




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



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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization LIVINGSTON HEALTHCARE Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 504 S 13TH STREET City or town, state or country, and ZIP + 4 LIVINGSTON, MT 59047	D Employer identification number 81-0378200 E Telephone number (406) 222-5011 G Gross receipts \$ 33,639,178
	F Name and address of principal officer SAM PLESHAR 504 S 13TH STREET LIVINGSTON,MT 59047	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
	I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀(insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	
	J Website: ▶ WWW.LIVINGSTONHEALTHCARE.ORG	

K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	L Year of formation 1955	M State of legal domicile MT
--	---------------------------------	-------------------------------------

Part I	Summary		
Activities & Governance	1 Briefly describe the organization's mission or most significant activities LHC IS A PHYSICIAN / HOSPITAL INTEGRATED NOT-FOR-PROFIT HEALTHCARE ORGANIZATION LHC IS COMPRISED OF A 25 BED CRITICAL ACCESS HOSPITAL, TWO PHYSICIAN CLINICS, HOME HEALTH AND DME SERVICES 		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	10
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	366
Revenue	6 Total number of volunteers (estimate if necessary)	6	27
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	98,822
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0
	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
		253,326	902,798
33,017,522		32,523,781	
75,564		81,273	
90,188		131,326	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	33,436,600	33,639,178	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	18,137,040	17,423,258
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	16,032,648	15,227,058	
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	34,169,688	32,650,316	
19 Revenue less expenses Subtract line 18 from line 12	-733,088	988,862	
Net Assets or Fund Balances	20 Total assets (Part X, line 16) 21 Total liabilities (Part X, line 26) 22 Net assets or fund balances Subtract line 21 from line 20	Beginning of Current Year	End of Year
		16,566,578	15,734,942
		6,579,333	5,511,501
		9,987,245	10,223,441

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	***** Signature of officer				2012-05-11 Date	
	KYLE GEE CFO Type or print name and title					
Paid Preparer Use Only	Print/Type preparer's name	NATHAN D MCCARTHY CPA	Preparer's signature	NATHAN D MCCARTHY CPA	Date	2012-05-11
	Firm's name ▶	GALUSHA HIGGINS & GALUSHA PC				Firm's EIN ▶
	Firm's address ▶	PO BOX 1699 HELENA, MT 596241699				Phone no ▶ (406) 442-5520
May the IRS discuss this return with the preparer shown above? (see instructions)					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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

LHC IS A PHYSICIAN / HOSPITAL INTEGRATED NOT-FOR-PROFIT HEALTHCARE ORGANIZATION COMPRISED OF A 25 BED CRITICAL ACCESS HOSPITAL, TWO PHYSICIAN CLINICS, HOME HEALTH AND DURABLE MEDICAL EQUIPMENT SERVICES

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes

☒ No

If "Yes," describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes

☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 28,817,622 including grants of \$) (Revenue \$ 32,637,558)

MEDICAL TREATMENT OF SICK AND INJURED PATIENTS REGARDLESS OF ABILITY TO PAY INCLUDES PRIVATE PAYORS, INSURED PAYORS, MEDICARE, MEDICAID AND CHARITY CARE

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 \$ 28,817,622

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.	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	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.		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.		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.		
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.		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.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		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.		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.		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, line 10? If "Yes," complete Schedule D, Part VI.	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.		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.		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.		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.		No
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.		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.		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.	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		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.		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.		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.		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).		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.		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.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	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).	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? 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 <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	55
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	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	366
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		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?	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?		No
14	Does the organization have a written document retention and destruction policy?		No
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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		No
16b	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?		

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
☐ Own website ☐ Another's website ☒ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization.
KYLE GEE
LIVINGSTON HEALTHCARE 504 S 13TH
LIVINGSTON, MT 59047
(406) 222-5006

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) SAM PLESHAR CEO	40.00	X		X				0	0	0
(2) ANNA DEYOUNG VICE PRESIDENT	2.00	X		X				0	0	0
(3) JOSEPH SWINDLEHURST TREASURER	2.00	X		X				0	0	0
(4) BILLIE KAYE HARMS SECRETARY	2.00	X		X				0	0	0
(5) BERNICE DENNIS BOARD MEMBER	2.00	X						0	0	0
(6) DANA TAYLOR BOARD MEMBER	2.00	X						0	0	0
(7) BERNIE GERFIN BOARD MEMBER	2.00	X						0	0	0
(8) STAN CORNELL BOARD MEMBER	2.00	X						0	0	0
(9) MICHELLE BECKER PRESIDENT	2.00	X		X				0	0	0
(10) MICHELLE DONALDSON MD BOARD MEMBER	40.00	X				X		739,685	0	16,500
(11) DOUGLAS WADLE MD BOARD MEMBER	40.00	X				X		299,511	0	16,500
(12) KYLE GEE CFO	2.00			X				0	0	0
(13) CHRISTOPHER LEE MD MD	40.00					X		309,094	0	16,500
(14) DOYLE S COLEMAN MD MD	40.00					X		290,006	0	0
(15) TED R SCOFIELD MD MD	40.00					X		293,730	0	16,500

Part VII

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization: 5

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

Form **990** (2010)

Part VIII

Statement of Revenue

					(A)	(B)	(C)	(D)	
					Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a		902,798				
	b	Membership dues	1b						
	c	Fundraising events	1c						
	d	Related organizations	1d						
	e	Government grants (contributions)	1e	23,374					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	879,424					
	g	Noncash contributions included in lines 1a-1f \$							
	h	Total. Add lines 1a-1f							
	Program Service Revenue	2a							Business Code
		NET PATIENT REVENUE		621110	32,059,626	32,059,626			
b		SWEETGRASS PHYSICIANS		621110	385,473	385,473			
c		NON-PATIENT REVENUE		446110	78,682	78,682			
d									
e									
f		All other program service revenue							
g		Total. Add lines 2a-2f			32,523,781				
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)				48,078	48,078	
	4	Income from investment of tax-exempt bond proceeds . . .							
	5	Royalties							
	6a	Gross Rents	(i) Real	(ii) Personal	21,722	21,722			
	b	Less rental expenses		21,722					
	c	Rental income or (loss)							
	d	Net rental income or (loss)							
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other	33,195	33,195			
	b	Less cost or other basis and sales expenses							
	c	Gain or (loss)							
	d	Net gain or (loss)							
	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	MISCELLANEOUS INCOME			621110	185	185			
b									
c									
d	All other revenue				109,419	10,597	98,822		
e	Total. Add lines 11a-11d				109,604				
12	Total revenue. See Instructions				33,639,178	32,637,558	98,822	0	

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	2,078,890	1,763,207	315,683	
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	12,319,404	10,448,682	1,870,722	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9	Other employee benefits	3,024,964	2,565,618	459,346	
10	Payroll taxes				
a	Fees for services (non-employees)				
	Management				
b	Legal	61,181		61,181	
c	Accounting	42,201		42,201	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other				
12	Advertising and promotion	62,633	62,633		
13	Office expenses				
14	Information technology				
15	Royalties				
16	Occupancy	395,614	395,614		
17	Travel				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	54,480	54,480		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	670,519	670,519		
23	Insurance	493,555	493,555		
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	SUPPLIES	4,136,599	3,508,450	628,149	
b	PROVISIONS FOR BAD DEBT	3,401,052	3,401,052		
c	PURCHASED SERVICES - PR	2,675,658	2,675,658		
d	OTHER SUPPLIES	1,066,949	904,931	162,018	
e	PROFESSIONAL FEES	561,868	561,868		
f	All other expenses	1,604,749	1,311,355	293,394	
25	Total functional expenses. Add lines 1 through 24f	32,650,316	28,817,622	3,832,694	0
26	Joint costs. Check here <input checked="" type="checkbox"/> 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)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1,891,484	1	2,473,721
	2	Savings and temporary cash investments				26,379	2	229,055
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				6,153,939	4	4,876,427
	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				2,024,511	7	2,393,052
	8	Inventories for sale or use				728,657	8	708,194
	9	Prepaid expenses and deferred charges				467,642	9	262,807
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	14,084,351				
	b	Less: accumulated depreciation	10b	10,598,894		3,322,558	10c	3,485,457
	11	Investments—publicly traded securities				1,261,323	11	570,262
	12	Investments—other securities. See Part IV, line 11					12	
	13	Investments—program-related. See Part IV, line 11					13	
	14	Intangible assets					14	
	15	Other assets. See Part IV, line 11				690,085	15	735,967
	16	Total assets. Add lines 1 through 15 (must equal line 34)				16,566,578	16	15,734,942
Liabilities	17	Accounts payable and accrued expenses				5,686,563	17	5,149,203
	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				892,770	23	362,298
	24	Unsecured notes and loans payable to unrelated third parties					24	
	25	Other liabilities. Complete Part X of Schedule D					25	
	26	Total liabilities. Add lines 17 through 25				6,579,333	26	5,511,501
Net Assets or Fund Balances		Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets				8,235,809	27	8,202,473
	28	Temporarily restricted net assets				467,559	28	737,091
	29	Permanently restricted net assets				1,283,877	29	1,283,877
		Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds					30	
	31	Paid-in or capital surplus, or land, building or equipment fund					31	
	32	Retained earnings, endowment, accumulated income, or other funds					32	
	33	Total net assets or fund balances				9,987,245	33	10,223,441
	34	Total liabilities and net assets/fund balances				16,566,578	34	15,734,942

Part XI Reconciliation 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	33,639,178
2	Total expenses (must equal Part IX, column (A), line 25)	2	32,650,316
3	Revenue less expenses Subtract line 2 from line 1	3	988,862
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	9,987,245
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-752,666
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	10,223,441

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	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	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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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.

OMB No 1545-0047

2010

Open to Public Inspection

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

Name of the organization
LIVINGSTON HEALTHCARE

Employer identification number
81-0378200

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?

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in 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 section 501(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).

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization
LIVINGSTON HEALTHCARE

Employer identification number
81-0378200

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?	
	<input type="checkbox"/> Yes <input type="checkbox"/> 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	
	<input type="checkbox"/> Yes <input type="checkbox"/> 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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

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

1b

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

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

2b

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				
1b	Contributions				
1c	Investment earnings or losses				
1d	Grants or scholarships				
1e	Other expenditures for facilities and programs				
1f	Administrative expenses				
1g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i) unrelated organizations

(ii) related organizations

b

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

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

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		671,977		671,977
1b Buildings		5,961,472	4,572,988	1,388,484
1c Leasehold improvements		383,485	366,491	16,994
1d Equipment		6,917,675	5,509,673	1,408,002
1e Other		149,742	149,742	0
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				3,485,457

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
------------	------------------	-------------

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
LIVINGSTON HEALTHCARE

Employer identification number
81-0378200

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	Yes	
b	If "Yes," is it a written policy?	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 <input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> 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 <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 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"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	Yes	

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)			602,988	0	602,988	2 060 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			2,537,335	2,419,541	117,794	0 400 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			3,140,323	2,419,541	720,782	2 460 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			90,536	14,500	76,036	0 260 %
f Health professions education (from Worksheet 5)			1,093		1,093	0 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			24,156		24,156	0 080 %
j Total Other Benefits			115,785	14,500	101,285	0 340 %
k Total. Add lines 7d and 7j			3,256,108	2,434,041	822,067	2 800 %

Part II

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	2,332,203
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	2,332,203
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	6,915,817
6	Enter Medicare allowable costs of care relating to payments on line 5	6	6,915,817
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI.	9b	Yes

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 1 BILLINGS CLINIC	MANAGES THE HOSPITAL	0 %		
2 2 LIVINGSTON IMAGING CENTER LLC	CT SCANNER THAT OPERATES AT THE HOSPITAL	50.000 %		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Schedule H (Form 990) 2010

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	WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON,MT 59047	CLINIC
2	WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON,MT 59047	CLINIC
3	WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON,MT 59047	CLINIC
4	WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON,MT 59047	CLINIC
5	WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON,MT 59047	CLINIC
6	WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON,MT 59047	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
		PART I, LINE 3C FINANCIAL ASSISTANCE WILL BE PROVIDED TO LIVINGSTON HEALTHCARE PATIENTS WHO MEET SPECIFIED FINANCIAL CRITERIA AND REQUEST SUCH ASSISTANCE

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 3409376

Identifier	ReturnReference	Explanation
		PART II COMMUNITY BUILDING ACTIVITIES - NA

Identifier	ReturnReference	Explanation
		PART III, LINE 4 ACCOUNTS RECEIVABLE - ACCOUNTS RECEIVABLE ARE STATED AT UNPAID BALANCES, LESS AN ALLOWANCE FOR DOUBTFUL ACCOUNTS THE HOSPITAL PROVIDES FOR LOSSES ON ACCOUNTS RECEIVABLE USING THE ALLOWANCE METHOD THE ALLOWANCE IS BASED ON EXPERIENCE, THIRD-PARTY CONTRACTS, AND OTHER CIRCUMSTANCES, WHICH MAY AFFECT THE ABILITY OF PATIENTS TO MEET THEIR OBLIGATIONS RECEIVABLES ARE CONSIDERED IMPAIRED IF FULL PRINCIPAL PAYMENTS ARE NOT RECEIVED IN ACCORDANCE WITH THE CONTRACTUAL TERMS IT IS THE HOSPITAL'S POLICY TO CHARGE OFF UNCOLLECTIBLE ACCOUNTS RECEIVABLE WHEN MANAGEMENT DETERMINES THE RECEIVABLE WILL NOT BE COLLECTED 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

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED WAS THE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B ONCE A PATIENT IS APPROVED FOR FINANCIAL ASSISTANCE, IT IS EXPECTED THAT THE PATIENT CONTINUE TO MEET HIS/HER FINANCIAL COMMITMENTS TO LIVINGSTON HEALTHCARE IF A PATIENT IS APPROVED FOR A PERCENTAGE ALLOWANCE DUE TO FINANCIAL HARDSHIP AND THE PATIENT DOES NOT MAKE THE REQUIRED INITIAL PAYMENT WITHIN 60 DAYS TOWARD THEIR PART OF THE BILL, THE FINANCIAL ASSISTANCE ALLOWANCE WILL BE REVERSED AND THE PATIENT WILL OWE THE ENTIRE AMOUNT THE ORGANIZATION RECOMMENDS THAT THE PATIENT MAKE A GOOD FAITH PAYMENT AT THE BEGINNING OF THE FINANCIAL ASSISTANCE PERIOD

Identifier	ReturnReference	Explanation
LIVINGSTON HEALTHCARE		PART V, SECTION B, LINE 11H AN APPLICATION FOR FINANCIAL ASSISTANCE IS AVAILABLE ON LIVINGSTON HEALTHCARE'S WEBSITE ALONG WITH CONTACT INFORMATION FOR MORE INFORMATION

Identifier	ReturnReference	Explanation
LIVINGSTON HEALTHCARE		PART V, SECTION B, LINE 19D THE HOSPITAL FACILITY USES THE AVERAGE COMMERCIAL INSURANCE RATE

Identifier	ReturnReference	Explanation
LIVINGSTON HEALTHCARE		PART V, SECTION B, LINE 21 PATIENTS WITH NO INSURANCE WERE BILLED 100% OF GROSS CHARGES UNLESS THEY QUALIFIED FOR SLIDING SCALE FINANCIAL ASSISTANCE UNTIL 1/1/12 WHEN A NEW WRITTEN DISCOUNT POLICY TOOK EFFECT AS OF 1/1/12 THEY ARE BILLED AT 95% OF GROSS CHARGES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 SINCE 1955, LIVINGSTON HEALTHCARE HAS PROVIDED PREMIER QUALITY HEALTHCARE TO THE RESIDENTS OF PARK COUNTY AND SURROUNDING COMMUNITIES THE ORGANIZATION KEEPS ITS COMMUNITY HEALTHY WITH A BROAD SCOPE OF SERVICES, PROVIDED BY WELL-TRAINED AND HIGHLY-SKILLED PROFESSIONALS INCLUDED IN THOSE SERVICES ARE A 25-BED CRITICAL ACCESS HOSPITAL (CAH), A MULTI-SPECIALTY PHYSICIAN PRACTICE, HOME CARE, HOME OXYGEN, HOSPICE CARE, AND THE REGIONALLY-REOWNED ORTHOPEDIC AND REHABILITATION INSTITUTE

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FINANCIAL ASSISTANCE WILL BE PROVIDED TO LIVINGSTON HEALTHCARE PATIENTS WHO MEET SPECIFIED FINANCIAL CRITERA AND REQUEST SUCH ASSISTANCE A NOTICE OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAM WILL BE POSTED AT PATIENT REGISTRATION SITES WITHIN EACH FACILITY AND PRESENTED TO PATIENTS UPON REQUEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 LIVINGSTON IS A CITY IN AND THE COUNTY SEAT OF PARK COUNTY, MONTANA, UNITED STATES THE POPULATION WAS APPROXIMATELY 7,380 PEOPLE IN 2009 LIVINGSTON IS LOCATED IN SOUTHWESTERN MONTANA, ON THE YELLOWSTONE RIVER, NORTH OF YELLOWSTONE NATIONAL PARK THE MEDIAN INCOME FOR A HOUSEHOLD IN LIVINGSTON IS ABOUT \$35,907

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 LIVINGSTON HEALTHCARE IS ALSO THE LARGEST EMPLOYER IN PARK COUNTY AS SUCH, WE HAVE A SIGNIFICANT ECONOMIC IMPACT ON THIS AREA SOME OF THE EFFECTS OF THAT IMPACT INCLUDE (1) FOR EVERY 3 FULL-TIME JOBS AT LIVINGSTON HEALTHCARE, ANOTHER FULL-TIME JOB IS SUPPORTED IN PARK COUNTY (2) FOR EVERY \$1 IN WAGES AND BENEFITS PAID TO LIVINGSTON HEALTHCARE EMPLOYEES, ANOTHER \$0 19 IS GENERATED IN WAGES AND BENEFITS IN THE COMMUNITY (3) FOR EACH \$10 SPENT ON HEALTHCARE SERVICES PROVIDED BY LIVINGSTON HEALTHCARE AN ESTIMATED \$2 50 OF LOCAL ECONOMIC ACTIVITY IS PRODUCED IN THE COMMUNITY

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

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
LIVINGSTON HEALTHCARE

Employer identification number

81-0378200

Part I

Questions Regarding Compensation

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

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use 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) MICHELLE DONALDSON MD	(i)	739,685	0	0	16,500	0	756,185	799,315
	(ii)	0	0	0	0	0	0	0
(2) DOUGLAS WADLE MD	(i)	299,511	0	0	16,500	0	316,011	210,790
	(ii)	0	0	0	0	0	0	0
(3) CHRISTOPHER LEE MD	(i)	309,094	0	0	16,500	0	325,594	288,464
	(ii)	0	0	0	0	0	0	0
(4) DOYLE S COLEMAN MD	(i)	290,006	0	0	0	0	290,006	243,193
	(ii)	0	0	0	0	0	0	0
(5) TED R SCOFIELD MD	(i)	293,730	0	0	16,500	0	310,230	239,356
	(ii)	0	0	0	0	0	0	0
(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
------------	------------------	-------------

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

►Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
LIVINGSTON HEALTHCARE

Employer identification number
81-0378200

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles .				
7 Boats and planes				
8 Intellectual property . .				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests .				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other . .				
15 Real estate—Residential .				
16 Real estate—Commercial				
17 Real estate—Other . .				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts . .				
23 Scientific specimens . .				
24 Archeological artifacts .				
25 Other ► (LAND)	X	1	250,000	LAND APPRAISAL
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement			29	

30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	Yes	No
b	If "Yes," describe the arrangement in Part II		No
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a	No
b	If "Yes," describe in Part II		
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part III

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
------------	------------------	-------------

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
---	--

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3		LHC HAS A MANAGEMENT CONTRACT WITH THE BILLINGS CLINIC THE CEO AND CLINIC DIRECTOR ARE EMPLOYEES OF BILLINGS CLINIC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE ORGANIZATION HAS MEMBERS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE ORGANIZATION'S MEMBERS HAVE THE AUTHORITY TO ELECT MORE MEMBERS PER THE BY-LAWS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FINANCE COMMITTEE REVIEWS THE 990 PRIOR TO ITS ISSUING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THROUGH OPEN COMMUNCIATION AND REVIEW OF THE POLICY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15A	LHC'S CEO IS EMPLOYED BY THE BILLINGS CLINIC, AS PART OF THE MANAGEMENT CONTRACT THEY RECOMMEND THE SALARY , AND THE LHC BOARD MAKES FINAL APPROVAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	FORMS ARE AVAILABLE UPON REQUEST THE ORGANIZATION ALSO HAS AN ANNUAL REPORT AVAILABLE ON ITS WEBSITE

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 58,259 INVESTMENT EXPENSES -17,079 PRIOR PERIOD ADJUSTMENTS -793,846 TOTAL TO FORM 990, PART XI, LINE 5 -752,666

Identifier	Return Reference	Explanation
		LHC HAS NOT CHANGED ITS METHOD FOR OVERSIGHT OF THE EXTERNAL AUDIT

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
LIVINGSTON HEALTHCARE

Employer identification number
81-0378200

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) LIVINGSTON HEALTHCARE FOUNDATION 504 S 13TH STREET LIVINGSTON, MT 59047 81-0621997	TO SUPPORT LIVINGSTON HEALTHCARE PROGRAMS	MT	501(C)(3)	LINE 11A, I			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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) LIVINGSTON IMAGING CENTER LLC 504 S 13TH STREET LIVINGSTON, MT59047 45-0539644	MEDICAL IMAGING AND CANCER SCREENING	MT		RELATED	39,467	613,696		No			No	50 000 %

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity

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

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

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

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

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

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

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

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

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

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

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

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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.

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

Form

4562

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2010

Attachment
Sequence No 67

Department of the Treasury
Internal Revenue Service (99)

See separate instructions.

Attach to your tax return.

Name(s) shown on return LIVINGSTON HEALTHCARE	Business or activity to which this form relates FORM 990 PAGE 10	Identifying number 81-0378200
--	---	--------------------------------------

Part I

Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount See the instructions for a higher limit for certain businesses	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2011 Add lines 9 and 10, less line 12 .	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II

Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III

MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV

Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	670,519
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No						24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost	
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25		
26 Property used more than 50% in a qualified business use									
		%							
		%							
		%							
27 Property used 50% or less in a qualified business use									
		%				S/L -			
		%				S/L -			
		%				S/L -			
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28			
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2010 tax year (see instructions)					
43 Amortization of costs that began before your 2010 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Livingston Healthcare and Subsidiary

June 30, 2011 and 2010

Livingston Healthcare and Subsidiary

June 30, 2011 and 2010

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities.....	3
Consolidated Statements of Changes in Net Assets	4
Consolidated Statements of Cash Flows	5
Notes to the Consolidated Financial Statements	6-20

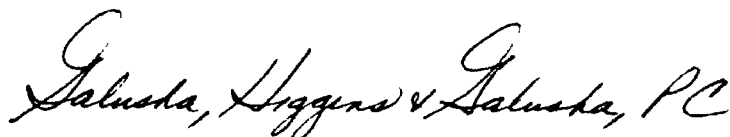
INDEPENDENT AUDITOR'S REPORT

Board of Directors
Livingston Healthcare and Subsidiary
Livingston, Montana

We have audited the accompanying consolidated statements of financial position of Livingston Healthcare and Subsidiary (the Hospital) (a tax-exempt corporation) as of June 30, 2011 and 2010, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended. These consolidated 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. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 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 accompanying consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Livingston Healthcare and Subsidiary as of June 30, 2011 and 2010, and the results of its operations, changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



GALUSHA, HIGGINS AND GALUSHA, PC
Certified Public Accountants and Advisors

Helena, Montana
October 17, 2011

Livingston Healthcare and Subsidiary
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as of June 30,

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,473,721	\$ 1,891,484
Patient accounts receivable, net of estimated uncollectibles and contractual allowances of \$2,424,555 and \$2,502,808, respectively	4,876,427	6,153,939
Other accounts receivable	394,537	334,932
Inventories	708,194	728,657
Other current assets	262,807	467,642
Total current assets	8,715,686	9,576,654
ASSETS WHOSE USE IS LIMITED OR RESTRICTED		
By board for designated purposes	1,534,239	1,581,618
By donor for specific purposes	1,592,685	1,180,453
Total assets whose use is limited or restricted	3,126,924	2,762,071
INVESTMENTS	28,696	26,379
PROPERTY AND EQUIPMENT, net	3,235,457	3,322,558
OTHER ASSETS		
Livingston Imaging Center accounts receivable	1,998,515	1,689,579
Other assets	735,967	690,085
Total other assets	2,734,482	2,379,664
TOTAL ASSETS	\$ 17,841,245	\$ 18,067,326
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 644,139	\$ 809,789
Accrued salaries and benefits	993,216	1,928,230
Bank line of credit loan	52,446	153,099
Current portion of long-term debt	6,412	6,060
Current portion of obligation under capital leases	177,630	167,987
Estimated third party settlements (receivable) payable	(170,121)	(374,052)
Other liabilities	(21,103)	(27,462)
Total current liabilities	1,682,619	2,663,651
Livingston Imaging Center accounts payable	2,985,089	2,744,293
Long-term debt, excluding current installments	297,877	304,290
Capital lease obligation, excluding current installments	396,482	574,119
Deferred compensation	149,434	292,980
TOTAL LIABILITIES	5,511,501	6,579,333
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted	10,308,776	9,736,557
Temporarily restricted	737,091	467,559
Permanently restricted	1,283,877	1,283,877
Total net assets	12,329,744	11,487,993
TOTAL LIABILITIES AND NET ASSETS	\$ 17,841,245	\$ 18,067,326

The accompanying notes are an integral part of these financial statements.

Livingston Healthcare and Subsidiary
CONSOLIDATED STATEMENTS OF ACTIVITIES
for the years ended June 30,

UNRESTRICTED REVENUES, GAINS AND

OTHER SUPPORT

	2011	2010
Net patient service revenue	\$ 32,059,626	\$ 32,511,665
Other revenue	658,021	618,097
Total revenues, gains and other support	32,717,647	33,129,762

EXPENSES

Salaries and wages	14,398,294	14,719,864
Medical supplies	4,136,599	4,646,729
Provision for bad debts	3,401,052	3,409,377
Employee benefits	3,024,964	3,417,176
Purchased services	2,675,658	2,974,867
Other supplies	1,066,949	1,083,366
Depreciation and amortization	670,519	688,266
Professional fees	561,868	563,325
Insurance	493,555	452,996
Utilities	395,614	417,081
Other operating expenses	379,420	517,112
Rents and leases	349,742	361,640
Repairs and maintenance	345,877	280,684
Other fees	293,880	305,544
Education and travel	121,838	111,530
Recruitment expenses	114,521	102,203
Promotion expense	62,633	62,669
Interest	54,480	55,268
Total expenses	32,547,463	34,169,697
Operating (loss) income	170,184	(1,039,935)

NON-OPERATING GAINS (LOSSES)

Non-operating income	88,348	90,188
Contributions	96,670	90,798
Net realized/unrealized gains (losses) on other than trading securities	161,675	77,075
Earnings on investments	54,928	59,874
Investment expenses	(17,079)	(16,029)
Total non-operating gains	384,542	301,906
Excess of revenues, gains and other support over expenses	\$ 554,726	\$ (738,029)

The accompanying notes are an integral part of these financial statements.

Livingston Healthcare and Subsidiary
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
for the years ended June 30,

	<u>2011</u>	<u>2010</u>
UNRESTRICTED NET ASSETS		
Excess (deficit) of revenues, gains and other support over expenses	\$ 554,726	\$ (738,029)
Net assets released from restriction	<u>17,493</u>	<u>177,841</u>
Change in unrestricted net assets	<u>572,219</u>	<u>(560,188)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	273,374	162,528
Change in value of split-interest agreement	13,651	-
Net assets released from restriction	<u>(17,493)</u>	<u>(177,841)</u>
Change in temporarily restricted net assets	<u>269,532</u>	<u>(15,313)</u>
CHANGE IN NET ASSETS	841,751	(575,501)
NET ASSETS, BEGINNING OF YEAR	<u>11,487,993</u>	<u>12,063,494</u>
NET ASSETS, END OF YEAR	<u><u>\$ 12,329,744</u></u>	<u><u>\$ 11,487,993</u></u>

The accompanying notes are an integral part of these financial statements.

Livingston Healthcare and Subsidiary
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended June 30,

	<u>2011</u>	<u>2010</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES:		
Change in net assets	\$ 841,751	\$ (575,501)
Adjustments to reconcile changes in net assets to net cash from operating activities and gains and losses:		
Depreciation and amortization of property and equipment	670,519	688,266
Contribution of land	(250,000)	-
Provision for estimated uncollectibles and contractual allowances	(78,253)	(85,638)
Realized and unrealized (gains) losses on investments	(175,327)	(77,075)
(Increase) decrease in:		
Patient accounts receivable	1,355,765	1,598,873
Livingston Imaging Center accounts receivable	(308,936)	(323,286)
Other accounts receivable	(59,605)	366,320
Inventories	20,463	(211,764)
Other current assets	204,835	(201,498)
Other assets	(45,882)	(16,623)
Increase (decrease) in:		
Accounts payable	(165,650)	160,508
Livingston Imaging Center accounts payable	240,796	296,007
Accrued salaries and benefits	(935,014)	165,792
Estimated third-party settlements payable	203,931	(630,747)
Other liabilities	(137,187)	(256,221)
Net cash from operating activities and gains and losses	1,382,206	897,413
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(935,061)	(636,463)
Sale of investments	993,218	569,789
Capital expenditures	(583,418)	(578,266)
Net cash from investment activities	(525,261)	(644,940)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of bank line of credit loan	(100,653)	(101,861)
Repayment of long-term debt	(6,061)	(5,421)
Repayment of obligations under capital leases	(167,994)	(113,022)
Proceeds from capital leases	-	280,319
Net cash from financing activities	(274,708)	60,015
Change in cash and cash equivalents	582,237	312,488
Cash and cash equivalents, beginning of year	1,891,484	1,578,996
Cash and cash equivalents, end of year	<u>\$ 2,473,721</u>	<u>\$ 1,891,484</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 54,497	\$ 55,234
Non-cash item - land received through donation	<u>\$ 250,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization - Livingston Memorial Hospital, Inc., DBA Livingston Healthcare (the "Hospital") is a not-for-profit 25-bed acute care hospital providing inpatient, outpatient, clinical, and emergency services in Livingston, Montana, and the surrounding area. Livingston Healthcare Foundation is a not-for-profit organization with the purpose of soliciting and receiving gifts and distributing them to Livingston Healthcare.
2. Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards FASB ASC 958-205, Financial Statements of Not-for-Profit Organizations. Under those provisions, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:
 - Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.
 - Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Hospital pursuant to those stipulations or that expire by the passage of time.
 - Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Hospital.
3. Basis of Consolidation - The consolidated financial statements include the accounts of Livingston Healthcare and its subsidiary Livingston Healthcare Foundation. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital consolidates subsidiaries in which it exercises control.
4. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
5. Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third-party payors.
6. Inventories - Inventories are stated at the lower of cost (average cost) or market.
7. Assets Whose Use is Limited - Assets whose use is limited include assets set aside by the board of directors for future capital improvements and deferred compensation, over which the board retains control and may at its discretion subsequently use for other purposes and assets held by trustees for management and endowment purposes.

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

8. Investments - The Hospital carries investments in marketable equity securities and all debt securities with readily determinable fair values at their fair market values. Unrealized gains and losses are included in the change in net assets unless the income or loss is restricted by donor or law.
9. Accounts Receivable - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Hospital provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Hospital's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.
10. Property and Equipment - Property and equipment acquisitions are recorded at cost. Property and equipment donated for Hospital operations are recorded as unrestricted support and are included in the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. The Hospital capitalizes long-lived assets with a cost in excess of \$3,000.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

11. Statements of Operations and Changes in Net Assets - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as gains and losses.
12. Net Patient Service Revenue - Net patient service 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.
13. 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.

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

14. Contributions - The Hospital accounts for contributions in accordance with the recommendations of the FASB ASC 958-605-15, *Revenue Recognition for Contributions Received*. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, types of contribution, and nature of fund-raising activity. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Net Assets as net assets released from restrictions.

15. Costs of Borrowing - Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Deferred financing costs are amortized over the period the obligation is outstanding using the interest method.

Amortization of deferred financing costs is capitalized during the period of construction of capital assets.

16. Income Taxes - The Hospital and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Certain income considered unrelated to its exempt purpose may be subject to tax.

As a matter of law, the Hospital and the Foundation are subject to examination by federal and state taxing authorities for the year. Although management believes that the amounts reflected in their tax returns substantially complies with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to their position based on IRS interpretation of the law. The Hospital and the Foundation have determined that they are subject to examination of their federal information return filings in the United States for the 2006 through 2009 tax years. A tax position that is challenged by a taxing authority could result in an adjustment. In the event that the Company is assessed penalties and or interest, penalties will be charged to the other operating expense and interest will be charged to the interest expense.

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

17. Reclassifications - Certain prior year items have been reclassified to conform to current year presentation without effect on the increase in net assets or total net assets.
18. Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to June 30, 2011 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2011. Management has performed this analysis through October 17, 2011, the date the financial statements were available to be issued.

NOTE B - BUSINESS COMBINATION

On May 31, 1998, the Hospital entered into several agreements with Park Clinic, P.C., the essence of which was a business combination accounted for by the purchase method. The Hospital agreed to lease the physician's office building from the Park Clinic Building Partnership. The Partnership includes six physicians employed by the Hospital under employment agreements. The lease was effective June 1, 1998 for a five-year period, was renewed twice and since June 30, 2007 the lease has been month to month with no long term agreement.

NOTE C - NET PATIENT SERVICE REVENUE

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

Medicare and Medicaid - Effective March 1, 2001, the Hospital qualified as a critical access hospital (CAH). As a CAH, inpatient services are paid based on a cost of care reimbursement system for Medicare and Medicaid patients. On May 6, 2001, Park Clinic qualified as a rural health clinic (RHC), and as such, physician services are reimbursed under a cost-based formula for Medicare and Medicaid rather than on a schedule of approved fees.

Inpatient non-acute services, certain outpatient services, and defined capital costs related to beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's cost reports have been audited and settled by the Medicare fiscal intermediary through June 30, 2010.

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE D - ASSETS WHOSE USE IS LIMITED

The composition of assets whose use is limited at June 30, 2011 and 2010 is set forth in the following table. Investments are stated at fair value.

	2011		2010	
	FMV	Cost	FMV	Cost
By Board for Designated Purposes:				
Cash and cash equivalents	\$ 1,436,878	\$ 1,436,878	\$ 1,504,663	\$ 1,504,663
Equity securities	97,361	93,808	76,955	78,961
	<u>\$ 1,534,239</u>	<u>\$ 1,530,686</u>	<u>\$ 1,581,618</u>	<u>\$ 1,583,624</u>
By Donors for Specific Purposes:				
Cash	\$ 129,384	\$ 129,384	\$ 120,908	\$ 120,908
Land	250,000	250,000	-	-
Equity securities	739,232	674,254	585,354	628,472
Debt securities	201,735	185,374	192,077	174,942
U.S. Treasuries	272,334	263,506	282,114	271,164
	<u>\$ 1,592,685</u>	<u>\$ 1,502,518</u>	<u>\$ 1,180,453</u>	<u>\$ 1,195,486</u>

NOTE E - INVESTMENT RETURN

Investment return on all investments is summarized as follows:

	2011	2010
Dividend and interest income	\$ 54,928	\$ 59,874
Investment fees	(17,079)	(16,029)
Net realized and unrealized gains (losses) on investments carried at fair value	<u>161,675</u>	<u>77,075</u>
Total investment return included in non-operating gains (losses)	<u>\$ 199,524</u>	<u>\$ 120,920</u>

NOTE F - INVESTMENT IN LIVINGSTON IMAGING CENTER, LLC

In May 2004, the Hospital entered into a joint venture agreement with Billings Clinic (BC) to purchase a CT scanner and operate it at the Hospital. Each party has a 50% ownership interest in the initial capitalization of \$500,000. Profits and losses are split 50% to each party. The Hospital's interest in the net assets of the joint venture is reported as part of other assets in the Statements of Financial Position.

The un-audited financial statements of the joint venture for the years ended June 30 are summarized as follows:

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE F - INVESTMENT IN LIVINGSTON IMAGING CENTER, LLC, continued

	2011	2010
Assets	\$ 3,304,840	\$ 2,916,970
Liabilities	1,998,515	1,689,579
Net assets	<u>\$ 1,306,325</u>	<u>\$ 1,227,391</u>
 Hospital share	 <u>\$ 653,163</u>	 <u>\$ 613,696</u>
 Revenue	 \$ 717,237	 \$ 791,161
Expenses	638,303	770,965
Net Income	<u>\$ 78,934</u>	<u>\$ 20,196</u>
 Hospital share	 <u>\$ 39,467</u>	 <u>\$ 10,098</u>

Livingston Imaging Center, LLC – Related Transactions:

	2011	2010
Receivable from Hospital	<u>\$ 2,985,089</u>	<u>\$ 2,744,293</u>
 Payable to Hospital	 <u>\$ 1,998,515</u>	 <u>\$ 1,689,579</u>

NOTE G - PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30 follows:

	2011	2010
Building and fixed equipment	\$ 6,344,957	\$ 6,293,598
Equipment and capitalized leases	7,067,417	6,930,202
Land	421,977	111,320
	<u>13,834,351</u>	<u>13,335,120</u>
Less: accumulated depreciation and amortization	<u>(10,598,894)</u>	<u>(10,012,562)</u>
Property and equipment, net	<u>\$ 3,235,457</u>	<u>\$ 3,322,558</u>

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE H - LINE OF CREDIT

The Hospital established a line of credit with First Interstate Bank on August 28, 2008. Under the terms of the financing agreement, the Hospital was granted a \$600,255 revolving line of credit with interest at .75% over prime. The interest rate at June 30, 2011 and 2010 was 4.0%. Payment of all outstanding accrued interest is due the first of each month. Substantially all of the Hospital's assets are pledged as collateral to this loan. The Hospital had total outstanding balances on the line of credit of \$52,446 and \$153,099 at June 30, 2011 and 2010, respectively.

NOTE I - LONG-TERM DEBT

A summary of long-term debt as of June 30 follows:

	<u>2011</u>	<u>2010</u>
Original note payable dated September 30, 2004 due in monthly installments of \$728, interest at 6.75% per annum. This note was refinanced on September 1, 2009 with balloon payment due October 1, 2014.	\$ 102,061	\$ 104,096
Original note payable dated September 30, 2004 due in monthly installments of \$869, interest at 6.75% per annum. This note was refinanced on September 1, 2009 with balloon payment due October 1, 2014.	121,728	124,151
Original note payable dated September 30, 2004 due in monthly installments of \$574, interest at 6.75% per annum. This note was refinanced on September 1, 2009 with balloon payment due October 1, 2014.	<u>80,500</u>	<u>82,103</u>
Total long-term debt	304,289	310,350
Less: current installment of long-term debt	<u>6,412</u>	<u>6,060</u>
Long-term debt, excluding current installments	<u>\$ 297,877</u>	<u>\$ 304,290</u>

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE I - LONG-TERM DEBT, continued

The amortization of the long-term debt as of June 30 is:

2011	\$ 6,412
2012	6,894
2013	7,358
2014	283,625
2015	-
Thereafter	-
Total	<u>\$ 304,289</u>

NOTE J - LEASE COMMITMENTS

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. Rent paid in 2011 was \$349,742 and in 2010 was \$361,640 under operating leases for property and equipment.

The Hospital leases certain medical equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the statements of financial position as property, plant, and equipment and was \$945,145 at June 30, 2011 and 2010. Accumulated amortization of the leased equipment at June 30, 2011 and 2010 was \$430,736 and \$245,707, respectively. Amortization of assets under capital leases is included in depreciation expense.

The following is a schedule by years of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2011:

Year ending June 30,	
2011	\$ 200,075
2012	187,695
2013	135,983
2014	42,441
2015	69,325
Thereafter	<u>9,214</u>
Total minimum lease payments	644,733
Less the amount representing interest	(70,621)
Present value of net minimum lease payments	<u>\$ 574,112</u>

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE K - MEDICAL MALPRACTICE CLAIMS

The Hospital is insured under a medical malpractice insurance policy. Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified under the incident reporting system has been made because the amount is not reasonably estimable. Based on the Hospital's malpractice experience, no liability has been accrued.

NOTE L - RETIREMENT PLAN

Effective November 1, 1983, the Hospital established a defined contribution retirement plan. Employees must meet certain age and length of service requirements to be eligible to participate in the plan. Contributions by the employer are discretionary, and normally have been three percent of eligible salaries. In March 2010 the Hospital suspended these employer contributions. Employees may contribute to the plan each year. Employer contributions and administrative fees to the plan were \$10,233 and \$252,728 during the years ending June 30, 2011 and 2010, respectively.

NOTE M - DEFERRED COMPENSATION PLAN

The Hospital entered into an agreement with an employee providing deferred compensation for that employee. The plan grants the employee deferred compensation based on the Hospital's work performance formula. The agreement was entered into on April 16, 2005. The agreement states that the employee will become 50% vested after five years and will gain an additional 10% of vesting each year after that until they become 100% vested at the end of year ten. The Hospital recognized \$-0- and \$60,000 in expense for the years ended June 30, 2011 and 2010, respectively, in order to book deferred compensation assuming all contractual obligations of this agreement will ultimately be fulfilled. For the year ended June 30, 2011 the employee took a distribution of \$126,201 from the deferred compensation plan. The deferred compensation liability at June 30, 2011 and 2010 was \$149,434 and \$292,980, respectively.

NOTE N - CONCENTRATION OF CREDIT RISK

The Hospital is located in Livingston, Montana. The Hospital grants credit without collateral to its patients, most of who are regional residents and are insured under third-party payor agreements. The mix of receivables and revenues from patients and third-party payors at June 30 is as follows:

	Account Receivable		Revenue	
	2011	2010	2011	2010
Medicare/Medicaid	26%	26%	50%	47%
Other third-party payors	23%	29%	40%	42%
Patients	51%	45%	10%	11%
	100%	100%	100%	100%

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE N - CONCENTRATION OF CREDIT RISK, continued

The Hospital maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At June 30, 2011, the Hospital's uninsured bank balances totaled \$3,071,063.

NOTE O - RELATED PARTY TRANSACTIONS

The Hospital leased a physicians' office building for \$13,750 per month for one year effective June 30, 2007, from a partnership that includes physician members of the Hospital board (see Note B).

The Hospital entered into two-year physician employment agreements with two members of the board.

The Hospital entered into a management agreement with Billings Clinic (see Note U). Fees paid for the year ending June 30, 2011 related to this agreement were as follows: CEO reimbursement, \$226,620; clinic practice manager reimbursement, \$122,234; management fees, \$60,000; software, \$87,604; CIS project, \$89,123; radiology administration fee, \$37,500 and other, \$64,693. Fees paid for the year ending June 30, 2010 related to this agreement were as follows: CEO reimbursement, \$207,742; clinic practice manager reimbursement, \$123,215; management fees, \$60,000; software, \$88,925; CIS project \$129,025; radiology administration fee, \$18,750 and other, \$47,202.

The Hospital entered into a joint venture, Livingston Imaging Center, LLC, with Billings Clinic, the Company managing the Hospital (see Notes F and U).

NOTE P - SPLIT-INTEREST AGREEMENT

Donors established two identical trusts with a trustee, naming the Hospital as the beneficiary of the charitable remainder unitrusts. Under the terms of the split-interest agreements, the donors will receive quarterly payments from the trusts for a period of ten years or until the deaths of the donors, whichever occurs later, at which time the balance will be distributed to the Hospital. Based on the minimum ten-year distribution period and the use of a six percent discount rate, the present value of future benefits expected to be received by the Hospital was estimated to be \$143,510, which was reported in 1999 as a temporarily restricted contribution and a contribution receivable from the charitable remainder unitrusts and was included in other assets. The Hospital also recorded an adjustment in the estimated fair market value of future benefits of \$13,651 in 2011 and \$0 in 2010.

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE Q - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets available for the following purposes or periods at June 30 are restricted as to:

	2011	2010
Time	\$ 156,717	\$ 143,066
Purpose - Building and Hospice	580,374	324,493
	<u>\$ 737,091</u>	<u>\$ 467,559</u>

Permanently restricted net assets at June 30 are restricted to:

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support:		
Education/Equipment	\$ 810,463	\$ 810,463
Gateway Hospice	473,414	473,414
	<u>\$ 1,283,877</u>	<u>\$ 1,283,877</u>

NOTE R - ENDOWMENT NET ASSETS

The endowment consists of numerous individual funds established for a variety of purposes. The Center's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of the prudence prescribed by the MUPMIFA. In accordance with the MUPMIFA, the Hospital considers the

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE R - ENDOWMENT NET ASSETS, continued

following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of Hospital and the donor-restricted endowment fund;
3. General economic conditions;
4. The expected total return from income and the appreciation of investments;
5. Other resources of the Hospital; and
6. The investment policies of the Hospital.

Change in net asset composition by type of fund for the year ended June 30, 2011 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2010	\$ -	\$ (252,781)	\$ 1,283,877	\$ 1,031,096
Investment return:				
Interest & dividends, net of investment expenses	-	40,987	-	40,987
Net appreciation (depreciation)	-	105,696	-	105,696
Total investment return	-	146,683	-	146,683
Appropriation of endowment assets for expenditure	-	-	-	-
Contributions	-	-	-	-
Endowment net assets, June 30, 2011	\$ -	\$ (106,098)	\$ 1,283,877	\$ 1,177,779

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Hospital to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$106,098 as of June 30, 2011. This deficiency resulted from unfavorable market fluctuations that occurred shortly after the investment of net permanently restricted contributions and appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE R - ENDOWMENT NET ASSETS, continued

donor-restricted funds that the Hospital must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve endowment capital. Funds shall be invested such that no less than 30% and no more than 70% of such funds shall be invested in equities, with the balance invested in fixed income securities, while assuming a moderate level of investment risk. The Hospital expects its endowment funds, over time, to provide a reasonable current rate of return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Hospital targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How Investment Objectives Relate to Spending Policy

Ough Trust – The Hospital Board of Directors, based on recommendations by a committee comprised of Hospital and community members, approves appropriations for distribution limited to the accumulated income of the fund.

Stafford Hospice Endowment - The Hospital Board of Directors, based on recommendations by Hospital administration, approves appropriations for distribution limited to 7% of the total fund value in any given year.

In establishing this policy, the Hospital considered the long-term expected return on its endowment. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE S - FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a 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 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE S - FAIR VALUE MEASUREMENTS, continued

- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

- *Equities, Debt Securities, and U.S. Treasuries*: Valued at the closing price reported on the active market on which the individual securities are traded.

The following are the Hospital's assets at fair value as of June 30:

Assets at fair value as of June 30, 2011				
	Level 1	Level 2	Level 3	Total
Equities	\$ 865,289	\$ -	\$ -	\$ 865,289
Debt Securities	201,735	-	-	201,735
U.S. Treasuries	272,334	-	-	272,334
	<u>\$ 1,339,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339,358</u>

Assets at fair value as of June 30, 2010				
	Level 1	Level 2	Level 3	Total
Equities	\$ 688,688	\$ -	\$ -	\$ 688,688
Debt Securities	192,077	-	-	192,077
U.S. Treasuries	282,114	-	-	282,114
	<u>\$ 1,162,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162,879</u>

Continued

Livingston Healthcare and Subsidiary
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE T - FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services as of June 30 are as follows:

	2011	2010
Health care services	\$ 28,817,665	\$ 30,485,406
General and administrative	3,729,798	3,684,291
	<u>\$ 32,547,463</u>	<u>\$ 34,169,697</u>

NOTE U - MANAGEMENT SERVICES AGREEMENT

On June 20, 2002, the Hospital entered into a management services agreement with Billings Clinic (BC) for a period of three years, and renewable annually after June 19, 2005, unless terminated by either party. The agreement authorizes BC to operate and manage Livingston Healthcare subject to certain conditions and limitations. BC is compensated for a chief executive officer, a clinic practice manager and a general management fee for its services.

NOTE V - CONTINGENCIES

The Hospital has potential claims pending arising in the normal course of business. While it is impossible to estimate the ultimate liability, if any, with respect to these matters, management believes the Hospital maintains adequate insurance coverage and there will be no material adverse effect on the financial position of the Hospital.

NOTE W - LIVINGSTON HEALTHCARE FOUNDATION FINANCIAL STATEMENTS AND RELATED PARTY TRANSACTIONS

The financial statements of Livingston Healthcare Foundation, which are included in the consolidated financial statements, for the years ended June 30 are summarized as follows:

	2011	2010
Assets	1,231,483	1,500,748
Liabilities	-	-
Net assets	<u>\$ 1,231,483</u>	<u>\$ 1,500,748</u>
Revenue	\$ 128,055	\$ 135,612
Expenses	397,320	52,635
Net Income	<u>\$ (269,265)</u>	<u>\$ 82,977</u>

Livingston Healthcare Foundation – Related Transactions:

	2011	2010
Grants paid to the Hospital	<u>\$ 389,726</u>	<u>\$ 52,625</u>

Concluded