIES AND NET ASSETS	2011	2010
Current liabilities		
Current portion of long-term debt	$ **533,888**	$ 518,768
Current portion of capital lease obligation	**45,484**	56,327
Accounts payable	**1,489,457**	1,304,276
Accrued payroll and related liabilities	**1,513,192**	1,368,231
Accrued interest payable	**147,088**	149,984
Accrued health insurance claims and pension plan payable	**482,873**	398,826
Estimated third-party payor settlements	**464,703**	516,719
Collateralized patient accounts receivable liability	**544,964**	537,277
Total current liabilities	**5,221,649**	4,850,408
Long-term debt, net of current portion	**24,753,371**	25,304,772
Capital lease obligation, net of current portion	-	45,484
Total liabilities	**29,975,020**	30,200,664
Net assets		
Unrestricted	**22,294,475**	22,455,064
Temporarily restricted	**522,493**	539,441
Permanently restricted	**219,557**	218,547
Total net assets	**23,036,525**	23,213,052
Total liabilities and net assets	$ **53,011,545**	$ 53,413,716

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Statements of Operations and Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted revenues, gains, and other support		
Net patient service revenue	$ **39,229,642**	$ 35,293,433
Other revenue	**344,752**	367,506
Investment income	**115,679**	168,145
Loss on disposal of assets	**(9,842)**	(2,595)
Insurance recovery	**317,431**	-
Grants	-	26,486
Contributions	**51,575**	177,137
Total unrestricted revenues, gains, and other support	**40,049,237**	36,030,112
Expenses		
Salaries and wages	**12,438,023**	10,742,793
Employee benefits	**3,250,664**	2,669,800
Purchased services	**7,154,789**	5,844,995
Supplies	**5,005,842**	4,081,922
Repairs and maintenance	**1,356,151**	1,166,730
Utilities	**390,013**	396,560
Insurance	**823,564**	722,196
Interest	**1,838,381**	1,877,589
Depreciation and amortization	**3,670,219**	3,716,633
Rents and leases	**232,936**	229,493
Provision for bad debts	**3,005,022**	2,736,490
Other	**1,082,622**	1,136,329
Total expenses	**40,248,226**	35,321,530
Excess of revenue, gains, and other support over expenses (expenses over revenues, gains, and other support)	**(198,989)**	708,582
Net assets released from restrictions used for purchase of property and equipment	**38,400**	80,000
Capital grants	-	428,288
Change in unrestricted net assets	**(160,589)**	1,216,870
Change in temporarily restricted net assets		
Change in interest in temporarily restricted net assets of North Valley Hospital Foundation	**(16,948)**	(119,885)
Change in permanently restricted net assets		
Change in interest in permanently restricted net assets of North Valley Hospital Foundation	**1,010**	2,905
Change in net assets	**(176,527)**	1,099,890
Net assets, beginning of year	**23,213,052**	22,113,162
Net assets, end of year	$ **23,036,525**	$ 23,213,052

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Cash received from and on behalf of patients	$ **35,777,435**	$ 32,788,462
Cash received from investments	**115,679**	168,145
Cash received from contributions and grants	**51,575**	631,911
Cash received from other revenue	**346,525**	528,724
Cash paid for employee salaries and benefits	**(15,459,679)**	(13,279,497)
Cash paid for interest expense	**(1,791,180)**	(1,677,509)
Cash paid for other expenses	**(15,989,651)**	(13,762,629)
Net cash provided by operating activities	**3,050,704**	5,397,607
Cash flows from investing activities		
Acquisition of property and equipment	**(1,842,648)**	(2,526,032)
Transfer to assets limited as to use	**(349,948)**	(4,371,277)
Transfer from assets limited as to use	**505,685**	4,417,861
Net cash used in investing activities	**(1,686,911)**	(2,479,448)
Cash flows from financing activities		
Cash received from contributions restricted for purchase of property and equipment	**38,400**	80,000
Repayment of long-term debt	**(536,281)**	(447,452)
Repayment of capital lease obligations	**(56,327)**	(55,508)
Net cash used in financing activities	**(554,208)**	(422,960)
Net increase in cash and cash equivalents	**809,585**	2,495,199
Cash and cash equivalents, beginning of year	**6,181,238**	3,686,039
Cash and cash equivalents, end of year	$ **6,990,823**	$ 6,181,238

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Statements of Cash Flows (Continued)
Years Ended June 30, 2011 and 2010

		2011		2010
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities				
Change in net assets	$	**(176,527)**	$	1,099,890
Adjustments to reconcile change in net assets net cash provided by operating activities				
Depreciation and amortization		**3,670,219**		3,716,633
Provision for bad debts		**3,005,022**		2,736,490
Loss on disposal of assets		**9,842**		2,595
Net assets released from restrictions used for purchase of property and equipment		**(38,400)**		(80,000)
Amortization of deferred financing costs		**50,097**		50,096
Undistributed portion of change in interest in net assets of North Valley Hospital Foundation		**15,938**		116,980
(Increase) decrease in				
Patient accounts receivable		**(3,741,663)**		(2,277,239)
Collateralized patient accounts receivable		**(5,514)**		(22,748)
Estimated third-party payor settlements		**339,299**		(344,217)
Insurance recovery receivable		**(317,431)**		-
Other receivables		**1,773**		161,218
Inventories		**(221,721)**		(282,548)
Prepaid expenses		**92,806**		(204,433)
Increase (decrease) in				
Accounts payable		**185,181**		302,577
Collateralized patient accounts receivable liability		**7,687**		98,231
Accrued payroll and related liabilities		**144,961**		109,333
Accrued interest payable		**(2,896)**		149,984
Accrued health insurance claims and pension plan payable		**84,047**		23,763
Estimated third-party payor settlements		**(52,016)**		41,002
Net cash provided by operating activities	$	**3,050,704**	$	5,397,607

See accompanying notes to financial statements

1. Organization and Summary of Significant Accounting Policies:

a. Organization

North Valley Hospital and Subsidiary (the Hospital) and its predecessors have operated a hospital facility in Whitefish, Montana, since 1955 The Hospital presently operates a 25-bed acute care general hospital The Hospital also operates clinics in Whitefish, Columbia Falls, and Eureka, Montana Substantially all of the patients of the Hospital are from the immediate geographic area surrounding Whitefish, Columbia Falls, and Eureka, Montana

As of July 22, 1996, the Hospital formed a wholly-owned nonprofit subsidiary, North Valley Hospital Medical Equipment, Inc The purpose of this entity is to provide medical supplies and related treatment and care to patients of the Hospital Effective June 28, 2011, North Valley Hospital Medical Equipment, Inc , was dissolved

The financial statements include the accounts of the Hospital and its wholly-owned subsidiary All material intercompany accounts and transactions have been eliminated in consolidation

North Valley Hospital Foundation (the Foundation) was established to solicit contributions for the Hospital and to support healthcare services in the north Flathead Valley area The Hospital records its interest in the net assets of the Foundation that have been collected by the Foundation for the Hospital but not yet distributed to the Hospital

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenue and expenses during the reporting period Actual results could differ from those estimates

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, excluding assets limited as to use

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

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i e , the "exit price") in an orderly transaction between market participants at the measurement date The Hospital classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Fair value measurements (continued) – The three levels of the fair value hierarchy are described below

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2: Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly The Hospital did not have any Level 2 investments in the years ended June 30, 2011 and 2010

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable The Hospital did not have any Level 3 investments in the years ended June 30, 2011 and 2010

Patient accounts receivable – Receivables arising from revenue from services to patients are reduced by allowances for uncollectible accounts and contractual adjustments based on experience, third-party contractual reimbursement arrangements, and any unusual circumstances which may affect the ability of patients to meet their obligations Accounts deemed uncollectible are charged against these allowances

Collateralized patient accounts receivable – The Hospital sold a portion of its patient accounts receivable, with recourse, to a financial institution These sales do not meet the criteria for a sale in accordance with generally accepted accounting principles Such transactions are accounted for as financing transactions and are shown as collateralized accounts receivable on the balance sheets as both a current asset and current liability

Prepaid expenses – Prepaid expenses are expenses paid during the fiscal year relating to expenses incurred in future periods Prepaid expenses are amortized over the expected benefit period of the related expense Prepaid expenses include physician income guarantees, prepaid insurance, and prepaid maintenance contracts

Assets limited as to use – Such assets include assets held by trustees under a mortgage agreement and assets set aside by the Board of Directors for future capital improvements and to fund the Hospital's medical self-insurance plan over which the Board retains control and may, at its discretion, subsequently use for other purposes

Property and equipment – Property, buildings, and equipment acquisitions in excess of $5,000 have been capitalized and are recorded at cost Contributed assets are reported at their estimated fair value at the time of their donation Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method over the following estimated useful service lives

Land improvements	2 to 40 years
Buildings	3 to 40 years
Furniture and equipment	3 to 25 years

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Property and equipment (continued) – Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from the 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 support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Inventories – Inventories are stated at cost on the first-in, first-out method Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the Hospital's operations

Deferred financing costs – Deferred financing costs are amortized over the remaining term of the mortgage note

Excess of revenues over expenses, gains, and other support (expenses over revenues, gains, and other support) – The statements of operations and changes in net assets include excess of expenses over revenues Changes in unrestricted net assets which are excluded from excess of revenues over expenses, gains, and other support consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets)

Temporarily and permanently restricted net assets – Temporarily restricted net assets are those whose use by the Hospital 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 Hospital in perpetuity

Net patient service revenue – Such revenue is reported at the estimated net realizable amounts from patients, 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 – The Hospital 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 Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue The amount of charges foregone for services and supplies furnished under the charity care policy aggregated approximately $1,585,000 and $1,436,000 for the years ended June 30, 2011 and 2010, respectively

Employee welfare benefit plan – The Hospital has a self-insured health insurance plan available to its employees Employees pay premiums to the Hospital and the Hospital pays the providers The Hospital accrues a liability for the estimated claims incurred but not yet reported to the Hospital

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Federal income tax – The Hospital is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The Hospital evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2011 and 2010, the Hospital had no uncertain tax positions requiring accrual.

Reclassifications – Certain reclassifications have been made to the 2010 financial statements to conform to the classification used in the 2011 financial statements with no effect on the 2010 change in net assets.

Subsequent events – Subsequent events have been reviewed through December 20, 2011, the date on which the financial statements were available to be issued.

2. Assets Limited as to Use:

A summary of assets limited as to use at June 30, 2011 and 2010, follows:

	2011	2010
Internally designated by Board for capital additions and replacements (funded depreciation)		
Cash and cash equivalents	$ **721,028**	$ 528,461
Mutual funds - inflation protected bond	**436,970**	410,305
U.S. government bonds		
<1 year terms	**85,947**	249,890
1-5 year terms	**126,229**	-
5-10 year terms	**180,193**	-
>10 year terms	**65,830**	101,177
Total U.S. government bonds	**458,199**	351,067
Certificates of deposit		
3-6 month terms	**-**	452,000
6-9 month terms	**1,925,000**	1,630,000
9-12 month terms	**495,000**	540,000
1-2 year terms	**166,000**	166,000
>2 year terms	**6,000**	96,000
Total certificates of deposit	**2,592,000**	2,884,000
Health plan assets held in trust		
Cash and cash equivalents	**-**	213,685
Mutual funds, large blend	**39,475**	32,225
Under mortgage agreements - held by trustee		
Cash and cash equivalents	**2,156,016**	2,139,682
	6,403,688	6,559,425
Less current portion	**(39,475)**	(245,910)
Assets limited as to use	$ **6,364,213**	$ 6,313,515

3. Property and Equipment:

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

	2011	2010
Land	$ **1,874,940**	$ 1,554,940
Land improvements	**4,073,777**	4,077,217
Buildings	**26,083,471**	25,639,462
Furniture and equipment	**14,481,406**	14,236,935
	46,513,594	45,508,554
Less accumulated depreciation and amortization	**(17,365,260)**	(14,211,269)
	29,148,334	31,297,285
Construction in progress	**493,803**	182,265
Property and equipment, net	$ **29,642,137**	$ 31,479,550

As of June 30, 2011, significant construction in progress consisted of costs for the initial design and layout of the Hospital's north medical campus The estimated dates or costs of completion cannot yet be estimated due to the preliminary nature of this project

Costs included in construction in progress also relate to a project to improve the Hospital's information technology network performance and security The estimated dates or costs of completion cannot yet be estimated due to the preliminary nature of this project

Construction in progress also relates to a project to move computer servers into a virtual environment The estimated dates or costs of completion cannot yet be estimated due to the preliminary nature of this project

4. Patient Accounts Receivable:

Patient accounts receivable reported as current assets by the Hospital at June 30, 2011 and 2010, consisted of these amounts

	2011	2010
Receivables from patients and their insurance carriers	$ **5,316,403**	$ 4,851,010
Receivables from Medicare	**874,061**	846,391
Receivables from Medicaid	**463,380**	276,089
Total patient accounts receivable	**6,653,844**	5,973,490
Less allowance for uncollectible amounts	**1,795,675**	1,851,962
Patient accounts receivable, net	$ **4,858,169**	$ 4,121,528

5. Collateralized Patient Accounts Receivable:

The Hospital sells certain patient accounts receivable with recourse to Mountain West Bank, which are serviced by CSI Financial Services, LLC (CSI) CSI charges the Hospital a servicer fee of 8% of the purchase price of the receivables Receivables which remain uncollected by CSI after certain time periods are sold back to the Hospital and subsequently written off

6. Long-term Debt:

The cost of the new hospital building was financed by a mortgage note in the amount of $27,000,000 from Prudential Huntoon Paige Associates, Ltd (Prudential) The mortgage note is insured by the U S Department of Housing and Urban Development and is collateralized by substantially all of the Hospital's assets

Under the terms of the Prudential mortgage note, the Hospital is required to maintain certain deposits in a mortgage reserve fund The mortgage also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the note is outstanding

A summary of long-term debt at June 30, 2011 and 2010, follows

	2011	2010
Mortgage payable in the amount of $27,000,000 from Prudential Huntoon Paige Associates, Ltd , that bears interest at 6 98% Monthly principal and interest payments in the amount of $190,173 are required through October 31, 2032, collateralized by substantially all of the Hospital's assets	**$ 25,287,259**	$ 25,785,254
Bank note collateralized by the professional office building, paid in full during 2011	-	38,286
Total long-term debt	**25,287,259**	25,823,540
Less current portion	**(533,888)**	(518,768)
Long-term debt, net of current portion	**$ 24,753,371**	$ 25,304,772

6. Long-term Debt (continued):

Scheduled repayments on long-term debt are as follows

Years Ending June 30,	Amount
2012	$ 533,888
2013	572,369
2014	613,624
2015	657,852
2016	705,268
Thereafter	22,204,258
	$ 25,287,259

7. Capital Lease Obligation:

The Hospital leases certain equipment under a capital lease obligation The following is a schedule, by year, of equipment and accumulated amortization

	June 30,			
	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Chemical analyzer	**$ 246,643**	**$ 209,646**	$ 246,643	$ 160,318

Amortization of equipment under a capital lease obligation was $49,329 for both 2011 and 2010

The following is a schedule, by year, of future minimum lease payments under the capital lease obligation, together with the present value of the future minimum lease payments as of June 30, 2011

Years Ending June 30,	Amount
2012	$ 47,107
Total future minimum lease payments	47,107
Less amount representing interest	(1,623)
Present value of future minimum lease payments	45,484
Less current maturities	(45,484)
Total capital lease obligation, net of current maturities	**$ -**

8. Line of Credit:

The Hospital obtained a $370,000 line of credit from American Express during the year ended June 30, 2010. The available credit was increased to $500,000 during the year ended June 30, 2011. The Hospital borrowed approximately $355,000 on the line of credit as of June 30, 2011. The line requires payment in full each month and bears no interest and is therefore included with trade accounts payable.

Subsequent to year end, the available credit was increased to $1,000,000.

9. Net Patient Service Revenue:

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

- *Medicare* – The Hospital has been designated a critical access hospital by Medicare. The Hospital is reimbursed by Medicare for inpatient and outpatient services on a cost basis as defined and limited by the Medicare program. The Medicare program's administrative procedures preclude final determination of amounts due to the Hospital for such services until three years after the Hospital's cost reports are audited or otherwise reviewed and settled upon by the Medicare intermediary. Physician services are reimbursed on a fee schedule.
- *Medicaid* – The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports. Physician services are reimbursed on a fee schedule.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements is discounts from established charges.

Revenue from the Medicare and Medicaid programs accounted for approximately 38% and 13%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2011, and 32% and 10%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2010.

Laws and regulations governing the Medicare and Medicaid 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 2011 net patient service revenue increased approximately $50,000 due to final and preliminary cost report settlements differing from original estimates. The 2010 net patient service revenue increased approximately $21,000 due to final and preliminary cost report settlements differing from original estimates.

10. Medical Malpractice:

The Hospital purchases malpractice liability insurance through Utah Medical Insurance Association (UMIA). UMIA provides protection on a "claims-made" basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policy.

10. Medical Malpractice (continued):

If there are unreported incidents which result in a malpractice claim for the current year, these will only be covered in the year the claim is reported to the insurance carrier if the Hospital purchases claims-made insurance in that year or if the Hospital purchases extended coverage (tail) insurance to cover claims incurred before but reported after cancellation or expiration of a claims-made policy

UMIA's present liability limit is $1,000,000 per claim with an annual aggregate limit of $3,000,000 The Hospital also purchases excess malpractice liability insurance through UMIA UMIA provides protection on an "excess" basis whereby claims reported to the insurance carrier are only covered in excess of primary malpractice liability coverage The UMIA excess liability limit is $5,000,000 per claim with an annual aggregate limit of $5,000,000 No liability has been accrued for future coverage for acts occurring in this or prior years Also, it is possible that claims may exceed coverage obtained in any given year Neither policy has a deductible payable by the Hospital

11. Commitment:

The Hospital entered into a contract with QHR dated September 14, 2005, effective October 1, 2005, for management and advisory services through October 1, 2012 Compensation for services performed beginning October 1, 2005, is $269,767 annually and is increased annually by 2 5% Management fees for the years ended June 30, 2011 and 2010, were approximately $303,000 and $296,000, respectively

The aggregated future commitment for management fees is approximately $1,000,000

12. Commitments Under Noncancelable Operating Leases:

The Hospital is committed under various noncancelable operating leases, all of which are for buildings and equipment These expire in various years through 2015 Future minimum operating lease payments are as follows

Years Ending June 30,		Amount
2012	$	102,761
2013		98,650
2014		76,628
2015		18,688
	$	**296,727**

13. Defined Contribution Plan:

The Hospital provides pension benefits for all employees through the North Valley Hospital 403(b) Plan (the Plan), a defined contribution plan. The Plan is administered by the Hospital. In a defined contribution plan, benefits depend solely on amounts contributed by the employee and the Hospital to the Plan plus investment earnings. All employees are eligible to contribute to the Plan upon employment. After two consecutive years of service, the Hospital will contribute 2% of employee earnings. After three consecutive years of service, the Hospital will match 30% of employee contributions with annual increases of 10% until the Hospital's match reaches 7% of employee gross pay or the matching percentage reaches 100% of employee contribution. Hospital contributions are 100% vested at the time of contribution. The Hospital made contributions of approximately $498,000 and $441,000 for the years ended June 30, 2011 and 2010, respectively.

14. Health and Dental Self-insurance:

The Hospital offers a health and dental insurance plan to all employees following 90 days of employment. The Hospital self-insures for the cost of the plan. The plan is administered by BlueCross BlueShield of Montana (BCBS). The Hospital records plan expenses as incurred. Plan expenses were approximately $1,502,000 and $1,142,000 for the years ended June 30, 2011 and 2010, respectively. The Hospital accrues an incurred but not reported liability for plan claims that had been incurred but that have not yet been reported to BCBS. The Hospital's liability for claims that had been incurred but not reported was approximately $168,000 and $106,000 at June 30, 2011 and 2010, respectively. For claims exceeding $60,000 per covered participant, the Hospital has purchased a stop-loss policy through BCBS.

15. Functional Expenses:

The Hospital provides the following healthcare services to residents within its geographic location:

- Acute, intensive, cardiac, and pediatric care
- Emergency services
- Outpatient surgery
- Other outpatient procedures

Expenses related to providing these services were as follows:

	Years Ended June 30,	
	2011	**2010**
Healthcare services	**$ 33,515,391**	$ 29,000,617
General and administrative	**6,558,029**	6,165,267
Fundraising	**174,806**	155,646
	$ 40,248,226	$ 35,321,530

16. Concentration of Credit Risk:

Patient accounts receivable – The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors at June 30, 2011 and 2010, was as follows

	2011	2010
Medicare	**20 %**	20 %
Medicaid	**10**	7
Other third-party payors	**28**	27
Self-pay	**42**	46
	100 %	100 %

Physicians – The Hospital is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations

17. North Valley Hospital Foundation:

The Hospital's administrator serves as an ex-officio member of the Foundation's Board The Hospital also appoints three of the thirteen members of the Board The Hospital does not exercise control over the operations of the Foundation The Hospital provides operating support to the Foundation The Hospital provided support totaling approximately $130,000 and $119,000 in 2011 and 2010, respectively, to the Foundation The Foundation contributed approximately $78,000 and $707,000 in 2011 and 2010, respectively, to the Hospital

The Hospital's interest in the net assets of the Foundation that have been collected by the Foundation for the Hospital but not yet distributed to the Hospital are as follows

	June 30,	
	2011	2010
Temporarily restricted net assets are available for various Hospital support needs	**$ 522,493**	$ 539,441
Permanently restricted net assets, the income from which is expendable to support healthcare services	**$ 219,557**	$ 218,547

18. Insurance Recovery Receivable:

The Hospital received notice in June 2011, that it would receive an insurance recovery payment related to a malpractice settlement paid by the Hospital during the year ended June 30, 2007 The notice indicated the insurance company would pay approximately 40% of the approved claim amount as an interim payment and is expected to make additional distributions thereafter The insurance company is in receivership and has not yet determined the total amount it will be able to collect The Hospital has recorded the interim payment of $317,431 as a receivable as of June 30, 2011 The additional distributions are contingent on the insurance company having the funds to pay and therefore, have not been recorded as a receivable as of June 30, 2011

19. Subsequent Event:

In November 2011, the Hospital's Board of Directors approved a resolution to refinance the Hospital's HUD insured mortgage with a bond issuance in the amount of $25 million The remaining payoff of the HUD insured mortgage will be funded from cash on hand The anticipated closing date of the refinancing bond issuance is January 2012 The new bond issuance is expected to mature in December 2026, and requires principal and interest payments at 4% interest for the first ten years and a variable interest rate ranging from a minimum of 4% and a maximum of 7 55% over the remaining 5 years of the bonds

SINGLE AUDIT

AUDITORS' SECTION

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
North Valley Hospital and Subsidiary
Whitefish, Montana

We have audited the financial statements of North Valley Hospital and Subsidiary (the Hospital) (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses, have been identified. However, as described in the accompanying schedule of audit findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of audit findings and questioned costs as item 2011-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

We noted certain matters that we reported to management of the Hospital in a separate letter dated December 20, 2011

The Hospital's response to the finding identified in our audit is described in the accompanying corrective action plan We did not audit the Hospital's response and, accordingly, we express no opinion on it

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
December 20, 2011

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
North Valley Hospital and Subsidiary
Whitefish, Montana

Compliance

We have audited North Valley Hospital and Subsidiary's (the Hospital) (a nonprofit organization) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on the Hospital's major federal program for the year ended June 30, 2011 The Hospital's major federal program is identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Hospital's management Our responsibility is to express an opinion on the Hospital's compliance based on our audit

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred An audit includes examining, on a test basis, evidence about the Hospital's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances We believe that our audit provides a reasonable basis for our opinion Our audit does not provide a legal determination of the Hospital's compliance with those requirements

In our opinion, the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011

Internal Control Over Compliance

Management of the Hospital is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs In planning and performing our audit, we considered the Hospital's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
December 20, 2011

North Valley Hospital and Subsidiary
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2011

Section I -- Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	***Unqualified***		
Internal control over financial reporting			
• Material weakness(es) identified?	X yes	____	no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ yes	X	none reported
Noncompliance material to financial statements noted?	____ yes	X	no

Federal Awards:

Internal control over major programs			
• Material weakness(es) identified?	____ yes	X	no
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	____ yes	X	none reported
Type of auditors' report issued on compliance for major programs	***Unqualified***		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	____ yes	X	no

Identification of major programs

CFDA Number(s)	*Name of Federal Program or Cluster*
14 128	U S Department of Housing and Urban Development Mortgage Insurance - Hospitals

Dollar threshold used to distinguish between type A and type B programs $300,000

Auditee qualified as low-risk auditee? ____ yes X no

Section II -- Financial Statement Findings

2011-01 – Timely Reconciliation of Bank Accounts

Condition	The general operations checking account was not reconciled at year end or throughout the fiscal year Management reconciled the account for the fiscal year five months after year end
Criteria	[ ] Compliance Finding [ ] Significant Deficiency [X] Material Weakness Bank accounts should be reconciled to the general ledger within 30 days of month end
Context	This finding appears to be a systematic problem
Cause	Turnover in the accounting department caused management to fall behind in reconciling the cash accounts
Effect	Current assets, current liabilities, and expenses were misstated at year end These misstatements could have affected management's and the Board of Directors' decision making
Recommendation	In order to ensure financial information reported to the Board of Directors and management is accurate, we recommend that all bank accounts be reconciled to the general ledger within 30 days of the end of each month

AUDITEE'S SECTION

North Valley Hospital and Subsidiary
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Contract Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Mortgage Insurance - Hospitals	14.128	Not available	$ 25,287,259
Total expenditures of federal awards			**$ 25,287,259**

See accompanying independent auditors' report

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of North Valley Hospital and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Loan Guarantee

Nonmonetary assistance in the form of a loan guarantee is included in the accompanying schedule of expenditures of federal awards. The related loan balance was $25,287,259 at June 30, 2011.

North Valley Hospital and Subsidiary
Corrective Action Plan
Year Ended June 30, 2011

Corrective Action Plan:

2011-01 Timely Reconciliation of Bank Accounts – Management is in agreement with the recommendation made by the auditors Policies and procedures will be updated to ensure that all bank accounts will be reconciled to the general ledger within 30 days of the end of each month

North Valley Hospital and Subsidiary
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011

Prior Year Audit Findings:

2010-01 Timely Reconciliation of Bank Accounts

This finding was an audit finding that the Hospital was not reconciling its general operations checking account on a timely basis

Status

The finding has been repeated as Finding 2011-01 in the Schedule of Audit Findings and Questioned Costs

2010-02 Period of Availability of Federal Funds

This finding was a single audit finding that the Hospital charged equipment purchased in January 2008 to a federal grant with a funding period of September 1, 2009 through August 31, 2010, without authorization by the federal awarding agency

Status

Resolved

Form 8868 (Rev 1-2011) Page 2

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only** Part II and check this box ▶ [X]

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print File by the extended due date for filing your return See instructions	Name of exempt organization	Employer identification number
	NORTH VALLEY HOSPITAL, INC.	81-0247969
	Number, street, and room or suite no If a P.O. box, see instructions. 1600 HOSPITAL WAY	
	City, town or post office, state, and ZIP code For a foreign address, see instructions WHITEFISH MT 59937	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

RANDY NIGHTENGALE
1600 HOSPITAL WAY

- The books are in the care of ▶ WHITEFISH MT 59937
  Telephone No. ▶ 406-863-3556 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) If this is for the whole group, check this box ▶ [ ]. If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until 05/15/12.

5 For calendar year , or other tax year beginning 07/01/10 , and ending 06/30/11

6 If the tax year entered in line 5 is for less than 12 months, check reason [ ] Initial return [ ] Final return
[ ] Change in accounting period

7 State in detail why you need the extension
ADDITIONAL TIME IS REQUESTED TO GATHER INFORMATION TO PREPARE A COMPLETE AND ACCURATE RETURN.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	8a	$
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	$
c	**Balance Due.** Subtract line 8b from line 8a Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions.	8c	$

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature ▶ Title ▶ CEO Date ▶ 02/07/12