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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
GRITMAN MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
700 S MAIN STREET

City or town, state or country, and ZIP + 4
MOSCOW, ID 83843

D Employer identification number
82-0146328

E Telephone number
(208)882-4511

G Gross receipts $ 47,499,765

F Name and address of principal officer
KARA BESST
700 S MAIN STREET
MOSCOW,ID 83843

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 GRITMAN ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1939 | **M** State of legal domicile ID

Part I Summary

1 Briefly describe the organization's mission or most significant activities
GRITMAN MEDICAL CENTER, INC , PRIMARILY EARNS REVENUES BY PROVIDING INPATIENT, OUTPATIENT, AND EMERGENCY SERVICES TO PATIENTS IN MOSCOW, IDAHO, AND THE SURROUNDING AREA

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	568
6	Total number of volunteers (estimate if necessary)	**6**	605
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)	562,051	0
9	Program service revenue (Part VIII, line 2g)	42,383,394	45,595,067
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,135,880	-7,779
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	387,740	452,130
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	44,469,065	46,039,418
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	22,052,672	23,232,691
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)	20,303,916	21,567,738
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	42,356,588	44,800,429
19	Revenue less expenses Subtract line 18 from line 12	2,112,477	1,238,989
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	66,657,532	69,586,362
21	Total liabilities (Part X, line 26)	27,553,119	29,311,661
22	Net assets or fund balances Subtract line 21 from line 20	39,104,413	40,274,701

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

****** | 2012-11-14
Signature of officer | Date

KARA BESST CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ WIPFLI CPA AND CONSULTANTS	Date 2012-11-14	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions) P00290700
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ WIPFLI CPA AND CONSULTANTS 12 E ROWAN AVE SUITE 2 SPOKANE, WA 99207			EIN ▶ 39-0758449 Phone no ▶ (509) 489-4524

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

PEOPLE FOCUSED, COMMUNITY DRIVEN ORGANIZATION PROVIDING EXCELLENT AND COMPASSIONATE HEALTHCARE FOR THE PEOPLE OF OUR COMMUNITY

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 $ 37,206,932 including grants of $) (Revenue $ 45,595,067)

GRITMAN MEDICAL CENTER AND ITS AFFILIATES ARE COMMITTED TO A POLICY OF NONDISCRIMINATION AND EQUAL OPPORTUNITY FOR ALL QUALIFIED APPLICANTS AND STAFF, WITHOUT REGARD TO RACE, COLOR, CREED, NATIONAL ORIGIN, AGE, MARITAL STATUS, SEX, SEXUAL ORIENTATION, POLITICAL IDEOLOGY, RELIGION, ANCESTRY, THE PRESENCE OF ANY SENSORY, MENTAL OR PHYSICAL DISABILITY AND DIAGNOSIS ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF GRITMAN MEDICAL CENTER, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES FURTHERMORE, OUR MISSION IS TO SERVE THE COMMUNITY AND PROVIDE HEALTH CARE SERVICES AND EDUCATION, THEREBY KEEPING WITH THE HOSPITAL'S COMMITMENT TO SERVE ALL THE MEMBERS OF THE COMMUNITY

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** ▶ $ 37,206,932

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		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** 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**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer 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**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
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**	Yes	
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**	105		
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**	568			
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	10		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		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	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	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	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," 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		No

Section C. Disclosure

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

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 ▶

LISA WOOD
700 S MAIN ST
MOSCOW,ID 83843
(208)883-2221

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) BJ SWANSON BOARD CHAIR	5 00	X						0	0	0
(2) JANIE NIRK VICE-CHAIR	3 00	X						0	0	0
(3) GREG MANN TRUSTEE	2 00	X						0	0	0
(4) ROBIN WOODS SECRETARY/TREASURER	3 00	X						0	0	0
(5) CHARLES JACOBSON MD TRUSTEE	2 00	X						0	0	0
(6) BARBARA WELLS TRUSTEE	2 00	X						0	0	0
(7) TERRY ARMSTRONG BOARD REPRESENTATIVE	2 00	X						0	0	0
(8) GREG KIMBERLING TRUSTEE	2 00	X						0	0	0
(9) DICK HEIMSCH TRUSTEE	2 00	X						0	0	0
(10) WAYNE RUBYMD TRUSTEE	2 00	X						0	0	0
(11) LISA WOOD CFO	40 00			X				51,730	0	13,191
(12) KARA BESST CEO	40 00			X				162,820	0	44,301
(13) DEENA RAUCH CNO	40 00			X				117,865	0	13,398
(14) KANE FRANCETICH CIO	40 00			X				109,933	0	16,175
(15) CONNIE OSBORN CQO	40 00			X				90,777	0	15,123
(16) WILLIAM NASH PHARMACY DIRECTOR	40 00					X		117,020	0	11,676
(17) STEVEN REITZ CRNA	40 00					X		236,757	0	15,829

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			
(18) MARIA BODE CRNA	40 00					X		237,389	0	15,825
(19) DEBORAH MAURO-BENDER CRNA	40 00					X		239,591	0	14,817
(20) CHRISTINE SCHULTZ PHARMACIST	40 00					X		112,194	0	16,231
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								1,476,076	0	176,566

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 ▶ 12

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
MOSCOW EMERGENCY PHYSICIANS 1026 KASPER RD MOSCOW, ID 83843	ER SERVICES	1,447,831
CARDINAL HEALTH 3712 COLLECTION CENTER DR CHICAGO, IL 60693	PHARMACEUTICALS	876,880
MCKESSON CORPORATION 335 INTERLOCKEN PARKWAY BLOOMFIELD, CO 80021	INFORMATION SYSTEMS	876,743
YELLOWSTONE INSURANCE EXCHANGE 4301 HILLSBORO PIKE SUITE 310 NASHVILLE, TN 37215	INSURNACE	685,719
SMITH & NEPHEW ORTHO PO BOX 785921 PHILADELPHIA, PA 19178	ORTHO SERVICES	633,919

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 ▶ 36

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶				
Program Service Revenue		Business Code				
	2a	NET PATIENT SERVICE RE 621110	44,836,132	44,836,132		
	b	OTHER REVENUE 621110	618,794	618,794		
	c	AUXILIARY REVENUE 453220	140,141	140,141		
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	45,595,067			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	206,975			206,975
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 452,130				
	b	Less rental expenses 0				
	c	Rental income or (loss) 452,130				
	d	Net rental income or (loss) . . . . . ▶	452,130			452,130
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 1,245,593				
	b	Less cost or other basis and sales expenses 1,460,347				
	c	Gain or (loss) -214,754				
	d	Net gain or (loss) . . . . . ▶	-214,754			-214,754
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶				
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶				
		Miscellaneous Revenue / Business Code				
	11a					
	b					
	c					
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶				
	12	**Total revenue.** See Instructions . . . ▶	46,039,418	45,595,067	0	444,351

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				
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				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	18,841,519	17,406,912	1,434,607	
7	Other salaries and wages				
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	4,391,172	4,057,443	333,729	
9	Other employee benefits				
10	Payroll taxes				
11	Fees for services (non-employees)				
a	Management	240,898		240,898	
b	Legal	69,089		69,089	
c	Accounting				
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	2,087,443	2,084,203	3,240	
12	Advertising and promotion	455,146	2,077	453,069	
13	Office expenses	5,572,332	5,060,044	512,288	
14	Information technology				
15	Royalties . .				
16	Occupancy	1,109,094	1,094,600	14,494	
17	Travel	67,576	67,576		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	297,088	168,657	128,431	
20	Interest	1,058,951	44,707	1,014,244	
21	Payments to affiliates	134,855		134,855	
22	Depreciation, depletion, and amortization	2,927,339	316,637	2,610,702	
23	Insurance	805,606	805,606		
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	PROVISION FOR UNCOLLECT	3,097,667	3,097,667		
b	REPAIRS AND MAINTENANCE	1,732,556	1,711,049	21,507	
c	OTHER FEES	1,046,638	778,199	268,439	
d	MISCELLANEOUS OTHER EXP	865,460	511,555	353,905	
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	44,800,429	37,206,932	7,593,497	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		1,316,360	1	1,573,832
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		6,915,683	4	7,944,675
	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		1,267,947	8	1,408,861
	9	Prepaid expenses and deferred charges		445,681	9	381,802
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 71,847,730			
	b	Less accumulated depreciation	10b 33,117,618	37,245,995	10c	38,730,112
	11	Investments—publicly traded securities			11	
	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		19,465,866	15	19,547,080
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		66,657,532	16	69,586,362
Liabilities	17	Accounts payable and accrued expenses		5,802,830	17	7,232,490
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		20,898,539	23	20,837,621
	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		851,750	25	1,241,550
	26	**Total liabilities.** Add lines 17 through 25		27,553,119	26	29,311,661
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		39,035,712	27	40,274,701
	28	Temporarily restricted net assets		68,701	28	0
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		39,104,413	33	40,274,701
	34	Total liabilities and net assets/fund balances		66,657,532	34	69,586,362

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	46,039,418
2	Total expenses (must equal Part IX, column (A), line 25)	2	44,800,429
3	Revenue less expenses Subtract line 2 from line 1	3	1,238,989
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	39,104,413
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-68,701
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	40,274,701

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
GRITMAN MEDICAL CENTER

Employer identification number
82-0146328

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: 82-0146328
Name: GRITMAN MEDICAL CENTER

Form 990, Special Condition Description:

Special Condition Description

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
GRITMAN MEDICAL CENTER	82-0146328

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

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		1,337
j	Total lines 1c through 1i			1,337
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	EXPENSES PAID TO STRATEGIC HEALTHCARE ORGANIZATIONS WHOSE FOCUS IS STATE AND FEDERAL GOVERNMENT RELATIONS AND ADVOCACY EFFORTS ON BEHALF OF HOSPITAL ASSOCIATIONS

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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
GRITMAN MEDICAL CENTER

Employer identification number
82-0146328

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI 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		5,834,645		5,834,645
b Buildings		16,622,744	6,940,844	9,681,900
c Leasehold improvements		22,491,123	7,601,841	14,889,282
d Equipment		26,509,825	18,574,933	7,934,892
e Other		389,393		389,393
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				38,730,112

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
(1) INVESTMENT IN SUBSIDIARIES	779,736
(2) DEFERRED FINANCING COSTS, NET	508,146
(3) INVESTMENT IN JOINT VENTURE	202,867
(4) RECEIVABLE FROM THIRD-PARTY	1,167,586
(5) INTERNALLY DESIGNATED-ASSETS LIMITED AS TO USE	15,097,409
(6) HELD BY TRUSTEE-BOND RESERVE	1,232,149
(7) OTHER RECEIVABLE	559,187
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	19,547,080

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
PAYABLE TO THIRD-PARTY REIMBURSEMENT PROGRAM	1,241,550
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	1,241,550

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	46,039,418
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	44,800,429
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,238,989
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	-68,701
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-68,701
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,170,288

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	GRITMAN MEDICAL CENTER INC AND THE FOUNDATION ARE NONPROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (THE CODE) AND ARE EXEMPT FROM FEDERAL TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE THE MEDICAL CENTER AND FOUNDATION ARE ALSO EXEMPT FROM STATE TAXES ON RELATED INCOME IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, ASC TOPIC 740-10, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES REQUIRES AN ORGANIZATION TO ASSESS WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OR THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION IF THE TAX POSITION DOES NOT MEET THE MORE LIKELY THAN NOT RECOGNITION THRESHOLD, THE BENEFIT OF THE TAX POSITION IS NOT RECOGNIZED IN THE FINANCIAL STATEMENTS MANAGEMENT DOES NOT BELIEVE GRITMAN MEDICAL CENTER (THE MEDICAL CENTER) HAS ANY MATERIAL UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS THE MEDICAL CENTER IS ALSO ENGAGED, TO A LIMITED EXTENT, IN ACTIVITIES WHICH THE INTERNAL REVENUE SERVICE CONSIDERS UNRELATED TO THE MEDICAL CENTER'S EXEMPT PURPOSE AND, THEREFORE, TAXABLE THESE ACTIVITIES, HOWEVER, HAVE RESULTED IN NET OPERATING LOSSES FOR INCOME TAX PURPOSES THE MEDICAL CENTER DOES NOT PRESENTLY ANTICIPATE THAT A TAX BENEFIT FROM THESE NET OPERATING LOSSES WILL BE REALIZED IN THE FUTURE ACCORDINGLY, ANY POTENTIAL DEFERRED TAX ASSET RESULTING FROM THE AVAILABILITY OF NET OPERATING LOSS CARRY-FORWARD IS OFFSET BY A VALUATION ALLOWANCE OF EQUAL AMOUNT NO DEFERRED TAX ASSETS AND LIABILITIES HAVE BEEN RECOGNIZED SINCE NO OTHER DIFFERENCES EXIST BETWEEN THE FINANCIAL AND TAX BASES OF REPORTING THE MEDICAL CENTER'S ASSETS AND LIABILITIES THE MEDICAL CENTER'S FEDERAL RETURNS FOR YEARS 2007 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE THE EXPIRATION OF THE STATUTES OF LIMITATIONS RELATED TO THE VARIOUS STATE INCOME TAX RETURNS THAT THE MEDICAL CENTER AND ITS SUBSIDIARIES FILE VARIES BY STATE GENERALLY, THE MEDICAL CENTER'S VARIOUS STATE INCOME TAX RETURNS FOR TAX YEARS 2007 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY VARIOUS STATE TAXING AUTHORITIES

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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
GRITMAN MEDICAL CENTER

Employer identification number
82-0146328

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 _____ %	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 _____ %	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)			693,384		693,384	1 670 %
b Medicaid (from Worksheet 3, column a)			4,757,381	4,577,299	180,082	0 430 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			5,450,765	4,577,299	873,466	2 100 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	22	13,234	78,258	4,607	73,651	0 190 %
f Health professions education (from Worksheet 5)	8	131	437,048		437,048	1 050 %
g Subsidized health services (from Worksheet 6)	3	0	976,590	700,639	275,951	0 660 %
h Research (from Worksheet 7)						0 700 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	4	1	27,029		27,029	0 060 %
j **Total** Other Benefits	37	13,366	1,518,925	705,246	813,679	2 660 %
k **Total.** Add lines 7d and 7j	37	13,366	6,969,690	5,282,545	1,687,145	4 760 %

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						
2	Economic development						
3	Community support	2	425	18,787		18,787	0 050 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**	2	425	18,787		18,787	0 050 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	1,194,665		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	8,658,818
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,644,923
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-986,105
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	1 PALOUSE HEALTH PROPERTIES LLC	PROPERTY MANAGEMENT	60 000 %		40 000 %
2	2 PALOUSE SURGERY CENTER LLC	OUTPATIENT SURGERY CENTER	60 000 %		40 000 %
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	GRITMAN MEDICAL CENTER 700 S MAIN STREET MOSCOW,ID 83843	X				X		X		

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)

GRITMAN MEDICAL CENTER

Name of Hospital Facility:

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		No
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 200 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 400 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? **1**

	Name and address	Type of Facility (Describe)
1	PALOUSE SURGERY CENTER LLC 2300 WEST A STREET MOSCOW,ID 83843	GENERAL MEDICAL AND SURGERY
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 7 PART I, LINE 7 LINES 7A, B AND C WERE CALCULATED USING A COST TO CHARGE RATIO BASED ON TOTAL OPERATING EXPENSES LESS BAD DEBT DIVIDED BY GROSS PATIENT CHARGES PART I, LINES 7E,F,G AND I WERE CALCULATED FROM GENERAL LEDGER ACTUAL COSTS

Identifier	ReturnReference	Explanation
		PART I, LINE 7G TWO RURAL CLINICS AND ADULT DAY HEALTH WERE INCLUDED IN LINE 7G

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 3097667

Identifier	ReturnReference	Explanation
		PART II GRITMAN MEDICAL CENTER IS COMMITTED TO SERVING THE HEALTHCARE NEEDS OF OUR COMMUNITY WE ORGANIZE AND PARTNER WITH OTHERS IN OUR COMMUNITY, PARTICIPATE IN COMMUNITY EVENTS, AND PROVIDE USEFUL INFORMATION AND EDUCATE RESIDENTS YOUNG AND OLD ON WAYS TO IMPROVE THEIR HEALTH AND WELL BEING THROUGH PREVENTATIVE PROGRAMS EXAMPLES INCLUDE FREE MONTHLY EDUCATIONAL CLASSES PRESENTED BY LOCAL EXPERTS ON TOPICS SUCH AS BICYCLING FITNESS, NUTRITION AND MEMORY WELLNESS WE ORGANIZE AN ANNUAL FUN RUN EACH FEBRUARY TO ENCOURAGE HEART HEALTH WE PARTNER WITH THE CITY OF MOSCOW, THE UNIVERSITY OF IDAHO TO SPONSOR A FALL TRIATHLON FOR CHILDREN AND ADULTS WE OFFER A FREE "FIT AND FALL PROOF" CLASS SEVERAL TIMES WEEKLY TO HELP IMPROVE THE BALANCE OF SENIORS AND THUS REDUCE THE RISK OF FALLS WE OFFER FREE SUPPORT GROUPS, FREE BLOOD PRESSURE CLINICS AND FREE SMOKING CESSATION COUNSELING

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE MEDICAL CENTER AND SURGERY CENTER REPORT PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS THE MEDICAL CENTER AND SURGERY CENTER PROVIDE AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT, THE MEDICAL CENTER AND SURGERY CENTER BILL THIRD PARTY PAYERS DIRECTLY AND BILL THE PATIENT WHEN THE PATIENT'S LIABILITY IS DETERMINED PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED THE RECEIVABLES ARE NON-INTEREST BEARING ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 INFORMATION WAS FROM GRITMAN MEDICAL CENTER'S 2011 COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B GRITMAN MEDICAL CENTER DOES NOT COLLECT FROM PATIENTS INITIALLY KNOWN TO QUALIFY FOR CHARITY CARE IF A PATIENT IN COLLECTIONS IS LATER DETERMINED TO QUALIFY FOR CHARITY CARE, GRITMAN MEDICAL CENTER CEASES COLLECTION EFFORTS FOR THAT PATIENT

Identifier	ReturnReference	Explanation
GRITMAN MEDICAL CENTER		PART V, SECTION B, LINE 13G GRITMAN HAS 1 5 FULL-TIME FINANCIAL COUNSELOR(S) TO INFORM AND EDUCATE PATIENTS ONE FINANCIAL COUNSELOR WORKS WITH PATIENTS WHO VISIT US THROUGH OUREMERGENCY DEPARTMENT AFTER A PATIENT IS SEEN IN THE ED, THE COUNSELOR WILL SHARE INFORMATION ON ALL AVAILABLE PAYMENT OPTIONS INCLUDING COUNTY ASSISTANCEAND OUR CHARITY CARE IF THE PATIENT CANNOT PAY, THE PATIENT IS GIVEN OUR CHARITY CARE FORM AND IF NEEDED CAN ASSIST IN FILLING OUT THE FORM OUR CASE MANAGEMENT STAFF REFER PATIENTS TO OUR FINANCIAL COUNSELORS, AS WELL, IF PATIENTS EXPRESS INTEREST OR NEED IN RECEIVING BILLING INFORMATION OUR FINANCIAL POLICY IS AVAILABLE ON OUR WEBSITE AND IN BROCHURE FORM

Identifier	ReturnReference	Explanation
GRITMAN MEDICAL CENTER		PART V, SECTION B, LINE 15E LEGAL ACTION MAY BE USED AS PART OF THE COLLECTION PROCESS

Identifier	ReturnReference	Explanation
GRITMAN MEDICAL CENTER		PART V, SECTION B, LINE 19D THEY ARE BILLED AT THE CHARGE RATE, HOWEVER CAN GET THE PROMPT PAY DISCOUNT OF 15% IF PAYMENT IS MADE WITHIN 20 DAYS OF RECEIVING THEIR BILL

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 IN AUGUST 2009, QHR STRATEGY GROUP PERFORMED A MARKET ASSESSMENT FOR GRITMAN MEDICAL CENTER INCLUDED IN THE ASSESSMENT IS DATA FOR IDAHO PUBLIC HEALTH DISTRICT #2 WHICH INCLUDES LATAH COUNTY (AMONG OTHERS)FROM THE BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM, DEVELOPED BY THE CENTERS FOR DISEASE CONTROL AND PREVENTION AND DESIGNED TO ESTIMATE THE PREVALENCE OF RISK FACTORS FOR MAJOR CAUSES OF MORBIDITY AND MORTALITY IN THE UNITED STATES ALSO INCLUDED IN THE QHR ASSESSMENT IS INFORMATION GATHERED FROM AN ONLINE COMMUNITY HEALTHCARE SURVEY BECAUSE OUR PRIMARY SERVICE AREA INCLUDES MANY SMALL RURAL TOWNS, THE GRITMAN COMMUNITY RELATIONS TEAM TRAVELED TO THE TOWNS, SETTING UP THE SURVEY IN THE LOCAL LIBRARIES SO THAT THOSE WITHOUT COMPUTER AND ONLINE ACCESS COULD PARTICIPATE IN 2011, A STRATEGIC PLANNING ASSESSMENT WAS PERFORMED, WHICH INCLUDED AN ANALYSIS OF POTENTIAL COMMUNITY NEEDS OF VARIOUS SERVICE LINES

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 GRITMAN HAS 1 5 FULL-TIME FINANCIAL COUNSELOR(S) TO INFORM AND EDUCATE PATIENTS OUR FINANCIAL COUNSELOR WORKS WITH PATIENTS WHO VISIT US THROUGH THE FACILITY THE FINANCIAL COUNSELORS MONITOR OUR CENSUS REPORTS AND REACHES OUT TO OUR SELF-PAY PATIENTS AND INFORMS THEM OF OUR CHARITY CARE OPTIONS AND COUNTY ASSISTANCE PROGRAMS AND HELPS THE PATIENTS AS NEEDED THEY ALSO HELP PATIENTS WHO RECEIVED THEIR BILL AND INFORM US TEHY DO NOT HAVE MEANS OF PAYING OUR CASE MANAGEMENT STAFF REFER PATIENTS TO OUR FINANCIAL COUNSELORS, AS WELL, IF PATIENTS EXPRESS INTEREST OR NEED IN RECEIVING BILLING INFORMATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE PRIMARY SERVICE AREA FOR GRITMAN MEDICAL CENTER IS LATAH COUNTY LATAH COUNTY IS 2,000 SQUARE MILES WITH 35,867 PEOPLE LATAH COUNTY IS COMPOSED OF MOSCOW, THE COUNTY SEAT AND 10 SMALL TOWNS WHICH HAVE BEEN HARD-HIT BY THE DECLINING NATURAL RESOURCE INDUSTRIES THERE IS A WIDE VARIATION IN THE MEDIAN AGE IN THE SERVICE AREA GRITMAN IS IN A HIGHLY COMPETITIVE MARKET WITH FOUR OTHER HOSPITALS BEING JUST 30 MINUTES AWAY ALL BUT ONE ARE CRITICAL ACCESS HOSPITALS

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 GRITMAN'S BOARD OF DIRECTORS IS COMPRISED OF INDIVIDUALS WHO RESIDE IN THE ORGANIZATIONS PRIMARY SERVICE AREA GRITMAN EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY FOR SOME OR ALL OF ITS DEPARTMENTS GRITMAN APPLIES SURPLUS FUNDS TO IMPROVEMENTS IN PATIENT CARE

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRITMAN MEDICAL CENTER

Employer identification number
82-0146328

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) KARA BESST	(i)	162,820	0	0	0	44,301	207,121	0
	(ii)	0	0	0	0	0	0	0
(2) STEVEN REITZ	(i)	236,757	0	0	4,801	11,028	252,586	0
	(ii)	0	0	0	0	0	0	0
(3) MARIA BODE	(i)	237,389	0	0	9,603	6,222	253,214	0
	(ii)	0	0	0	0	0	0	0
(4) DEBORAH MAURO-BENDER	(i)	239,591	0	0	9,603	5,214	254,408	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PART III	NAME OF UNRELATED ORGANIZATION QHR AMOUNT OF COMPENSATION $214,550 NAME OF INDIVIDUALS RECIEVING COMPENSATION KARA BESST, CEO, LISA WOOD, CFO

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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
GRITMAN MEDICAL CENTER

Employer identification number
82-0146328

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	IDAHO HEALTH FACILITIES AUTHORITY	82-6051863	45129UAV6	06-01-2003	18,545,000	NEW HOSPITAL WING		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,880,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	18,904,302			
4	Gross proceeds in reserve funds	1,237,930			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	281,940			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	17,384,432			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2003			

		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 ▶								
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 ▶								
6	Total of lines 4 and 5								
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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319071162

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
GRITMAN MEDICAL CENTER

Employer identification number
82-0146328

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE GRITMAN MEDICAL CENTER CFO WILL PRESENT A COPY OF THE FORM 990 TO THE BOARD FOR REVIEW PRIOR TO SIGNATURE OF THE RETURN BY THE ORGANIZATION'S CEO
	FORM 990, PART VI, SECTION B, LINE 12C	POTENTIAL CONFLICTS ARE REQUIRED TO BE DISCLOSED TO THE BOARD THROUGHOUT THE YEAR LEGAL COUNSEL REVIEWS ALL POTENTIAL CONFLICTS OF INTEREST PRESENT AND THEN DETERMINES IF A CONFLICT OF INTEREST IS PRESENT IT IS THE POLICY OF GRITMAN MEDICAL CENTER THAT ANY BOARD MEMBER WITH AN UNDISCLOSED CONFLICT OF INTEREST MAY BE SUBJECT TO IMMEDIATE TERMINATION FROM SERVICE ON THE BOARD
	FORM 990, PART VI, SECTION B, LINE 15	FORM 990, PART VI, SECTION B, LINE 12 THE ORGANIZATIONS CEO & CFO, ARE EMPLOYEES OF QUORUM HEALTH RESOURCES (QHR) AS SUCH, THEIR PAY RATE IS DETERMINED BY QHR QHR PERFORMS A COMPENSATION SURVEY TO DETERMINE THE CEO & CFOS COMPENSATION THE ORGANIZATION'S BOARD OF DIRECTORS REVIEWS ALL CONTRACTS WITH QHR TO DETERMINE REASONABLE SALARIES GRITMAN HAS THREE OTHER SENIOR ADMINISTRATIVE STAFF, THE CHIEF NURSING OFFICER (CNO), THE CHIEF QUALITY OFFICER (CQO), AND THE CHIEF INFORMATION OFFICER (CIO) EACH YEAR PRIOR TO THE ANNUAL PAY INCREASE THEIR POSITIONS ARE REVIEWED BY THE HUMAN RESOURCES DIRECTOR THEIR SALARY GRADE MINIMUM AND MAXIMUM RATES AND THEIR ACTUAL PAID RATE ARE COMPARED TO STATE AND REGIONAL SALARY SURVEY DATA TO DETERMINE THEIR RELATIONSHIP TO OUR EXTERNAL MARKET IN ADDITION TO THE EXTERNAL COMPARISON, WE ENSURE WE HAVE INTERNAL EQUITY BASED ON THEIR SALARY GRADE LEVEL, YEARS OF EXPERIENCE AND HOW THEIR RESPONSIBILITIES COMPARE TO THOSE IN OTHER POSITIONS ALL PAY INCREASES ARE REVIEWED AND APPROVED BY THE CEO THE PAY INCREASES ARE THEN INCORPORATED INTO THE ANNUAL BUDGET WHICH IS APPROVED BY THE BOARD OF DIRECTORS SALARY DECISIONS ARE MADE BY THOSE WITHOUT CONFLICT AND THE DECISIONS ARE DOCUMENTED THE PAY INCREASE ARE NOT APPROVED UNTIL THE ANNUAL BUDGET IS APPROVED BY THE BOARD
	FORM 990, PART VI, SECTION C, LINE 19	FINANCIAL INFORMATION IS MADE AVAILABLE AT GRITMAN'S ANNUAL BOARD MEETING IN MAY OF EACH YEAR, WHICH IS OPEN TO THE PUBLIC
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	PRIOR PERIOD ADJUSTMENT RELATED TO TEMPORARILY RESTRICTED NET ASSETS -68,701 TOTAL TO FORM 990, PART XI, LINE 5 -68,701
PRIOR YEAR PROCESS	FORM 990, PART XII, LINE 2C	THERE HAVE BEEN NO CHANGES FROM PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRITMAN MEDICAL CENTER

Employer identification number
82-0146328

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) GRITMAN MEDICAL CENTER FOUNDATION 700 S MAIN STREET MOSCOW, ID 83843 20-0586022	HOSPITAL SUPPORT	ID	501(C)(3)	7	GRITMAN MEDICAL CENTER	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) Disproportionate allocations? No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) General or managing partner? No	(k) Percentage ownership
(1) PALOUSE SURGERY CENTER LLC 2300 WEST A STREET MOSCOW, ID 83843 81-0593962	OUTPATIENT SURGERY CENTER	ID	GRITMAN MEDICAL CENTER	RELATED	143,274	450,857		No			No	60 000 %
(2) PALOUSE HEALTH PROPERTIESLLC 2300 WEST A STREET MOSCOW, ID 83843 81-0593963	PROPERTY MANAGEMENT	ID	GRITMAN MEDICAL CENTER	RELATED	60,752	331,596		No			No	60 000 %
(3) PALOUSE SURGEONS LLC 825 SE BISHOP SUITE 130 PULLMAN, WA 99163 20-2369734	GENERAL SURGERY	ID	PALOUSE SURGEON'S LLC	RELATED	-548,048	50,744		No			No	40 000 %
(4) INLAND NW RENAL CARE GROUP LLC 920 WINTER STREET WALTHAM, WA 024511457 26-1845298	DIALYSIS SERVICES	ID	GRITMAN MEDICAL CENTER	RELATED	34,455	135,723		No			No	30 000 %

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

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

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

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**	**No**
b	Gift, grant, or capital contribution to related organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from related organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for related organization(s)	**1d**	**No**
e	Loans or loan guarantees by related organization(s)	**1e**	**No**
f	Sale of assets to related organization(s)	**1f**	**No**
g	Purchase of assets from related organization(s)	**1g**	**No**
h	Exchange of assets with related organization(s)	**1h**	**No**
i	Lease of facilities, equipment, or other assets to related organization(s)	**1i**	**Yes**
j	Lease of facilities, equipment, or other assets from related organization(s)	**1j**	**No**
k	Performance of services or membership or fundraising solicitations for related organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations by related organization(s)	**1l**	**No**
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1m**	**No**
n	Sharing of paid employees with related organization(s)	**1n**	**No**
o	Reimbursement paid to related organization(s) for expenses	**1o**	**No**
p	Reimbursement paid by related organization(s) for expenses	**1p**	**No**
q	Other transfer of cash or property to related organization(s)	**1q**	**Yes**
r	Other transfer of cash or property from related organization(s)	**1r**	**Yes**

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) PALOUSE SURGERY CENTER LLC	R	162,000	ACTUAL CASH
(2) PALOUSE HEALTH PROPERTIES LLC	R	24,000	ACTUAL CASH
(3) INLAND NORTHWEST RENAL CARE GROUP LLC	R	41,000	ACTUAL CASH
(4) PALOUSE SURGEONS LLC	Q	-546,200	ACTUAL CASH
(5) INLAND NORTHWEST RENAL CARE GROUP LLC	I	10,265	ACTUAL CASH
(6) PALOUSE SURGEONS LLC	I	3,291	ACTUAL CASH

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 82-0146328
Name: GRITMAN MEDICAL CENTER

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	PALOUSE SURGERY CENTER LLC	R	162,000	ACTUAL CASH
(2)	PALOUSE HEALTH PROPERTIES LLC	R	24,000	ACTUAL CASH
(3)	INLAND NORTHWEST RENAL CARE GROUP LLC	R	41,000	ACTUAL CASH
(4)	PALOUSE SURGEONS LLC	Q	-546,200	ACTUAL CASH
(5)	INLAND NORTHWEST RENAL CARE GROUP LLC	I	10,265	ACTUAL CASH
(6)	PALOUSE SURGEONS LLC	I	3,291	ACTUAL CASH

Gritman Medical Center, Inc. and Subsidiaries

Moscow, Idaho

Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2011 and 2010

Gritman Medical Center, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information

Years Ended December 31, 2011 and 2010

Table of Contents

WIPFLI LLP

Independent Auditor's Report

Board of Directors
Gritman Medical Center, Inc
Moscow, Idaho

We have audited the accompanying balance sheets of Gritman Medical Center, Inc and Subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of the Center's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gritman Medical Center, Inc and Subsidiaries at December 31, 2011 and 2010, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States

Wipfli LLP

Wipfli LLP

May 22, 2012
Spokane, Washington

Gritman Medical Center, Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2011 and 2010

Assets	2011	2010
Current assets		
Cash and cash equivalents	$ 2,080,259	$ 1,579,615
Accounts receivable - Net	8,102,612	7,150,225
Other receivables	671,229	859,307
Inventories	1,556,765	1,444,095
Prepaid expenses	386,712	460,398
Amounts receivable from third-party reimbursement programs	1,167,586	700,000
Total current assets	13,965,163	12,193,640
Assets limited as to use		
Internally designated	15,423,398	15,546,195
Internally designated for Friends of Hospice of the Palouse	1,140,493	1,120,780
Held by trustee - Bond reserve	1,232,149	1,237,930
Total assets limited as to use	17,796,040	17,904,905
Property and equipment - Net	41,422,997	40,215,719
Other assets		
Deferred financing costs	534,564	559,808
Investment in joint ventures	202,867	86,051
Total other assets	737,431	645,859
TOTAL ASSETS	$ 73,921,631	$ 70,960,123

Liabilities and Net Assets	2011	2010
Current liabilities		
Current maturities of long-term debt	$ 1,833,522	$ 1,750,219
Current maturities of capital lease payable	139,439	-
Line of credit	2,300,229	1,400,587
Accounts payable	2,178,807	1,610,571
Accrued expenses	2,936,958	2,895,204
Amounts payable to third-party reimbursement programs	1,241,550	851,750
Total current liabilities	10,630,505	8,508,331
Long-term debt - Less current maturities	20,389,872	21,235,270
Capital lease payable - Less current maturities	446,955	-
Total long-term debt	20,836,827	21,235,270
Total liabilities	31,467,332	29,743,601
Gritman Medical Center, Inc net assets		
Unrestricted	41,640,624	40,338,769
Temporarily restricted	293,851	286,016
Total net assets of Gritman Medical Center, Inc	41,934,475	40,624,785
Minority interests in subsidiaries	519,824	591,737
Total net assets	42,454,299	41,216,522
TOTAL LIABILITIES AND NET ASSETS	$ 73,921,631	$ 70,960,123

Gritman Medical Center, Inc. and Subsidiaries

Consolidated Statements of Operations

Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted revenue, gains, and other support		
Net patient service revenue	$ 46,985,387	$ 44,105,394
Other revenue	1,197,210	1,608,377
Net assets released from restrictions used for operations	64,161	51,374
Total unrestricted revenue, gains, and other support	48,246,758	45,765,145
Expenses		
Salaries and wages	19,471,290	18,440,468
Employee benefits	4,528,345	4,393,468
Professional fees	2,118,193	2,120,620
Supplies and other	5,875,728	5,298,828
Other fees	1,855,156	1,957,223
Repairs and maintenance	1,796,764	1,487,553
Insurance	827,935	803,321
Utilities	824,274	860,339
Leases and rentals	346,416	362,998
Other	1,482,057	1,681,345
Depreciation and amortization	2,914,909	2,839,986
Interest	1,117,575	1,177,937
Provision for bad debts	3,097,667	2,692,278
Total expenses	46,256,309	44,116,364
Income from operations	1,990,449	1,648,781
Other income (expense)		
Investment income	443,560	772,768
Contributions	140,141	147,095
Rental income	452,130	387,740
Depreciation expense	(316,637)	(299,924)
Interest expense	(44,733)	(46,496)
Net loss in joint ventures	(486,037)	(658,287)
(Loss) gain on sale of asset	(214,754)	14,175
Other expense - Net	(383,403)	(217,341)
Total other (expense) income	(409,733)	99,730
Excess of revenue over expenses	1,580,716	1,748,511
Investment return - Change in unrealized gains and losses	(225,556)	453,418
Minority interest in earnings of subsidiaries	(53,305)	(170,514)
Increase in unrestricted net assets	$ 1,301,855	$ 2,031,415

See accompanying notes to consolidated financial statements

Gritman Medical Center, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2011 and 2010

	2011	2010
Unrestricted net assets		
Excess of revenue over expenses	$ 1,580,716	$ 1,748,511
Investment return - Change in unrealized gains and losses	(225,556)	453,418
Minority interest in earnings of subsidiaries	(53,305)	(170,514)
Increase in unrestricted net assets	1,301,855	2,031,415
Temporarily restricted net assets		
Contributions - Net	71,996	99,084
Net assets released from restrictions	(64,161)	(51,374)
Increase in temporarily restricted net assets	7,835	47,710
Increase in net assets	1,309,690	2,079,125
Net assets - Beginning of year	40,624,785	38,545,660
Total net assets of Gritman Medical Center, Inc - End of Year	$ 41,934,475	$ 40,624,785

Gritman Medical Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Cash received from patient services	$ 42,857,547	$ 39,807,717
Cash received from other operating revenues	1,385,288	1,796,841
Cash paid for salaries and benefits	(23,957,881)	(22,485,906)
Cash paid for supplies, professional fees, and other operating expenses	(15,714,846)	(15,173,304)
Net assets released from restrictions used for operations	64,161	51,374
Net cash provided by operating activities	4,634,269	3,996,722
Cash flows from financing activities		
Proceeds from issuance of long-term debt	1,804,213	365,947
Principal payments on long-term debt	(1,979,914)	(1,761,376)
Proceeds on line of credit	899,642	300,587
Interest paid on long-term debt	(44,733)	(46,496)
Grants and contributions received	147,976	194,806
Payments for purchase of capital assets	(5,884,749)	(3,334,038)
Proceeds from disposal of assets	1,256,415	22,412
Net cash used in financing activities	(3,801,150)	(4,258,158)
Cash flows from investing activities		
Purchase of investments	(2,993,377)	(2,420,090)
Sale and maturity of investments	2,870,905	1,727,301
Interest Income	449,341	776,768
Minority earnings in subsidiaries	(125,218)	(307,730)
Payments for purchase of investments in joint ventures	(602,853)	(496,000)
Rental property activity net	452,130	387,740
Other non-operating investing activity	(383,403)	(252,848)
Net cash used in investing activities	(332,475)	(584,859)
Net increase (decrease) in cash and cash equivalents	500,644	(846,295)
Cash and cash equivalents - Beginning of year	1,579,615	2,425,910
Cash and cash equivalents - End of year	$ 2,080,259	$ 1,579,615

Gritman Medical Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2011 and 2010

	2011	2010
Reconciliation of income from operations to net cash provided by operating activities		
Income from operations	$ 1,990,449	$ 1,648,781
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation and amortization	2,914,909	2,839,986
Provision for bad debt	3,097,667	2,692,278
Changes in operating assets and liabilities		
Patient accounts receivable - net	(4,050,054)	(2,455,654)
Other accounts receivable	188,078	234,961
Amounts receivable from third-party reimbursement programs	(467,586)	(700,000)
Inventories	(112,670)	2,116
Prepaid expenses	73,686	(98)
Accounts payable	568,236	528,346
Accrued expenses	41,754	348,030
Amounts payable to third-party reimbursement programs	389,800	(1,142,024)
Total adjustments	2,643,820	2,347,941
Net cash provided by operating activities	$ 4,634,269	$ 3,996,722
Supplemental disclosure of cash flow information		
Cash paid for interest related to operations	$ 1,117,575	$ 1,177,937

Gritman Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

The Entity

Gritman Medical Center, Inc , primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in Moscow, Idaho, and the surrounding area

The Medical Center's subsidiaries are Palouse Surgery Center, LLC (the "Surgery Center"), Palouse Health Properties, LLC (the "Health Properties") and Gritman Medical Center Foundation Inc (the "Foundation") The Surgery Center is a joint venture between the Medical Center and a group of local physicians that began operations in May 2004 The Health Properties is a joint venture created to hold real estate that it leases to the Surgery Center The Health Properties also began operations in May 2004 The Medical Center holds a 60 percent ownership interest in the Surgery Center and the Health Properties The Foundation is an affiliate established to provide fundraising assistance to the Medical Center

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Gritman Medical Center Inc , the Surgery Center, the Health Properties, and the Foundation (collectively the "Medical Center") All material intercompany accounts and transactions have been eliminated in the consolidated financial statements

Financial Statement Presentation

The Medical Center follows accounting standards set by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP

Use of Estimates in Preparation of Consolidated Financial Statements

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

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

The Medical Center considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents

Accounts Receivable and Credit Policy

Accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances Most of these obligations are from local residents who are insured under third-party payer agreements The Medical Center bills third-party payers on the patients' behalf, or if a patient is uninsured, the patient is billed directly Once claims are settled with the primary payer, any secondary insurance is billed, and patients are billed for co-pay and deductible amounts that are the patients' responsibility Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement The Medical Center does not have a policy to charge interest on past due accounts

The carrying amounts of accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to accounts receivable In addition, management provides for potential uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to a valuation allowance based on its assessment of historical collection likelihood and the current status of individual accounts Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable

Accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and allowance for uncollectible accounts

Inventories

Inventories of supplies are valued at the lower of cost, determined on the first-in, first-out method, or market

Note 1 Summary of Significant Accounting Policies (Continued)

Investments, Assets Limited as to Use, and Interest Income

Assets limited as to use include assets designated 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, investments held for restricted purposes, and assets set aside by the Foundation for future projects

Interest income is reported as other income and is included in excess of revenue over expenses unless the income is restricted by donor or law Unrealized gains and losses are excluded from the excess of revenue over expenses unless the investments are trading securities Realized gains or losses are determined by specific identification

Fair Value Measurements

The Medical Center measures fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements) The three levels of the fair value hierarchy are described below

Level 1 Inputs to the valuation methodology are unadjusted quoted priced for identical assets or liabilities in active markets that the Medical Center has the ability to access

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs, other than quoted prices, that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs See Note 7 for further disclosures regarding fair value measurements of financial instruments

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation Depreciation is provided over the estimated useful life of each class of 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 Such amortization is included in depreciation and amortization in the consolidated financial statements Estimated useful lives range from five to forty years for buildings and improvements and from two to twenty years for equipment

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Property, Equipment, and Depreciation (Continued)

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenue over 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 cash or other assets that must be used to acquire long-lived assets are reported as restricted support Absent explicit donor stipulations about how long these assets must be maintained, expirations of donor restrictions are reported when the donated assets are placed in service

Note 1 Summary of Significant Accounting Policies (Continued)

Impairment

The Medical Center reviews its property and equipment periodically to determine potential impairment by comparing the carrying value of the property and equipment with the estimated future net discounted cash flows expected to result from the use of the assets, including cash flows from disposition Should the sum of the expected future net cash flows be less than the carrying value, the Medical Center would recognize an impairment loss at that time

Unamortized Bond Issue Costs

Unamortized bond issue costs related to issuance of long-term debt are being amortized over the life of the related debt using the straight-line method

Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Medical Center and include those expendable resources that have been designated for special use by the Medical Center's Board of Directors Temporarily restricted net assets are those whose use by the Medical 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 Medical Center in perpetuity

The Medical Center did not have any permanently restricted net assets at December 31, 2011 and 2010

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers 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

Note 1 Summary of Significant Accounting Policies (Continued)

Excess of Revenue Over Expenses

The consolidated statements of operations include the classification excess of revenue over expenses, which is considered the operating indicator Changes in net assets, which are excluded from excess of revenue over expenses include investment return – change in unrealized gains and losses and minority interest in earnings of subsidiaries

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates The Medical Center maintains records to identify the amount of charges foregone for services and supplies furnished under the charity care policy Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not included as net patient service revenue

Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor Unconditional promises to give cash and other assets to the Medical Center are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

Advertising Costs

The Medical Center charges advertising costs to operations as incurred Advertising expense was $465,099 and $471,970 for 2011 and 2010, respectively

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

Gritman Medical Center Inc and the Foundation are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal taxes on related income pursuant to Section 501(a) of the Code The Medical Center and Foundation are also exempt from state taxes on related income

In order to account for any uncertain tax positions, ASC Topic 740-10, *Income Taxes,* requires an organization to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements

The Medical Center is also engaged, to a limited extent, in activities which the Internal Revenue Service considers unrelated to the Medical Center's exempt purpose and, therefore, taxable These activities, however, have resulted in net operating losses for income tax purposes The Medical Center does not presently anticipate that a tax benefit from these net operating losses will be realized in the future Accordingly, any potential deferred tax asset resulting from the availability of net operating loss carry-forward is offset by a valuation allowance of equal amount No deferred tax assets and liabilities have been recognized since no other differences exist between the financial and tax basis of reporting the Medical Center's assets and liabilities

The Medical Center recorded no assets or liabilities for uncertain tax positions Federal returns for the tax years 2008 and beyond remain subject to examination by the Internal Revenue Service

Subsequent Event

Subsequent events have been evaluated through May 22, 2012, which is the date the financial statements are available to be issued

Note 2 Reimbursement Arrangements With Third-Party Payers

The Medical Center has agreements with third-party payers that provide for reimbursement to the Medical Center at amounts that vary from its established rates A summary of the basis of reimbursement with major third-party payers follows

Medicare and Medicaid – Gritman Medical Center, Inc is designated a Critical Access Hospital As such, all inpatient, and outpatient hospital services are paid based on a cost reimbursement method, with the exception of certain types of laboratory and therapy services which are reimbursed on a prospectively determined fee schedule Professional services provided by physicians and other clinicians continue to be reimbursed on prospectively determined fee schedules Substantially all services rendered to Medicare and Medicaid program beneficiaries by the Surgery Center are reimbursed on the basis of prospectively determined rates per procedure

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

Accounting for Medicare and Medicaid Contractual Arrangem ents – The Medical Center is reimbursed for cost-reimbursable items at interim rates with final settlements determined after audit of the related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements The Medical Center's cost reports have been audited by the Medicare fiscal intermediaries through December 31, 2009 The Medical Center's Medicaid cost reports have been audited through December 31, 2008

Note 3 Accounts Receivable - Net

Accounts receivable – net consisted of the following at December 31

	2011	2010
Accounts receivable	$ 14,923,018	$ 11,334,513
Less		
Contractual adjustments	1,194,828	650,960
Allowance for uncollectible accounts	5,625,578	3,533,328
Accounts receivable - Net	$ 8,102,612	$ 7,150,225

Note 4 Net Patient Service Revenue

The following table sets forth the detail of net patient service revenue

	2011	2010
Gross patient service revenue		
Inpatient services	$ 31,318,325	$ 30,772,565
Outpatient services	43,338,407	41,813,178
Less charity care	(1,194,665)	(1,343,962)
Gross patient service revenue	73,462,067	71,241,781
Contractual adjustments		
Medicare	9,550,771	8,631,700
Medicaid	3,103,310	3,630,234
Other	13,822,599	14,874,453
Patient service revenue - Net	$ 46,985,387	$ 44,105,394

Note 4 Net Patient Service Revenue (Continued)

Approximately 30% in 2011 and 29% in 2010 of the Medical Center's gross patient service revenue was for services provided to Medicare and Medicare Advantage Plan Program beneficiaries

Approximately 10% in 2011 and 11% in 2010 of the Medical Center's gross patient service revenue was for services provided to Medicaid and Medicaid HMO Program beneficiaries

Note 5 Charity Care

The Medical Center provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients Consistent with the mission of the Medical Center, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or are underinsured Health care services to patients under government programs, such as Medicaid, are also considered part of the Medical Center's benefit provided to the community since a substantial portion of such services are reimbursed at amounts less than the costs of providing care

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care based on qualifying criteria as defined in the Medical Center's charity care policy and from applications completed by patients and their families

Benefits for the community also include unpaid costs of health screenings, community education through seminars and classes, and other health-related services

The amount of charges foregone for services and supplies furnished under the Medical Center's charity care policy aggregated $1,194,665 and $1,343,962 for 2011 and 2010, respectively

The estimated cost of providing care to patients under the Medical Center's charity care policy was approximately $651,000 and $727,000 in 2011 and 2010, respectively, calculated by multiplying the ratio of cost to gross charges for the Hospital times the gross uncompensated charges associated with providing charity care

Note 6 Investments, Assets Limited as to Use, and Investment Income

Assets Limited as to Use

Assts limited as to use consisted of the following at December 31

	2011	2010
Internally designated for capital acquisition		
Certificates of deposit	$ 1,696,821	$ 1,126,404
Mutual funds	3,763,867	3,954,283
Fixed income securities	11,099,093	11,581,568
Interest receivable	4,110	4,720
Total internally designated for capital acquisition	16,563,891	16,666,975
Held by trustee		
Certificates of deposit	1,232,149	37,952
Government bonds	-	1,199,978
Total held by trustee	1,232,149	1,237,930
Total assets limited as to use	$ 17,796,040	$ 17,904,905

Note 6 Investments, Assets Limited as to Use, and Investment Income (Continued)

Investment Income

Investment income, including changes in unrealized gains and losses, consisted of the following

	2011	2010
Interest and dividend income	$ 443,560	$ 773,881
Realized losses	-	(1,113)
Unrealized (losses) gains	(225,556)	453,418
Total investment income	$ 218,004	$ 1,226,186

Investment income is classified as follows

	2011	2010
Nonoperating investment income	$ 443,560	$ 772,768
Change in unrealized gains and losses on investments, other than trading securities	(225,556)	453,418
Total investment income	$ 218,004	$ 1,226,186

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements

Management assesses individual investment securities as to whether declines in market value are other-than-temporary and result in impairment For equity securities, the Medical Center considers whether they have the ability and intent to hold the investment until a market price recovery Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry in which the investee operates For debt securities, if the Medical Center has made a decision to sell the security, or if it is more likely than not the Medical Center will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred If the Medical Center has not made a decision or does not have the intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than temporary impairment is considered to have occurred

Note 7 Fair Value of Financial Instruments

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

Mutual funds are valued at quoted market prices, which represent the net asset value (NAV) of shares held by the Medical Center at year-end Bonds are stated at face value

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values Furthermore, while the Medical Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date

The following tables set forth by level, within the fair value hierarchy, the Medical Center's assets at fair value at December 31

	2011			
	Fair Value Measurements Using			Total Assets at
	Level 1	Level 2	Level 3	Fair Value
Assets				
Equity mututal funds	$ 3,763,867	$ -	$ -	$ 3,763,867
Fixed income mutual funds	11,099,093	-	-	11,099,093
Total assets	$ 14,862,960	$ -	$ -	$ 14,862,960

	2010			
	Fair Value Measurements Using			Total Assets at
	Level 1	Level 2	Level 3	Fair Value
Assets				
Equity mututal funds	$ 3,954,283	$ -	$ -	$ 3,954,283
Fixed income mutual funds	11,581,568	-	-	11,581,568
Bonds	-	1,199,978	-	1,199,978
Total assets	$ 15,535,851	$ 1,199,978	$ -	$ 16,773,781

The carrying value of current assets and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments

Note 8 Property and Equipment

Property and equipment consisted of the following at December 31

	2011	2010
Used in health care services		
Land and land improvements	$ 5,138,444	$ 4,711,858
Buildings and building improvements	35,018,668	33,169,966
Equipment	28,327,880	28,120,161
Total used in health care services	68,484,992	66,001,985
Not used in health care services		
Land and land improvements	1,982,626	1,982,626
Buildings and building improvements	5,838,194	6,469,577
Equipment	13,492	25,457
Total not used in health care services	7,834,312	8,477,660
Total property and equipment	76,319,304	74,479,645
Less - Accumulated depreciation	35,285,700	36,312,368
Net depreciated value	41,033,604	38,167,277
Construction in progress	389,393	2,048,442
Property and equipment - Net	$ 41,422,997	$ 40,215,719

Depreciation expense for property and equipment used in operating and non-operating activities consisted of the following

	2011	2010
Used in health care services	$ 2,891,182	$ 2,839,986
Not used in health care services	316,637	299,924
Total depreciation expense	$ 3,207,819	$ 3,139,910

Construction in progress at December 31, 2011, represents costs to complete a café remodel, system upgrades and medical equipment upgrades Estimated costs to complete construction in progress at December 31, 2011, are approximately $313,000

Note 9 Investment in Joint Ventures

The Medical Center entered into a joint venture, Palouse Surgeons, LLC, with locum tenens surgeons to help recruit and bring additional surgeons into the area In 2008, the Medical center had an initial good faith investment in Palouse Surgeons, LLC of $60,000, which represents a 40% ownership in the joint venture The Medical Center entered into a Joint Venture, Inland Northwest Renal Care Group, LLC (INWRCG), to provide dialysis opportunities to the local community The Medical Center had an initial good faith investment in NWRCG of $75,000 which represents a 30% ownership in the joint venture

The operating results of these investments are reported in the consolidated statements of operations and changes in net assets in other operating revenue The Medical Center accounts for these investments under the equity method Detail by investment as of and for the years ended December 31 follows

	2011		2010	
	Investments	Gain (Loss) on Equity Investments	Investments	Gain (Loss) on Equity Investments
Palouse Surgeons	$ 67,144	$ (507,003)	$ 14,191	$ (533,466)
INWRCG	135,723	20,966	71,860	(124,821)
Totals	$ 202,867	$ (486,037)	$ 86,051	$ (658,287)

Each joint venture has rent expense related to property rented from the Medical Center Detail by investment for the years ended December 31 follows

	2011	2010
Palouse Surgeons	$ 39,492	$ 36,201
INWRCG	123,849	132,700
Total rent expense	$ 163,341	$ 168,901

Note 9 Investment in Joint Ventures (Continued)

The following is a summary of the financial position of Palouse Surgeons and NWRCG as of December 31

	2011	2010
Assets	$ 847,467	$ 555,338
Liabilities	$ 227,197	$ 280,328
Equity	$ 620,270	$ 275,010

Note 10 Medical Malpractice Claims

The Hospital obtains its medical malpractice insurance through Yellowstone Insurance Exchange (Yellowstone), a reciprocal risk retention group formed in the State of Vermont, pursuant to the federal Liability Risk Retention Act of 1986 The Exchange provides liability insurance coverage to hospitals in Idaho, Montana, North Dakota, Wyoming and neighboring states that meet the Exchange's underwriting standards The Exchange was newly formed, had no operating history and was not rated The Exchange provides primary, broad form professional liability insurance coverage with limits of $1,000,000 per claim and $3,000,000 in the aggregate The Exchange provides coverage on a claims-made basis Under a claims-made policy, the Exchange provides coverage only for claims reported to the Exchange during the policy period and related to medical services that an Insured performed or should have performed after the inception date stated in the policy

The Medical Center purchases medical malpractice insurance from Yellowstone under a claims-made policy The Medical Center pays an annual premium to Yellowstone for its torts insurance coverage Yellowstone's governing agreement specifies that Yellowstone will be self-sustaining through member premiums and will reinsure through commercial carriers from claims in excess of stop-loss amounts Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, during the year by estimating the probable ultimate costs of the incidents The Medical Center has accrued $100,000, the annual deductible, as estimated expenses due to malpractice claims It is reasonably possible that this estimate could change in the near term

Note 11 Long-Term Debt

Long-term debt consisted of the following at December 31

	2011	2010
Series 2003 Revenue bonds (A)	$ 16,140,000	$ 16,570,000
Note payable (B)	551,469	599,535
Note payable (C)	790,112	967,928
Note payable (D)	-	44,286
Note payable (E)	640,440	1,254,005
Note payable (F)	84,995	122,289
Note payable (G)	485,773	535,087
Note payable (H)	326,060	439,462
Note payable (I)	292,101	365,947
Note payable (J)	1,848,550	1,980,562
Note payable (K)	18,696	45,490
Note payable (L)	-	29,946
Note payable (M)	-	30,952
Note payable (N)	65,231	-
Note payable (O)	39,690	-
Note payable (P)	940,277	-
Totals	22,223,394	22,985,489
Less - Current maturities	1,833,522	1,750,219
Long-term portion	$ 20,389,872	$ 21,235,270

(A) Health Facilities Revenue bonds in the original amount of $18,545,000 dated June 1, 2003, which bear interest at 2 90% to 5 20% The bonds are payable in annual installments from June 1, 2008, through June 1, 2033

(B) Note payable is a construction note for use in the construction of a Medical Office Building (MOB I) The total note is $650,942 The note payable is due in monthly installments of $1,633 including interest through February 2019 The note bears interest of 5 63% adjusting to five year fixed rate of the Federal Home Loan Bank plus 1 5% and is secured by the MOB I building

(C) Note payable due in annual installments of $218,952 including interest through December 2015 The note bears interest at 4 25% and is secured by certain equipment of the Medical Center and physical therapy revenues

Note 11 Long-Term Debt (Continued)

(D) Note payable due in monthly installments of $11,002 including interest through April 2011 The note bears interest at 5 75% and is secured by certain equipment of the Surgery Center

(E) Note payable due in annual installments of $668,491 including interest through August 1, 2012 The note bears interest at 4 38% and is collateralized with the Phase One improvements

(F) Note payable due in monthly installments of $3,618 including interest through January 2014 The note bears interest at 5 70% and is secured by certain equipment of the Medical Center

(G) Note payable due in monthly installments of $6,602 including interest through July 2019 The note bears interest at 5 77% and is secured by certain equipment of the Medical Center

(H) Note payable due in monthly installments of $11,405 including interest through July 2014 The note bears interest at 5 98% and is secured by certain equipment of the Medical Center

(I) Note payable due in monthly installments of $7,647 including interest through July 2015 The note bears interest at 5 39% and is secured by certain equipment of the Medical Center

(J) Note payable due in monthly installments of $19,390 including interest at a rate of 7 39% through April 1, 2011, and adjusting to Libor + 2 4% thereafter, with a final balloon payment on September 1, 2014 The note is secured by a deed of trust on Health Properties building

(K) Note payable due in monthly installments of $2,388 including interest through August 2012 The note bears interest at 5 5% and is secured by certain equipment of the Surgery Center and is guaranteed by the Medical Center

(L) Note payable due in annual installments of $14,601 including interest through August 2011 The note bears interest at 3 25%

(M) Note payable due in annual installments of $15,549 including interest through August 2011 The note bears interest at 3 25%

(N) Note payable due in annual installments of $14,601 including interest through August 2012 The note bears interest at 3 25%

(O) Note payable due in annual installments of $14,601 including interest through August 2012 The note bears interest at 3 25%

Note 11 Long-Term Debt (Continued)

(P) Note payable due in monthly installments of $7,310 including interest through August 2021 with remaining balance due as a balloon payment in September 2021 The note bears interest at 4 5% and is secured by certain property of the Medical Center

Under the Loan Agreement for the Series 2003 Revenue bonds, the Medical Center is required to maintain certain funds with the Trustee, meet certain requirements before the issuance of additional debt and maintain certain financial ratios, including historical debt service coverage of 1 25 to 1, at least 60 days cash on hand and no more than 80 days net revenue in accounts receivable At Decmeber 31, 2011, management believes that the Organization is in compliance with all such measures of financial performance

Scheduled future payments of principal on long-term debts at December 31, 2011 are as follows

2012	$ 1,833,522
2013	1,188,004
2014	2,686,817
2015	930,400
2016	704,739
Thereafter	14,879,912
Total	$ 22,223,394

Note 12 Capital Lease Obligations

The Center uses certain equipment under lease agreements classified as capital leases Capital lease obligations consisted of the following at December 3, 2011

Capital lease obligation, with imputed interest at 3 297% and secured by communications equipment, due in monthly installments $13,057 through December 2015	$	586,394
Totals		586,394
Less - current maturities		139,439
Long-term portion	$	446,955

Scheduled future payments at December 31, 2011 are as follows

2012	$	156,680
2013		156,680
2014		156,680
2015		156,680
Total minimum lease payments		626,720
Less amount representing interest		40,326
Present value of net minimum lease payments		586,394
Less - current portion		139,439
Long-term obligation under capital lease	$	446,955

Note 13 Line of Credit

The Medical Center has a bank line-of-credit agreement with Sterling Savings Bank that provides for maximum borrowing of $1,250,000 at 4 50% as of December 31, 2011 and 2010 The Medical Center also has a line-of-credit agreement with UBS Financial Services, Inc that allowes for maximum borrowing of $5,000,000 at the one month Libor + 1 5% Amounts outstanding under line-of-credit agreements were $2,300,229 and $1,400,587 as of December 31, 2011 and 2010, respectively

Note 14 Minority/Physician Member Interest in Subsidiaries

The Medical Center's subsidiaries include Palouse Surgery Center, LLC (the "Surgery Center") and Palouse Health Properties, LLC (the "Health Properties") The Surgery Center is a joint venture between the Medical Center and a group of local physicians that began operations in May 2004 The Health Properties is a joint venture created to hold real estate that it leases to the Surgery Center The Health Properties also began operations in May 2004 The Medical Center holds a 60 percent ownership interest in the Surgery Center and in the Health Properties

The minority interest in subsidiaries in the balance sheets reflects the investments made by the minority owners in these consolidated subsidiaries, along with their proportional share of the gains and losses in these subsidiaries Minority interest in gains and losses of subsidiaries in the consolidated statements of operations represents the minority owners' share of the gains and losses of the consolidated subsidiaries

Minority/physician member interest in subsidiaries is calculated below

	2011	2010
Ending equity balance of joint ventures		
Surgery Center	$ 698,345	$ 927,129
Health Properties	601,215	552,215
Total equity of joint venture	1,299,560	1,479,344
Minority ownership percentage	40%	40%
Minority interest in subsidiaries	$ 519,824	$ 591,737

Note 14 Minority/Physician Member Interest in Subsidiaries (Continued)

Majority/Gritman Medical Center interest in subsidiaries is calculated below

	2011	2010
Ending equity balance of joint ventures		
Surgery Center	$ 698,345	$ 927,129
Health Properties	601,215	552,215
Total equity of joint venture	1,299,560	1,479,344
Majority ownership percentage	60%	60%
Majority interest in subsidiaries	$ 779,736	$ 887,607

Note 15 Leasing Activities

The Medical Center leases building space to other medical operations under operating leases The net book value of building space under operating leases was $7,658,681 and $5,956,065 at December 31, 2011 and 2010, respectively, and is included in buildings and improvements not used in health care services in Note 8 and in net property and equipment, at cost in the accompanying consolidated balance sheet Accumulated depreciation on equipment under operating leases was $787,505 and $489,245 at December 31, 2011 and 2010, respectively Operating leases with original terms of one year or longer are as follows

2012	$ 492,980
2013	507,770
2014	523,003
2015	538,693
2016	554,854
Thereafter	1,160,143
Total	$ 3,777,443

Note 16 Temporarily Restricted Net Assets

Temporarily restricted net assets include assets set aside in accordance with donor restrictions as to time or use Temporarily restricted net assets were available for the following purposes at December 31

	2011	2010
Foundation scholarships	$ 256,141	$ 217,315
Other	37,710	68,701
Total temporarily restricted net assets	$ 293,851	$ 286,016

During 2011 and 2010, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes in the amount of $64,161 and $51,374, respectively

Note 17 Pension Plan

The Medical Center sponsors a defined contribution pension plan covering substantially all of its employees The Board of Directors annually determines the amount, if any, of the Medical Center's contributions to the plan The total pension expense for 2011 and 2010, was $536,868 and $529,186, respectively

Note 18 Loss Due to Flood

During 2007, a flood damaged a significant piece of the Medical Center including the emergency department The Medical Center is covered by flood insurance and is in negotiations with the insurance coverage as to the reimbursement of the costs to repair the flood damage The Medical Center has not been able to fully recover the reconstruction costs through insurance proceeds to date Insurance proceeds received for reconstruction of the new building will be recorded net of the costs of reconstruction The Medical Center has received $848,000 in insurance proceeds to date As of the audit report date, the remaining amount has been removed from other receivables based on a recent appraisal However, the Medical Center is still waiting on a final court decision

Note 19 Concentration of Credit Risk

Financial instruments that potentially subject the Medical Center to possible credit risk consist principally of accounts receivable and cash deposits in financial institutions in excess of insured limits

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients The majority of the Medical Center's patients are from Moscow, Idaho, and the surrounding area

The mix of receivables from patients and third-party payers was as follows at December 31

	2011	2010
Medicare	24%	10%
Medicaid	9%	14%
Other third-party payers	45%	53%
Patients	22%	23%
Total	100%	100%

The Medical Center maintains depository relationships with area financial institutions, including banks that are participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program This program provides unlimited coverage through December 31, 2012, for certain non-interest-bearing transaction accounts In addition, interest-bearing balances are insured up to $250,000 The Medical Center has no deposits at any financial institutions not covered by this program

Note 20 Self-Funded Health Insurance

The Medical Center sponsors a self-funded health insurance plan for substantially all employees The Medical Center's liability is limited through its arrangement with a commercial insurance carrier to indemnify it against losses in excess of prescribed specific and aggregate limits (stop-loss coverage) Losses from claims incurred are accrued based on estimates incorporating the Medical Center's past experience, as well as other considerations including the nature of each claim and relevant trend factors A liability of $280,006 and $391,239 for claims outstanding has been recorded at December 31, 2011 and 2010 The Medical Center incurred expenses related to health insurance of $1,663,878 and $1,503,691 for the years ending December 31, 2011 and 2010 Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported

Note 21 Functional Expenses

The Medical Center provides general health care services to residents within its geographic location Expenses related to providing these services are as follows

	2011	2010
Health care services	$ 39,295,418	$ 36,583,693
General and administrative	6,645,697	7,238,299
Fund-raising	315,194	294,372
Total	$ 46,256,309	$ 44,116,364

Note 22 Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed Management believes that the Medical Center is in compliance with applicable government laws and regulations While no significant regulatory inquiries have been made of the Medical Center, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time

The Centers for Medicare and Medicaid Services (CMS) implemented a new demonstration project using recovery audit contractors (RACs) as part of CMS's further efforts to ensure accurate payments The project uses RACs to search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment A five-state pilot concluded in March 2008 and a nationwide rollout in phases began in 2009 The Medical Center's policy is to adjust to or from revenue the amounts assessed under the RAC audits at the time a change in reimbursement is agreed upon between the Medical Center and CMS RAC reviews with the Medical Center are anticipated, however, the outcome of such potential reviews is unknown and cannot be reasonably estimated

Note 23 Reclassifications

Certain reclassifications were made to the 2010 financial statements to conform with the classifications used in 2011

Supplementary Information

WIPFLI LLP

Independent Auditor's Report on Supplementary Information

Board of Directors
Gritman Medical Center, Inc
Moscow, Idaho

We have audited the financial statements of Gritman Medical Center, Inc and Subsidiaries as of and for the years ended December 31, 2011 and 2010, and our report theron dated May 22, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1 Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole The supplementary information appearing on pages 35 through 37 is presented for the purpose of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relates to the financial statements as a whole

Wipfli LLP

Wipfli LLP

May 22, 2012
Spokane, Washington

Gritman Medical Center, Inc. and Subsidiaries

Consolidating Balance Sheet

December 31, 2011

Assets	Medical Center	Foundation	Surgery Center	Health Properties	Eliminations	Total
Current assets						
Cash and cash equivalents	$ 1,573,832	$ 193,292	$ 239,687	$ 73,448	$ -	$ 2,080,259
Accounts receivable - Net	7,944,675	-	157,937	-	-	8,102,612
Other receivables	559,187	-	70,006	42,036	-	671,229
Inventories	1,408,861	-	147,904	-	-	1,556,765
Prepaid expenses	381,802	-	4,910	-	-	386,712
Amounts receivable from third-party reimbursement programs	1,167,586	-	-	-	-	1,167,586
Total current assets	13,035,943	193,292	620,444	115,484	-	13,965,163
Assets limited as to use						
Internally designated	15,097,409	325,989	-	-	-	15,423,398
Internally designated for Friends of Hospice of the Palouse	-	1,140,493	-	-	-	1,140,493
Held by trustee - Bond reserve	1,232,149	-	-	-	-	1,232,149
Total assets limited as to use	16,329,558	1,466,482	-	-	-	17,796,040
Property and equipment - Net	38,730,112	-	305,332	2,387,553	-	41,422,997
Other assets						
Deferred financing costs	508,146	-	-	26,418	-	534,564
Investment in subsidiaries	779,736	-	-	-	(779,736)	-
Investment in joint ventures	202,867	-	-	-	-	202,867
Total other assets	1,490,749	-	-	26,418	(779,736)	737,431
TOTAL ASSETS	$ 69,586,362	$ 1,659,774	$ 925,776	$ 2,529,455	$ (779,736)	$ 73,921,631

Liabilities and Net Assets	Medical Center	Foundation	Surgery Center	Health Properties	Eliminations	Total
Current liabilities						
Current maturities of long-term debt	$ 1,657,994	$ -	$ 39,733	$ 135,795	$ -	$ 1,833,522
Current maturities of capital lease payable	139,439	-	-	-	-	139,439
Short-term debt	2,300,229	-	-	-	-	2,300,229
Accounts payable	2,050,745		88,062	40,000	-	2,178,807
Accrued expenses	2,881,516	-	55,442	-	-	2,936,958
Amounts payable to third-party reimbursement programs	1,241,550	-	-	-	-	1,241,550
Total current liabilities	10,271,473	-	183,237	175,795	-	10,630,505
Long-term debt - Less current maturities	18,593,233	-	44,194	1,752,445	-	20,389,872
Capital lease payable - Less current maturities	446,955	-	-	-	-	446,955
Total long-term debt	19,040,188	-	44,194	1,752,445	-	20,836,827
Total liabilities	29,311,661	-	227,431	1,928,240	-	31,467,332
Gritman Medical Center, Inc net assets						
Unrestricted	40,274,701	1,365,923	698,345	601,215	(1,299,560)	41,640,624
Temporarily restricted	-	293,851	-	-	-	293,851
Total net assets of Gritman Medical Center, Inc	40,274,701	1,659,774	698,345	601,215	(1,299,560)	41,934,475
Minority interests in subsidiaries	-	-	-	-	519,824	519,824
Total net assets	40,274,701	1,659,774	698,345	601,215	(779,736)	42,454,299
TOTAL LIABILITIES AND NET ASSETS	$ 69,586,362	$ 1,659,774	$ 925,776	$ 2,529,455	$ (779,736)	$ 73,921,631

Gritman Medical Center, Inc. and Subsidiaries

Consolidating Statement of Operations
Year Ended December 31, 2011

	Medical Center	Foundation	Surgery Center	Health Properties	Eliminations	Total
Unrestricted revenue, gains, and other support						
Net patient service revenue	$ 44,836,132	$ -	$ 2,149,255	$ -	$ -	$ 46,985,387
Other revenue	1,027,928	168,015	1,267	271,132	(271,132)	1,197,210
Income from subsidiaries	76,903	-	-	-	(76,903)	-
Net assets released from restrictions used for operations	-	64,161	-	-	-	64,161
Total unrestricted revenue, gains, and other support	45,940,963	232,176	2,150,522	271,132	(348,035)	48,246,758
Expenses						
Salaries and wages	18,841,519	110,847	518,924	-	-	19,471,290
Employee benefits	4,391,172	-	137,173	-	-	4,528,345
Professional fees	2,087,443	-	30,750	-	-	2,118,193
Supplies and other	5,203,484	4,094	668,150	-	-	5,875,728
Other fees	1,811,771	2,699	40,686	-	-	1,855,156
Repairs and maintenance	1,732,556	1,613	62,595	-	-	1,796,764
Insurance	805,606	-	22,329	-	-	827,935
Utilities	764,096	-	60,178	-	-	824,274
Leases and rentals	344,998	-	272,550	-	(271,132)	346,416
Other	1,215,569	195,941	68,847	1,700	-	1,482,057
Depreciation and amortization	2,610,702	-	224,862	79,345	-	2,914,909
Interest	1,014,218	-	2,261	101,096	-	1,117,575
Provision for bad debts	3,097,667	-	-	-	-	3,097,667
Total expenses	43,920,801	315,194	2,109,305	182,141	(271,132)	46,256,309
Income from operations forwarded	$ 2,020,162	$ (83,018)	$ 41,217	$ 88,991	$ (76,903)	$ 1,990,449

	Medical Center	Foundation	Surgery Center	Health Properties	Eliminations	Total
Income from operations brought forward	$ 2,020,162	$ (83,018)	$ 41,217	$ 88,991	$ (76,903)	$ 1,990,449
Other income (expense)						
Investment income	411,629	31,931	-	-	-	443,560
Contributions	140,141	-	-	-	-	140,141
Rental income	452,130	-	-	-	-	452,130
Depreciation expense	(316,637)	-	-	-	-	(316,637)
Interest expense	(44,733)	-	-	-	-	(44,733)
Net loss in joint ventures	(486,037)	-	-	-	-	(486,037)
Loss on sale of asset	(214,754)	-	-	-	-	(214,754)
Other expense - Net	(383,403)	-	-	-	-	(383,403)
Total other income (expense)	(441,664)	31,931	-	-	-	(409,733)
Excess of revenue over expenses	1,578,498	(51,087)	41,217	88,991	(76,903)	1,580,716
Other changes in unrestricted net assets						
Net asset transfers (to) from affiliates	(134,855)	134,855	-	-	-	-
Investment return - Change in unrealized gains and losses	(204,654)	(20,902)	-	-	-	(225,556)
Minority interest in losses of subsidiaries	-	-	-	-	(53,305)	(53,305)
Dividends paid	-	-	(270,000)	(40,000)	310,000	-
Increase (decrease) in unrestricted net assets	$ 1,238,989	$ 62,866	$ (228,783)	$ 48,991	$ 179,792	$ 1,301,855