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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

C Name of organization
NORTON SOUND HEALTH CORPORATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 966

City or town, state or country, and ZIP + 4
NOME, AK 99762

D Employer identification number
92-0041488

E Telephone number
(907)443-3311

G Gross receipts $ 145,255,843

F Name and address of principal officer
DEVEN PARLIKAR
PO BOX 966
NOME,AK 99762

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

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

H(c) Group exemption number ▶

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

J Website: ▶ NORTONSOUNDHEALTH ORG

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

L Year of formation 1970

M State of legal domicile AK

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE QUALITY HEALTH SERVICES AND PROMOTE WELLNESS WITHIN ITS PEOPLE AND ENVIRONMENT

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**	25
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	24
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	661
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
Revenue			
8	Contributions and grants (Part VIII, line 1h)	43,325,683	113,508,992
9	Program service revenue (Part VIII, line 2g)	30,565,253	29,444,253
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	318,508	1,701,172
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,016,338	601,426
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	75,225,782	145,255,843
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	86,710	179,182
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	35,117,637	37,333,129
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	27,111,519	28,018,917
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	62,315,866	65,531,228
19	Revenue less expenses Subtract line 18 from line 12	12,909,916	79,724,615

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	125,820,991	202,610,810
21	Total liabilities (Part X, line 26)	50,892,001	47,688,625
22	Net assets or fund balances Subtract line 21 from line 20	74,928,990	154,922,185

Part II Signature Block

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

Sign Here

****** | 2012-08-15
Signature of officer | Date

CRAIG AMBROSIANI CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
ROBERT L REHFELD	ROBERT L REHFELD	2012-08-15	☐	

Firm's name ▶ ELGEE REHFELD MERTZ LLC — Firm's EIN ▶

Firm's address ▶ 9309 GLACIER HWY STE B-200
JUNEAU, AK 99801 — Phone no ▶ (907) 789-3178

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO PROVIDE QUALITY HEALTH SERVICES AND PROMOTE WELLNESS WITHIN ITS PEOPLE AND ENVIRONMENT

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 39,049,789 including grants of $ 179,182) (Revenue $ 22,814,300)

THE HOSPITAL DIVISION OF NORTON SOUND HEALTH CORPORATION (NSHC) INCLUDES A 18 BED ACUTE CARE HOSPITAL AND A 15 BED LONG-TERM CARE FACILITY THROUGH WHICH MEDICAL CARE IS PROVIDED TO THE RESIDENTS OF NOME AND 15 VILLAGES ON THE COAST AND ISLANDS OF THE BERING SEA IN ADDITION TO INPATIENT/OUTPATIENT CARE, NSHC CONTINUES TO INCREASE ITS COMMITMENT TO PREVENTIVE HEALTH CARE BY SUPPORTING PROGRAMS THAT EMPHASIZE HEALTH AND FITNESS, INCLUDING OFFERING NUMEROUS SCREENING TESTS, DIET, EXERCISE AND FITNESS COUNSELING, AS WELL AS SCREENING PROCEDURES FOR COLON AND STOMACH CANCER, CARDIOVASCULAR AND DIABETES HEALTH RISKS QUYANNA CARE CENTER - THE LONG TERM CARE FACILITY, CONTINUES TO MAXIMIZE THE QUALITY OF LIFE FOR ITS RESIDENTS STAFF MEMBERS STRIVE TO MAINTAIN A VERY HIGH LEVEL OF CARE BY ENSURING THAT PATIENT SAFETY AND QUALITY OF CARE COME FIRST A HOME-LIKE ENVIRONMENT IS PROMOTED AND EMBRACED AND THE NATIVE CULTURE IS WOVEN INTO EVERY ASPECT OF CARE NATIVE FOODS ARE PREPARED OFTEN THROUGH FAMILY AND COMMUNITY DONATIONS CELEBRATIONS AND FAMILY GATHERINGS ARE PART OF EVERYDAY LIFE IN THE FACILITY KEY HOSPITAL STATISTICS FOR FY11 INCLUDE ADMISSIONS 552ER VISITS 3,881OUTPATIENTS 15,046DENTAL ENCOUNTERS 10,464RADIOLGY EXAMS 6,712

4b (Code) (Expenses $ 14,590,881 including grants of $) (Revenue $ 6,625,780)

NSHC'S REGIONAL HEALTH SERVICES PROVIDE A WIDE VARIETY OF HEALTH CARE, PROMOTION, SCREENING, AND PREVENTION PROGRAMS TO NOME AND 15 BERING SEA VILLAGES SUCH PROGRAMS INCLUDE BUT ARE NOT LIMITED TO THE PROVISION OF HEALTH AIDES (CERTIFIED AND IN-TRAINING) AT EACH VILLAGE HEALTH CLINIC, A TRIBAL HEALER PROGRAM, INFANT LEARNING PROGRAMS, ENVIRONMENTAL HEALTH PROGRAM, PUBLIC HEALTH NURSING PROGRAM AND OTHER SERVICES GEARED SPECIFICALLY TO WOMEN, INFANTS AND CHILDREN KEY STATISTICS FOR FY11 INCLUDE PATIENT VISITS IN VILLAGE CLINICS APPROXIMATELY 30,000 WIC CLIENT ENCOUNTERS 8,497 ENVIRONMENTAL HEALTH 32 VILLAGES TRIPS TO PROVIDE TECHNICAL ASSISTANCE AND TRAINING ON ENVIRONMENTAL HEALTH ISSUES TRAINED 15 WATER SYSTEM OPERATORS CONDUCTED 12 ANIMAL BITE/RABIES EXPOSURE INVESTIGATIONS

4c (Code) (Expenses $ 2,695,408 including grants of $) (Revenue $ 285,486)

NSHC'S BEHAVIORAL HEALTH SERVICES DIVISION PROVIDES OUTPATIENT INDIVIDUAL, COUPLE, FAMILY AND GROUP MENTAL HEALTH THERAPY, INTERACTIVE AND OBSERVATIONAL PLAY THERAPY AS WELL AS INDIVIDUAL, COUPLE, FAMILY AND GROUP SUBSTANCE ABUSE COUNSELING, AND ALCOHOL AND DRUG INFORMATION SCHOOL IT ALSO PROVIDES PSYCHOLOGICAL AND NEUROPSYCHOLOGICAL TESTING, PSYCHIATRIC SERVICES INCLUDING MEDICATION ASSESSMENT AND EVALUATION, CASE MANAGEMENT AND REFERRAL SERVICES AND 24/7 CRISIS INTERVENTION IN THE EMERGENCY ROOM AND INPATIENT UNITS BEHAVIORAL HEALTH SERVICES ARE DELIVERED IN THE VILLAGES THROUGH THE VILLAGE BASED COUNSELORS (VBC'S) KEY STATISTICS FOR FY11 INCLUDE SUBSTANCE ABUSE ENCOUNTERS 1,654 MENTAL HEALTH SERVICES MENTAL HEALTH ENCOUNTERS 2,577 EMERGENCY SERVICE ENCOUNTERS 711

4d Other program services (Describe in Schedule O) **See also Additional Data for Description**

(Expenses $ 7,441,884 including grants of $) (Revenue $ 320,113)

4e **Total program service expenses** ▶ $ 63,777,962

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	86		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	661		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	25		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	24		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Does the organization have members or stockholders?		6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a		No
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		No
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c		No
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14		No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

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 ▶

CRAIG AMBROSIANI
PO BOX 966
NOME, AK 99762
(907) 443-3201

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								2,479,857	0	141,373

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 ▶ 28

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
KUMIN ASSOCIATES 808 E STREET SUITE 200 ANCHORAGE, AK 99501	ARCHITECTURAL DESIGN SERVICES	1,881,385
DOWL HKM 4041 B STREET ANCHORAGE, AK 99503	CIVIL ENGINEERING SERVICES	1,879,957
NURSES PROFESSIONAL SERVICES PO BOX 60839 CHARLOTTE, NC 28260	CONTRACT & TEMPORARY SERVICES	639,957
WAINEBRANDT LLC 1755 NORTH BROWN ROAD SUITE 200 LAWRENCEVILLE, GA 30043	FINANCIAL MANAGEMENT SERVICES	486,909
LOCUM TENENS USA INC 1030 MATHESON WAY ALPHARETTA, GA 30022	PHYSICAN STAFFING SERVICES	471,103

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 21

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	113,508,992			
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		113,508,992			
Program Service Revenue		Business Code				
	2a NET PATIENT REVENUES	900099	29,444,253	29,444,253		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		29,444,253			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		343,879			343,879
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents					
	b Less rental expenses					
	c Rental income or (loss)					
	d Net rental income or (loss) . . . . . ▶					
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		1,357,293			
	b Less cost or other basis and sales expenses					
	c Gain or (loss)		1,357,293			
	d Net gain or (loss) . . . . . ▶		1,357,293			1,357,293
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a MISCELLANEOUS REVENUES	900099	601,426	601,426		
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶		601,426			
	12 **Total revenue.** See Instructions . . . ▶		145,255,843	30,045,679	0	1,701,172

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	68,327	68,327		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	110,855	110,855		
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	992,429	369,956	622,473	
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	26,633,667	23,700,248	2,933,419	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,330,554	1,200,223	130,331	
9 Other employee benefits	6,081,496	5,248,449	833,047	
10 Payroll taxes	2,294,983	2,047,804	247,179	
a Fees for services (non-employees) Management				
b Legal	281,489		281,489	
c Accounting	846,543	59,094	787,449	
d Lobbying	165,000		165,000	
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees	86,413	86,413		
g Other	5,254,897	4,743,918	510,979	
12 Advertising and promotion	198,013	10,690	187,323	
13 Office expenses	975,352	641,287	334,065	
14 Information technology	224,974		224,974	
15 Royalties				
16 Occupancy	3,249,322	2,799,431	449,891	
17 Travel	7,129,406	6,411,838	717,568	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	87,168	43,893	43,275	
20 Interest	65,328	65,328		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,095,258	1,188,061	907,197	
23 Insurance	503,345	11,215	492,130	
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 MATERIALS AND OTHER OPE	4,564,698	4,335,408	229,290	
b MAINTENANCE AND EQUIPME	1,359,354	934,413	424,941	
c BAD DEBT	624,613	624,613		
d ALLOCATION OF INDIRECT	0	8,961,468	-8,961,468	
e				
f All other expenses	307,744	115,030	192,714	
25 **Total functional expenses.** Add lines 1 through 24f	65,531,228	63,777,962	1,753,266	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		384,011	1	4,077,424
	2	Savings and temporary cash investments		50,677,144	2	24,498,662
	3	Pledges and grants receivable, net		4,670,345	3	5,165,268
	4	Accounts receivable, net		9,454,377	4	10,093,491
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		774,895	8	753,927
	9	Prepaid expenses and deferred charges		214,305	9	241,151
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 161,741,588			
	b	Less accumulated depreciation	10b 36,884,584	48,103,906	10c	124,857,004
	11	Investments—publicly traded securities		10,536,241	11	32,920,567
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,005,767	15	3,316
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		125,820,991	16	202,610,810
Liabilities	17	Accounts payable and accrued expenses		6,051,041	17	7,455,788
	18	Grants payable			18	
	19	Deferred revenue		42,517,932	19	37,921,360
	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		1,316,305	23	1,203,257
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		1,006,723	25	1,108,220
	26	**Total liabilities.** Add lines 17 through 25		50,892,001	26	47,688,625
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		74,928,990	27	154,922,185
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		74,928,990	33	154,922,185
	34	Total liabilities and net assets/fund balances		125,820,991	34	202,610,810

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	145,255,843
2	Total expenses (must equal Part IX, column (A), line 25)	2	65,531,228
3	Revenue less expenses Subtract line 2 from line 1	3	79,724,615
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	74,928,990
5	Other changes in net assets or fund balances (explain in Schedule O)	5	268,580
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	154,922,185

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☑ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTON SOUND HEALTH CORPORATION

Employer identification number
92-0041488

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")	31,194,123	41,440,464	43,049,321	43,325,683	113,508,992	272,518,583
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	31,194,123	41,440,464	43,049,321	43,325,683	113,508,992	272,518,583
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						272,518,583

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	31,194,123	41,440,464	43,049,321	43,325,683	113,508,992	272,518,583
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	403,633	489,030	446,487	382,285	1,701,172	3,422,607
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)	398,579	2,664,045	1,768,982	952,561	601,426	6,385,593
11 **Total support** (Add lines 7 through 10)						282,326,783

12	Gross receipts from related activities, etc (See instructions)	12	152,814,951

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	96 530 %
15	Public Support Percentage for 2009 Schedule A, Part II, line 14	15	95 540 %

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☑

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
NORTON SOUND HEALTH CORPORATION	92-0041488

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		165,000
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			165,000
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	THE CORPORATION CONTRACTS WITH TWO INDIVIDUALS WHO LOBBY ON BEHALF OF THE ORGANIZATION FOR TRIBAL HEALTH AND VILLAGE MATTERS ONE IS FOCUSED ON STATE OF ALASKA AND ONE OPERATES ON THE FEDERAL LEVEL THEY HAVE DIRECT CONTACT WITH LEGISLATORS, ETC

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTON SOUND HEALTH CORPORATION

Employer identification number
92-0041488

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,498,302		1,498,302
b Buildings		38,736,289	24,800,310	13,935,979
c Leasehold improvements				
d Equipment		16,393,997	12,084,274	4,309,723
e Other		105,113,000		105,113,000
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				124,857,004

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
RESERVE FOR CLAIM PAYMENTS	1,108,220
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,108,220

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	145,255,843
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	65,531,228
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	79,724,615
4	Net unrealized gains (losses) on investments	4	268,580
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	268,580
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	79,993,195

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	150,296,323
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	268,580		
b	Donated services and use of facilities	2b	4,771,900		
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	5,040,480
3	Subtract line **2e** from line **1**			3	145,255,843
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	145,255,843

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

1	Total expenses and losses per audited financial statements			1	70,303,128
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a	4,771,900		
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	4,771,900
3	Subtract line **2e** from line **1**			3	65,531,228
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	65,531,228

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	THE CORPORATION IS EXEMPT FROM INCOME TAXES AS A NONPROFIT CORPORATION UNDER INTERNAL REVENUE CODE SECTION 501(C)(3) ON OCTOBER 1, 2009, THE CORPORATION ADOPTED THE PROVISIONS OF FASB ASC 740, INCOME TAXES THE ADOPTION OF ASC 740 DID NOT HAVE ANY IMPACT ON THE CORPORATION'S FINANCIAL STATEMENTS, AND MANAGEMENT BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN THE CORPORATION'S FEDERAL INFORMATIONAL RETURNS (FORM 990) ARE SUBJECT TO POSSIBLE EXAMINATION BY THE INTERNAL REVENUE SERVICE UNTIL THE EXPIRATION OF THE RELATED STATUTE OF LIMITATIONS ON THOSE INFORMATIONAL RETURNS, WHICH, IN GENERAL, HAVE A THREE-YEAR STATUE OF LIMITATIONS

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTON SOUND HEALTH CORPORATION

Employer identification number
92-0041488

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 101.000000000000 %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a		No
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			2,700,100		2,700,100	4 120 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			13,713,520	14,788,920	-1,075,400	0 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			16,413,620	14,788,920	1,624,700	4 120 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			5,739,698		5,739,698	8 760 %
f Health professions education (from Worksheet 5)			110,855		110,855	0 170 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			60,000		60,000	0 090 %
j **Total** Other Benefits			5,910,553		5,910,553	9 020 %
k **Total.** Add lines 7d and 7j			22,324,173	14,788,920	7,535,253	13 140 %

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			1,253,572		1,253,572	1 910 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			1,253,572		1,253,572	1 910 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	542,851		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	2,772,096
6	Enter Medicare allowable costs of care relating to payments on line 5	6	2,744,650
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	27,446
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures**

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

Part V Facility Information

Section A. Hospital Facilities

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

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	NORTON SOUND HEALTH CORPORATION PO BOX 966 NOME,AK 99762	X	X			X		X		OUTPATIENT PHYSICIAN CLINICS IN THE VILLAGES

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? **16**

Name and address	Type of Facility (Describe)
1 See Additional Data Table	

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART II NSHC IS A TRIBAL ORGANIZATION THAT EXISTS TO SERVE OUR PEOPLE IN ADDITION TO TREATING THE HEALTH PROBLEMS OF THE REGION, NSHC HAS BEEN PUTTING A GROWING EMPHASIS ON WORKING WITH INDIVIDUALS AND OUR COMMUNITIES TO PREVENT HEALTH PROBLEMS AN ADDITIONAL EFFORT IS PLACED ON "GROWING OUR OWN" FROM BOTH WITHIN THE CORPORATION, AS WELL AS ENCOURAGING OUR PEOPLE WITHIN THE REGION TO FOCUS ON EDUCATION AND/OR TRAINING FOR ALL LEVELS OF POSITIONS WITHIN OUR HEALTH CORPORATION WE ALSO FOCUS ON PROTECTING OUR ENVIRONMENT, DEVELOPING OUR ORGANIZATION AND ITS FINANCIAL STRENGTH, AND ENCOURAGING THE PEOPLE OF THIS REGION TO BECOME INVOLVED IN HEALTH CAREERS BECAUSE FEW JOBS ARE AVAILABLE IN THE VILLAGES, MANY PEOPLE CONTINUE TO LEAD A TRADITIONAL SUBSISTENCE LIFESTYLE, SUPPLEMENTING HUNTING, FISHING AND GATHERING WITH SEASONAL OR PART-TIME EMPLOYMENT AS A RESULT, WE ENCOURAGE OUR VILLAGE PEOPLE TO SEEK CAREERS IN HEALTH FIELDS WHERE WE HAVE MID-LEVEL PRACTITIONERS, HEALTH AIDES, CLINIC TRAVEL CLERKS, DENTAL HEALTH THERAPISTS, VILLAGE BASED COUNSELORS AND PATIENT BENEFIT COORDINATORS POSITIONS IN THE VILLAGES AND CAN CONTINUE TO MAINTAIN A TRADITIONAL SUBSISTENCE LIFESTYLE "GROWING OUR OWN" THEN BECOMES A REALITY FOR NSHC AND OUR PEOPLE

Identifier	ReturnReference	Explanation
		PART III, LINE 4 ESTIMATED UNCOLLECTIBLE REVENUE IS REPORTED AS A PROVISION FOR BAD DEBTS IN THE FINANCIAL STATEMENTS MANAGMENT'S ESTIMATE OF THE NET REALIZABLE VALUE OF PATIENT ACCOUNTS RECEIVABLE IS BASED ON HISTORICAL COLLECTIONS OF ACCOUNTS RECEIVABLE AND CURRENT ECONOMIC, REGULATORY AND DEMOGRAPHIC INFORMATION

Identifier	ReturnReference	Explanation
		PART III, LINE 8 IRS REV RUL 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NONPROFIT HOSPITALS, STATES THAT IF A HOSPITAL SERVES PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, THEN THIS IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY THIS IMPLIES THAT TREATING MEDICARE PATIENTS IS A COMMUNITY BENEFIT COSTS FOR MEDICARE WERE OBTAINED FROM THE NORTON SOUND HEALTH CORPORATION MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
NORTON SOUND HEALTH CORPORATION		PART V, SECTION B, LINE 11H NUMBER OF HOUSEHOLD MEMBERS

Identifier	ReturnReference	Explanation
NORTON SOUND HEALTH CORPORATION		PART V, SECTION B, LINE 13G DISCUSSED DURING ADMISSION PROCESS

Identifier	ReturnReference	Explanation
NORTON SOUND HEALTH CORPORATION		PART V, SECTION B, LINE 19D THE HOSPITAL FACILITY USES A 20% DISCOUNT WHICH IS LOWER THAN NEGOTIATED COMMERICAL RATES

Identifier	ReturnReference	Explanation
		NORTON SOUND HEALTH CORPORATION (NSHC) PREPARES AN ANNUAL WRITTEN REPORT THAT DESCRIBES THE ORGANIZATION'S PROGRAMS AND SERVICES THAT PROMOTE THE HEALTH OF THE COMMUNITY OR COMMUNITIES SERVED BY THE ORGANIZATION THIS ANNUAL REPORT CAN FOUND ON NSHC'S WEBSITE WWW NORTONSOUNDHEALTH ORG

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 NORTON SOUND HEALTH CORPORATION IDENTIFIES UNMET COMMUNITY HEALTH NEEDS BY PARTICIPATING IN COMMUNITY COALITIONS, PARTNERSHIPS, BOARDS, COMMITTEES, COMMISSIONS AND PANELS ADDITIONALLY, EACH OF THE 15 VILLAGES SERVED BY NSHC AS WELL AS THE NOME REGION AT LARGE ARE REPRESENTED ON THE NSHC BOARD OF TRUSTEES AT EACH QUARTERLY MEETING OF THE BOARD, HEALTHCARE NEEDS OF THE VARIOUS REGIONS ARE COMMUNICATED THROUGH VILLAGE REPORTS TO THE FULL BOARD

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 NORTON SOUND HEALTH CORPORATION IS COMMITTED TO PROVIDING ACCESS TO QUALITY HEALTHCARE WITH COMPASSION, DIGNITY AND RESPECT FOR THOSE WE SERVE, PARTICULARLY THE POOR AND THE UNDERSERVED IN OUR COMMUNITIES NSHC EFFECTIVELY COMMUNICATES WITH PATIENTS REGARDING PATIENT PAYMENT OBLIGATIONS FINANCIAL COUNSELING IS PROVIDED BY OUR BENEFIT COORDINATORS AS WELL AS GENERAL PATIENT FINANCIAL STAFF INFORMATION ON HOSPITAL BASED FINANCIAL SUPPORT POLICIES AND EXTERNAL PROGRAMS THAT PROVIDE COVERAGE FOR SERVICES ARE MADE AVAILABLE TO PATIENTS DURING THE REGISTRATION PROCESS AND IN RESPONSE TO PATIENTS SEEKING FINANCIAL ASSISTANCE PATIENT ACCOUNTING STAFF ALSO SUPPORT THE FINANCIAL COUNSELING PROGRAM BY PROVIDING PATIENTS WITH INFORMATION AND APPLICATIONS WHILE HANDLING CUSTOMER SERVICE CALLS AT NSHC WE WORK VERY CLOSELY WITH PATIENTS TO ENSURE THAT MEDICAID COVERAGE IS APPLIED FOR WHEN APPROPRIATE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 NORTON SOUND HEALTH CORPORATION, BASED IN NOME, ALASKA, WAS FOUNDED IN 1970 TO SERVE THE HEALTH CARE NEEDS OF THE INUPIAT, SIBERIAN YUPIK, AND YU'PIK PEOPLE OF THE BERING STRAIT REGION OF NORTHWEST ALASKA A NON-PROFIT CONSORTIUM OF 20 TRIBES, NSHC WAS ONE OF THE FIRST NATIVE HEALTH ORGANIZATIONS IN THE COUNTRY TO ASSUME COMPLEX RESPONSIBILITY FOR MEDICAL CARE OF THE PEOPLE IT SERVES OUR BOARD OF DIRECTORS IS COMPOSED OF CONSUMERS, MOST CHOSEN BY THE 20 TRIBAL GOVERNMENTS IN THE REGION THE BERING STRAIT REGION IS A 44,000-SQUARE-MILE AREA THAT EXTENDS TO THE RUSSIAN BORDER IN THE BERING SEA ABOUT 81 PERCENT OF THE REGIONS 9,200 PEOPLE ARE ALASKA NATIVES NSHC OPERATES NORTON SOUND REGIONAL HOSPITAL IN NOME, THE HUB CITY OF THE REGION WITH APPROXIMATELY 3,500 RESIDENTS WE OPERATE CLINICS IN 15 VILLAGES ON THE COAST AND ISLANDS OF THE BERING SEA

Additional Data

Software ID:
Software Version:
EIN: 92-0041488
Name: NORTON SOUND HEALTH CORPORATION

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? **16** Name and address	Type of Facility (Describe)
QUYANNA CARE CENTER PO BOX 966 NOME,AK 99762	LONG TERM CARE FACILITY
SUB-REGIONAL CLINIC PO BOX 189 UNALAKLEET,AK 99684	OUTPATIENT CLINIC
BESSIE KANINGOK CLINIC PO BOX 190 GAMBELL,AK 99742	OUTPATIENT CLINIC
SAVOONGA CLINIC PO BOX 151 SAVOONGA,AK 99769	OUTPATIENT CLINIC
TAPRARMIUT YUNGCARVIAT CLINIC PO BOX 50 STEBBINS,AK 99671	OUTPATIENT CLINIC
KATHERINE MIKSRUAQOLANNA MEMORIAL CLINIC PO BOX 133 SHISHMAREF,AK 99772	OUTPATIENT CLINIC
BREVIG MISSION CLINIC PO BOX 85058 BREVIG MISSION,AK 99785	OUTPATIENT CLINIC
RUTH QUMIIGGAN HENRY MEMORIAL CLINIC PO BOX 70 KOYUK,AK 99753	OUTPATIENT CLINIC
YUKUNIARAQ YUNQCARVIK PO BOX 69 ELIM,AK 99739	OUTPATIENT CLINIC
KATHLEEN L KOBUK MEMORIAL CLINIC PO BOX 94 ST MICHAEL,AK 99659	OUTPATIENT CLINIC
TELLER CLINIC PO BOX 545 TELLER,AK 99778	OUTPATIENT CLINIC
SHAKTOOLIK CLINIC PO BOX 09 SHAKTOOLIK,AK 99771	OUTPATIENT CLINIC
TOBY ANUNGAZUK SR MEMORIAL CLINIC PO BOX 530 WALES,AK 99783	OUTPATIENT CLINIC
IRENE L AUKONGAK DAGUMAAQ HEALTH CLINIC PO BOX 62039 GOLOVIN,AK 99762	OUTPATIENT CLINIC
NATCHIRSVIK HEALTH CLINIC PO BOX 29 WHITE MOUNTAIN,AK 99784	OUTPATIENT CLINIC
LITTLE DIOMEDE CLINIC PO BOX 7059 LITTLE DIOMEDE,AK 99762	OUTPATIENT CLINIC

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTON SOUND HEALTH CORPORATION

Employer identification number
92-0041488

Part I General Information on Grants and Assistance

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

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

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

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) CITY OF TELLERPO BOX 501 TELLER,AK 99778	92-0038016		30,000		COST		CONSTRUCTION OF BASKETBALL COURT
(2) NOME EMERGENCY SHELTER TEAMPO BOX 1609 NOME,AK 99762	27-3970829		30,000		COST		TO EXTEND SERVICES PROVIDED TO HOMELESS

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

3 Enter total number of other organizations . . . ▶

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) FINANCIAL ASSISTANCE TO ELIGIBLE STUDENTS WHO ARE PURSUING HIGHER EDUCATION IN A HEALTH RELATED FIELD	91	110,855		CASH	

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 SCHOLARSHIP PAYMENTS ARE ISSUED DIRECTLY TO THE EDUCATIONAL INSTITUTION ON BEHALF OF THE ELIGIBLE RECIPIENT FOR SCHOLARSHIPS, RECIPIENTS MUST PROVIDE EVIDENCE OF SATISFACTORY COMPLETION OF COURSES AND MAINTAIN GPA'S AS MANDATED IN NORTON SOUND POLICY FOR SCHOLARSHIPS

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTON SOUND HEALTH CORPORATION

Employer identification number
92-0041488

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) CAROL PISCOYA	(i)	183,051	0	0	12,600	884	196,535	0
	(ii)	0	0	0	0	0	0	0
(2) DAVID HEAD	(i)	336,114	0	0	23,347	1,300	360,761	0
	(ii)	0	0	0	0	0	0	0
(3) JULIUS GOSLIN III	(i)	178,886	0	0	0	750	179,636	0
	(ii)	0	0	0	0	0	0	0
(4) EDWARD ZEFF	(i)	170,088	0	0	0	0	170,088	0
	(ii)	0	0	0	0	0	0	0
(5) KAREN ONEILL	(i)	307,049	0	0	21,138	884	329,071	0
	(ii)	0	0	0	0	0	0	0
(6) MARK KELSO	(i)	292,254	0	0	20,277	1,300	313,831	0
	(ii)	0	0	0	0	0	0	0
(7) SAI-LING LIU	(i)	300,148	0	0	20,828	416	321,392	0
	(ii)	0	0	0	0	0	0	0
(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 M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTON SOUND HEALTH CORPORATION

Employer identification number
92-0041488

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other	X	1	67,822,916	COST
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29**

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

Part II

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
NORTON SOUND HEALTH CORPORATION

Employer identification number
92-0041488

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		ONE OF THE ORGANIZATIONS DIRECTORS HAS A FAMILY RELATIONSHIP WITH AN OFFICER OF THE ORGANIZATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3		NORTON SOUND HEALTH CORPORATION UTILIZED THE SERVICES OF A PUBLIC ACCOUNTING FIRM TO PROVIDE FINANCIAL MANAGEMENT SERVICES

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE ORGANIZATION'S 2010 FORM 990 WILL BE PRESENTED AT A FULL BOARD MEETING IN SEPTEMBER 2012

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	OFFICER AND KEY EMPLOYEE SALARIES REQUIRE BOARD APPROVAL AND HAVE HISTORICALLY BEEN DETERMINED USING READILY AVAILABLE MARKET DATA FOR COMPARISON DURING FY11 THE CORPORATION ENGAGED AN OUTSIDE ENTITY TO COMPLETE A COMPENSATION ANALYSIS THE PLAN WAS FINALIZED IN FY11 AND PHASE I WAS IMPLEMENTED IN FY11

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 18	THE ORGANIZATION MAKES ITS FORMS 1023 AND 990 AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	UPON REQUEST, THE ORGANIZATION WILL MAKE ITS GOVERNING DOCUMENTS, POLICIES AND FINANCIAL STATEMENTS AVAILABLE.

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 268,580

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	AUDIT OVERSIGHT AND SELECTION PROCESSES HAVE NOT CHANGED FROM PRIOR YEAR

NORTON SOUND HEALTH CORPORATION

Financial Statements and
Supplementary Information

Year Ended September 30, 2011
With Comparative Totals for 2010

(With Independent Auditors' Report Thereon)

NORTON SOUND HEALTH CORPORATION

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ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801
907 789 3178 • FAX 907 789 7128 • www.crmcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Norton Sound Health Corporation

We have audited the accompanying statement of financial position of Norton Sound Health Corporation (a nonprofit organization) as of September 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Norton Sound Health Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Norton Sound Health Corporation's 2010 financial statements and, in our report dated May 9, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Norton Sound Health Corporation as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated March 19, 2012 on our consideration of Norton Sound Health Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedule of activities on page 20 is presented for 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.

ERM

March 19, 2012

NORTON SOUND HEALTH CORPORATION

Statement of Financial Position

September 30, 2011

(with comparative totals for 2010)

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 11,996,936	$ 8,511,866
Cash and investments - ARRA, restricted		
Cash and cash equivalents	154,450	39,161,033
Investments	33,955,978	-
Patient accounts receivable, net of estimated allowance for doubtful accounts of $809,604 for 2011 and $839,508 for 2010	3,508,350	3,913,452
Receivable from Indian Health Service	171,657	11,451
Receivables from funding agencies	4,993,611	4,658,894
Other receivables	4,941,401	5,172,146
Inventories	753,927	774,895
Prepaid expenses	241,151	214,305
Total current assets	60,717,461	62,418,042
BOARD-DESIGNATED ASSETS		
Reserve for USDA note payable	62,180	62,180
Investment securities	15,327,109	13,862,317
Investment in Inuit Development Diversified, LLC	3,316	1,005,767
Total board-designated assets	15,392,605	14,930,264
NON-CURRENT ASSETS		
Property and equipment, net of accumulated depreciation	124,857,004	48,103,906
Other receivables	1,643,740	368,779
Total non-current assets	126,500,744	48,472,685
Total assets	$ 202,610,810	$ 125,820,991
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payroll liabilities	$ 465,194	$ 1,124,549
Compensated absences	1,069,213	1,055,450
Accounts payable and accrued expenses	5,526,215	3,861,824
Reserve for claim payments	1,108,220	1,006,723
Deferred revenue	37,921,360	42,517,932
Current portion of long-term liabilities	119,594	113,049
Other payables	395,166	9,218
Total current liabilities	46,604,962	49,688,745
LONG-TERM LIABILITIES	1,083,663	1,203,256
Total liabilities	47,688,625	50,892,001
UNRESTRICTED NET ASSETS		
Board-designated assets	15,392,605	14,930,264
Net assets invested in property and equipment, net of related debt	123,653,747	46,787,601
Undesignated	15,875,833	13,211,125
Total unrestricted net assets	154,922,185	74,928,990
Total liabilities and net assets	$ 202,610,810	$ 125,820,991

The accompanying notes to financial statements are an integral part of this statement

NORTON SOUND HEALTH CORPORATION

Statement of Activities

Year Ended September 30, 2011

(with comparative totals for 2010)

	Unrestricted Net Assets	
	2011	2010
Revenues:		
Net patient service revenue	$ 29,444,252	$ 30,565,253
Indian Health Service Compact		
Patient service revenue	23,571,156	23,405,353
Tribal shares	1,668,789	1,470,871
Other	4,408,734	4,496,244
Total Indian Health Service Compact	29,648,679	29,372,468
Grant and contract revenue	7,011,978	6,901,011
Investment income	1,969,752	662,690
Miscellaneous income	5,373,328	5,786,639
Total revenues	73,447,989	73,288,061
Expenses:		
Program Services.		
Community Health Division.		
Regional health services	14,590,881	14,384,965
Behavioral health services	2,695,408	2,318,537
State and federal grants and contracts	7,441,884	7,684,911
Hospital Division	43,642,247	40,949,605
Total program services	68,370,420	65,338,018
Supporting services - general and administrative, net of indirect cost recovery and administrative allocation of $11,161,464 for 2011 and $10,352,705 for 2010	1,932,708	1,811,926
Total expenses	70,303,128	67,149,944
Excess of revenues over expenses	3,144,861	6,138,117
Construction grant revenue	76,848,334	7,052,204
Change in net assets	79,993,195	13,190,321
Net assets, beginning of year	74,928,990	61,738,669
Net assets, end of year	$ 154,922,185	$ 74,928,990

The accompanying notes to financial statements are an integral part of this statement

NORTON SOUND HEALTH CORPORATION

Statement of Functional Expenses

Year Ended September 30, 2011

(with comparative totals for 2010)

	Program Services					Supporting Services	Total	
	Regional Health Services	Behavioral Health Services	State and Federal Grants and Contracts	Hospital Division	Total	General and Administrative	2011	2010
Expenses								
Salaries and fringe benefits	$ 9,191,262	$ 1,815,504	$ 4,553,328	$20,774,043	$36,334,137	$ 4,575,161	$40,909,298	$38,200,870
Facilities	918,728	122,803	91,141	1,666,760	2,799,432	2,649,886	5,449,318	5,613,592
Professional fees and contractual services	176,047	7,875	170,220	681,093	1,035,235	2,028,377	3,063,612	3,190,886
Supplies	1,212,396	47,646	206,455	3,064,265	4,530,762	296,323	4,827,085	4,766,553
Travel	463,525	204,733	598,467	5,145,117	6,411,842	717,569	7,129,411	6,468,142
Insurance	-	-	-	11,215	11,215	492,131	503,346	478,860
Depreciation	-	-	-	1,188,061	1,188,061	907,197	2,095,258	2,256,776
Provision for bad debts	-	-	-	624,613	624,613	-	624,613	316,781
Repairs, maintenance and minor equipment	126,854	14,423	479,578	477,584	1,098,439	558,077	1,656,516	1,926,961
Home office support costs	-	-	-	2,571,904	2,571,904	-	2,571,904	2,634,078
Other	172,256	52,032	74,137	468,915	767,340	869,451	1,636,791	1,376,107
	12,261,068	2,265,016	6,173,326	36,673,570	57,372,980	13,094,172	70,467,152	67,229,606
Indirect expenses charged to grant programs	-	-	1,268,558	164,024	1,432,582	(1,432,582)	-	-
Functional allocation of administrative expenses	2,329,813	430,392	-	6,968,677	9,728,882	(9,728,882)	-	-
Capitalized indirect expenses	-	-	-	(164,024)	(164,024)	-	(164,024)	(79,662)
Total expenses	$14,590,881	$ 2,695,408	$ 7,441,884	$43,642,247	$68,370,420	$ 1,932,708	$70,303,128	$67,149,944

The accompanying notes to financial statements are an integral part of this statement

NORTON SOUND HEALTH CORPORATION

Statement of Cash Flows

Year Ended September 30, 2011

(with comparative totals for 2010)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 79,993,195	$ 13,190,321
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,095,258	2,256,776
Capital contribution	(67,822,916)	-
Equity in the earnings from investment in Inuit Development Diversified, LLC	1,002,451	(112,111)
Gain on sale and unrealized gain on investments	(178,547)	(280,405)
Provision for bad debts	624,613	316,781
Net (increase) decrease in assets		
Restricted cash, ARRA	39,006,583	(39,161,033)
Patient accounts receivable	(219,511)	(1,090,108)
Receivable from Indian Health Service	(160,206)	(11,451)
Other receivables -- including funding agencies	(1,378,933)	(2,656,469)
Inventories	20,968	20,469
Prepaid expenses	(26,846)	133,931
Net increase (decrease) in liabilities:		
Accrued payroll and other related liabilities	(645,592)	206,054
Accounts payable and other accrued expenses	2,050,339	(550,533)
Reserve for claim payments	101,497	(300,248)
Payable to Indian Health Service	-	(87,231)
Deferred revenue	(4,596,572)	37,188,657
Net Cash Provided by Operating Activities	49,865,781	9,063,400
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(11,025,440)	(8,248,291)
Purchases of ARRA restricted investment securities	(34,046,011)	-
Purchases of investment securities, board-designated assets	(1,196,212)	(2,943,081)
Payments on note receivable	-	10,124
Net Cash Used for Investing Activities	(46,267,663)	(11,181,248)
CASH FLOWS FROM FINANCING ACTIVITIES.		
Repayment of note payable	(113,048)	(50,824)
Net increase (decrease) in cash and cash equivalents	3,485,070	(2,168,672)
Cash and cash equivalents at beginning of year	8,511,866	10,680,538
Cash and cash equivalents at end of year	$ 11,996,936	$ 8,511,866
Noncash investing and financing transactions:		
During 2001 the Corporation recognized a receivable for $1,560,000 (as further described in note 13). The present value of the receivable at September 30, 2011 is $283,218 Interest income of $18,439 was recognized in fiscal year 2011 as a result of discounting the receivable at 5%.		
Equipment purchased through capital lease obligation	$ -	$ 498,766
Capital contribution under Title V, Mod 7 (Note 14)	$ 67,822,916	$ -
Supplemental cash flows disclosure		
Cash paid during the year for interest	$ 65,588	$ 49,898

The accompanying notes to financial statements are an integral part of this statement

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Norton Sound Health Corporation (Corporation or NSHC) was incorporated for the purpose of carrying out nonprofit activities in the areas of health, education and social services for residents in the Norton Sound region of Alaska.

Effective March 31, 1977, the Corporation acquired substantially all the assets and assumed certain liabilities of the Maynard McDougall Memorial Hospital from the Women's Division of the Global Ministries of the United Methodist Church. The facility is operated as the Norton Sound Regional Hospital (Hospital), a division of the Corporation. The Hospital provides acute inpatient and outpatient care, long-term care and other community health care services.

Basis of Accounting and Financial Statement Presentation
The financial statements have been prepared on the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205 *Presentation of Financial Statements* and 958-210-45-1 *Other Presentation Matters*. Under FASB ASC 958-210-45-1, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are net assets that are not subject to donor-imposed stipulations or restrictions. Temporarily restricted net assets are those subject to donor-imposed stipulations that may or will be met by actions of the Corporation or the passage of time. There were no temporary or permanently restricted net assets at September 30, 2011 or 2010.

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

Cash Equivalents
Cash equivalents include highly liquid securities with maturities of three months or less at purchase.

Investments
The Corporation's marketable investment securities are reported at market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Short-term investments include certificates of deposit with original maturities greater than three months whose carrying values approximate market value.

Investment in Inuit Development Diversified, LLC
The Corporation, Bristol Bay Area Health Corporation, Yukon-Kuskokwim Health Corporation and Alaska Native Health Board entered into an agreement to form an Alaska Limited Liability Company, Inuit Development Diversified, LLC (IDD). The Corporation was formed for the purpose of building and managing an office building in Anchorage, Alaska for lease to the Indian Health Service Area Office The investment is accounted for under the equity method of accounting. Note 4 provides further information on IDD operations during 2011.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues

The Corporation administers federal, state and local grants and contracts, which are generally of a cost reimbursement type that include provisions for advances and billings for costs incurred. Revenues and receivables of the Corporation are generally recorded when reimbursable expenses are incurred to the extent of the grant or contract amount. Amounts receivable from funding agencies include amounts relating to expenses incurred prior to year-end but not billed until after year-end Advances from funding agencies are considered earned when an expense is incurred. All funding agency receipts in excess of expenses for ongoing programs are recorded as deferred revenue Funding agency receipts in excess of expenses for completed programs are recorded as amounts payable to funding agencies.

Revenue from the U.S. Department of Health and Human Services, Indian Health Service (IHS) Compact is recognized when earned. Amounts receivable from the IHS include the balance of the current year Compact not received by year-end. Amounts received from the IHS in excess of current year expenditures, if any, are retained by the Corporation.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers Estimated uncollectible revenue is reported as a provision for bad debts in the financial statements. 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

Management's estimate of the net realizable value of patient accounts receivable is based on historical collections of accounts receivable and current economic, regulatory and demographic information.

Allocation of Indirect and Administrative Expenses

The General Fund is used to record indirect and administrative expenses, which benefit all programs and are not directly charged to programs. Costs are allocated to the State and Federal Grant and Contract Fund based on a contractual agreement negotiated with the state and federal cognizant agencies. These charges have been made at the current negotiated provisional rates unless otherwise limited by contractual agreement. Costs are allocated to all other Funds based upon the total direct expenses of each fund.

Inventories and Supplies

Inventories and supplies are stated at the lower of cost or market using the first-in, first-out method.

Property and Equipment

Property and equipment are carried at original acquisition cost or estimated fair market value at the time of donation Depreciation is computed by the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives. Useful lives of equipment and buildings range between 5-15 years and 20-30 years, respectively Property and equipment costing $1,000 or more is capitalized. Costs for minor equipment, repairs and maintenance are expensed when incurred. Certain purchases of equipment funded by federal and state grants are recorded as expenditures of the fund making the purchase. As title to the assets remains with the respective government, the assets are not reflected in the Corporation's financial statements, nor is depreciation recognized.

Contributed Services

Contributions of donated services are recorded when received. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The value of contributed services is based on the fair market value as determined by the contributor. Contributed services revenue is presented with "Other" revenue in the statement of activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Malpractice Costs
The Corporation and Hospital are covered under Federal Tort Claim Act Coverage, which is extended to contractors, grantees and recipients of cooperative agreements under Public Law 93-638, the Indian Self-Determination and Education Assistance Act.

Extended Illness Leave
Employees accrue extended illness leave that is forfeited at termination. Extended illness use is infrequent and as such, no accrual for sick leave has been made. As of September 30, 2011, 23,861 total extended leave hours had been earned but not yet used by employees, representing $1,032,906 in extended illness leave at employees' current standard hourly rates.

Advertising Costs
The Corporation accounts for advertising costs by expensing them as incurred. Advertising costs for the years ended September 30, 2011 and 2010 were $198,012 and $97,342, respectively.

Income Taxes
The Corporation is exempt from income taxes as a nonprofit corporation under Internal Revenue Code Section 501(c)(3).

On October 1, 2009, the Corporation adopted the provisions of FASB ASC 740, *Income Taxes*. The adoption of ASC 740 did not have any impact on the Corporation's financial statements, and management believes that it has appropriate support for any tax positions taken. The Corporation's federal informational returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations on those informational returns, which, in general, have a three-year statute of limitations.

Fair Value Measurements
The Corporation follows FASB ASC 820, *Fair Value Measurement and Disclosure*. FASB ASC 820 provides a framework for measuring fair value and requires that an entity determine fair value based on exit price from the principal market for the asset or liability being measured.

Summary Financial Information for 2010
The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended September 30, 2010, from which the summarized comparative information was derived. Certain amounts have been reclassified to conform to the current presentation These reclassifications did not change net assets.

NOTE 2 – PROGRAMS

The Corporation operates primarily from a self-governance compacting agreement, the Alaska Tribal Health Compact (Compact), with the U S Department of Health and Human Services, Indian Health Service (IHS) and from cost reimbursable grants and contracts principally through the State of Alaska Programs are established to account for the activities of each grant or contract received from a federal or state agency, and are described as follows:

General Fund
This fund is used to account for the administrative and other miscellaneous expenses of the Corporation.

NOTE 2 – PROGRAMS, continued

Regional Health Services
This fund is used to account for amounts received from the Indian Health Service which are used to provide health programs, activities, functions and services to the Alaska Native and American Indian beneficiaries of the Norton Sound region as identified in the Corporation's Funding Agreement.

Behavioral Health Services
This fund is used to account for amounts received from the Indian Health Service which are used to provide mental health, substance abuse and other health education programs to the Alaska Native and American Indian beneficiaries of the Norton Sound region as identified in the Corporation's Funding Agreement.

Hospital Division
This fund is used to account for revenues and related expenses from the operations of Norton Sound Regional Hospital and the Quyanna Care Center, the Corporation's acute care and long-term care facilities, respectively.

State of Alaska and Federal Grants and Contracts
This fund is used to account for amounts received from state and federal agencies. A separate fund is established to account for each grant or contract received from the various state and federal agencies, as well as local grants and contracts. Federal and state funding for fiscal year 2011 was $108,489,939 and $5,246,456, respectively.

The State of Alaska grants and contracts are as follows:

- Public Health Nursing
- TB Control
- Infant Learning
- Community Health Aide Training
- Emergency Medical Services
- Comprehensive Behavioral Health Treatment and Recovery
- Developmental Disabilities
- Rural Human Services Project
- Women, Infants and Children
- Remote Maintenance Worker
- Long-Term Care Facility Replacement

The federal grants and contracts are as follows:

- Indian Health Service Compact
- Behavioral Health Aide Program
- Indian Health Service – Title V Construction Project Agreement
- Health Center Cluster Demo
- Special Diabetes Program
- Injury Prevention
- Diabetes Prevention
- Healthcare Preparedness
- ARRA Increase Services to Health Centers
- ARRA Capital Improvement Program
- Children Health Insurance Program
- Code Blue
- Indian General Assistance
- Sexual Assault Response Team Expansion
- Denali Commission capital grants

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including cash restricted under NSHC's Title V Construction Project Agreement, consist of the following at September 30:

	Carrying Amount	Bank Balance
	2011	
Demand deposits *	$ 12,151,386	$ 8,226,933
	2010	
Demand deposits *	$ 47,672,899	$ 47,648,313

*Includes accounts subject to repurchase agreements

The Corporation maintains cash balances at several banks and brokerage institutions These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). Financial instruments which potentially subject the Corporation to concentrations of credit risk are demand deposits held and money market mutual funds in excess of the FDIC/SIPC insured amounts, which management considers to be a normal business risk. The Corporation's deposits with Wells Fargo Bank are fully collateralized according to the terms of its Wells Fargo Depositary Pledge Agreement

The Corporation also maintains an automatic repurchase sweep agreement with Wells Fargo Bank, N.A. that calls for Wells Fargo to invest excess balances in the Corporation's depository account overnight in marketable securities that are direct obligations of, or obligations that are fully guaranteed as to principal and interest, by the United States Government or any agency thereof. Cash balances consisting of bank repurchase agreements are not insured by the FDIC/SIPC, but are collateralized by pools of the marketable securities Interest is paid by reference to the Intraday Federal Funds Rate less a spread not to exceed 35% of the Federal Funds Discount Rate. At September 30, 2011 and 2010, excess deposits of $5,220,115 and $3,115,955, respectively, were invested in repurchase agreements. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE 4 – INVESTMENTS

Restricted Investments
Investments include amounts restricted under NSHC's Title V Construction Project Agreement

The following is a summary of Title V restricted investments at September 30:

	2011	2010
Investment securities, at market value:		
Money market funds	$ 5,855,290	$ -
Brokered certificates of deposit (each security has a face value not greater than $250,000)	10,066,429	-
U S. Government and Agency securities	18,001,272	-
Accrued interest receivable	32,987	-
Total investment securities	$33,955,978	$ -

Investment gains (losses) from Title V restricted investment securities were $(90,033) in fiscal year 2011 and $-0- in fiscal year 2010.

NOTE 4 – INVESTMENTS, continued

Board Designated Assets

Certain unrestricted resources have been designated by the Board of Directors of the Corporation pursuant to its Board Administration Policies and are reported as board-designated assets.

These assets are maintained in investments approved by the Board, which are as follows at September 30:

	2011	2010
Investment securities, at market value		
Money market funds	$ 502,981	$ 3,388,256
U.S. Government securities	14,806,048	10,482,364
Accrued interest receivable	80,260	53,877
Total investment securities	15,389,289	13,924,497
Investment in Inuit Development Diversified, LLC (IDD)	3,316	1,005,767
Total board-designated assets	$15,392,605	$14,930,264

Net earnings from board-designated investment securities were $541,090 in fiscal year 2011 and $503,211 in fiscal year 2010, of which $268,580 and $280,405 were net unrealized gains in fiscal years 2011 and 2010, respectively. Investment earnings were net of investment management fees of $85,509 and $54,620 in fiscal years 2011 and 2010, respectively.

During fiscal year 2011 the Board of Directors authorized the purchase of a seven unit apartment building in Nome, Alaska (commonly referred to as the Lawyer's Apartments), for approximately $1,170,000 in cash using board-designated assets. Any net earnings from the operation of the Lawyer's Apartments are to be re-deposited annually into board-designated assets. During fiscal year 2011, the Lawyer's Apartments had net earnings, excluding depreciation, of $39,040, which the Corporation plans to deposit to board-designated assets in fiscal year 2012. The depreciated cost of the building is included in property and equipment in the accompanying financial statements.

Summary financial information for IDD for September 30, 2011 and 2010 follows:

	2011	2010
Current assets	$ 55,880	$ 131,607
Land, building, and equipment, net of accumulated depreciation	-	5,322,250
Other non-current assets	-	286,056
Current liabilities, excluding related party payables	(45,932)	(338,976)
ANTHC security deposit	-	(286,056)
Long-term debt	-	(2,097,579)
Equity	$ 9,948	$ 3,017,302
Net income	$ 4,071,879	$ 160,114
Equity in earnings from investment in IDD	$ 3,316	$ 1,005,767

During fiscal year 2011 IDD sold its principal asset, a building in Anchorage, for $9,400,000. The Corporation's net income from the joint venture during 2011 related to the sale was $1,357,293, which is included in investment earnings in the accompanying financial statements.

NOTE 5 – FAIR VALUE MEASUREMENT

FASB ASC 820 *Fair Value Measurement and Disclosure* defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. It also establishes a three level hierarchy that describes the inputs that are used to measure assets or liabilities. The three levels include Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs).

The Corporation uses Level 1 inputs to measure the fair value of assets on a recurring basis as follows.

Investments as of September 30, 2011	Fair Value	Level 1
Money market funds	$ 6,358,271	$ 6,358,271
Brokered certificates of deposit	10,066,429	10,066,429
U.S Government securities	32,807,320	32,807,320
Accrued interest receivable	113,247	113,247
Total investment securities	$49,345,267	$49,345,267

Investments as of September 30, 2010:	Fair Value	Level 1
Money market funds	$ 3,388,256	$ 3,388,256
U S Government securities	10,482,364	10,482,364
Accrued interest receivable	53,877	53,877
Total investment securities	$13,924,497	$13,924,497

NOTE 6 – PROPERTY AND EQUIPMENT

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

2011	Non-Hospital	Hospital	Total
Construction in progress - new facility	$ -	$ 104,186,044	$ 104,186,044
Construction in progress - other	-	926,956	926,956
Land	-	1,498,302	1,498,302
Buildings	13,717,860	25,018,429	38,736,289
Equipment	4,811,193	11,582,804	16,393,997
	18,529,053	143,212,535	161,741,588
Less accumulated depreciation	(10,525,665)	(26,358,919)	(36,884,584)
	$ 8,003,388	$ 116,853,616	$ 124,857,004

2010	Non-Hospital	Hospital	Total
Construction in progress - new facility	$ -	$ 27,735,880	$ 27,735,880
Construction in progress - other	-	710,876	710,876
Land	-	1,498,302	1,498,302
Buildings	13,359,940	23,683,179	37,043,119
Equipment	4,761,335	11,119,626	15,880,961
	18,121,275	64,747,863	82,869,138
Less accumulated depreciation	(9,618,467)	(25,146,765)	(34,765,232)
	$ 8,502,808	$ 39,601,098	$ 48,103,906

Depreciation expense for 2011 and 2010 was $2,095,258 and $2,256,776, respectively

NOTE 7 – LONG-TERM LIABILITIES

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

	2011	2010
Note payable to the United States Department of Agriculture, originating in 2001, due in quarterly installments of $10,976, including interest at 4 75%, due December 19, 2031, collateralized by the Unalakleet Sub-regional Health Clinic.	$ 566,973	$ 583,457
Note payable to the United States Department of Agriculture, originating in 2005, due in quarterly installments of $4,569, including interest at 4.5%, due March 19, 2034, collateralized by the Unalakleet Sub-regional Health Clinic	256,357	262,913
Obligation under capital lease, with monthly payments of $9,636, including interest of 5 97%, expiring in May 2015, secured by equipment with a cost of $498,766 and related accumulated depreciation of $116,379.	379,927	469,935
	1,203,257	1,316,305
Less current portion payable in following year	(119,594)	(113,049)
Long-term liabilities, net of current portion	$ 1,083,663	$ 1,203,256

Principal payments over the next five years and thereafter are as follow:

	Year Ending September 30
2012	$ 119,594
2013	126,676
2014	134,102
2015	103,135
2016	29,004
Thereafter	690,746
	$ 1,203,257

Included within the above schedule of maturities are future minimum lease payments as follows.

	Year Ending September 30
2012	$ 115,627
2013	115,627
2014	115,627
2015	77,085
2016	-
	423,966
Less amounts representing interest	(44,039)
	$ 379,927

NOTE 8 – PENSION PLAN

The Corporation has a defined contribution pension plan, which covers substantially all employees. The plan requires annual employer contributions of 7% of each participant's eligible compensation.

Upon termination of employment, vested benefits are either paid to the employee or beneficiary based on the amount accumulated under the plan, or deferred for future distribution, at the election of the employee or beneficiary The Corporation's provision for pension plan expense for the years ended September 30, 2011 and 2010 was $1,434,431 and $1,231,795, respectively The pension plan expense was reduced by $62,980 and $127,163 in fiscal years 2011 and 2010, respectively, for available accumulated forfeitures from terminated employee accounts.

See Note 14 on the status of the plan's compliance with ERISA and Department of Labor filing requirements.

NOTE 9 – NET PATIENT SERVICE REVENUE

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

Medicare
Inpatient acute care and outpatient hospital services rendered to Medicare program beneficiaries are paid based upon cost reimbursement methods These cost reimbursements occur on an interim basis and these tentative rates are settled with final amounts determined after annual cost reports are submitted and audited by the Medicare Fiscal Intermediary. Long-term care services are paid based upon the RUGS payment system, a prospectively determined amount with rates that vary according to a classification system that is based upon clinical factors, with no final settlements

Medicaid
Inpatient, outpatient and long-term care services rendered to Medicaid program beneficiaries are reimbursed under a prospective reimbursement methodology, based upon actual costs. The Corporation is reimbursed at prospectively determined rates that are preset for a four year period, based upon actual costs in a two year look back period. No final settlements occur. The Corporation also has entered into a continuing care provider agreement (CCPA) for services to children and files an annual cost settlement report. Reimbursements for services under the CCPA are recorded at estimated allowable costs, net of interim payments

Indian Health Service
The Corporation is a co-signer of the Alaska Tribal Health Compact, which receives funding through the Indian Health Service (IHS). The Corporation and Hospital are recognized by IHS as a tribally owned and operated service unit which provides health services for eligible Alaska Native beneficiaries. A portion of the Compact revenues is included in patient service revenues in an amount which reflects hospital patient care services provided to Alaska Native beneficiaries who do not have other third-party coverage or have only partial third-party coverage.

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

NOTE 9 – NET PATIENT SERVICE REVENUE, continued

A summary of net patient service revenue for the years ended September 30, 2011 and 2010 follows:

	2011	2010
Services to IHS eligible patients (funded through IHS Compact)	$ 23,571,156	$ 23,405,353
Patient service revenue from regional and behavioral health services	7,164,058	7,047,741
Patient service revenue from hospital and long-term care services	22,280,194	23,517,512
Net patient service revenue	$ 53,015,408	$ 53,970,606

Home Office Support Services

The Alaska Native Tribal Health Consortium (ANTHC) and IHS Alaska Federal Area Office (FAO) provide support services to NSHC. These supporting services include general overhead, human resources support, and other administrative services. ANTHC and FAO allocate these costs to NSHC and the other members of the Alaska Native Tribal Health Consortium using Medicare principles of reimbursements including direct assignment and allocation based on accumulated costs. The method for allocating these costs has been in place for many years.

The Corporation recognized its contribution benefit of these allocated costs, which meet the definition of contributed services under generally accepted accounting principles, as in-kind revenues and expense in the financial statements For the fiscal year ended September 30, 2011, NSHC's share of these allocated costs was $1,004,856 from ANTHC and $1,567,048 from FAO. For the fiscal year ended September 30, 2010, NSHC's share of these allocated costs was $1,004,856 from ANTHC and $1,629,222 from FAO.

NOTE 10 – RURAL HEALTH CARE PROGRAM

The Corporation participates in the Rural Health Care Program (RHC) of the Universal Service Fund (USF), which is administered by the Universal Service Administrative Company. RHC is a support program authorized by Congress and designed by the Federal Communications Commission (FCC) to provide reduced rates to rural health care providers for telecommunication services and internet access charges related to the use of telemedicine and tele-health. RHC is intended to ensure that rural health care providers pay no more for telecommunication in the provision of health care services than their urban counterparts.

Payments under RHC are made directly by USF to the Corporation's telecommunications provider upon submission of the required FCC forms by the Corporation. The Corporation's contribution benefit under the program, which meets the definition of contributed services under generally accepted accounting principles, was $2,200,000 and $2,200,000 for the years ended September 30, 2011 and 2010, respectively, and is included in other income in the accompanying statement of activities.

NOTE 11 – INDIRECT EXPENSE RECOVERY

A summary of indirect expenses allocated from various funds of the Corporation to the General Fund for the years ended September 30 follows.

	2011			
	Indirect Expense Recovery	Indirect Expense	Administrative Expense Recovery	Administrative Expense
General Fund	$ 1,432,582	$ -	$ 9,728,882	$ -
Regional Health Services	-	-	-	2,329,813
Behavioral Health Services	-	-	-	430,392
State and Federal Grants and Contracts	-	1,268,558	-	-
Hospital Division	-	-	-	6,968,677
Capitalized indirect expenses	-	164,024	-	-
	$ 1,432,582	$ 1,432,582	$ 9,728,882	$ 9,728,882

	2010			
	Indirect Expense Recovery	Indirect Expense	Administrative Expense Recovery	Administrative Expense
General Fund	$ 1,353,387	$ -	$ 8,999,318	$ -
Regional Health Services	-	-	-	2,353,443
Behavioral Health Services	-	-	-	379,187
State and Federal Grants and Contracts	-	1,273,725	-	-
Hospital Division	-	-	-	6,266,688
Capitalized indirect expenses	-	79,662	-	-
	$ 1,353,387	$ 1,353,387	$ 8,999,318	$ 8,999,318

NOTE 12 – LEASES AND CONTRACTUAL COMMITMENTS

The Corporation has entered into lease agreements for communications equipment and services, and building space Future minimum lease and rental payments for the year ending September 30, 2012 is $2,930,958.

Rent expense for the years ended September 30, 2011 and 2010 was $1,217,300 and $1,251,294, respectively.

The Corporation entered into a five-year service agreement with GCI Communication Corporation, which commenced in fiscal year 2006, for ConnectMD software and related services. The monthly fee for these services is $244,247 Under the program, as described in Note 10, a significant portion of the cost of this service is paid by the Rural Health Care Program.

NOTE 13 – SETTLEMENT

During 2001 the Corporation was awarded $1,560,000 in settlement of litigation. Terms of the settlement required the Corporation to receive $208,000 in 2001 and thirteen future annual installment payments of $104,000. Due to the period of time in which the funds will be received, the receivable has been discounted at 5% Interest income due to discounting during the years ended September 30, 2011 and 2010 was $18,439 and $22,513, respectively. The present value of the receivable at September 30, 2011 and 2010, was $283,218 and $368,779, respectively, and is included in other receivables on the statement of financial position.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Employee Medical Coverage

The Corporation is self-insured for employee medical claims up to $100,000. The Corporation has reinsurance of 90% of claims exceeding $100,000 up to a maximum of $1,000,000 per person, in which case the Corporation is fully insured. The reserve for claim payments includes $1,108,220 and $1,006,723 at September 30, 2011 and 2010, respectively, for accrual of claims incurred but not reported. It is reasonably possible that a change in estimate will occur in the near term

New Hospital Construction

The Corporation is developing a new 18-bed acute care facility in Nome, Alaska, which is expected to have a final total cost of approximately $160 million and be open in December 2012 Planning, design for the facility and a portion of site work preparation was funded by grants from the Denali Commission. In 2008, the Corporation entered into a Title V, Subpart N, Construction Project Agreement (CPA) with the Indian Health Service (IHS) to construct the new facility. Under the CPA, IHS will construct the hospital facility, with the Corporation retaining the right to architectural oversight, equipment and furnishings, artwork, inspections, and construction management, subject to negotiation between the Board and IHS. Funding under the CPA in 2008 and 2009 provided for piling installation, steel purchase and construction management services. In 2010, the remaining funding for the facility was appropriated by Congress and awarded by IHS which provides for continued construction management services and the procurement of Furniture, Fixtures and Equipment. The Corporation has entered into various professional service and construction contracts related to its components of the CPA.

During fiscal year 2011, the Corporation entered into Modification Number 7 to its Title V, Subpart N, CPA with the Indian Health Service.

The modification specified that during the construction phase of the project and thereafter the Corporation shall have legal title, free and clear of any reversionary interest by the IHS to the Norton Sound Regional Replacement Hospital constructed on land owned by the Corporation, as authorized by PL 109-54, 119 Stat 541 (2005). Due to the transfer of ownership of the new facility from the IHS to the Corporation, the Corporation capitalized approximately $67 8 million of cumulative construction work in progress activity in fiscal year 2011. The transfer was also recognized as construction grant revenue in the accompanying statement of activities

The modification further provided for agreement between the parties on how liens would be addressed, the Corporation's right of entry on the construction site, and how the parties would address the close out process and the transfer of operation and maintenance responsibilities.

NOTE 14 – COMMITMENTS AND CONTINGENCIES, continued

Capital Projects Funding - IHS

The Corporation received funding in several prior years for specific capital projects from IHS which was passed through the ANTHC as part of its Maintenance and Improvement Pool. Some of these projects have not been started and others have been started but not fully completed. Advances for these projects must be spent on the projects or repaid to ANTHC. The Corporation has recorded the unspent portion of project advances as deferred revenue in the accompanying financial statements. Total amounts to be spent or repaid, however, are subject to acceptance by ANTHC. The value of the projects not started or the portion uncompleted may exceed the amount of funding recorded as deferred revenue

Grant Revenues

Significant revenues are received from federal, state, and other grants and contracts. The final expenses may be subject to an agency's compliance audit to determine the allowability of costs for which reimbursement has previously been granted. Adjustments of amounts received under grants and contracts could result if the grants and contracts are audited by such agencies. Management does not believe that such adjustments, if any, would be material and, accordingly, no provision for liability from such adjustments, if any, is included in the accompanying financial statements.

Indirect Costs Charged to Grant Programs

Amounts charged to individual grants and contracts as indirect expenses have generally been based on provisional rates. The amount of indirect expenses ultimately recoverable from funding agencies will depend upon final negotiations with the cognizant agency, and adjustments could result. Management does not believe that such adjustments, if any, would be material and, accordingly, no provision for liability from such adjustments, if any, is included in the accompanying financial statements.

Reversionary Interests

The Corporation purchased some assets with grant funds that have a reversionary clause. As such, the Corporation is required to notify the grantor if it ceases to exist, operations of the facility are considered for transfer to another agency or organization, or the Corporation ceases to be operated for a public purpose.

Legal Actions

The Corporation is a party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, the outcome of these actions will not have a material adverse effect on the financial statements of the Corporation.

Pension Plan Compliance

The Corporation's defined contribution pension plan ("Plan") (Note 8) is subject to the provisions of the Employee Retirement Income Security Act (ERISA). As a result, the Corporation is required to complete an annual audit of the Plan and to file Form 5500 – Annual Return/Report of Employee Benefit Plan. The Corporation has determined that these annual audit and reporting requirements have not been met in some prior years and is in the process of determining the nature and scope of non-compliance. While the Corporation has not received any correspondence regarding non-compliance, such non-compliance could result in the assessment of fines and penalties. At the current time, management has not been able to determine whether such fines and penalties, if assessed, would be material and, accordingly, no provision for liability from such penalties, if assessed, is included in the accompanying financial statements.

NOTE 14 – COMMITMENTS AND CONTINGENCIES, continued

The Corporation's defined contribution pension plan includes a provision to retain the original hire date of employees who leave the Corporation and are subsequently rehired, for purposes of calculating contributions. The Corporation has determined that prior calculations related to such employee contributions may have been understated. The Corporation is in the process of determining the nature and scope of any additional contributions that may be warranted. At the current time, management has not been able to determine whether additional contributions, if warranted, would be material and, accordingly, no provision for liability from such additional contributions, if warranted, is included in the accompanying financial statements.

NOTE 15 – CONCENTRATION OF CREDIT RISK

The Corporation provides credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements, including the Indian Health Service, Medicare and Medicaid The mix of billed receivables from governmental entities, patients and third-party payers at September 30 is as follows:

	2011	2010
Governmental agencies	48.7%	51.6%
Commercial	40.7	36 4
Private	10 6	12.0
Total	100.0%	100.0%

NOTE 16 – SUBSEQUENT EVENTS

Potential Settlement of Contract Support Cost Claims
Subsequent to year-end the Corporation and the Indian Health Service agreed to settle unpaid contract support cost claims with the IHS in the amount of $3,000,000. It is anticipated that the settlement will be received in fiscal year 2012.

Date of Subsequent Review
The Corporation has evaluated subsequent events through March 19, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NORTON SOUND HEALTH CORPORATION

Combining Schedule of Activities

Year Ended September 30, 2011

(with comparative totals for 2010)

	Community Health Division						Total	
	General Fund	Regional Health Services	Behavioral Health Services	State and Federal Grants and Contracts	Community Health Division Subtotal	Hospital Division	2011	2010
Revenues								
Net patient service revenue	$ -	$ 6,588,052	$ 261,623	$ 314,383	$ 7,164,058	$ 22,280,194	$ 29,444,252	$ 30,565,253
Indian Health Service Compact								
Patient service revenue	-	3,209,381	488,422	-	3,697,803	19,873,353	23,571,156	23,405,353
Tribal shares	159,999	528,442	980,348	-	1,668,789	-	1,668,789	1,470,871
Other	265,000	3,590,466	145,410	89,000	4,089,876	318,858	4,408,734	4,496,244
Grant and contract revenue	-	-	-	7,011,978	7,011,978	-	7,011,978	6,901,011
Investment income	-	-	-	-	-	1,969,752	1,969,752	662,690
Miscellaneous income	2,275,625	37,728	23,864	5,730	2,342,947	3,030,381	5,373,328	5,786,639
Total revenues	2,700,624	13,954,069	1,899,667	7,421,091	25,975,451	47,472,538	73,447,989	73,288,061
Expenses								
Salaries and fringe benefits	4,575,161	9,191,262	1,815,501	4,553,328	20,135,255	20,774,043	40,909,298	38,200,870
Facilities	2,649,886	918,728	122,803	91,141	3,782,558	1,666,760	5,449,318	5,613,592
Professional fees and contractual services	2,028,377	176,047	7,875	170,220	2,382,519	681,093	3,063,612	3,190,886
Supplies	296,323	1,212,396	47,646	206,455	1,762,820	3,064,265	4,827,085	4,766,553
Travel	717,569	463,525	204,733	598,467	1,984,294	5,145,117	7,129,411	6,468,142
Insurance	492,131	-	-	-	492,131	11,215	503,346	478,860
Depreciation	907,197	-	-	-	907,197	1,188,061	2,095,258	2,256,776
Provision for bad debts	-	-	-	-	-	624,613	624,613	316,781
Repairs, maintenance and minor equipment	558,077	126,854	14,423	479,578	1,178,932	477,584	1,656,516	1,926,961
Home office support costs	-	-	-	-	-	2,571,904	2,571,904	2,634,078
Other	869,451	172,256	52,032	74,137	1,167,876	468,915	1,636,791	1,376,107
	13,094,172	12,261,068	2,265,016	6,173,326	33,793,582	36,673,570	70,467,152	67,229,606
Indirect expenses charged to grant programs	(1,432,582)	-	-	1,268,558	(164,024)	164,024	-	-
Functional allocation of administrative expenses	(9,728,882)	2,329,813	430,392	-	(6,968,677)	6,968,677	-	-
Capitalized indirect expenses	-	-	-	-	-	(164,024)	(164,024)	(79,662)
Total operating expenses	1,932,708	14,590,881	2,695,408	7,441,884	26,660,881	43,642,247	70,303,128	67,149,944
Excess of revenues over (under) expenses due to operations	(767,916)	(636,812)	(795,741)	(20,793)	(685,430)	3,830,291	3,144,861	6,138,117
Construction grant revenue	-	-	-	-	-	76,848,334	76,848,334	7,052,204
Net increase (decrease) in net assets	767,916	(636,812)	(795,741)	(20,793)	(685,430)	80,678,625	79,993,195	13,190,321
Unrestricted net assets (deficits) beginning of year	13,621,757	13,466,232	(1,006,081)	(237,419)	25,844,489	49,084,501	74,928,990	61,738,669
Unrestricted net assets (deficits) end of year	$ 14,389,673	$ 12,829,420	$ (1,801,822)	$ (258,212)	$ 25,159,059	$ 129,763,126	$ 154,922,185	$ 74,928,990

See Independent Auditors' Report

Additional Data

Software ID:
Software Version:
EIN: 92-0041488
Name: NORTON SOUND HEALTH CORPORATION

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
EMILY HUGHES BOARD CHAIRPERSON	20 00	X		X				72,699	0	5,452
JUNE WALUNGA BOARD FIRST VICE CHAIR	3 00	X		X				18,315	0	0
KATHY JOHNSON BOARD SECOND VICE CHAIR	3 00	X		X				14,880	0	0
JOHN HANDELAND BOARD TREASURER	3 00	X		X				11,940	0	0
BERDA WILSON BOARD SECRETARY	3 00	X		X				20,370	0	0
MARY KNODEL BOARD ASSISTANT SECRETARY/	1 00	X		X				10,575	0	0
CYNTHIA AHWINONA EXECUTIVE MEMBER NO 1	1 00	X						6,300	0	0
PRESTON ROOKOK EXECUTIVE MEMBER NO 2	1 00	X						6,810	0	0
KARLA NAYOKPUK EXECUTIVE MEMBER NO 3	1 00	X						6,525	0	0
CAROL ABLOWALUK BOARD MEMBER	1 00	X						2,700	0	0
JAMIE ABLOWALUK BOARD MEMBER	1 00	X						0	0	0
LEONARD ADAMS BOARD MEMBER	1 00	X						4,725	0	0
AUSTIN AHMASUK BOARD MEMBER	1 00	X						0	0	0
MARY LOU AMAKTOOLIK BOARD MEMBER	1 00	X						6,950	0	0
ALLEN ATCHAK BOARD MEMBER	1 00	X						2,025	0	0
SIMON BEKOALOK JR BOARD MEMBER	1 00	X						2,925	0	0
MILTON CHEEMUK BOARD MEMBER	1 00	X						4,725	0	0
BRIAN JAMES BOARD MEMBER	1 00	X						4,950	0	0
KAREN KAZINGNUK BOARD MEMBER	1 00	X						7,875	0	0
ROBERT KEITH BOARD MEMBER	1 00	X						3,600	0	0
JOANNE KEYES BOARD MEMBER	1 00	X						5,175	0	0
MITCHELL KIYUKLOOK BOARD MEMBER	1 00	X						0	0	0
JANICE KNOWLTON BOARD MEMBER	1 00	X						0	0	0
JENNY LEE BOARD MEMBER	1 00	X						0	0	0
FREDERICK MURRAY BOARD MEMBER	1 00	X						5,400	0	0

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
RUBY NASSUK BOARD MEMBER	1 00	X						3,150	0	0
CARMELITA NATTANGUK BOARD MEMBER	1 00	X						0	0	0
RUTH OJANEN BOARD MEMBER	1 00	X						8,355	0	0
FRANK OXEREOK JR BOARD MEMBER	1 00	X						0	0	0
ALFRED SAHLIN BOARD MEMBER	1 00	X						9,120	0	0
LINCOLN SIMON SR BOARD MEMBER	1 00	X						4,950	0	0
CAROL PISCOYA PRESIDENT/CEO	40 00			X				183,051	0	13,484
ROY AGLOINGA CAO, COO AND INTERIM CEO	40 00			X				124,685	0	4,784
ANGELA GORN VICE PRESIDENT	40 00			X				130,216	0	10,400
MELISSA BOECKMANN VICE PRESIDENT	40 00			X				118,900	0	9,606
MARY JANE DAVID VICE PRESIDENT	40 00			X				93,427	0	7,407
DAVID HEAD CHIEF OF MEDICAL STAFF	40 00				X			336,114	0	24,647
JULIUS GOSLIN III PHYSICAN	40 00					X		178,886	0	750
EDWARD ZEFF PSYCHIATRIST	40 00					X		170,088	0	0
KAREN ONEILL HEALTH AIDE TRAINING DIREC	40 00					X		307,049	0	22,022
MARK KELSO DENTAL DIRECTOR	40 00					X		292,254	0	21,577
SAI-LING LIU PHYSICAN	40 00					X		300,148	0	21,244

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 7,441,884 including grants of $) (Revenue $ 320,113)