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Form 990

Return of Organization Exempt From Income Tax

2010

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

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable

C Name of organization
NORTHERN ROCKIES MEDICAL CENTER INCD Employer identification number
81-0530457E Telephone number
(406) 873-2250F Name and address of principal officer
TREASURE BERKRAM
802 SECOND STREET NE
CUT BANK, MT 59427

G Gross receipts \$ 7,133,446

H(a) Is this a group return for affiliates? Yes NoH(b) Are all affiliates included? Yes No

If "No," attach a list (see instructions)

H(c) Group exemption number ►

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

J Website: ► NORTHERNROCKIESMEDICALCENTER.COM

K Form of organization Corporation Trust Association Other ►

L Year of formation 2001

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities

PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE TO RESIDENTS OF GALCIER COUNTY AND THE SURROUNDING AREA REGARDLESS OF THEIR ABILITY TO PAY

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

3 Number of voting members of the governing body (Part VI, line 1a)

3 10

4 Number of independent voting members of the governing body (Part VI, line 1b)

4 10

5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)

5 119

6 Total number of volunteers (estimate if necessary)

6 0

7a Total unrelated business revenue from Part VIII, column (C), line 12

7a 0

b Net unrelated business taxable income from Form 990-T, line 34

7b 0

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	17,817	111,167
9 Program service revenue (Part VIII, line 2g)	7,754,785	6,713,226
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	897	1,211
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	258,684	307,842
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	8,032,183	7,133,446

	Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	0	0
9 Program service revenue (Part VIII, line 2g)	0	0
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,598,175	4,458,246
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,268,124	2,509,260
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	7,866,299	6,967,506
14 Benefits paid to or for members (Part IX, column (A), line 4)	165,884	165,940
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		
16a Professional fundraising fees (Part IX, column (A), line 11e)		
b Total fundraising expenses (Part IX, column (D), line 25) ► 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)		
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)		
19 Revenue less expenses Subtract line 18 from line 12		

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	3,529,748	3,184,762
21 Total liabilities (Part X, line 26)	1,867,097	1,356,171
22 Net assets or fund balances Subtract line 21 from line 20	1,662,651	1,828,591

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 TREASURE BERKRAM CFO Type or print name and title	2012-05-11 Date

Paid Preparer Use Only	Print/Type preparer's name DOUGLAS N WILSON	Preparer's signature DOUGLAS N WILSON	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ► DOUGLAS WILSON & COMPANY PC				Firm's EIN ►
	Firm's address ► 1000 FIRST AVENUE SOUTH GREAT FALLS, MT 59401				Phone no ► (406) 761-4645

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

Part IV Checklist of Required Schedules

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

2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

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

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II

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

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 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.

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.

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.

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.

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.

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.

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII

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

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

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

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV

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

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

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)

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

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

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	No
1	Yes	
2	Yes	
3		No
4		No
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b	Yes	
11c		No
11d	Yes	
11e	Yes	
11f		No
12a		No
12b		No
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
20b	Yes	

Part IV Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		No
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33	Yes	
34	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	34		No
35	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35		No
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		Yes	<input checked="" type="checkbox"/> No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	8
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	119
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
<p>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</p>			
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).	7a	No
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?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
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?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter	10a	
a	Initiation fees and capital contributions included on Part VIII, line 12	10b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter	11a	
a	Gross income from members or shareholders	11b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
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.	13a	
a	Is the organization licensed to issue qualified health plans in more than one state?		
<p>Note. See the instructions for additional information the organization must report on Schedule O</p>			
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

1a Enter the number of voting members of the governing body at the end of the tax year

1a	10
1b	10

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?

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?

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

6 Does the organization have members or stockholders?

7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?

b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body?

b Each committee with authority to act on behalf of the governing body?

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

	Yes	No
1a		
1b		
2		No
3		No
4		No
5		No
6		No
7a		No
7b		No
8a	Yes	
8b	Yes	
9		No

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

10a Does the organization have local chapters, branches, or affiliates?

b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?

11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?

b Describe in Schedule O the process, if any, used by the organization to review this Form 990

12a Does the organization have a written conflict of interest policy? If "No," go to line 13

b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done

13 Does the organization have a written whistleblower policy?

14 Does the organization have a written document retention and destruction policy?

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official

b Other officers or key employees of the organization

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?

b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?

	Yes	No
10a		No
10b		
11a	Yes	
12a	Yes	
12b	Yes	
12c	Yes	
13		No
14		No
15a	Yes	
15b	Yes	
16a		No
16b		

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply

Own website Another's website Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ►

THE ORGANIZATION
802 SECOND STREET NE
CUT BANK, MT 59427
(406) 873-2250

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
		Or director	Individual trustee	Institutional Trustee	Office	Key employee	Highest compensated employee		
(1) GERALD EBELT CHAIRMAN	1 00	X		X				0	0
(2) ROBERT CARETTE VICE CHAIRMAN	1 00	X		X				0	0
(3) ELAINE MITCHELL SECRETARY	1 00	X		X				0	0
(4) JOHN WALLER DIRECTOR	1 00	X						0	0
(5) PAT MONTALBON DIRECTOR	1 00	X						0	0
(6) RICK BILLMAN DIRECTOR	1 00	X						0	0
(7) ADRON MEDLEY MD DIRECTOR/GENERAL SURGEON	40 00	X			X	X		291,231	0
(8) BECKY KIMMET DIRECTOR	1 00	X						0	0
(9) STEVE LOWERY DIRECTOR	1 00	X						0	0
(10) BESS HJARTARSON DIRECTOR	1 00	X						0	0
(11) TREASURE BERKRAM CFO	40 00			X				54,847	0
(12) CHERIE TAYLOR CEO	40 00			X				11,988	0
(13) JOSEPH KARCHER CRNA	40 00				X			154,925	0
(14) DARRELL STOCK DOCTOR	40 00				X	X		195,150	0

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

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 **3**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
PINNACLE MEDICAL SERVICES 50 LUEDTKE ROAD CUT BANK, MT 59427	PHYSICAN	224,978

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e	36,103				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	75,064				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f		111,167				
Program Service Revenue	2a PATIENT SERVICE REVENUE	Business Code					
		621110	6,304,357	6,304,357			
	b OTHER PATIENT REVENUE	621110	408,869	408,869			
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f		6,713,226				
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)						
			1,211		1,211		
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross Rents	(I) Real	(II) Personal				
		7,842					
	b Less rental expenses						
	c Rental income or (loss)	7,842					
d Net rental income or (loss)			7,842	7,842			
7a Gross amount from sales of assets other than inventory	(I) Securities	(II) Other					
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 COUNTY TAX REVENUE	624100	300,000	300,000				
b							
c							
d All other revenue							
e Total. Add lines 11a-11d		300,000					
12 Total revenue. See Instructions		7,133,446	7,021,068	0	1,211		

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 . . .	794,500	641,306	153,194	
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	2,934,600	2,620,269	314,331	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . .				
9 Other employee benefits	261,310	228,549	32,761	
10 Payroll taxes	467,836	409,183	58,653	
a Fees for services (non-employees) Management	130,888		130,888	
b Legal	42,476		42,476	
c Accounting	19,900		19,900	
d Lobbying				
e Professional fundraising services See Part IV, line 17 . . .				
f Investment management fees				
g Other				
12 Advertising and promotion	15,443	2,402	13,041	
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy	21,481	21,481		
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	23,644	23,644		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	222,343	222,343		
23 Insurance				
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 PROVIDER FEES	596,803	596,803		
b SUPPLIES AND MINOR EQUI	470,704	437,984	32,720	
c INSURANCE	175,640	28,158	147,482	
d REPAIRS/MAINTENANCE	115,482	106,683	8,799	
e CONTRACT SERVICES	113,701	104,061	9,640	
f All other expenses	560,755	278,806	281,949	
25 Total functional expenses. Add lines 1 through 24f	6,967,506	5,721,672	1,245,834	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) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	29,820	1 281,329
	2 Savings and temporary cash investments	2	
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	1,157,690	4 925,164
	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	684,279	7 498,823
	8 Inventories for sale or use	194,864	8 172,846
	9 Prepaid expenses and deferred charges	34,781	9 19,432
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	1,923,407	
	b Less accumulated depreciation	10b 1,231,769	
		708,777	10c 691,638
	11 Investments—publicly traded securities		11
	12 Investments—other securities See Part IV, line 11	451,398	12 378,903
	13 Investments—program-related See Part IV, line 11		13
	14 Intangible assets		14
	15 Other assets See Part IV, line 11	268,139	15 216,627
	16 Total assets. Add lines 1 through 15 (must equal line 34)	3,529,748	16 3,184,762
Liabilities	17 Accounts payable and accrued expenses	679,831	17 676,374
	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	1,180,340	23 673,194
	24 Unsecured notes and loans payable to unrelated third parties		24
	25 Other liabilities Complete Part X of Schedule D	6,926	25 6,603
	26 Total liabilities. Add lines 17 through 25	1,867,097	26 1,356,171
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	1,611,815	27 1,777,755
	28 Temporarily restricted net assets	50,836	28 50,836
	29 Permanently restricted net assets		29
	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	1,662,651	33 1,828,591
	34 Total liabilities and net assets/fund balances	3,529,748	34 3,184,762

Part XI Reconciliation of Net AssetsCheck 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	7,133,446
2	Total expenses (must equal Part IX, column (A), line 25)	2	6,967,506
3	Revenue less expenses Subtract line 2 from line 1	3	165,940
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,662,651
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,828,591

Part XII Financial Statements and ReportingCheck 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? <input type="checkbox"/>	2a	No
2b Were the organization's financial statements audited by an independent accountant? <input type="checkbox"/>	2b	Yes
2c 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 <input type="checkbox"/>	2c	Yes
2d 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 checked="" type="checkbox"/> Separate basis <input 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? <input type="checkbox"/>	3a	No
3b 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 <input type="checkbox"/>	3b	

SCHEDULE A
(Form 990 or 990EZ)**Public Charity Status and Public Support****2010****Open to Public
Inspection**Department of the Treasury
Internal Revenue ServiceComplete if the organization is a section 501(c)(3) organization or a section
4947(a)(1) nonexempt charitable trust.

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

Name of the organization
NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

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			
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**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

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

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

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

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

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

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

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

Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically importantly land area

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ► \$ _____

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

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

a <input type="checkbox"/> Public exhibition	d <input type="checkbox"/> Loan or exchange programs
b <input type="checkbox"/> Scholarly research	e <input type="checkbox"/> Other
c <input type="checkbox"/> Preservation for future generations	

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

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

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

a Board designated or quasi-endowment ►

b Permanent endowment ►

c Term endowment ►

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

(i) unrelated organizations	Yes	No
(ii) related organizations		

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

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

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

	Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land					
b Buildings		155,516	82,693	72,823	
c Leasehold improvements					
d Equipment		1,767,891	1,149,076	618,815	
e Other					
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				691,638	

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) YELLOWSTONE INS EXCHANGE	36,772	C
(B) LAND-HELD FOR INVESTMENT	115,300	C
(C) PATRONAGE CREDITS	226,831	C
Total. (Column (b) should equal Form 990, Part X, col (B) line 12.)	378,903	

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

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

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

(a) Description	(b) Book value
(1) CONTRACTUAL SETTLEMENT RECEIVABLE	216,627
Total. (Column (b) should equal Form 990, Part X, col (B) line 15.)	216,627

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

(a) Description of Liability	(b) Amount	
Federal Income Taxes		
ACCRUED INTEREST	6,603	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25.)	6,603	

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	7,133,446
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	6,967,506
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	165,940
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	165,940

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
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	NA - NO UNCERTAIN TAX POSITIONS UNDER FIN 48 HAVE BEEN TAKEN

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.

Name of the organization

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .

b If "Yes," is it a written policy?

1b

2 If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year

Applied uniformly to all hospitals Applied uniformly to most hospitals
 Generally tailored to individual hospitals

3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year

a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care

100% 150% 200% Other _____ %

b Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care

200% 250% 300% 350% 400% Other _____ %

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"?

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?

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?

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	No
1a	Yes	
1b	Yes	
3a	Yes	
3b	Yes	
4	Yes	
5a		No
5b		
5c		
6a	Yes	
6b	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)			131,175		131,175	1 880 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			1,162,463	1,112,109	50,354	0 720 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			1,293,638	1,112,109	181,529	2 600 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			149,453	13,400	136,053	1 950 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits			149,453	13,400	136,053	1 950 %
k Total. Add lines 7d and 7j			1,443,091	1,125,509	317,582	4 550 %

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			27,547		27,547	0 400 %
9 Other						
10 Total			27,547		27,547	0 400 %

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	600,163	
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	450,122	
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	2,228,464
6 Enter Medicare allowable costs of care relating to payments on line 5	6	2,173,765
7 Subtract line 6 from line 5 This is the surplus or (shortfall)	7	54,699
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

Cost accounting system

Cost to charge ratio

Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

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

Part V Facility Information (continued)**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

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

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

Name and address	Type of Facility (Describe)
1	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 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 II NRM C PROMOTES THE COMMUNITIES HEALTH BY PARTICIPATING IN ANNUAL HEALTH FAIRS THAT ENCOMPASS ALL AREAS OF WELLNESS INCLUDING DIABETES SCREENING TO BLOOD PRESSURE CHECKS TO PAD SCREENING NRM C DOES FREE BLOOD PRESSURE CHECKS AND PARTICIPATES IN A FREE PHYSICAL THERAPY RENTAL EQUIPMENT PROGRAM TO ASSIST WITH REHABILITATION AT HOME

Identifier	ReturnReference	Explanation
		PART III, LINE 4 TO DETERMINE THE AMOUNTS USED ON LINE 2 & 3 FOR PART III, THE FULL AMOUNT OF OUTSTANDING GROSS CHARGES THAT WERE WRITTEN OFF TO BAD DEBT WAS USED AND THE COST TO CHARGE RATIO DETERMINED ON WORKSHEET 2 OF 73% WAS UTILIZED TO DETERMINE THE "AT COST" FIGURE THE AMOUNTS WRITTEN OFF TO BAD DEBT WOULD BE WHAT ARE LEFT OVER AFTER ANY APPLICABLE DISCOUNTS, INSURANCE AND PAYMENTS HAVE BEEN APPLIED MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY USING HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS PATIENT RECEIVABLES ARE WRITTEN OFF WHEN DEEMED UNCOLLECTIBLE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE COMPLETED MEDICARE COST REPORT WAS USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COST AND NET PATIENT REVENUE

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE FINANCIAL ASSISTANCE POLICY, MEDICARE BAD DEBT POLICY, AND FINANCIAL ASSISTANCE POLICY ARE APPLIED UNIFORMLY ACROSS ALL PATIENTS, REGARDLESS OF PAYOR STATUS

Identifier	ReturnReference	Explanation
NOT REQUIRED		PART V, SECTION B, LINE 19D ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANARD PRICE FOR A PARTICULAR SERVICE, BASED OFF OF THE MEDICARE FEE SCHEDULE

Identifier	ReturnReference	Explanation
NOT REQUIRED		PART V, SECTION B, LINE 21 ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF OF THE MEDICARE FEE SCHEDULE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 NRMIC CONDUCTS A COMMUNITY HEALTH SERVICES DEVELOPMENT SURVEY IN CONJUNCTION WITH MONTANA STATE UNIVERSITY EVERY THREE YEARS TO ASSESS THE NEEDS OF THE COMMUNITY. THE RESULTS ARE REVIEWED BY THE BOARD OF TRUSTEES AND MANAGEMENT TO DETERMINE WHAT CHANGES NEED TO BE IMPLEMENTED TO INSURE THAT WE ARE MEETING THE COMMUNITIES HEALTHCARE NEEDS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 NRMCS SELF PAY PATIENT REPRESENTATIVE WORKS WITH THE PATIENT TO DETERMINE HIS/HER ELIGIBILITY FOR FEDERAL, STATE OR LOCAL PROGRAMS THAT THEY MAY QULAIFY FOR THEY WORK WITH THE PATIENT ONE ON ONE TO QUALIFY THE PATIENT FOR ANY ELIGIBLE CHARITY CARE PROGRAM

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 NRMC SERVES THE RESDENTS OF GLACIER COUNTY,MT AND THE SURROUNDING COUNTIES AS WELL AS A SIGNIFICANT NUMBER OF MEMBERS OF THE BLACKFEET NATION CUT BANK BORDERS THE BLACKFEET INDIAN RESERVATION IN ADDITION NRMC SERVES A SIGNIFICANT NUMBER OF TOURISTS THAT PASS THROUGH THE AREA DURING THE SUMMER MONTHS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 NRM C PROMOTES THE COMMUNITIES HEALTH BY PARTICIPATING IN ANNUAL HEALTH FAIRS THAT ENCOMPASS ALL AREAS OF WELLNESS INCLUDING DIABETES SCREENING TO BLOOD PRESSURE CHECKS TO PAD SCREENING NRM C DOES FREE BLOOD PRESSURE CHECKS AND PARTICIPATES IN A FREE PHYSICAL THERAPY RENTAL EQUIPMENT PROGRAM TO ASSIST WITH REHABILITATION AT HOME NRM C'S MEDICAL STAFF PROVIDES EMERGENCY DEPARTMENT COVERAGE 24/7 - 365 DAYS PER YEAR NRM C'S BOARD OF TRUSTEES CONSIST OF LEADERS FROM THE COMMUNITY THAT INCLUDE A TEACHER, DENTIST, ACCOUNTANT RETIRED PASTOR, AND RETAIL BUSINESS OWNER THAT VARY IN AGE FROM 30 TO 70 THE BOARD MEMBERS ARE EXTREMELY ACTIVE IN THE COMMUNITY AND ARE AVAILABLE TO COMMUNITY MEMBERS FOR QUESTIONS AND ANSWERS

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 NA

Schedule H (Form 990) 2010

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

OMB No 1545-0047

2010Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection**Name of the organization**

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

Part I Questions Regarding Compensation

Yes

No

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

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

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

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

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

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

a Receive a severance payment or change-of-control payment from the organization or a related organization?

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

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

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

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

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

1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) ADRON MEDLEY MD	(i) 291,231 (ii) 0	0 0	0 0	0 0	0 0	291,231 0	0 0
(2) JOSEPH KARCHER	(i) 154,925 (ii) 0	0 0	0 0	0 0	0 0	154,925 0	0 0
(3) DARRELL STOCK	(i) 195,150 (ii) 0	0 0	0 0	0 0	0 0	195,150 0	0 0
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

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

2010**Open to Public
Inspection****Name of the organization**

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FORM 990 IS PREPARED BY THE ORGANIZATION'S INDEPENDENT ACCOUNTANT AND PROVIDED TO THE BOARD FOR REVIEW AND APPROVAL PRIOR TO SUBMITTING TO THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION ANNUALLY REVIEWS THE POLICY WITH THE BOARD AND REQUESTS ANY CONFLICTS BE DISCLOSED AT EACH BOARD MEETING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE BOARD OF DIRECTORS IS RESPONSIBLE FOR DETERMINING COMPENSATION FOR UPPER LEVEL EMPLOYEES. COMPARATIVE DATA IS COLLECTED AND ANALYZED. THE COMPENSATION PACKAGES ARE APPROVED BY THE BOARD OF DIRECTORS. THE ORGANIZATION'S CEO IS RESPONSIBLE FOR THE HIRING OF ALL OTHER STAFF USING COMPARATIVE DATA TO ENSURE REASONABLE COMPENSATION.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	ALL PUBLIC DOCUMENTS ARE AVAILABLE FOR REVIEW AT THE ORGANIZATION'S ADMINISTRATIVE OFFICES UPON REQUEST

Identifier	Return Reference	Explanation
		THE ANNUAL AUDIT IS PRESENTED TO THE FINANCE COMMITTEE OF THE BOARD PRIOR ACCEPTANCE OF THE FINAL AUDIT REPORT BY THE COMMITTEE BASED ON THE PRESENTATION ANY CHANGES NECESSARY ARE MADE AND THE AUDIT REPORT IS ACCEPTED AND RECOMMENDED TO THE BOARD FOR APPROVAL

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

► 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.

Department of the Treasury
Internal Revenue ServiceOpen to Public
Inspection

Name of the organization

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

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
(1) PRAIRIE WINDS DME LLC 802 2ND ST NE CUT BANK, MT 59427 81-0530457	RENTS DURABLE MEDICAL EQUIPMENT	MT			NORTHERN ROCKIES MEDICAL CENTER INC

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

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.)

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.)

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		

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

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
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**NORTHERN ROCKIES MEDICAL CENTER, INC.
AND SUBSIDIARY**

CUT BANK, MONTANA

**FINANCIAL STATEMENTS
AS OF
SEPTEMBER 30, 2011 AND 2010**

Our reports are issued with the understanding that, without our consent, they may be reproduced only in their entirety. Should it be desired to issue or publish a condensation or a portion of this report and our name is to be used in connection therewith, our approval must first be secured.

Douglas Wilson & Company, P.C.

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Douglas WILSON
and Company, PC

Board of Directors
Northern Rockies Medical Center, Inc. and Subsidiary
Cut Bank, Montana

Randal J Boysun, CPA
Gerard K Schmitz, CPA
Michael A Diekhans, CPA
Myra L Bakke, CPA
Thomas A Kopp, CPA

Douglas N Wilson, CPA
Bruce H Gaare, CPA
Dixie L Swanson, CPA

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheets of Northern Rockies Medical Center, Inc. (a nonprofit organization) and Subsidiary (Prairie Winds DME, LLC) as of September 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northern Rockies Medical Center, Inc. and Subsidiary as of September 30, 2011 and 2010, and the results of its operations and 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.

Great Falls, Montana
March 13, 2012

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2011 AND 2010

ASSETS	<u>9/30/11</u>	<u>9/30/10</u>
Current Assets		
Cash and Cash Equivalents	\$ 281,329	\$ 29,820
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$379,125 and \$509,088 in 2011 and 2010	925,164	1,157,690
Contractual Settlement Receivable	216,627	268,139
Other Receivables	498,823	684,279
Inventory	172,846	194,864
Prepaid Expenses and Other Current Assets	19,432	34,781
Total Current Assets	<u>2,114,221</u>	<u>2,369,573</u>
Other Assets		
Investment - Yellowstone Insurance Exchange	36,772	73,532
Land, Held for Investment	115,300	115,300
Patronage Credits	226,831	262,566
Total Other Assets	<u>378,903</u>	<u>451,398</u>
Property and Equipment, Net of Accumulated Depreciation of \$1,231,769 and \$1,023,939 in 2011 and 2010	<u>691,638</u>	<u>708,777</u>
Total Assets	<u>\$ 3,184,762</u>	<u>\$ 3,529,748</u>

The accompanying notes are an integral part of these financial statements

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

**CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2011 AND 2010**

LIABILITIES AND NET ASSETS	<u>9/30/11</u>	<u>9/30/10</u>
Current Liabilities		
Accounts Payable	\$ 237,097	\$ 284,639
Accrued Expenses and other Liabilities	439,277	395,192
Accrued Interest Payable	6,603	6,926
Line of Credit	-	153,400
Current Portion of Long-Term Debt	165,299	160,113
Current Portion of Capital Lease Obligations	7,984	7,213
Total Current Liabilities	<u>856,260</u>	<u>1,007,483</u>
Long-Term Liabilities		
Due to Glacier County	28,991	28,899
Due to Cut Bank Development Corporation	-	124,940
Capital Lease Obligation	17,772	25,756
Long-Term Debt	453,148	680,019
Total Long-Term Liabilities	<u>499,911</u>	<u>859,614</u>
Total Liabilities	<u>1,356,171</u>	<u>1,867,097</u>
Net Assets		
Unrestricted	1,777,755	1,611,815
Board Designated	50,836	50,836
	<u>1,828,591</u>	<u>1,662,651</u>
Total Liabilities and Net Assets	<u>\$ 3,184,762</u>	<u>\$ 3,529,748</u>

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	9/30/11	9/30/10
Unrestricted Revenues, Gains and Other Support		
Net Revenue from Services to Patients	\$ 6,304,357	\$ 6,463,475
Other Revenue	408,869	661,072
Total Revenues, Gains and Other Support	<u>6,713,226</u>	<u>7,124,547</u>
Operating Expenses		
Professional Care	5,007,608	5,252,413
General Services	473,835	405,026
Administrative and Fiscal Services	1,240,076	1,290,832
Depreciation and Amortization	222,343	222,171
Interest Expense	23,644	65,619
Total Expenses	<u>6,967,506</u>	<u>7,236,061</u>
Net Operating Income	<u>(254,280)</u>	<u>(111,514)</u>
Other Income (Expenses)		
Glacier County Tax Revenue	300,000	225,000
Pledges and Contributions	75,064	9,897
Grants	36,103	7,920
Investment Income	1,211	897
Rental Income	7,842	33,684
Total Other Income (Expenses)	<u>420,220</u>	<u>277,398</u>
Increase in Net Assets	165,940	165,884
Net Assets, Beginning of Year	<u>1,662,651</u>	<u>1,496,767</u>
Net Assets, End of Year	<u>\$ 1,828,591</u>	<u>\$ 1,662,651</u>

The accompanying notes are an integral part of these financial statements

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	9/30/11	9/30/10
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 165,940	\$ 165,884
Adjustments to Reconcile Net Change in Net Assets to		
Net Assets Provided By Operating Activities:		
Depreciation and Amortization	219,032	222,171
Decrease (Increase) in Accounts Receivable, Net	232,526	(178,930)
Decrease (Increase) in Contractual Settlements Receivable	51,512	(76,814)
Decrease (Increase) in Other Receivables	185,456	(129,048)
Decrease (Increase) in Inventory	22,018	(13,474)
Decrease (Increase) in Prepaid Expenses	15,349	(6,966)
Increase (Decrease) in Accounts Payable	(47,542)	(37,452)
Increase (Decrease) in Accrued Expenses and Other Liabilities	44,085	(119,338)
Increase (Decrease) in Accrued Interest Payable	(323)	(1,655)
Net Cash Provided By (Used For) Operating Activities	<u>888,053</u>	<u>(175,622)</u>
Cash Flows from Investing Activities		
Redemption of Investments	36,760	36,761
Redemption of Patronage Credits	35,735	30,788
Capital Expenditures	<u>(201,893)</u>	<u>(19,844)</u>
Net Cash Provided by (Used For) Investing Activities	<u>(129,398)</u>	<u>47,705</u>
Cash Flows from Financing Activities		
Proceeds from Issuance of Short Term Debt	-	153,400
Proceeds from Issuance of Long Term Debt and Capital Leases	-	2,400
Principal Payments on Short Term Debt	(153,400)	-
Principal Payments on Long Term Debt and Capital Lease	<u>(353,746)</u>	<u>(237,574)</u>
Net Cash Provided By (Used For) Financing Activities	<u>(507,146)</u>	<u>(81,774)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	251,509	(209,691)
Cash and Cash Equivalents, Beginning of Year	<u>29,820</u>	<u>239,511</u>
Cash and Cash Equivalents, End of Year	<u>\$ 281,329</u>	<u>\$ 29,820</u>
 Supplemental Information		
Interest Paid	<u>\$ 23,967</u>	<u>\$ 67,274</u>

The accompanying notes are an integral part of these financial statements

**NORTHERN ROCKIES MEDICAL CENTER, INC.
AND SUBSIDIARY**

CUT BANK, MONTANA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE 1: NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES:

Northern Rockies Medical Center, Inc. and Subsidiary (collectively referred to as the Hospital) is a Montana nonprofit corporation, operating a 20-bed critical access hospital and a rural health care clinic in Cut Bank, Montana. The Hospital operates with two physicians and four mid-level practitioners providing medical care to the residents of Glacier County and the surrounding area. The subsidiary is an LLC that provides durable medical equipment to residents in the Cut Bank area. The Hospital assumed operations from Glacier County, Montana as of October 1, 2001. The Hospital leases the property and equipment owned by Glacier County for an annual rental of \$1. Glacier County has contributed certain assets towards the operation of the Hospital.

Following is a summary of the significant accounting policies of Northern Rockies Medical Center, Inc. and Subsidiary.

Principles of Consolidation - The consolidated financial statements include the accounts of the Hospital and its subsidiary, which is wholly owned. All material intercompany accounts and transactions are eliminated in consolidation.

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.

Cash and Cash Equivalents - For purposes of reporting the statements of cash flows, the Hospital considers all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Patient Receivables - Patient receivables are carried at original invoice amount less an estimate made for doubtful receivables and contractual allowances based on a review of all outstanding amounts on a monthly basis. Receivables are considered past due when they are over thirty days old. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts. Patient receivables are written off when deemed uncollectible. Recoveries of patient receivables previously written off are recorded when received.

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

Investments - Investments in equity securities with readily determinable fair values, and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in non-operating income unless the income or loss is restricted by donor or law

Equity Method Investments - The Hospital also has an investment in the Yellowstone Insurance Exchange, a risk retention group (the group). The facility accounts for its ownership in the group using the equity method of accounting.

Patronage Equity - Patronage credits represent allocated capital from an electrical cooperative and are stated at cost.

Assets Limited as to Use - Assets limited as to use primarily consists of designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

Property and equipment - Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Major expenditures for property and equipment (cost of \$5,000 or greater) and expenditures that substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, cost and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income (expense).

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support and are excluded from operating income, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Gifts of long-lived assets are reported at the fair market value on the date of the gift.

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

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. Payment arrangements include reimbursed costs and discounted charges. 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.

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 recorded as gross revenue and a deduction from gross revenue (approximately cost).

Donor-Restricted Gifts - Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if

they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Advertising - Advertising costs are expensed as incurred.

Income Taxes - The Hospital is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no income tax liability or expense is reflected in the accompanying financial statements. For years prior to 2008 the Hospital's tax returns are generally no longer subject to examination.

Subsequent Events: Accounting standards establish principles setting forth the period after the balance sheet date during which management is required to evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. The company has evaluated subsequent events through March 13, 2012, which is the date the financial statements were available to be issued.

NOTE 2: 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 - The Hospital operates under the Medicare program as a critical access hospital and a rural health clinic. As such, 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.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

NOTE 3: CONTRACTUAL RECEIVABLES:

A summary of contractual receivables (payables) at September 30, 2011 and 2010 follows:

	9/30/11	9/30/10
Current Medicare Settlement Receivable	\$ 188,930	\$ 268,139
Medicaid Settlement Receivable (Payable)	27,697	-
	<u>\$ 216,627</u>	<u>\$ 268,139</u>

NOTE 4: OTHER RECEIVABLES:

A summary of other receivables at September 30, 2011 and 2010 follows:

	<u>9/30/11</u>	<u>9/30/10</u>
Employees	\$ 11,000	\$ 12,500
Bed Tax Receivable	229,556	427,442
County Taxes Receivable	238,933	225,000
Other	19,334	19,337
	<u>\$ 498,823</u>	<u>\$ 684,279</u>

On June 8, 2010 the voters of Glacier County passed a mill levy equal to approximately 15 mills sufficient to generate \$300,000 of tax revenue each year for the operation and maintenance of the Hospital.

NOTE 5: PROPERTY AND EQUIPMENT:

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

	<u>9/30/11</u>	<u>9/30/10</u>
Buildings and Improvements	\$ 155,516	\$ 138,511
Equipment	1,727,891	1,233,095
Equipment Under Capital Leases	40,000	361,110
	<u>1,923,407</u>	<u>1,732,716</u>
Less Accumulated Depreciation	(1,231,769)	(1,023,939)
	<u>\$ 691,638</u>	<u>\$ 708,777</u>

NOTE 6: LINE OF CREDIT:

The Hospital has a line of credit with Flathead Bank. The total authorized principal is \$400,400 bearing an interest rate of 6.5%. The maturity date is May 15, 2012. The balance outstanding at September 30, 2011 is \$-0-.

NOTE 7: LONG-TERM LIABILITIES:

Long-term liabilities at September 30, 2011 and 2010 consist of the following:

	<u>9/30/11</u>	<u>9/30/10</u>
Montana Health Facility Finance Authority, 5.05% note payable, due August 2011, secured by anesthesia equipment.	\$ -	\$ 6,196
Cut Bank Development, 3.0% note payable, principal and interest due December 2010, unsecured.	-	59,600

LONG-TERM LIABILITIES (Continued)	9/30/11	9/30/10
Glacier Electric Cooperative note under the USDA rural Economic Development Loan and Grant Program. Total loan \$340,000, 0% interest rate, due March 1, 2018, annual payments of \$34,000, secured by equipment.	\$ 204,000	\$ 238,000
Stockman Bank, 6.0% note payable, due February 2022, secured by property.	32,273	33,521
Bank of Glacier County, 5.0% note payable, due December 1, 2019, secured by capital credits	193,059	209,120
Cut Bank Community Members, 10% notes payable, due April 1, 2013, unsecured.	178,526	277,608
MT Health Facility Finance Authority, 3.47% note payable, due July 15, 2013, secured by surgical equipment.	10,589	16,087
Total	<u>618,447</u>	<u>840,132</u>
Less Current Portion of Long-Term Debt	<u>(165,299)</u>	<u>(160,113)</u>
Net Long-Term Debt	<u><u>\$ 453,148</u></u>	<u><u>\$ 680,019</u></u>

Principal maturities of long-term debt are as follows:

Long-Term Debt Maturities:

2011	\$ 165,299
2012	125,240
2013	52,000
2014	52,918
2015	53,882
Thereafter	169,108
Total	<u><u>\$ 618,447</u></u>

NOTE 8: CAPITAL LEASE OBLIGATIONS:

The Hospital has leases for certain equipment which meets the criteria for capital leases and, accordingly, has been recorded as such. The equipment under capital leases, including depreciation expense, has been included in property and equipment with a cost of \$45,998 and accumulated depreciation of \$9,966. Terms and future minimum lease obligations are as follows:

	9/30/11	9/30/10
Abbott Laboratories, 10.19% lease payable, monthly payments of \$854, including interest, due August 2014, secured by hematology analyzer.	29,022	40,138
Total Minimum Lease Payments	29,022	40,138
Less Amount Representing Interest	(3,266)	(7,169)
Present Value of Net Minimum Lease Payments	25,756	32,969
Less Current Maturities	(7,984)	(7,213)
Long-Term Capital Lease Obligations	<u><u>\$ 17,772</u></u>	<u><u>\$ 25,756</u></u>

The following is a schedule of future lease payments by year and in aggregate:

Future Lease Obligations:

	Principal	Interest	Total Payment
2012	\$ 7,984	\$ 2,264	\$ 10,248
2013	8,837	1,411	10,248
2014	8,075	451	8,526
	<u>\$ 24,896</u>	<u>\$ 4,126</u>	<u>\$ 29,022</u>

NOTE 9: MALPRACTICE LIABILITY COVERAGE:

The Hospital is covered by professional liability insurance on a claims-made basis. For the policy years ending September 30, 2011 and 2010, per claim coverage has been \$1,000,000 with aggregate coverage of \$3,000,000. Losses on medical malpractice claims are estimated based on deductibles and claims in excess of per-claim or aggregate coverage and claims incurred but not reported during the claim year. These estimates reflect the Hospital's best estimates of the ultimate costs of reported and unreported claims, using the Hospital's past experience, industry experience and identified asserted claims and reported incidents. There were no estimated losses on medical malpractice for the years ended September 30, 2011 and 2010.

NOTE 10: CONCENTRATIONS OF CREDIT RISK:

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

	9/30/11	9/30/10
Medicare	28%	35%
Medicaid	9%	9%
Other Governmental Agencies	7%	2%
Commercial Insurance	21%	32%
Other Third-Party Payors and Patients	35%	22%
Total	100%	100%

The Hospital maintains its cash balances at several area financial institutions. The amount on deposit at September 30, 2011, did not exceed the insurance limits of the Federal Deposit Insurance Corporation (\$250,000).

NOTE 11: CHARITY CARE:

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amount of charges foregone, based on established rates, was \$172,599 and \$66,745 for the years ended September 30, 2011 and 2010 respectively.

NOTE 12: COMMITMENTS AND CONTINGENCIES:

Contractual Commitments - In connection with its membership in the Yellowstone Insurance Exchange, the Hospital committed to making capital contributions over a period of years. As of September 30, 2011 and 2010, \$73,532 has been contributed. In addition, the Hospital has committed to obtain malpractice insurance from Yellowstone Insurance Exchange.

Legal Contingencies - In the ordinary course of its business, the Hospital has become involved in legal claims, which have been filed against the Hospital. In the opinion of management, the outcome of these legal proceedings will not have a material effect on the Hospital's financial position and results of operations.

NOTE 13: RISKS AND UNCERTAINTIES - COLLECTIVE BARGAINING AGREEMENTS:

During the years ended September 30, 2011 and 2010, approximately 83% of the Hospital's workforce was covered under collective bargaining agreements which were renewed in 2011.

NOTE 14: RELATED PARTY TRANSACTIONS:

During the year, certain transactions occurred between individuals deemed to be related parties to the Northern Rockies Medical Center, Inc. and Subsidiary. These parties consist of Board Members and family members of Northern Rockies Medical Center, Inc. and Subsidiary key employees. Transactions were minimal and were completed at an arms-length basis. There were no existing receivable amounts. Prairie Winds DME, LLC rents space from a related party.

Three members of the Board of Trustees participate in the Community Loan Program to the Hospital, loaning a total \$140,000. The balance due on the loans at September 30, 2011 is \$80,966. The unsecured loans bear an interest rate of 10%.



Douglas WILSON
and Company, PC

Board of Directors
Northern Rockies Medical Center, Inc. and Subsidiary
Cut Bank, Montana

Randal J Boysun, CPA
Gerard K Schmitz, CPA
Michael A Diekhans, CPA
Myra L Bakke, CPA
Thomas A Kopp, CPA

Douglas N Wilson, CPA
Bruce H Gaare, CPA
Dixie L Swanson, CPA

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION**

We have audited the financial statements of Northern Rockies Medical Center, Inc. and Subsidiary as of and for the year ended September 30, 2011, and have issued our report thereon dated March 13, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Great Falls, Montana
March 13, 2012

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

SCHEDULES OF NET PATIENT SERVICE REVENUE
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(WITH COMPARATIVE AMOUNTS AS OF SEPTEMBER 30, 2010)

	Inpatient	Outpatient	Total
	2011	2010	2011
			2010
Acute Care	\$ 327,528	\$ 522,954	\$ 18,965
Swing Bed	326,445	215,624	
Obstetric / Gynecologic Services	27,381	39,218	
Nursery	-	-	
Intensive Care Services	-	13,077	
Respiratory Services	241,381	467,480	
Labor And Delivery	-	-	
Surgical Services	5,637	24,610	
Observation	25,391	14,374	
Emergency Services	92,891	66,616	
Central Services	7,933	20,939	
Laboratory Services	147,752	184,218	
Electro diagnosis Services	7,312	8,037	
Radiology Services	137,610	130,586	
Pharmacy Services	118,563	270,284	
Anesthesiology Services	4,272	16,790	
Rehabilitation Services	62,073	57,628	
Home Health Care	-	-	
Clinic Services	11,678	23,197	
	\$ 1,543,847	\$ 2,075,632	\$ 7,259,481
			\$ 7,135,329
Adjustments To Revenue			
Medicare			(579,175)
Medicaid			(693,851)
Commercial Insurances			(525,424)
Provision for Bad Debts			(603,775)
Administrative			(32,133)
Charity Care			(172,599)
Total Adjustments			(2,606,957)
Other Prairie Winds DME, LLC			107,986
Net Patient Service Revenue			67,169
			\$ 6,304,357
			\$ 6,463,475

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

**SCHEDULES OF OPERATING EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(WITH COMPARATIVE AMOUNTS AS OF SEPTEMBER 30, 2010)**

	2011			2010	
	Professional		Total		
	Salaries and Benefits	Fees, Supplies and Other			
Fiscal and Administrative Services					
Administrative Services	\$ 175,465	\$ 550,424	\$ 725,889	\$ 813,234	
Fiscal Services	383,474	130,713	514,187	477,598	
Total Fiscal and Administrative	558,939	681,137	1,240,076	1,290,832	
General Services					
Dietary	-	15,150	15,150	19,144	
Plant Operation and Maintenance	123,038	198,324	321,362	249,274	
Housekeeping	95,521	3,889	99,410	105,655	
Laundry and Linen	18,160	19,753	37,913	30,953	
Total General Services	236,719	237,116	473,835	405,026	
Professional Care Services					
Acute Care	500,090	59,882	559,972	560,403	
Nursing Services	97,705	4,094	101,799	72,453	
Swing Bed	126,583	2,605	129,188	91,994	
Obstetric and Gynecologic Services	44	74	118	858	
Nursery	7,975		7,975	12,125	
Intensive Care Services	-			544	
Respiratory Services	52,360	25,161	77,521	83,121	
Surgical Services	339,208	64,548	403,756	467,949	
Observation	29,107		29,107	30,498	
Emergency Services	500,315	91,671	591,986	697,499	
Central Services	24,899	43,778	68,677	71,573	
Laboratory Services	268,630	215,026	483,656	503,142	
Electro Diagnosis Services	4,856	4,984	9,840	8,055	
Radiology Services	194,592	257,035	451,627	372,725	
Pharmacy	30,159	167,517	197,676	234,682	
Anesthesiology Services	220,594	6,374	226,968	401,853	
Rehabilitation Services	244,092	22,544	266,636	252,622	
Social Services	837	453	1,290	1,084	
Medical Records	98,629	29,664	128,293	118,935	
Durable Medical Equipment	-			63,201	
Sleep Study	34,821		34,821	16,425	
Clinic Services	751,661	387,768	1,139,429	1,190,672	
Total Professional Care	3,527,157	1,383,178	4,910,335	5,252,413	
Total Operating Expenses	\$ 4,322,815	\$ 2,301,431	6,624,246	6,948,271	
Depreciation			219,032	222,171	
Interest			23,644	65,619	
			\$ 6,866,922	\$ 7,236,061	

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

**CONSOLIDATING BALANCE SHEETS
AS OF SEPTEMBER 30, 2011**

A S S E T S

	Northern Rockies Medical Center, Inc.	Prairie Winds DME, LLC	Eliminations	Consolidated
Current Assets				
Cash and Cash Equivalents	\$ 279,077	\$ 2,252	\$ -	\$ 281,329
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$509,088 and \$645,282 in 2010 and 2009	898,822	26,342	-	925,164
Contractual Settlement Receivable	216,627	-	-	216,627
Other Receivable	645,539	-	(146,716)	498,823
Inventory	166,291	6,555	-	172,846
Prepaid Expenses and Other	18,002	1,430	-	19,432
Total Current Assets	2,224,358	36,579	(146,716)	2,114,221
 Assets Limited as to Use				
Restricted Cash	-	-	-	-
Accounts Receivable Funding Reserve	-	-	-	-
Total Assets Limited as to Use	-	-	-	-
 Other Assets				
Investments - Yellowstone Insurance	36,772	-	-	36,772
Land, Held for Investment	115,300	-	-	115,300
Patronage Credits	226,831	-	-	226,831
Total Other Assets	378,903	-	-	378,903
 Property and Equipment,				
Net of Accumulated Depreciation of \$1,023,939 and \$663,952 in 2010 and 2009	691,638	-	-	691,638
 Total Assets	\$ 3,294,899	\$ 36,579	\$ (146,716)	\$ 3,184,762

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

**CONSOLIDATING BALANCE SHEETS
AS OF SEPTEMBER 30, 2011**

LIABILITIES AND NET ASSETS

	Northern Rockies Medical Center, Inc.	Prairie Winds DME, LLC	Eliminations	Consolidated
Current Liabilities				
Accounts Payable	\$ 237,097	\$ -	\$ -	\$ 237,097
Accrued Expenses and Other Liabilities	434,292	151,701	(146,716)	439,277
Accrued Interest Payable	6,603	-	-	6,603
Current Portion of Long-Term Debt	165,299	-	-	165,299
Current Portion of Capital Lease Obligations	7,984	-	-	7,984
Total Current Liabilities	<u>851,275</u>	<u>151,701</u>	<u>(146,716)</u>	<u>856,260</u>
Long-Term Liabilities				
Capital Lease Obligation	17,772	-	-	17,772
Due to Glacier County	28,991	-	-	28,991
Long-Term Debt	<u>453,148</u>	<u>-</u>	<u>-</u>	<u>453,148</u>
Total Long-Term Liabilities	<u>499,911</u>	<u>-</u>	<u>-</u>	<u>499,911</u>
Total Liabilities	<u>1,351,186</u>	<u>151,701</u>	<u>(146,716)</u>	<u>1,356,171</u>
Net Assets				
Unrestricted (Deficit)	1,892,877	(115,122)	-	1,777,755
Board Designated	<u>50,836</u>	<u>-</u>	<u>-</u>	<u>50,836</u>
	<u>1,943,713</u>	<u>(115,122)</u>	<u>-</u>	<u>1,828,591</u>
Total Liabilities and Net Assets	<u>\$ 3,294,899</u>	<u>\$ 36,579</u>	<u>\$ (146,716)</u>	<u>\$ 3,184,762</u>

NORTHERN ROCKIES MEDICAL CENTER, INC.

CUT BANK, MONTANA

**CONSOLIDATING STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Northern Rockies Medical Center, Inc.	Prairie Winds DME, LLC	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support				
Net Revenue From Services to Patients	\$ 6,196,371	\$ 107,986	\$ -	\$ 6,304,357
Other Revenue	<u>408,869</u>	<u>-</u>	<u>-</u>	<u>408,869</u>
Total Revenues, Gains and Other Support	<u>6,605,240</u>	<u>107,986</u>	<u>-</u>	<u>6,713,226</u>
Expenses				
Professional Care of Patients	4,910,335	-	-	4,910,335
General Services	473,835	-	-	473,835
Administrative and Fiscal Services	1,240,076	-	-	1,240,076
Advertising and Community Relations	-	32	-	32
Dues and Subscriptions	-	2,611	-	2,611
Insurance	-	3,956	-	3,956
Medical Supplies and Pharmaceuticals	-	2,525	-	2,525
Miscellaneous	-	1,021	-	1,021
Office Expense	-	1,568	-	1,568
Penalties	-	3	-	3
Postage and Delivery	-	2,308	-	2,308
Rent / Lease	-	576	-	576
Repairs and Maintenance	-	2,323	-	2,323
Salaries	-	51,726	-	51,726
Payroll Taxes and Benefits	-	2,627	-	2,627
Supplies and Minor Equipment	-	22,491	-	22,491
Telephone	-	1,492	-	1,492
Travel and Training	-	2,014	-	2,014
Depreciation and Amortization	219,032	3,311	-	222,343
Interest Expense	23,644	-	-	23,644
Total Expenses	<u>6,866,922</u>	<u>100,584</u>	<u>-</u>	<u>6,967,506</u>
Operating Income (Loss)	<u>(261,682)</u>	<u>7,402</u>	<u>-</u>	<u>(254,280)</u>
Other Income (Expenses)				
Glacier County Tax Revenue	300,000	-	-	300,000
Pledges and Contributions	75,064	-	-	75,064
Grants	36,103	-	-	36,103
Investment Income	1,211	-	-	1,211
Rental Income	7,842	-	-	7,842
Total Other Income (Expenses)	<u>420,220</u>	<u>-</u>	<u>-</u>	<u>420,220</u>
Increase (Decrease) in Net Assets	<u>158,538</u>	<u>7,402</u>	<u>-</u>	<u>165,940</u>
Net Assets, Beginning of Year	<u>1,785,175</u>	<u>(122,524)</u>	<u>-</u>	<u>1,662,651</u>
Net Assets, End of Year	<u>\$ 1,943,713</u>	<u>\$ (115,122)</u>	<u>\$ -</u>	<u>\$ 1,828,591</u>