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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

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

C Name of organization
PR Health Corporation

Doing Business As
First Care Health Center

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO Box I 115 Vivian Street

City or town, state or country, and ZIP + 4
Park River, ND 582700708

D Employer identification number
45-0232743

E Telephone number
(701) 284-7233

G Gross receipts $ 8,951,774

F Name and address of principal officer
Louise Dryburgh
PO Box I 115 Vivian Street
Park River, ND 582700708

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www firstcarehc org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1952 | **M** State of legal domicile ND

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Operation of acute care hospital serving the healthcare needs of individuals residing in the Park River, North Dakota service area

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**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	101
6	Total number of volunteers (estimate if necessary)	**6**	50
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)	359,145	435,028
9	Program service revenue (Part VIII, line 2g)	8,088,735	8,405,873
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	47,701	60,337
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	31,868	42,835
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	8,527,449	8,944,073
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	802	36,870
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)	3,416,450	3,686,805
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–24e)	4,969,520	5,368,579
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	8,386,772	9,092,254
19	Revenue less expenses Subtract line 18 from line 12	140,677	-148,181

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	12,569,202	12,062,063
21	Total liabilities (Part X, line 26)	7,728,685	7,371,664
22	Net assets or fund balances Subtract line 21 from line 20	4,840,517	4,690,399

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

****** | 2012-07-23
Signature of officer | Date

Louise Dryburgh Administrator
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: Lisa Chaffee	Date 2012-07-23	Check if self-employed ☐	Preparer's taxpayer identification number (see instructions) P00193453
Firm's name (or yours if self-employed), address, and ZIP + 4: EIDE BAILLY LLP, 4310 17TH AVE S PO BOX 2545, FARGO, ND 581082545			EIN ▶ 45-0250958
			Phone no ▶ (701) 239-8500

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 continue the healing mission of Jesus in a rural setting We are committed to A respect for each person, A caring, Christian environment, Professional excellence, Promoting healthy communities, Personal service, and an Innovative spirit

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 organization's program service accomplishments for each of its three largest program services, as measured 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 $ 8,205,443 including grants of $ 36,870) (Revenue $ 8,405,873)

First Care Health Center is dedicated to carrying out the healing mission of Jesus In calendar year 2011, First Care Health Center provided acute care to 207 patients This constituted 781 days of care The swing-bed program at the health center provides skilled nursing care for the elderly This program provided service to 107 patients, accounting for 1,280 days of care First Care Health Center provides health care to the community in the form of outpatient services In calendar year 2011, outpatient visits totaling 17,584 were provided to the community In addition, there were 11,574 visits to First Care Rural Health Clinic As part of the mission of First Care Health Center, we provide health care to persons who are unable to pay for the services that they receive First Care Health Center will not deny care to anyone based on their ability to pay Charity care, based on charges foregone, in the amount of $72,000, was written off for qualified individuals Gross revenue from Medicare and Medicaid patients for calendar year 2011 were $5,951,989 Due to the limited reimbursement from these programs, the cost of these services to the hospital is not fully reimbursed

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 8,205,443

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 instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
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		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	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, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	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, Part 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, Part 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*	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	Yes	
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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	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**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**		No
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 questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
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**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
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 owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**		No
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	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*	**35b**		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**	16		
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**	101			
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 or securities 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.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate 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 aggregate 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	11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
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	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		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		No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

Layne Ensrude CFO
115 Vivian St
Park River, ND 58270
(701) 284-4540

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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Jay Skorheim Chair	1 00	X		X				0	0	0
(2) Rosemarie Myrdal Vice Chair	1 00	X		X				0	0	0
(3) Susan Phelps Secretary	1 00	X		X				0	0	0
(4) Tracy Laaveg Director	1 00	X						0	0	0
(5) Wallace Rygh Director	1 00	X						0	0	0
(6) John Blair Director	1 00	X						0	0	0
(7) Wes Welch Director	1 00	X						0	0	0
(8) Dan Koenig Director	1 00	X						0	0	0
(9) Jerry Lindell Director	1 00	X						0	0	0
(10) Julie Zikmund Director	1 00	X						0	0	0
(11) Julie Gemmill Director	1 00	X						0	0	0
(12) Layne Ensrude CFO	40 00			X				81,667	0	6,083
(13) Louise Dryburgh Administrator	40 00			X				92,337	0	11,789
(14) Tamara Clemetson Physicians Assistant	40 00					X		105,499	0	20,734

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								279,503	0	38,606

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1

		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**		No
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 Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
Joel J Johnson MD PC 115 Vivian St Park River, ND 58270	Physician Services	736,962
OS Omotunde MD PO Box I Park River, ND 58270	Physician Services, Surgery	168,580
Northern Tier Anesthesia Assoc PO Box 447 Grafton, ND 58237	Anesthesia Services	132,750

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 3

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	1,550			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	288,217			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	145,261			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		435,028			
Program Service Revenue			Business Code				
	2a	Patient Service Revenu	622110	8,298,863	8,298,863		
	b	Interest on Accounts R	900099	69,836	69,836		
	c	Other Misc Revenue	900099	25,887	25,887		
	d	Auxiliary Revenue	900099	11,287	11,287		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		8,405,873			
	3	Investment income (including dividends, interest and other similar amounts)		60,337			60,337
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	4,260				
	b	Less rental expenses	0				
	c	Rental income or (loss)	4,260				
	d	Net rental income or (loss)		4,260			4,260
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)					
Other Revenue	8a	Gross income from fundraising events (not including $ 1,550 of contributions reported on line 1c) See Part IV, line 18	a 46,276				
	b	Less direct expenses	b 7,701				
	c	Net income or (loss) from fundraising events		38,575			38,575
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d					
	12	**Total revenue.** See Instructions		8,944,073	8,405,873	0	103,172

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

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 United States See Part IV, line 21	36,870	36,870		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	193,323		193,323	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	2,898,786	2,632,095	266,691	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	112,527	102,174	10,353	
9	Other employee benefits	257,615	233,915	23,700	
10	Payroll taxes	224,554	192,349	32,205	
11	Fees for services (non-employees)				
a	Management				
b	Legal				
c	Accounting	33,625		33,625	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	1,657,826	1,628,383	29,443	
12	Advertising and promotion	22,193		22,193	
13	Office expenses	594,280	369,902	224,378	
14	Information technology				
15	Royalties . .				
16	Occupancy	257,312	257,312		
17	Travel	45,637	30,387	15,250	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	14		14	
20	Interest	303,869	303,869		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	957,204	957,204		
23	Insurance	73,982	73,982		
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	Medical Supplies	1,007,138	1,007,138		
b	Provision for Bad Debts	370,513	370,513		
c	Auxiliary Expense	9,350	9,350		
d					
e					
f	All other expenses	35,636		35,636	
25	**Total functional expenses.** Add lines 1 through 24f	9,092,254	8,205,443	886,811	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			1	
	2	Savings and temporary cash investments		2,414,807	2	2,860,988
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,204,463	4	1,069,674
	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)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		236,142	8	268,598
	9	Prepaid expenses and deferred charges		123,771	9	230,411
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 11,057,775			
	b	Less accumulated depreciation	10b 5,055,069	6,889,017	10c	6,002,706
	11	Investments—publicly traded securities		1,393,824	11	1,473,071
	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		307,178	15	156,615
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		12,569,202	16	12,062,063
Liabilities	17	Accounts payable and accrued expenses		754,152	17	781,938
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		1,034,900	20	990,907
	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		5,939,633	23	5,598,819
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	**Total liabilities.** Add lines 17 through 25		7,728,685	26	7,371,664
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		3,915,982	27	3,700,781
	28	Temporarily restricted net assets		770,201	28	835,284
	29	Permanently restricted net assets		154,334	29	154,334
		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		4,840,517	33	4,690,399
	34	Total liabilities and net assets/fund balances		12,569,202	34	12,062,063

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	8,944,073
2	Total expenses (must equal Part IX, column (A), line 25)	2	9,092,254
3	Revenue less expenses Subtract line 2 from line 1	3	-148,181
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	4,840,517
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,937
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	4,690,399

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		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

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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

2011

Open to Public Inspection

Name of the organization
PR Health Corporation

Employer identification number
45-0232743

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 **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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 45-0232743
Name: PR Health Corporation

Form 990, Special Condition Description:

Special Condition Description

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PR Health Corporation

Employer identification number
45-0232743

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	9,618
d Additions during the year	1d	11,286
e Distributions during the year	1e	9,350
f Ending balance	1f	11,554

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	154,334	154,334	154,334		
b Contributions					
c Investment earnings or losses	2,284	1,960	2,084		
d Grants or scholarships					
e Other expenditures for facilities and programs	2,284	1,960	2,084		
f Administrative expenses					
g End of year balance	154,334	154,334	154,334		

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶ 0 %

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		6,500		6,500
b Buildings		7,572,006	2,587,576	4,984,430
c Leasehold improvements				
d Equipment		3,193,955	2,332,131	861,824
e Other		285,314	135,362	149,952
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				6,002,706

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	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

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	8,944,073
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	9,092,254
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-148,181
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,937
9	Total adjustments (net) Add lines 4 - 8	9	-1,937
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-150,118

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	8,822,703
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	8,822,703
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	121,370		
c	Add lines **4a** and **4b**			4c	121,370
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	8,944,073

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

1	Total expenses and losses per audited financial statements			1	9,082,904
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	9,082,904
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	9,350		
c	Add lines **4a** and **4b**			4c	9,350
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	9,092,254

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
	Part IV, Line 1b	The organization holds assets on behalf of the First Care Health Center Auxiliary
Description of Intended Use of Endowment Funds	Part V, Line 4	Investments are to be held in perpetuity, and the income from the investments is expendable to support various health care services
Description of Uncertain Tax Positions Under FIN 48	Part X	The Health Center is organized as a North Dakota nonprofit organization and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) The Health Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, the Health Center is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose The Health Center has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS The Health Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements The Health Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred
Part XI, Line 8 - Other Adjustments		Net Income From Auxiliary Operations -1,937
Part XII, Line 2d - Other Adjustments		Contributions Expense Included in Income For Financial Statements
Part XII, Line 4b - Other Adjustments		Income From Auxiliary Operations 11,287 Sales tax proceeds and contributions received by donors 110,083
Part XIII, Line 4b - Other Adjustments		Contributions Expense Included in Income For Financial Statements Expenses From Auxiliary Operations 9,350

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PR Health Corporation

Employer identification number
45-0232743

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions?		**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
		Yes	**No**			
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 FCHC Golf Tournament (event type)	(b) Event #2 Harvest Fest Dance (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	17,129	30,697		47,826
	2 Less Charitable contributions	1,100	450		1,550
	3 Gross income (line 1 minus line 2)	16,029	30,247		46,276
Direct Expenses	4 Cash prizes	180			180
	5 Non-cash prizes				
	6 Rent/facility costs	2,835			2,835
	7 Food and beverages	195	2,561		2,756
	8 Entertainment				
	9 Other direct expenses	194	1,736		1,930
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(7,701)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				38,575

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	**13a**	
b	An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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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

2011

Open to Public Inspection

Name of the organization
PR Health Corporation

Employer identification number
45-0232743

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other **140.000000000000 %**	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other **140.000000000000 %**	3b	Yes	
c	If the organization did 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 policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)			50,999		50,999	0 580 %
b Medicaid (from Worksheet 3, column a)			389,988	249,981	140,007	1 610 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			440,987	249,981	191,006	2 190 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,941		2,941	0 030 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			3,928		3,928	0 050 %
j **Total** Other Benefits			6,869		6,869	0 080 %
k **Total.** Add lines 7d and 7j			447,856	249,981	197,875	2 270 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(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			289		289	0 %
2	Economic development			482		482	0 010 %
3	Community support			1,506		1,506	0 020 %
4	Environmental improvements						
5	Leadership development and training for community members			2,232		2,232	0 030 %
6	Coalition building			205		205	0 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			4,714		4,714	0 060 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	370,513		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	74,103		
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	4,482,367
6	Enter Medicare allowable costs of care relating to payments on line 5	6	4,457,527
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	24,840
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	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

	(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 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	First Care Health Center 115 Vivian Street PO Box I Park River, ND 582700708	X	X			X		X		Clinic

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: First Care Health Center

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 140 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 140 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

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 from largest to smallest)

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		Part I, Line 3c The Hospital uses the same FPG percentage for free and discounted care In addition to the FPGs, the Hospital reviews the monthly budget for charity care to determine how much is available to provide for free versus discounted If a patient is eligible under the 140% policy and the Hospital has reached their monthly budgeted amount, the patient will temporarily receive discounted care However, the patient does qualify for free care going forward, eventually reducing their bill to zero

Identifier	ReturnReference	Explanation
		Part I, Line 7 The Organization calculated the cost for providing financial assistance by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients for Part III, Line 7, Row a The Organization used Worksheet 2 to determine the cost for Part III, Line 7, Row b The Organization used actual expenses to determine the cost for Part III, Line 7, Rows e and f

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The amount of bad debt included on Form 990, Part IX, line 25, column (A), but subtracted for purposes of calculating the percentage on this line is $370,513

Identifier	ReturnReference	Explanation
		Part II Employees were involved in the development of senior housing units which replaced a dilapidated trailer park The Facility assists in economic development efforts for new hiring opportunities First Care employees are paid during their absences for volunteer ambulance calls in order for the local ambulance service to remain viable The Health Center provided board education for the community members in the Lead program, which teaches them to be excellent board members This helps them do well for the facility and also for other boards that they serve on First Care Health Center works with the local development corporation to provide affordable housing The Health Center hosts meetings for the Walsh County Ministerium FCHC staff has provided seminars on electronic medical records Disaster drills are periodically done, in cooperation with local law enforcement, ambulance crews, and others, in order to respond appropriately in the event of a real disaster Free medical advice is provided by Registered Nurses via the telephone for patients unable to come to the facility

Identifier	ReturnReference	Explanation
		Part III, Line 4 Footnote to the Organization's financial statements Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision The estimated amount of bad debt attributable to patients eligible for charity care of $74,103 is determined by taking the percentage of accounts reaching collection status that were given charity care applications and were not returned This includes requested applications and those accounts FCHC determined might qualify if returned

Identifier	ReturnReference	Explanation
		Part III, Line 8 Medicare allowable costs of care are based on the Medicare cost report The Medicare cost report is completed based on the rules and regulations set forth by CMS

Identifier	ReturnReference	Explanation
		Part III, Line 9b First Care Health Center's payment policy requires payment in full within 30 days of billing If a patient is not in a position to pay in full, there is a schedule of payments based on amount owed Patients who do not have the financial means to pay their bill may fill out a charity care application which is based on the federal poverty guidelines Patients who qualify may have their bill totally or partially discounted There are no collection efforts made on patient accounts that qualify for the charity care program On a monthly basis these accounts are reviewed to determine if they should be written off For those who don't qualify or choose not to apply, payment is expected according to the payment policy For those not making any payments within 60 days of billing, a series of collection letters begin to be mailed out to them Anyone not responding or not making a payment after 180 days is turned over to a collection agency

Identifier	ReturnReference	Explanation
First Care Health Center		Part V, Section B, Line 19d At the initial time the medical services are provided, the individual is charged at gross charges Once the patient is identified as qualifying for financial assistance, the bill is adjusted for the charity care discount All patients that qualify for financial assistance ultimatly receive free care, and therfore the need to consider the benefits of applying discounts to Medicare rates or the lowest commercial insurance rates is eliminated

Identifier	ReturnReference	Explanation
		Part VI, Line 2 First Care Health Center utilizes patient satisfaction surveys and assessment surveys to get feedback on the services offered and to find out what services are desired by the people we serve Most recently, the surveys focused on wellness and outreach to the surrounding communities A formal community needs assessment is scheduled for early 2012

Identifier	ReturnReference	Explanation
		Part VI, Line 3 First Care Health Center posts its charity care policy, or a summary thereof, and financial assistance contact information (1) in admissions areas, emergency rooms, and other areas of the Organization's facilities in which eligible patients are likely to be present,(2) provides a copy of the policy, or a verbal summary thereof, and financial assistance contact information to patients as part of the intake process, (3) provides a copy of the policy, or a verbal summary thereof, and financial assistance contact information to patients with discharge materials, (4) may include the policy, or a summary thereof, along with financial assistance contact information, in patient bills, and/or (5) discusses with the patient the availability of various government benefits, such as Medicaid or state programs, and assists the patient with qualification for such programs, where applicable In addition, the charity care policy will also be posted on the facility web site

Identifier	ReturnReference	Explanation
		Part VI, Line 4 First Care Health Center (FCHC) serves a rural geographical area in NE North Dakota which includes portions of six counties The total population served is estimated at 20,000 The median household income of the service area is $44,139 with 9 9% of the population below the federal poverty level Twelve and a half percent of the communities' patients are uninsured or on Medicaid The main county, in which the Health Center is located, is a federally-designated primary care HPSA due to low income FCHC is located in Park River, which is a federally-designated medically underserved area The unemployment rate of the service area is 6 1% Nearly 20 1% of the area population is over 65 years of age and just over 22 2% of the area population are children zero to seventeen years of age

Identifier	ReturnReference	Explanation
		Part VI, Line 5 The Organization's governing body is comprised of persons who reside in the Organization's primary service area who are neither employees nor contractors of the Organization, nor family members thereof The Organization applies any surplus funds to improve the Facility and equipment to improve patient care The Organization also extends medical staff privileges to other qualified physicians in the community Educational pamphlets and brochures are available at no cost to patients FCHC staff assist patients with understanding their Medicare and Medicaid benefits, applying for said benefits, and help in completing Advanced Medical Directives and Living Wills The Facility participates in the annual county fair by renting booth space to educate the public on various health issues First Care Health Center sponsors drives to collect school supplies for the area schools and food donations to the local food pantry FCHC participates in mentoring medical, pharmacy, nursing, and health careers students First Care Health Center provides many other services that benefit the community for which there is little or no reimbursement The following list provides examples of some of the services and programs offered *Tours of the hospital to children *Provide rooms for overnight stay for families of patients *Training to area vocational high school students *Provide preceptorships for nurses training *Provide educational pamphlets and brochures to the community *Provide free medical advice from registered nurses via telephone *Provide meals to parents of pediatric patients *Personnel run errands for patients *Provide supplies and movies for activities and crafts for swing-bed patients *Pay for local travel for swing-bed patients

Identifier	ReturnReference	Explanation
		Part VI, Line 6 N/A

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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

2011

Open to Public Inspection

Name of the organization
PR Health Corporation

Employer identification number
45-0232743

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. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(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) Dakota Medical Foundation4152 30th Ave S Suite 102 Fargo,ND 58108	45-6012318	501(c)(3)	36,870				to establish a fund held by Dakota Medical Foundation to support health related charitable initiatives, programs, and projects in support of the mission of First Care Health Center

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 1

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶

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

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 First Care Health Center (FCHC) has a contract with Dakota Medical Foundation (DMF) that establishes a fund whose sole beneficiary is FCHC, and in the event FCHC is sold or otherwise ceases to exist the fund is required to be held in perpetuity to support the improvement of the health of residents of the Park River, ND area The initial fund advisors, as determined by DMF, include Jay Skorheim, Chair, Board of Directors, First Care Health Center, Louise Dryburgh, CEO, First Care Health Center, and Layne Ensrude, CFO, First Care Health Center, and additional advisory committee members who may be appointed in the future by the Foundation The fund advisors may provide in writing a list of individuals they designate to succeed them in the event they are unavailable to make grant recommendations to the Foundation When the fund advisor successors become responsible for making recommendations to the Foundation, the successors may provide a list of replacements to succeed them when they become unavailable or no longer desire to make recommendations to the Foundation

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
PR Health Corporation

Employer identification number
45-0232743

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	City Of Park River	45-6004121	70085RAW1	11-01-2005	1,215,000	Construction of improvements to center		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	165,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	1,192,401			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	35,600			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	1,179,400			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2005			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule K, Part II, Line 3		The issue price of the bonds reported on Form 8038, Part III, Line 21(b) filed for the bond issue was $1,215,000 The purchase price for the bonds was $1,192,401 The difference of $22,599 represents an underwriters discount on the bid

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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

2011

Open to Public Inspection

Name of the organization
PR Health Corporation

Employer identification number
45-0232743

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 8b	There are no committees that exist that can act on behalf of the governing board All decisions are made by the governing board
	Form 990, Part VI, Section B, line 11	The CFO and Administrator reviewed the Form 990 together The Form 990 was also provided to the Board of Directors electronically for their review and approval prior to filing the Form 990 with the IRS
	Form 990, Part VI, Section B, line 12c	Annual disclosures by the board members are reviewed by the CFO after signature If a board member has a conflict on a particular issue he/she will identify the conflict and he/she must abstain from voting on that issue
	Form 990, Part VI, Section B, line 15a	The Board determines and approves the Administrator's compensation The board compares the salary with similar organizations, all of which is recorded in the board meeting minutes The CFO's salary is determined by the Administrator, which is typically a small percentage increase from the prior year The process for determining compensation for both postions is performed on an annual basis
	Form 990, Part VI, Section C, line 19	The governing documents, conflict of interest policy, and financial statements are available upon request
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net Income From Auxiliary Operations -1,937 Total to Form 990, Part XI, Line 5 -1,937

Financial Statements
December 31, 2011 and 2010

P.R. Health Corporation d/b/a First Care Health Center

Park River, North Dakota

P.R. Health Corporation
d/b/a First Care Health Center
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December 31, 2011 and 2010

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
P.R. Health Corporation
d/b/a First Care Health Center
Park River, North Dakota

We have audited the accompanying balance sheets of P.R. Health Corporation d/b/a First Care Health Center (Health Center) as of December 31, 2011 and 2010 and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Health Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Center's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of P.R. Health Corporation d/b/a First Care Health Center as of December 31, 2011 and 2010, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Fargo, North Dakota
March 16, 2012

4310 17th Ave S · P O Box 2545 · Fargo, ND 58108-2545 · T 701 239 8500 · F 701 239 8600 · EOE

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	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 2,860,988	$ 2,414,807
Receivables		
Patient, net of estimated uncollectibles of $1,130,000 in 2011 and $841,000 in 2010	1,025,824	1,189,163
Estimated third-party payor settlements	117,000	263,000
Other	43,850	15,300
Supplies	268,598	236,142
Prepaid expenses	230,411	123,771
Total current assets	4,546,671	4,242,183
Assets Limited as to Use		
By board for capital improvements	209,406	206,231
Sales tax reserve fund	402,169	341,865
Total assets limited as to use	611,575	548,096
Property and Equipment, Net	6,002,706	6,889,017
Other Assets		
Investments	861,496	845,728
Deferred interest	15,000	18,000
Deferred financing costs, net of accumulated amortization of $7,864 in 2011 and $6,301 in 2010	24,615	26,178
Total other assets	901,111	889,906
Total assets	$ 12,062,063	$ 12,569,202

See Notes to Financial Statements

First Care Health Center
Balance Sheets
December 31, 2011 and 2010

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 330,600	$ 385,770
Accounts payable	283,441	296,399
Accrued expenses		
Salaries	124,962	109,572
Vacation	248,823	226,129
Pension	114,000	106,800
Payroll taxes and other	10,712	15,252
Total current liabilities	1,112,538	1,139,922
Long-Term Debt, Less Current Maturities	6,259,126	6,588,763
Total liabilities	7,371,664	7,728,685
Net Assets		
Unrestricted	3,700,781	3,915,982
Temporarily restricted	835,284	770,201
Permanently restricted	154,334	154,334
Total net assets	4,690,399	4,840,517
Total liabilities and net assets	$ 12,062,063	$ 12,569,202

First Care Health Center
Statements of Operations
Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	$ 8,298,863	$ 7,995,433
Other revenue	295,202	211,951
Total revenues, gains and other support	8,594,065	8,207,384
Expenses		
Professional care of patients	5,237,065	4,955,500
General and administrative	1,530,622	1,384,377
Property and household	527,711	481,931
Provision for bad debts	370,513	118,510
Dietary	119,050	106,407
Depreciation and amortization	957,204	1,029,976
Interest	303,869	301,544
Contributions	36,870	802
Total expenses	9,082,904	8,379,047
Operating Loss	(488,839)	(171,663)
Other Income		
Investment income	130,173	107,609
Unrestricted gifts and bequests	89,913	76,274
Other	8,552	8,355
Total other income	228,638	192,238
Revenues in Excess of (Less Than) Expenses	(260,201)	20,575
Net Assets Released from Restrictions for Principal Payments	45,000	45,000
Contributions and Grants for Long-Lived Assets	-	17,481
Increase (Decrease) in Unrestricted Net Assets	$ (215,201)	$ 83,056

First Care Health Center
Statements of Changes in Net Assets
Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted Net Assets		
Revenues in excess of (less than) expenses	$ (260,201)	$ 20,575
Net assets released from restrictions for principal payments	45,000	45,000
Contributions and grants for long-lived assets	-	17,481
Increase (decrease) in unrestricted net assets	(215,201)	83,056
Temporarily Restricted Net Assets		
Sales tax proceeds and contributions restricted by donors	164,995	155,318
Net assets released from restrictions	(99,912)	(100,204)
Increase in temporarily restricted net assets	65,083	55,114
Increase (Decrease) in Net Assets	(150,118)	138,170
Net Assets, Beginning of Year	4,840,517	4,702,347
Net Assets, End of Year	$ 4,690,399	$ 4,840,517

	2011	2010
Operating Activities		
Change in net assets	$ (150,118)	$ 138,170
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	957,204	1,029,976
Contributions restricted by donors	(164,995)	(155,318)
Provision for bad debts	370,513	118,510
Amortization of bond discount	1,007	1,574
Contributions and grants for long-lived assets	-	(17,481)
Changes in assets and liabilities		
Receivables	(89,724)	(425,618)
Supplies	(32,456)	(35,126)
Prepaid expenses	(106,640)	(27,302)
Accounts payable	(12,958)	(163,093)
Accrued expenses	40,744	12,966
Net Cash from Operating Activities	812,577	477,258
Investing Activities		
Purchase of property and equipment	(69,330)	(177,404)
Purchases of assets limited as to use	(157,579)	(136,540)
Sales of assets limited as to use	94,100	95,844
Purchases of investments	(15,768)	(304,917)
Net Cash used for Investing Activities	(148,577)	(523,017)
Financing Activities		
Repayment of long-term debt	(385,814)	(369,481)
Contributions restricted by donors	164,995	155,318
Decrease in deferred interest	3,000	3,000
Contributions and grants for long-lived assets	-	17,481
Net Cash used for Financing Activities	(217,819)	(193,682)
Net Increase (Decrease) in Cash and Cash Equivalents	446,181	(239,441)
Cash and Cash Equivalents, Beginning of Year	2,414,807	2,654,248
Cash and Cash Equivalents, End of Year	$ 2,860,988	$ 2,414,807
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 299,862	$ 491,597

Note 1 - Organization and Significant Accounting Policies

Organization

P.R. Health Corporation d/b/a First Care Health Center (Health Center) is a 14-bed acute care hospital and clinic in Park River, North Dakota.

Tax-Exempt Status

The Health Center is organized as a North Dakota nonprofit organization and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Health Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Health Center is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. The Health Center has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Health Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Health Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

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

Fair Value Measurements

The Health Center has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Unpaid patient receivables, excluding amounts due from third-party payors, with discharge dates over 90 days old have interest assessed at one percent per month. These interest charges are recognized as income when incurred.

Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Supplies

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

Investments and Investment Income

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

Assets Limited as To Use

Assets limited as to use includes assets held by the City of Park River, which consist of sales tax collections allocated to the Health Center to be used for principal payment of the Sales Tax Revenue Bonds, Series 2005, and assets set aside by the Board of Directors for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. Amounts available for obligations classified as current liabilities and reported as current assets.

Property and Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation in the financial statements. Estimated useful lives of property and equipment are as follows:

Land improvements	5-20 years
Buildings	5-50 years
Fixed equipment	10-25 years
Major movable equipment	4-20 years

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

Deferred Interest

Deferred interest represents interest prepaid on the RUS loan payable (Note 6). Deferred interest is being amortized to interest expense over the period the related obligation is outstanding using the straight-line method.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method. Amortization of deferred financing costs is included in depreciation and amortization in the accompanying financial statements.

Original Issue Discounts

Original issue discounts are amortized to interest expense over the period the related obligation is outstanding using the straight-line method.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Health Center has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health Center in perpetuity.

Revenues in Excess of (Less Than) Expenses

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

Net Patient Service Revenue

The Health Center has agreements with third-party payors that provide for payments to the Health Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The Health Center provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less that established rates. Since the Health Center does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was $50,999 and $51,193 for the years ended December 31, 2011 and 2010, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

Donor-restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the statement of operations.

Advertising Costs

The Health Center expenses advertising costs as they are incurred.

Reclassifications

Certain items in the prior year financial statements have been reclassified for comparability purposes with the current year financial statements. These reclassifications did not affect the financial position or changes in net assets previously reported.

Note 2 - Net Patient Service Revenue

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

Medicare. The Health Center is licensed as a Critical Access Hospital (CAH). The Health Center is reimbursed for most inpatient and outpatient services at cost plus 1% with final settlement determined after submission of annual cost reports by the Health Center and are subject to audits thereof by the Medicare intermediary. The Health Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended December 31, 2009. Clinical services are paid on a cost basis or fixed fee schedule.

Medicaid. Acute care services rendered to Medicaid program beneficiaries are paid on a cost related basis. Inpatient services are reimbursed using Medicare interim per diem rates, decreased by one percent, and outpatient services are paid at the Medicare interim payment rates. Final cost settlements are determined based on the audited Medicare cost reports. Clinical services are paid on a fixed fee schedule.

Blue Cross. Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to retroactive adjustment. Clinic services are paid on a fixed fee schedule.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue for the years ended December 31, 2011 and 2010 increased approximately $138,000 and $282,000 due to changes in estimates and final settlements of prior years cost reports.

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

A summary of patient service revenue and contractual adjustments for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Total patient service revenue	$ 10,112,398	$ 9,584,712
Contractual adjustments		
Medicare	(850,406)	(658,964)
Blue Cross Blue Shield	(576,561)	(581,889)
Medicaid	(219,197)	(126,875)
Other	(167,371)	(221,551)
Total contractual adjustments	(1,813,535)	(1,589,279)
Net patient service revenue	$ 8,298,863	$ 7,995,433

Note 3 - Investments and Investment Income

Assets Limited as to Use

A summary of assets limited as to use at December 31, 2011 and 2010 is shown in the following table. Cash equivalents and certificates of deposit are recorded at cost plus accrued interest.

	2011	2010
By board for capital improvements		
Cash and cash equivalents	$ 209,406	$ 206,231
Sales tax reserve fund - held by City of Park River - Note 6		
Cash and cash equivalents	$ 130,057	$ 96,681
Certificates of deposit	272,112	245,184
	$ 402,169	$ 341,865

Investments

All certificates of deposit with original maturities of greater than 12 months are considered to be long-term investments. Certificates of deposit are recorded at cost plus accrued interest.

	2011	2010
Certificates of deposit	$ 861,496	$ 845,728

Investment Income

Investment income on investments, assets limited as to use, accounts receivable, and cash equivalents consist of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Other income		
Interest income	$ 130,173	$ 107,609

Note 4 - Property and Equipment

A summary of property and equipment at December 31, 2011 and 2010 follows:

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 6,500	$ -	$ 6,500	$ -
Land improvements	285,314	135,362	285,314	106,754
Buildings	7,572,006	2,587,576	7,558,437	2,092,756
Fixed equipment	432,083	174,252	420,030	142,881
Major movable equipment - Note 5	2,747,322	2,143,329	2,725,160	1,764,033
Vehicle	14,550	14,550	14,550	14,550
	$ 11,057,775	$ 5,055,069	$ 11,009,991	$ 4,120,974
Net property and equipment		$ 6,002,706		$ 6,889,017

Note 5 - Leases

The Health Center leases certain equipment under a noncancelable long-term lease agreement. This lease has been determined to be a capital lease. The capitalized lease asset consists of:

	2011	2010
Major movable equipment - Note 4	$ 800,000	$ 800,000
Less accumulated amortization (included as depreciation in the accompanying financial statements)	(685,398)	(531,883)
	$ 114,602	$ 268,117

Minimum future lease payments for the capital lease are as follows:

Years Ending December 31,	Amount
2012	$ 104,051
Less interest	(859)
Present value of minimum lease payments - Note 6	$ 103,192

Note 6 - Long-Term Debt

	2011	2010
Sales Tax Revenue Bonds, Series 2005		
4% term bonds, due in varying annual sinking fund requirements commencing in May 2011 to May 2014	$ 140,000	$ 185,000
4.25% - 4.5% serial bonds, due in varying annual installments commencing in May 2015 to May 2016	105,000	105,000
5.0% term bonds, due in varying annual installments commencing in May 2017 to May 2027	760,000	760,000
Less original issue discount	(14,093)	(15,100)
4.25% USDA Direct Loan, due in monthly installments of $20,400, including interest, to January 2038, secured by revenues and property	3,850,907	3,930,206
1.62% (imputed interest rate) note payable to RUS, due in annual installments of $40,000 to September 2015	160,000	200,000
2.37% capital lease obligation, due in monthly installments of $14,125 including interest, to August 2012, secured by leased equipment - Note 5	103,192	268,117
Variable rate note payable to bank, due in monthly installments of $11,521, including interest, to January 2028, secured by first real estate mortgage of certain property (1)	1,484,720	1,541,310
	6,589,726	6,974,533
Less current maturities	(330,600)	(385,770)
Long-term debt, less current maturities	$ 6,259,126	$ 6,588,763

(1) 90% of this note bears interest at a rate equal to the Bank of North Dakota guaranteed fixed rate index plus 30 basis points and 10% of this note bears interest at a rate equal to the Bank of North Dakota guaranteed fixed rate index plus 100 basis points which results in a blended rate of 5.39%. The interest rate shall be adjusted every 5 years utilizing the same index and formula beginning January 9, 2013. The monthly payments will also be adjusted every 5 years beginning January 9, 2013, to amortize the principal balance over the remaining term of the loan.

Long-term debt maturities are as follows:

Years Ending December 31,	Amount
2012	$ 330,600
2013	234,290
2014	246,510
2015	254,084
2016	227,031
Thereafter	5,311,304
Less unamortized bond discount	(14,093)
Total	$ 6,589,726

Note 7 - Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2011 and 2010:

	2011	2010
Debt obligations (principal and interest)	$ 387,194	$ 332,605
Equipment	359,563	349,539
Healthy Community grant	46,562	46,562
Hospice	41,965	41,495
	$ 835,284	$ 770,201

In 2011 and 2010, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amount of $99,912 and $100,204. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Permanently restricted net assets at December 31, 2011 and 2010 are restricted to:

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support various health care services	$ 154,334	$ 154,334

Note 8 - Endowment Funds

The State of North Dakota adopted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Health Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Health Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

At December 31, 2011 and 2010, the Health Center had the following endowment net asset composition by type of fund:

	Temporarily Restricted	Permanently Restricted	Total
December 31, 2011			
Endowments	$ -	$ 154,334	$ 154,334

	Temporarily Restricted	Permanently Restricted	Total
December 31, 2010			
Endowments	$ -	$ 154,334	$ 154,334

The following were the changes in the endowment net assets for the years ended December 31, 2011 and 2010:

	Temporary Restricted	Permanently Restricted
December 31, 2009	$ -	$ 154,334
Interest income	1,960	-
Expenditures	(1,960)	-
December 31, 2010	-	154,334
Interest income	2,284	-
Expenditures	(2,284)	-
December 31, 2011	$ -	$ 154,334

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Health Center to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. The Health Center's policy is to fund any deficiencies. There were no such deficiencies as of December 31, 2011 and 2010.

Return Objectives and Risk Parameters

The Health Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support the operations of the Health Center. Endowment assets include permanently restricted funds. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield positive results while assuming a low level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Health Center relies on an investment allocation with investments in certificates of deposit.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Health Center's policy is to maintain sufficient financial stability for the operations of the Health Center. Interest and dividends net of investment expense are currently added to temporarily restricted net assets and appropriately by the Board in the same year.

Note 9 - Pension Plan

The Health Center has a defined contribution pension plan under which employees become participants upon reaching age 21 and completion of one year of service. Employer contributions are discretionary. Contributions are deposited with the plan trustee who invests the plan assets. Total pension expense for the years ended December 31, 2011 and 2010, was $119,551 and $94,543.

Note 10 - Concentrations of Credit Risk

The Health Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2011 and 2010 was as follows:

	2011	2010
Medicare	14%	20%
Blue Cross Blue Shield	11%	10%
Medicaid	4%	5%
Other commercial	7%	7%
Self pay and other	64%	58%
	100%	100%

The Health Center's cash balances are maintained in various bank accounts. At various times during the year, the balances of these deposits may be in excess of federally insured limits.

Note 11 - Functional Expenses

The Health Center provides general health care services to residents within its geographic location. Expenses related to providing these services by functional class for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Patient health care services	$ 7,709,772	$ 7,180,156
General and administrative	1,373,132	1,198,891
	$ 9,082,904	$ 8,379,047

Note 12 - Fair Value Of Financial Instruments

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

Cash Equivalents:

The carrying amount approximates fair value because of the short maturity of those instruments.

Accounts Receivable and Accounts Payable:

Accounts receivable has been recorded at net realizable value which is believed to approximate fair value. Account payable approximates fair value because of the short time for which accounts payable are outstanding.

Long-term Debt:

The fair value of long-term debt is based on current traded value. Management has estimated the fair value of all long-term debt obligations to be approximately $6,645,000 and $6,964,000 at December 31, 2011 and 2010.

Note 13 - Contingencies

Malpractice Insurance

The Health Center has insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate of $5 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigations, Claims, and Disputes

The Health Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigations, claims, and disputes in process will not be material to the financial position of the Health Center.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services. Management believes that the Health Center is in substantial compliance with current laws and regulations.

Note 14 - Subsequent Events

The Health Center has evaluated subsequent events through March 16, 2012, the date which the financial statements were available to be issued.

Supplementary Information
December 31, 2011 and 2010

P.R. Health Corporation d/b/a First Care Health Center

Park River, North Dakota

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Directors
P.R. Health Corporation
d/b/a First Care Health Center
Park River, North Dakota

We have audited the financial statements of P.R. Health Corporation d/b/a First Care Health Center as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated [Report Date], which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 through 26 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 and 2010 financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheets of P.R. Health Corporation d/b/a First Care Health Center as of December 31, 2009, 2008, and 2007, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2009 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The operational highlights on page 27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the operational highlights are fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

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The statistical and financial highlights on page 27, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on that information.

Eide Bailly LLP

Fargo, North Dakota
March 16, 2012

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	2011		
	Inpatient	Outpatient	Total
Patient Service Revenue			
Routine care			
Adults and pediatrics	$ 683,012	$ -	$ 683,012
Swing bed	251,800	-	251,800
Newborn care	-	-	-
Observation	16,909	393,081	409,990
Special care unit	74,318	-	74,318
	1,026,039	393,081	1,419,120
Ancillary services			
Clinic	-	1,587,385	1,587,385
Laboratory	84,779	906,471	991,250
Pharmacy	420,864	1,023,449	1,444,313
Intravenous solutions	5,600	13,040	18,640
Central supply	199,022	217,600	416,622
CT scans	66,074	679,449	745,523
Respiratory therapy	209,144	22,516	231,660
Radiology	15,055	170,064	185,119
Emergency room	38,041	549,637	587,678
Ultrasound	19,754	192,977	212,731
Physical therapy	109,176	219,297	328,473
Operating room	42,231	611,303	653,534
Anesthesia	20,135	187,484	207,619
MRI	7,927	467,460	475,387
Delivery and labor room	-	-	-
Mammography	-	149,389	149,389
Nuclear medicine	-	16,007	16,007
Cardiac rehab	-	15,250	15,250
Electrocardiography	3,569	44,571	48,140
Blood bank	16,402	39,862	56,264
Recovery room	2,250	8,150	10,400
Fetal monitor	-	-	-
Electroencephalography	-	47,731	47,731
Foot care	-	4,546	4,546
Occupational therapy	43,417	850	44,267
Speech therapy	596	-	596
Treatment room	1,094	285,660	286,754
	1,305,130	7,460,148	8,765,278
	$ 2,331,169	$ 7,853,229	10,184,398
Charity care (charges foregone)			(72,000)
Total patient service revenue			$ 10,112,398

First Care Health Center
Schedules of Total Patient Service Revenue
Years Ended December 31, 2011 and 2010

	2010		
	Inpatient	Outpatient	Total
Patient Service Revenue			
Routine care			
Adults and pediatrics	$ 681,156	$ -	$ 681,156
Swing bed	205,488	-	205,488
Newborn care	13,142	-	13,142
Observation	457	314,126	314,583
Special care unit	93,786	-	93,786
	994,029	314,126	1,308,155
Ancillary services			
Clinic	-	1,536,560	1,536,560
Laboratory	99,677	924,128	1,023,805
Pharmacy	398,200	950,588	1,348,788
Intravenous solutions	7,265	9,430	16,695
Central supply	166,375	160,040	326,415
CT scans	75,492	686,693	762,185
Respiratory therapy	237,760	18,150	255,910
Radiology	14,853	149,287	164,140
Emergency room	18,528	460,917	479,445
Ultrasound	18,585	207,383	225,968
Physical therapy	108,592	212,520	321,112
Operating room	58,268	459,961	518,229
Anesthesia	26,203	129,912	156,115
MRI	21,200	503,623	524,823
Delivery and labor room	9,935	-	9,935
Mammography	-	128,665	128,665
Nuclear medicine	-	10,145	10,145
Cardiac rehab	-	12,925	12,925
Electrocardiography	4,379	47,152	51,531
Blood bank	16,119	76,698	92,817
Recovery room	2,908	4,365	7,273
Fetal monitor	-	173	173
Electroencephalography	396	63,240	63,636
Foot care	-	5,020	5,020
Occupational therapy	40,854	362	41,216
Speech therapy	1,141	-	1,141
Treatment room	749	258,232	258,981
	1,327,479	7,016,169	8,343,648
	$ 2,321,508	$ 7,330,295	9,651,803
Charity care (charges foregone)			(67,091)
Total patient service revenue			$ 9,584,712

First Care Health Center
Schedules of Other Revenue
Years Ended December 31, 2011 and 2010

	2011	2010
Net assets released from restrictions	$ 3,126	$ 1,997
Clinic rent	4,260	4,860
Dietary	8,665	7,841
Medical records	2,651	2,533
Other, primarily sales tax revenue	55,355	55,578
Grants	220,979	139,041
Cafeteria	166	101
Total other revenue	$ 295,202	$ 211,951

	2011	2010
Professional Care of Patients		
Nursing		
Salaries	$ 577,458	$ 516,535
Rentals	60,708	60,560
Supplies	54,151	47,531
Repairs	6,807	6,006
Professional fees	4,122	737
Other	20,026	11,774
	723,272	643,143
Clinic		
Salaries	344,895	351,304
Professional fees	887,124	888,384
Supplies	52,570	33,189
Insurance	25,000	25,000
Other	2,697	7,851
	1,312,286	1,305,728
Laboratory		
Salaries	234,125	206,549
Supplies	93,614	67,816
Professional fees	88,937	91,218
Repairs and maintenance	20,611	26,126
Travel and education	1,480	971
	438,767	392,680
Radiology		
Salaries	226,404	212,930
Repairs and maintenance	151,207	150,130
Supplies	11,583	14,536
Professional fees	21,578	22,037
Other	477	210
	411,249	399,843
Pharmacy		
Drugs	592,140	551,547
Professional fees	8,375	1,375
	600,515	552,922
Nursing administration		
Salaries	49,722	66,317
Supplies	654	699
	50,376	67,016

	2011	2010
Professional Care of Patients, Continued		
Swing bed		
Salaries	$ 280,728	$ 270,349
Other	376	-
	281,104	270,349
Central supply		
Salaries	83,559	77,240
Supplies	9,442	13,385
Repairs and maintenance	3,226	5,214
	96,227	95,839
Physical and occupational therapy		
Salaries	85,774	87,712
Professional fees	14,556	14,020
Supplies	870	1,145
	101,200	102,877
Respiratory therapy		
Salaries	31,521	31,470
Supplies and other	3,615	5,336
	35,136	36,806
Electrocardiography		
Salaries	4,742	4,896
Electroencephalography		
Salaries	119	81
Professional fees	20,410	25,108
	20,529	25,189
Anesthesia		
Purchased services	134,250	105,500
Supplies and other	842	1,593
	135,092	107,093
Operating room		
Salaries	117,310	91,659
Equipment rental	73,027	72,166
Supplies and other	141,792	96,465
	332,129	260,290

	2011	2010
Professional Care of Patients, Continued		
Emergency room		
Salaries	$ 97,960	$ 84,132
Professional fees	92,366	87,384
Supplies	9,174	17,499
	199,500	189,015
Diabetes - salaries	1,041	1,638
Nursery - salaries	-	1,746
Ultrasound - professional fees	48,451	50,826
Nuclear medicine - professional fees	8,181	4,649
MRI - professional fees	126,248	136,673
Echocardiography - professional fees	26,480	25,875
Mammography - professional fees	55,426	48,473
Blood bank - supplies	24,715	37,131
Cardiac rehab		
Salaries	5,596	3,705
Supplies and other	-	119
	5,596	3,824
Health information		
Salaries	174,965	166,074
Dues and subscriptions	7,675	7,500
Repairs and maintenance	4,944	3,027
Supplies and other	7,445	10,129
	195,029	186,730
Healthy Community		
Salaries	-	259
Foot care - salaries and other	3,774	3,990
Total professional care of patients	5,237,065	4,955,500

	2011	2010
General and Administrative		
Administrative		
Salaries	$ 440,695	$ 399,252
Legal fees	33,625	30,570
Telephone	54,003	49,542
Insurance	48,982	47,290
Supplies	29,740	31,384
Collection fees	20,925	20,306
Rental	28,520	23,021
Postage	14,645	12,567
Professional services	74,318	55,095
Dues and subscriptions	31,420	31,138
Advertising	22,193	16,900
Travel and workshop	15,264	22,831
Repairs and maintenance	66,641	66,004
Other	35,636	49,056
	916,607	854,956
Employee benefits		
FICA	224,554	209,097
Pension	119,551	94,543
Health insurance	269,910	225,781
	614,015	529,421
Total general and administrative	1,530,622	1,384,377
Property and Household		
Plant operations		
Salaries	153,736	152,506
Utilities	193,846	150,767
Repairs and maintenance	45,670	49,347
Professional fees	2,965	2,853
Supplies and other	19,508	13,138
	415,725	368,611
Housekeeping		
Salaries	76,854	84,967
Supplies and other	10,454	9,235
	87,308	94,202
Laundry and linen		
Purchased services	23,114	17,844
Supplies and linen	1,564	1,274
	24,678	19,118
Total property and household	527,711	481,931

First Care Health Center
Schedules of Expenses
Years Ended December 31, 2011 and 2010

	2011	2010
Provision for Bad Debts	$ 370,513	$ 118,510
Dietary		
Salaries	81,812	71,758
Food	27,249	22,042
Supplies	5,715	4,582
Other	4,274	8,025
Total dietary	119,050	106,407
Depreciation and Amortization	957,204	1,029,976
Interest	303,869	301,544
Contributions	36,870	802
Total Expenses	$ 9,082,904	$ 8,379,047

	2011	2010
Operational		
Unrestricted Revenues, Gains and Other Support		
Patient service revenue		
Routine services	$ 1,419,120	$ 1,308,155
Ancillary services	8,765,278	8,343,648
Charity care (charges foregone)	(72,000)	(67,091)
Contractual adjustments	(1,813,535)	(1,589,279)
Net patient service revenue	8,298,863	7,995,433
Other revenue	295,202	211,951
Total revenues, gains and other support	8,594,065	8,207,384
Expenses		
Salaries and benefits	3,686,805	3,416,450
Cost of drugs, food, supplies and other	3,764,513	3,512,567
Provision for bad debts	370,513	118,510
Depreciation and amortization	957,204	1,029,976
Interest	303,869	301,544
Total expenses	9,082,904	8,379,047
Operating Loss	$ (488,839)	$ (171,663)
Statistical (Unaudited)		
Number of Beds	14	14
Available Bed Days	5,110	5,110
Patient Days		
Acute	781	819
Swing-bed	1,280	1,080
Percent of Occupancy, Including Swing-Bed	40.3%	37.2%
Acute Discharges	207	230
Acute Average Length of Stay (Days)	3.8	3.6
Financial (Unaudited)		
Current Ratio	4.1	3.7
Number of Days Revenue in Patient Receivables (Net)	45.1	54.3
Contractual Adjustments as A Percent of Total Revenue	17.9%	16.6%
Salaries and Benefits as A Percent of Total Expenses	40.6%	40.8%

2009	2008	2007
$ 1,482,160	$ 1,344,911	$ 1,450,353
7,995,907	7,119,812	7,133,049
(48,011)	(48,066)	(23,862)
(1,914,217)	(1,446,864)	(2,110,714)
7,515,839	6,969,793	6,448,826
194,986	130,770	133,470
7,710,825	7,100,563	6,582,296
3,204,746	3,206,835	3,020,169
3,305,203	3,115,729	2,957,493
118,737	126,160	175,350
1,001,400	858,429	501,112
325,989	340,252	133,511
7,956,075	7,647,405	6,787,635
$ (245,250)	$ (546,842)	$ (205,339)
14	14	14
5,110	5,124	5,110
1,038	1,008	949
1,051	1,222	1,885
40.9%	43.5%	55.5%
264	268	278
3.9	3.8	3.4
3.2	3.6	2.2
55.6	58.8	54.7
20.3%	17.2%	24.7%
40.3%	41.9%	44.5%