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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133039673

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 07-01-2011 and ending 06-30-2012

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

C Name of organization
NORTHERN MONTANA HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO BOX 1231

City or town, state or country, and ZIP + 4
HAVRE, MT 595011231

D Employer identification number
81-0231787

E Telephone number
(406) 265-2211

G Gross receipts $ 59,742,293

F Name and address of principal officer
DAVID HENRY
PO BOX 1231
HAVRE, MT 595011231

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 NMHCARE ORG

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

L Year of formation 1921

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVISION OF HEALTHCARE SERVICES

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	726
6	Total number of volunteers (estimate if necessary)	**6**	135
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	324,645
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)	237,879	182,176
	9 Program service revenue (Part VIII, line 2g)	52,974,508	51,574,936
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	922,805	738,446
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11,540	2,308
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	54,146,732	52,497,866
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	9,152	12,105
	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)	28,598,427	28,582,383
	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)	22,385,565	21,633,370
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	50,993,144	50,227,858
	19 Revenue less expenses Subtract line 18 from line 12	3,153,588	2,270,008

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	53,915,880	55,588,753
	21 Total liabilities (Part X, line 26)	9,021,711	15,352,296
	22 Net assets or fund balances Subtract line 21 from line 20	44,894,169	40,236,457

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

****** 2013-05-10
Signature of officer Date

DAVID HENRY PRESIDENT/CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ KIM C HUNWARDSEN	Date 2013-05-10	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00484560
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ EIDE BAILLY LLP 800 NICOLLET MALL STE 1300 MINNEAPOLIS, MN 554027033			EIN ▶ 45-0250958 Phone no ▶ (612) 253-6500

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

TO DELIVER HIGH QUALITY COMPREHENSIVE HEALTH CARE SERVICES TO THE HI-LINE COMMUNITIES

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 $ 37,792,055 including grants of $ 12,105) (Revenue $ 51,250,291)

NORTHERN MONTANA HOSPITAL (HOSPITAL) PROVIDES QUALITY HEALTH CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION OF THE HOSPITAL, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE THESE ESSENTIAL SERVICES IT IS THE HOSPITAL'S MISSION TO SERVE THE SURROUNDING AREA BY PROVIDING HEALTHCARE SERVICES AND HEALTHCARE EDUCATION TO ALL COMMUNITY MEMBERS DURING THE YEAR ENDED JUNE 30, 2012, THE HOSPITAL PROVIDED $1,047,714 OF MEDICAL SERVICES, BASED ON CHARGES, TO INDIVIDUALS WHO WERE DETERMINED UNABLE TO PURCHASE SUCH SERVICES UNDER THE HOSPITAL'S CHARITY CARE POLICY AND GUIDELINES IN ADDITION TO FREE CARE AND/OR SUBSIDIZED CARE, CARE IS ALSO PROVIDED AT BELOW COST RATES TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS RECOGNIZING ITS MISSION TO THE COMMUNITY, SERVICES ARE PROVIDED TO BOTH MEDICARE AND MEDICAID PATIENTS THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS $29,879,652 FOR THE YEAR ENDED JUNE 30, 2012 DURING THE FISCAL YEAR ENDED JUNE 30, 2012 THE HOSPITAL PROVIDED OVER 4,300 DAYS OF HOSPITAL SERVICES THE NURSING HOME PROVIDED OVER 36,500 DAYS OF RESIDENT SERVICES DURING THE YEAR THE HOSPITAL ALSO PROVIDES COMMUNITY CARE AND SERVICES THROUGH MANY HEALTH CARE ACTIVITIES AND PROGRAMS PROVIDED TO SUPPORT THE COMMUNITY THESE ACTIVITIES INCLUDE WELLNESS PROGRAMS, COMMUNITY EDUCATION PROGRAMS, SENIOR SERVICES, HEALTH CARE SCREENING, SPECIAL PROGRAMS FOR SPECIFIC GROUPS, PUBLISHED ARTICLES, RADIO PROGRAMS, AND A VARIETY OF COMMUNITY SUPPORTED ACTIVITIES THE HOSPITAL ALSO RECEIVED MANY HOURS OF VOLUNTEER HELP FROM THE COMMUNITY RESIDENTS

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** ▶ $ 37,792,055

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9	Yes	
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		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		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**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or 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**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	106		
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**	726			
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**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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	12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	7		
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		Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6		Yes	
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		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b			No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

KIM LUCKE VP OF FINANCE
PO BOX 1231
HAVRE, MT 59501
(406) 265-2211

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) DAVID C HENRY PRESIDENT/CEO	40 00	X		X				378,000	0	0
(2) MILES HAMILTON CHAIRMAN	1 00	X		X				0	0	0
(3) BRUCE RICHARDSON MD VICE-CHAIRMAN	40 00	X		X				326,996	0	19,765
(4) DAVID LEEDS TREASURER	1 00	X		X				0	0	0
(5) JUDY GREENWOOD SECRETARY	1 00	X		X				0	0	0
(6) PAUL TUSS TRUSTEE	1 00	X						0	0	0
(7) STEPHEN BECHDOLT MD TRUSTEE - CHIEF OF MEDICAL STAFF	40 00	X						286,923	0	10,291
(8) TOM PATRICK TRUSTEE	1 00	X						0	0	0
(9) ANDREW CARLSON TRUSTEE	1 00	X						0	0	0
(10) MARGARET DOW MD TRUSTEE - IPD MEMBER	40 00	X						272,528	0	23,427
(11) MICHAEL NOLAN MD TRUSTEE - IPD MEMBER	40 00	X						272,513	0	2,548
(12) JULIE HOLT TRUSTEE	1 00	X						0	0	0
(13) KAREN POLLINGTON VICE PRESIDENT	40 00			X				89,640	0	18,971
(14) KIM LUCKE VP OF FINANCE	40 00			X				69,989	0	17,180
(15) KAREN E LIEN MD DOCTOR	40 00					X		323,833	0	20,808
(16) JOHN TRUE MD DOCTOR	40 00					X		353,116	0	0
(17) DAMIAN YMZON MD DOCTOR	40 00					X		342,564	0	16,471

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) ALLEN REBCHOOK MD DOCTOR	40 00					X		347,976	0	7,733
(19) SUZANNE SWIETNICKI MD DOCTOR	40 00					X		238,088	0	21,259

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	3,302,166	0	158,453

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 ▶ 33

			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
LISTON RADIOLOGY CONSULTING 1562 RIALTO LANE DAVIS, CA 95618	CONTRACT RADIOLOGY SERVICES	600,000
DANIEL ABBOTT 1715 13TH STREET WEST HAVRE, MT 59501	ANESTHESIA SERVICES	247,777
D & Y LOCUM TENENS 86 JUNIPER BEND DRIVE KALISPELL, MT 59901	LOCUMS PHYSICIANS	203,107
DAVID WIDDEKIND 1624 PINE DRIVE HAVRE, MT 59501	ANESTHESIA SERVICES	177,600
PAML PO BOX 2720 SPOKANE, WA 99220	REFERENCE LAB SERVICES	146,311

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 ▶ 12

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	154,941			
	e	Government grants (contributions)	1e	15,430			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	11,805			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		182,176			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE RE	622110	44,737,193	44,737,193		
	b	PHARMACY	446110	6,050,276	5,725,631	324,645	
	c	HEALTHCARE CONSULTING	541900	448,568	448,568		
	d	CAFETERIA REVENUE	722210	230,587	230,587		
	e	OTHER PROGRAM REVENUE	900099	108,312	108,312		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		51,574,936			
	3	Investment income (including dividends, interest and other similar amounts)		746,849			746,849
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	9,365	1,650			
	b	Less rental expenses	6,810	1,897			
	c	Rental income or (loss)	2,555	-247			
	d	Net rental income or (loss)			2,308			2,308
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	7,227,317				
	b	Less cost or other basis and sales expenses	7,235,720				
	c	Gain or (loss)	-8,403				
	d	Net gain or (loss)			-8,403			-8,403
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		52,497,866	51,250,291	324,645	740,754

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	12,105	12,105		
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	2,002,815	1,385,316	617,499	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	22,277,399	15,932,572	6,344,827	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	477,243	334,070	143,173	
9	Other employee benefits	1,768,302	972,566	795,736	
10	Payroll taxes	2,056,624	1,439,637	616,987	
11	Fees for services (non-employees)				
a	Management	300,000	60,000	240,000	
b	Legal	64,969		64,969	
c	Accounting	69,890		69,890	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	4,415,066	4,152,745	262,321	
12	Advertising and promotion	240,848		240,848	
13	Office expenses	2,164,115	1,221,348	942,767	
14	Information technology	474,464	379,571	94,893	
15	Royalties . .				
16	Occupancy	1,723,077	1,203,542	519,535	
17	Travel	188,686	66,040	122,646	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,869,354	1,308,548	560,806	
23	Insurance	1,402,769	1,122,215	280,554	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	4,120,998	4,120,998		
b	BAD DEBT EXPENSE	3,012,420	3,012,420		
c	EQUIPMENT RENTAL AND MA	897,456	493,601	403,855	
d	BED TAX	546,130	546,130		
e					
f	All other expenses	143,128	28,631	114,497	
25	**Total functional expenses.** Add lines 1 through 24f	50,227,858	37,792,055	12,435,803	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		5,390,345	1	24,109
	2	Savings and temporary cash investments		287,849	2	4,964,034
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		11,385,437	4	13,860,295
	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		1,319,273	8	1,299,343
	9	Prepaid expenses and deferred charges		713,310	9	433,168
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 47,280,950			
	b	Less accumulated depreciation	10b 39,360,795	8,629,178	10c	7,920,155
	11	Investments—publicly traded securities		25,350,329	11	25,671,006
	12	Investments—other securities See Part IV, line 11		90,226	12	93,637
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		749,933	15	1,323,006
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		53,915,880	16	55,588,753
Liabilities	17	Accounts payable and accrued expenses		3,759,420	17	3,579,713
	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			23	
	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		5,262,291	25	11,772,583
	26	**Total liabilities.** Add lines 17 through 25		9,021,711	26	15,352,296
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		44,894,169	27	40,236,457
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		44,894,169	33	40,236,457
	34	Total liabilities and net assets/fund balances		53,915,880	34	55,588,753

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	52,497,866
2	Total expenses (must equal Part IX, column (A), line 25)	2	50,227,858
3	Revenue less expenses Subtract line 2 from line 1	3	2,270,008
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	44,894,169
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-6,927,720
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	40,236,457

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		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133039673

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133039673

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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	32,409
d Additions during the year	1d	125,157
e Distributions during the year	1e	122,630
f Ending balance	1f	34,936

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		75,272		75,272
b Buildings		20,062,756	16,379,023	3,683,733
c Leasehold improvements		972,249	709,204	263,045
d Equipment		26,007,441	22,272,568	3,734,873
e Other		163,232		163,232
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				7,920,155

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
LIABILITY FOR PENSION BENEFITS	10,885,957
THIRD-PARTY PAYOR SETTLEMENTS	882,698
DUE TO RELATED PARTIES	3,928
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	11,772,583

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
	PART IV, LINE 1B	THE CUSTODIAL FUNDS ARE NOT REPORTED ON THE BALANCE SHEET OF NMH AS THEY ARE THE PERSONAL RESOURCE FUNDS OF THE RESIDENTS TO BE USED ONLY FOR THEIR PERSONAL NEEDS IF THE RESIDENT PASSES, THE FUNDS EITHER GO TO THE FAMILY OR BACK TO THE STATE THEY ARE IN NO WAY AN ASSET OF THE ORGANIZATION
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE ORGANIZATION AND ITS THREE NONPROFIT AFFILIATES ARE ENTITIES ORGANIZED AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE THE ORGANIZATION ALSO HAS A TAXABLE AFFILIATE, WHICH IS INACTIVE AND HAD NO TAXABLE INCOME IN 2012 AND 2011 THE ORGANIZATION AND ITS AFFILIATES ARE ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS IN ADDITION, THE ORGANIZATION IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE THE ORGANIZATION FILES AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS TO REPORT ITS UNRELATED BUSINESS TAXABLE INCOME THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED THE ORGANIZATION'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2009

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133039673

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			594,000		594,000	1 260 %
b Medicaid (from Worksheet 3, column a)			10,125,666	8,978,833	1,146,833	2 430 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			371,494	490,718	-119,224	0 %
d **Total** Charity Care and Means-Tested Government Programs			11,091,160	9,469,551	1,621,609	3 690 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			15,634		15,634	0 030 %
f Health professions education (from Worksheet 5)			3,169		3,169	0 010 %
g Subsidized health services (from Worksheet 6)			9,361,006	7,064,345	2,296,661	4 860 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			32,279		32,279	0 070 %
j **Total** Other Benefits			9,412,088	7,064,345	2,347,743	4 970 %
k **Total.** Add lines 7d and 7j			20,503,248	16,533,896	3,969,352	8 660 %

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		10,753	137,953	99,996	37,957	0 080 %
2	Economic development						
3	Community support		460	3,385		3,385	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building		521	71		71	0 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**		11,734	141,409	99,996	41,413	0 090 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	3,012,420		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	38,697		
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	8,492,370
6	Enter Medicare allowable costs of care relating to payments on line 5	6	8,970,104
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-477,734
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			No
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			

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	NORTHERN MONTANA HOSPITAL 30 13TH STREET HAVRE,MT 59501	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)

NORTHERN MONTANA HOSPITAL

Name of Hospital Facility: NORTHERN MONTANA HOSPITAL

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 100.000000000000%			
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 200 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**	Yes	
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? 3

	Name and address	Type of Facility (Describe)
1	NORTHERN MONTANA MEDICAL GROUP WEST 20 13TH STREET WEST HAVRE,MT 59501	CLINIC
2	NORTHERN MONTANA MEDICAL GROUP EAST 124 13TH STREET HAVRE,MT 59501	CLINIC
3	NORTHERN MONTANA CARE CENTER 24 13TH STREET HAVRE,MT 59501	NURSING HOME
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 6A THE ORGANIZATION'S COMMUNITY BENEFIT REPORT WAS PUBLISHED AS A 1/2 PAGE AD IN THE LOCAL NEWSPAPER IN ADDITION, A STATEMENT ABOUT THE AMOUNT OF COMMUNITY BENEFIT THE ORGANIZATION PROVIDED CAN BE FOUND ON OUR WEB-SITE AT WWW NMHCARE ORG

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE EXPENSE ON LINE 7A WAS CONVERTED TO COST USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 UNREIMBURSED MEDICAID, LINE 7B, AND UNREIMBURSED COSTS - OTHER MEANS-TESTED GOVERNMENT PROGRAMS, LINE 7C, WERE CALCULATED USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 COMMUNITY HEALTH IMPROVEMENT SERVICES, LINE 7E, HEALTH PROFESSIONS EDUCATION, LINE 7F, AND CASH AND IN-KIND DONATIONS, LINE 7I, ARE ACTUAL COSTS REPORTED IN THE GENERAL LEDGER THE COST FOR SUBSIDIZED HEALTH SERVICES REPORTED ON LINE 7G WAS DETERMINED USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM THE DENOMINATOR OF THE CALCULATION WAS $3,012,420

Identifier	ReturnReference	Explanation
		PART II REPORTED UNDER COMMUNITY BUILDING ACTIVITIES IS THE MAINTENANCE OF OUR FITNESS PARK WHICH IS OPEN TO THE PUBLIC AND HAS BOTH A SOFTBALL FIELD AND SOCCER FIELD, AS WELL AS A PAVED WALKING PATH IT ALSO INCLUDES AN EMPLOYEE'S TIME FOR BEING A MEMBER OF THE HILL COUNTY HEALTH CONSORTIUM, WHICH COLLABORATIVELY CONDUCTED A COMMUNITY HEALTH NEEDS ASSESSMENT WITH SEVERAL OTHER LOCAL PUBLIC HEALTH ENTITIES AND WORKS TO IMPLEMENT THE IDENTIFIED UNMET NEEDS OF THE COMMUNITY ANOTHER COMMUNITY BUILDING ACTIVITY IS COMMUNITY FORUMS AT WHICH EMPLOYED PHYSICIANS GIVE EDUCATIONAL PRESENTATIONS TO THE COMMUNITY ON VARIOUS HEALTH TOPICS

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS CALCULATED BY USING CHARITY CARE AS A PERCENTAGE OF GROSS PATIENT SERVICE REVENUE AS A PORTION OF REVENUE IS CONSIDERED CHARITY CARE, IT IS ASSUMED THAT A PERCENTAGE OF BAD DEBT EXPENSE WOULD ALSO BE CONSIDERED CHARITY CARE BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR THE CARRYING AMOUNT OF PATIENT AND RESIDENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S BEST ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS, RESIDENTS AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT AND RESIDENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERS HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THESE EXPENSES REPRESENT AN OVERALL SHORTFALL OF THE MEDICARE PATIENT POPULATION THE COSTS THEMSELVES ARE THEREFORE A COMMUNITY BENEFIT AS THE COMMUNITY WOULD NOT RECEIVE THESE SERVICES IF WE DID NOT PROVIDE THEM MEDICARE ALLOWABLE COSTS OF CARE ARE BASED ON THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS SET FORTH BY CENTERS FOR MEDICARE AND MEDICAID SERVICES

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE ORGANIZATION DOES NOT HAVE A WRITTEN DEBT COLLECTION POLICY, BUT HAVE WRITTEN PROCEDURES THAT THEY FOLLOW THE ORGANIZATION IS WORKING ON DEVELOPING A WRITTEN DEBT COLLECTION POLICY THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY PROVIDES HOW THEY WILL COLLECT FROM THOSE KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE THE POLICY STATES "DURING THE PATIENT REGISTRATION OR COLLECTION PROCESS, THE HOSPITAL WILL MAKE AN INITIAL DETERMINATION OF ELIGIBILITY BASED ON VERBAL OR WRITTEN APPLICATION FOR CHARITY CARE PENDING FINAL ELIGIBILITY DETERMINATION, THE HOSPITAL WILL NOT INITIATE COLLECTION EFFORTS OR REQUESTS FOR DEPOSITS, PROVIDED THAT THE RESPONSIBLE PARTY IS COOPERATIVE WITH THE HOSPITAL'S EFFORTS TO REACH A DETERMINATION OF STATUS, INCLUDING RETURN OF APPLICATIONS AND DOCUMENTATION REQUIRED BY THE HOSPITAL WITHIN FOURTEEN (14) DAYS OF RECEIPT "

Identifier	ReturnReference	Explanation
NORTHERN MONTANA HOSPITAL		PART V, SECTION B, LINE 13G THE FINANCIAL ASSISTANCE POLICY IS AVAILABLE ON THE HOSPITAL'S WEBSITE AT WWW NMHCARE ORG IN ADDITION A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS POSTED IN THE FACILITY'S EMERGENCY ROOM AND WAITING ROOMS AS WELL AS ADMISSIONS OFFICES THE HOSPITAL'S "CONDITIONS OF TREATMENT" ALSO INCLUDES INFORMATION REGARDING THE FINANCIAL ASSISTANCE POLICY

Identifier	ReturnReference	Explanation
NORTHERN MONTANA HOSPITAL		PART V, SECTION B, LINE 19D THE MAXIMUM AMOUNT CHARGED TO A PATIENT UNDER THE FINANCIAL ASSISTANCE POLICY FOR EMERGENCY AND MEDICALLY NECESSARY CARE IS 80% OF THE GROSS CHARGES THIS IS BASED ON THE LOWEST DISCOUNT UNDER THE CHARITY CARE POLICY OF 20% THE HOSPITAL WILL REVIEW THE PROPOSED METHODS TO DETERMINE AMOUNTS GENERALLY BILLED TO DETERMINE ITS DISCOUNT UNDER THE FINANCIAL ASSISTANCE POLICY MEETS THE REQUIREMENTS OF 501(R)

Identifier	ReturnReference	Explanation
NORTHERN MONTANA HOSPITAL		PART V, SECTION B, LINE 21 ALL INDIVIDUALS ELIGIBLE UNDER THE HOSPITAL FINANCIAL ASSISTANCE POLICY ARE PROVIDED A DISCOUNT FOR EMERGENCY AND OTHER MEDICALLY NECESSARY CARE THE FINANCIAL ASSISTANCE POLICY DOES NOT APPLY TO ELECTIVE PROCEDURES THEREFORE, FAP-ELIGIBLE PATIENTS WITHOUT INSURANCE MAY BE CHARGED GROSS CHARGES ON ELECTIVE PROCEDURES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 COMMUNITY NEEDS ASSESSMENTS ARE CONDUCTED THROUGHOUT THE COMMUNITY BY ORGANIZATIONS SUCH AS HRDC, THE BOYS & GIRLS CLUB AND THE MONTANA ECONOMIC DEVELOPMENT COUNCIL THESE ASSESSMENTS ARE SHARED WITH THE COMMUNITY THROUGH THESE ASSESSMENTS, NORTHERN MONTANA HOSPITAL IS ABLE TO IDENTIFY THE NEEDS WE CAN HELP MEET THE CURRENT NEEDS ARE TRANSPORTATION, MENTAL HEALTH AND YOUTH IN NEED NORTHERN MONTANA HOSPITAL HAS KEY EMPLOYEES THAT ARE WORKING WITH A COLLECTIVE COMMUNITY GROUP ON THE TRANSPORTATION COALITION WE ALSO PARTICIPATE IN A COMMUNITY PROGRAM, 'HEALTHY YOUTH, HEALTHY COMMUNITY' IN COALITION WITH THE BOYS & GIRLS CLUB AND OTHER COMMUNITY ORGANIZATIONS NORTHERN MONTANA HOSPITAL IS HELPING TO MEET THE MENTAL HEALTH NEEDS OF THE COMMUNITY BY OFFERING AND SUBSIDIZING MENTAL HEALTH SERVICES WE ALSO SUBSIDIZE THE BULLHOOK COMMUNITY HEALTH CENTER WHICH WAS FORMED TO MEET THE NEEDS OF THE UNINSURED AND UNDERINSURED IN FY 2011 NORTHERN MONTANA HOSPITAL BECAME A MEMBER OF THE HILL COUNTY HEALTH CONSORTIUM THE CONSORTIUM IS COMPOSED OF MANY IMPORTANT STAKEHOLDERS IN THE COMMUNITY WHO HAVE JOINED TOGETHER TO IDENTIFY THE CURRENT HEALTH NEEDS IMPACTING THE COMMUNITY PARTNERSHIPS WERE FORMED BY MEMBERS OF THE CONSORTIUM TO HELP GATHER THE DATA NEEDED IN THE DISCUSSIONS THE CHANGE (COMMUNITY HEALTH ASSESSMENT AND GROUP EVALUATION) TOOL FROM THE CDC WEBSITE WAS CHOSEN TO HELP US THROUGH THE PROCESS OF OUR COMMUNITY HEALTH ASSESSMENT MAINLY BECAUSE IT WOULD WALK US THROUGH EACH STEP IN THE PROCESS CHANGE CAN BE USED TO GAIN A PICTURE OF THE POLICY, SYSTEMS, AND ENVIRONMENTAL CHANGE STRATEGIES CURRENTLY IN PLACE THROUGHOUT THE COMMUNITY, DEVELOP A COMMUNITY ACTION PLAN FOR IMPROVING POLICIES, SYSTEMS, AND THE ENVIRONMENT TO SUPPORT HEALTHY LIFESTYLES, AND ASSIST WITH PRIORITIZING COMMUNITY NEEDS AND ALLOCATING AVAILABLE RESOURCES THE CHANGE TOOL INVOLVES DIVIDING OUR COMMUNITY INTO 5 DIFFERENT SECTORS AND CHOOSING A FEW SITES WITHIN THOSE SECTORS TO COLLECT RESPONSES FROM THE 5 SECTORS INCLUDE (1) COMMUNITY-AT-LARGE(2) COMMUNITY-INSTITUTIONS-ORGANIZATIONS(3) WORKSITE(4) HEALTH CARE(5) SCHOOLSALONG WITH THE CHANGE TOOL, A WRITTEN SURVEY WAS CREATED USING AN EXAMPLE FROM WILKES HEALTHY CAROLINIANS COUNCIL (WILKESHEALTH COM) THIS SURVEY SEEMED TO FIT CLOSELY WITH OUR NEEDS, WITH ONLY MINOR ADJUSTMENTS BEING MADE TO FIT HILL COUNTY THIS WRITTEN SURVEY WAS AVAILABLE THROUGHOUT HILL COUNTY AT VARIOUS WAITING AREAS SO PEOPLE WOULD HAVE ADEQUATE TIME TO COMPLETE THEM OUT OF THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) THE COMMUNITY HEALTH IMPROVEMENT PLAN (CHIP) WAS DEVELOPED THE PLAN IDENTIFIES SEVERAL HEALTH RELATED ISSUES THAT ADVERSELY IMPACT THE HEALTH OF THE COMMUNITY THIS PLAN NOT ONLY PROVIDES US WITH A DEEPER LOOK INTO THE CURRENT HEALTH STATUS OF THE COMMUNITY, IT LEADS US INTO PROVIDING SOLUTIONS FOR IMPROVING THE HEALTH STATUS OF OUR COMMUNITY THESE IMPROVEMENTS ARE SPEARHEADED BY SUBCOMMITTEES CHOSEN THROUGH THE HILL COUNTY CONSORTIUM AND OTHER LOCAL AGENCIES THE COMMUNITY HEALTH IMPROVEMENT PLAN IS AN ONGOING PROCESS THE COMMUNITY HEALTH ASSESSMENT WILL BE REPEATED IN 2014 AND WILL FORM THE BASIS BY WHICH IMPROVEMENT WILL BE MEASURED NORTHERN MONTANA HOSPITAL TAKES AN ACTIVE ROLE IN THE HILL COUNTY HEALTH CONSORTIUM

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 NORTHERN MONTANA HOSPITAL INFORMS AND EDUCATES PATIENTS ABOUT THEIR ELIGIBILITY FOR ASSISTANCE THROUGH A SIGN POSTED AT OUR ADMISSIONS DESK, NOTED IN THE BROCHURE WE GIVE PATIENTS AT OUR CLINICS, AND SIGNS POSTED AT OUR CLINIC REGISTRATION DESKS IN ADDITION, OUR COLLECTION STAFF OFFER CHARITY CARE AS AN OPTION WHEN THEY ARE DISCUSSING THE PATIENT'S BALANCE AS WELL AS THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS AS OF OCT 2010, NMH HAS CONTRACTED WITH A COMPANY TO ASSIST THE PATIENT WITH QUALIFICATION FOR PROGRAMS SUCH AS MEDICAID AND DISABILITY DETERMINATION WE ALSO PUBLISH A COMMUNITY BENEFIT REPORT ANNUALLY WHICH STATES HOW MUCH FINANCIAL ASSISTANCE WE HAVE GIVEN AWAY, AND WE POST OUR COMMUNITY BENEFIT REPORT ON OUR WEBSITE NOTING THAT WE PROVIDE FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 NORTHERN MONTANA HOSPITAL IS A 49 BED HOSPITAL INCLUDING 5 SWING BEDS, A 5 BED INTENSIVE CARE UNIT, 24-HOUR STAFFED EMERGENCY ROOM, SAME DAY SURGERY, AND A 6 CHAIR DIALYSIS UNIT, NORTHERN MONTANA CARE CENTER, A 136 BED SKILLED AND INTERMEDIATE CARE FACILITY OF WHICH 20 BEDS ARE DESIGNATED FOR RESIDENT'S WITH ALZHEIMER'S DISEASE AND OTHER RELATED DEMENTIAS, NORTHERN MONTANA ASSISTED LIVING, A 10 BED FACILITY, NORTHERN MONTANA MEDICAL GROUP - EAST, A RURAL HEALTH CLINIC, NORTHERN MONTANA MEDICAL GROUP - WEST, A RURAL HEALTH CLINIC, NORTHERN MONTANA VISION CENTER, AN OPHTHALMOLOGY OFFICE, BEAR PAW HOSPICE, AND THE HI-LINE SLEEP CENTER THE HOSPITAL'S SERVICE AREA CONSISTS OF HILL, BLAINE, LIBERTY, PHILIPS AND THE BIG SANDY CENSUS DISTRICT OF CHOTEAU COUNTIES THE POPULATION OF THIS SERVICE AREA IS APPROXIMATELY 30,000 THE MEDIAN HOUSEHOLD INCOME IS ABOUT $42,000 APPROXIMATELY 45% OF THE POPULATION HAS A HOUSEHOLD INCOME BELOW 200% OF THE FEDERAL POVERTY GUIDELINES APPROXIMATELY 22% OF THE POPULATION IS COVERED BY MEDICAID, 30% BY MEDICARE, 2 5% BY CHIP AND ABOUT 24% UNINSURED ADDITIONALLY, ANOTHER 8% OF THE POPULATION IS COVERED BY INDIAN HEALTH SERVICES THE ENTIRE SERVICE AREA IS CONSIDERED RURAL AND HAS BEEN DESIGNATED A HEALTH PROFESSIONAL SHORTAGE AREA FOR ALL PRIMARY MEDICAL CARE, MENTAL HEALTH AND DENTAL IN ADDITION, THE ENTIRE SERVICE AREA IS DESIGNATED AS A MEDICALLY UNDERSERVED AREA NORTHERN MONTANA HOSPITAL IS THE ONLY LOCAL HOSPITAL IN ITS SERVICE AREA, HOWEVER THERE ARE 3 CRITICAL ACCESS HOSPITALS, 4 RURAL HEALTH CLINICS, 3 COMMUNITY HEALTH CLINICS AND 3 IHS-TRIBAL CLINICS WITHIN ITS SERVICE AREA THE NEAREST HOSPITAL IS A CRITICAL ACCESS HOSPITAL AND IS 35 MILES AWAY

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 NORTHERN MONTANA HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY THE ORGANIZATION APPLIES SURPLUS FUNDS TO IMPROVEMENTS IN PATIENT CARE BY KEEPING ITS MEDICAL EQUIPMENT UP TO DATE, SENDING ITS EMPLOYED PHYSICIANS FOR FURTHER CONTINUING EDUCATION, SUPPORTING NURSING EDUCATION THROUGH A LOAN RE-PAYMENT ASSISTANCE PROGRAM AND SUPPORTING HEALTH CARE EDUCATION THROUGH AN EDUCATION ASSISTANCE PROGRAM IN ADDITION, THE HOSPITAL SUBSIDIZES ITS EMERGENCY DEPARTMENT BY OFFERING 24/7 EMERGENT CARE COVERAGE TO ALL, REGARDLESS OF THEIR ABILITY TO PAY NORTHERN MONTANA HOSPITAL OFFERS DIALYSIS SERVICES TO PATIENTS IN OUR SERVICE AREA, DESPITE THE FACT THAT THIS SERVICE IS PROVIDED AT A LOSS TO NMH WITHOUT THIS SERVICE, PATIENTS WOULD HAVE TO TRAVEL WELL OVER 100 MILES EACH WAY, 3 TIMES PER WEEK TO RECEIVE THIS SERVICE NORTHERN MONTANA HOSPITAL HAS SOLE COMMUNITY DESIGNATION THE NEAREST PPS HOSPITAL IS LOCATED 110 MILES FROM HAVRE NORTHERN MONTANA HOSPITAL ALSO PARTICIPATES IN ALL GOVERNMENT SPONSORED HEALTH PROGRAMS, SUCH AS CHIP, HEALTHY MONTANA KIDS AND THE MONTANA CERVICAL AND BREAST CANCER PROGRAM, WHERE IT ACCEPTS PAYMENTS FOR SERVICES AT GREATLY DISCOUNTED RATES SEVERAL MEMBERS OF NORTHERN MONTANA HOSPITAL'S LEADERSHIP TEAM SERVE ON OTHER COMMUNITY BOARDS, SUCH AS HAVRE CHAMBER OF COMMERCE, HILL COUNTY HEALTH CONSORTIUM, LOCAL EMERGENCY PLANNING, FETAL/INFANT/CHILD MORTALITY REVIEW BOARD, HAVRE/HILL COUNTY PLANNING BOARD, HILL AND BLAINE COUNTY ADULT PROTECTIVE SERVICES COMMITTEE, HILL COUNTY UNITED WAY, HRDC MEDICAL ADVISORY BOARD, MSU-N NURSING ADVISORY BOARD AND THE SAFE KIDS SAFE COMMUNITIES COMMITTEE

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 N/A

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133039673

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

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

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) EDUCATION ASSISTANCE	2	12,105			

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE ORGANIZATION PROVIDES EDUCATION ASSISTANCE TO QUALIFIED EMPLOYEES THE ORGANIZATION MONITORS THE USE OF THE ASSISTANCE BY DISBURSING THE FUNDS DIRECTLY TO THE INSTITUTION
		PER OUR EDUCATION ASSISTANCE POLICY, WE WILL ONLY ASSIST FOR DEGREES THAT WILL FULFILL OUR STAFFING NEEDS WE WILL PAY UP TO $5,250 PER EMPLOYEE PER YEAR, HOWEVER NOT EVERY APPLICANT REQUESTS THE FULL AMOUNT THEREFORE, WE ANTIPATE 3-6 RECIPIENTS PER YEAR

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133039673

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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**	Yes	
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) DAVID C HENRY	(i)	300,000	78,000	0	0	0	378,000	0
	(ii)	0	0	0	0	0	0	0
(2) BRUCE RICHARDSON MD	(i)	325,808	0	1,188	0	22,710	349,706	0
	(ii)	0	0	0	0	0	0	0
(3) STEPHEN BECHDOLT MD	(i)	285,735	0	1,188	0	12,842	299,765	0
	(ii)	0	0	0	0	0	0	0
(4) MARGARET DOW MD	(i)	272,333	0	195	0	25,942	298,470	0
	(ii)	0	0	0	0	0	0	0
(5) MICHAEL NOLAN MD	(i)	271,325	0	1,188	0	4,949	277,462	0
	(ii)	0	0	0	0	0	0	0
(6) KAREN E LIEN MD	(i)	323,563	0	270	0	23,727	347,560	0
	(ii)	0	0	0	0	0	0	0
(7) JOHN TRUE MD	(i)	350,000	0	3,116	0	3,068	356,184	0
	(ii)	0	0	0	0	0	0	0
(8) DAMIAN YMZON MD	(i)	342,402	0	162	0	19,539	362,103	0
	(ii)	0	0	0	0	0	0	0
(9) ALLEN REBCHOOK MD	(i)	347,292	0	684	0	10,802	358,778	0
	(ii)	0	0	0	0	0	0	0
(10) SUZANNE SWIETNICKI MD	(i)	237,614	0	474	0	23,450	261,538	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
	PART I, LINE 5	TWO PHYSICIANS LISTED IN PART VII OF THE FORM 990 ARE COMPENSATED AS A PERCENTAGE OF THE PRIOR THREE MONTHS' AVERAGE GROSS REVENUE EARNED FOR THE HOSPITAL BY THE PHYSICIAN, WITH THE PERCENTAGE BEING BASED ON THEIR SPECIALTY
SUPPLEMENTAL INFORMATION	PART III	SCHEDULE J, PART I, LINE 3 THE CEO/PRESIDENT OF NORTHERN MONTANA HOSPITAL IS COMPENSATED BY AN UNRELATED MANAGEMENT COMPANY, FUNDAMENTAL FINANCIAL GROUP, FOR HIS SERVICES PROVIDED TO NORTHERN MONTANA HOSPITAL, NORTHERN MONTANA HEALTH CARE FOUNDATION, INC , AND NORTHERN MONTANA HEALTH CARE, INC HE SERVES 40 HOURS PER WEEK AT THE HOSPITAL, TWO (2) HOURS PER WEEK AT THE FOUNDATION, AND ONE (1) HOUR PER WEEK AT NORTHERN MONTANA HEALTH CARE, INC THE BOARD WORKS WITH THE UNRELATED MANAGEMENT COMPANY TO DETERMINE THE CEO/PRESIDENT'S COMPENSATION USING THE METHODS CHECKED IN LINE 3

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493133039673

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	THE PRESIDENT/CEO OF THE HOSPITAL IS EMPLOYED BY AN UNRELATED MANAGEMENT COMPANY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE ORGANIZATION IS NORTHERN MONTANA HEALTH CARE, INC

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	THE SOLE MEMBER OF THE ORGANIZATION SHALL HAVE SUCH RIGHTS AND POWERS AS ARE PROVIDED FOR IN THE ARTICLES OF INCORPORATION, THE BYLAWS OF THE ORGANIZATION AND THE LAWS OF THE STATE OF MONTANA, INCLUDING BUT NOT LIMITED TO, THE EXCLUSIVE POWER (A) TO REMOVE ANY TRUSTEE FROM ANY OFFICE AT ANY TIME, WITH OR WITHOUT CAUSE, (B) TO PROPOSE AND APPROVE (I) A PLAN OF DISSOLUTION OR LIQUIDATION OF THE ORGANIZATION OR (II) A PLAN OF MERGER OR CONSOLIDATION OF THE ORGANIZATION WITH ANOTHER CORPORATION, (C) TO PROPOSE AND APPROVE AMENDMENTS TO THE ARTICLES OF INCORPORATION AND OR THE BYLAWS,(D) TO ADOPT ANY ANNUAL OR LONG-TERM CAPITAL OR OPERATIONAL BUDGET OR ANY CHANGES THEREIN EXCEEDING $75,000,(E) TO AUTHORIZE THE ORGANIZATION TO ENTER INTO ANY CONTRACT OR ENGAGE IN ANY TRANSACTION WHICH IS NOT PROVIDED FOR IN AN ANNUAL OR LONG-TERM CAPITAL OR OPERATIONAL BUDGET APPROVED BY THE SOLE MEMBER OF THE ORGANIZATION WHERE THE AMOUNT INVOLVED EXCEEDS $50,000,(F) TO ADOPT SUBSTANTIVE CHANGES TO EXISTING LONG-TERM OR MASTER INSTITUTIONAL PLANS OF THE ORGANIZATION, (G) TO AUTHORIZE THE ORGANIZATION TO ENGAGE IN, OR ENTER INTO, ANY TRANSACTION PROVIDING FOR THE SALE, MORTGAGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE ORGANIZATION, (H) TO ORGANIZE OR ACQUIRE, OR AUTHORIZE THE ORGANIZATION OR ACQUISITION OF, ANY SUBSIDIARY OR AFFILIATE OF THE ORGANIZATION, (I) TO AUTHORIZE THE ORGANIZATION TO ENTER INTO ANY SHARED SERVICE AGREEMENT, (J) TO APPROVE LONG-TERM BORROWING OF MONEY BY THE ORGANIZATION OR AUTHORIZE THE ORGANIZATION TO INCUR INDEBTEDNESS INVOLVING A MORTGAGE OR LIEN ON ASSETS, OR (K) TO APPROVE THE TRUSTEES OR THE PRESIDENT OF THE ORGANIZATION FROM A SLATE PREPARED BY THE NOMINATING COMMITTEE OF THE ORGANIZATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 8B	NO COMMITTEE HAS THE AUTHORITY TO ACT ON BEHALF OF THE BOARD

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A COPY OF THE FORM 990 WILL BE REVIEWED BY THE VP OF FINANCE, AND THEN SUBMITTED VIA E-MAIL TO THE BOARD OF DIRECTORS TO VIEW BEFORE FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS ALL TRUSTEES, DIRECTORS, OFFICERS, AND KEY EMPLOYEES THE BOARD IDENTIFIES POTENTIAL CONFLICTS FROM ANNUAL DISCLOSURES DISCLOSURES ARE REVIEWED BY ADMINISTRATION AFTER ALL ARE GATHERED A SECOND CONFLICT DISCLOSURE LETTER IS SENT OUT ANNUALLY TO ALL CURRENT AND FORMER OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES TO ENSURE ALL POTENTIAL CONFLICTS ARE IDENTIFIED THE RESULTS OF THIS DISCLOSURE FORM ARE REVIEWED BY THE VP OF FINANCE THE BOARD DISCUSSES THE POTENTIAL CONFLICTS AND DETERMINES IF VOTING ON RELATED ITEMS WOULD BE A CONFLICT OF INTEREST IF A CONFLICT IS DETERMINED TO EXIST, THE CONFLICTED INDIVIDUAL IS EXCLUDED FROM VOTING ON THE CONFLICTED ITEM

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15A	THE CEO/PRESIDENT IS COMPENSATED BY AN UNRELATED MANAGEMENT COMPANY THE EXECUTIVE COMMITTEE OF THE BOARD MEETS AND REVIEWS NORTHERN MONTANA HOSPITAL(NMH)/NORTHERN MONTANA HEALTH CARE, INC (NMHC) FINANCIAL RESULTS, THE CEO'S CURRENT YEAR PRIORITIES, DISCUSSES EVALUATION TOOLS TO BE USED FOR CEO EVALUATION, HOW COMPARATIVE SALARIES WILL BE OBTAINED AND DISCUSSES THE HISTORY OF COMPENSATION TO THE CEO AT A SECOND EXECUTIVE COMMITTEE MEETING THEY REVIEW NON-FINANCIAL ACTIVITY OF NMH/NMHC AND THE RESULTS OF THE CEO EVALUATIONS COMPLETED BY THE BOARD MEMBERS THEN THEY REVIEW AND DISCUSS A COMPENSATION COMPARATIVE SUMMARY OF MONTANA CEO'S COMPENSATION AND A GUIDESTAR CEO COMPENSATION CHECKPOINT THAT IS PREPARED SPECIFICALLY FOR NMH THEY AGREE UPON A LIST OF THE COMING YEAR'S PRIORITIES FOR THE CEO AND PROPOSED COMPENSATION, WITH THE COMPENSATION SET BY BOARD VOTE. THIS ANNUAL PROCESS WAS LAST COMPLETED DURING 2012

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST THE FINANCIAL STATEMENTS ARE ATTACHED TO THE FORM 990 PER THE IRS INSTRUCTIONS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 300,991 EQUITY TRANSFER TO RELATED ORGANIZATION -500,000 MINIMUM PENSION LIABILITY ADJUSTMENT -6,728,711 TOTAL TO FORM 990, PART XI, LINE 5 -6,927,720

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE CONTROLLING ORGANIZATION, NORTHERN MONTANA HEALTH CARE, INC 'S BOARD HAS A COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND SELECTION OF AN INDEPENDENT AUDITOR

Identifier	Return Reference	Explanation
ORGANIZATIONS	FORM 990, PART VII, SECTION A, PERCENTAGE OF TIME SPENT BETWEEN RELATED	NO INDIVIDUALS ARE COMPENSATED FOR THEIR BOARD SERVICE TO EITHER ORGANIZATION, ONLY FOR THEIR SERVICE AS EMPLOYEES OF THE HOSPITAL THE FOLLOWING INDIVIDUALS SPEND 2% OF THEIR TIME ON NMHC BUSINESS AND 98% OF THEIR TIME ON NMH BUSINESS -VICE PRESIDENT OF NMHC ALSO SERVES AS THE VP OF NMH -THE VICE CHAIR OF NMHC ALSO SERVES AS THE VICE CHAIR AND AN EMPLOYED PHYSICIAN OF NMH -THREE TRUSTEES OF NMHC ALSO SERVE AS TRUSTEES AND EMPLOYED PHYSICIANS (INCLUDING THE MEDICAL DIRECTOR AND CHIEF OF STAFF) OF NMH THE FOLLOWING INDIVIDUALS SPEND 2% OF THEIR TIME ON NMHC BUSINESS AND 2% OF THEIR TIME ON NMHCF BUSINESS AND 96% OF THEIR TIME ON NMH BUSINESS - CEO/PRESIDENT OF NMHC ALSO SERVES AS THE CEO/PRESIDENT OF NMH AND NMHCF -VP OF FINANCE OF NMHC ALSO SERVES AS THE VP OF FINANCE OF NMH AND NMHCF THE REMAINING MEMBERS OF THE BOARD OF TRUSTEES SPEND 50% OF THEIR TIME ON NMHC BUSINESS AND 50% OF THEIR TIME ON NMH BUSINESS NONE OF THEM ARE EMPLOYED BY EITHER ORGANIZATION

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133039673

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
NORTHERN MONTANA HOSPITAL

Employer identification number
81-0231787

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) NORTH CARE CORPORATION 30 13TH STREET HAVRE, MT 59501 81-0447638	HEALTH CARE SERVICES	MT	501(C)(3)	LINE 3	NORTHERN MONTANA HEALTH CARE INC		No
(2) NORTHERN MONTANA HEALTH CARE INC PO BOX 1231 HAVRE, MT 59501 81-0428854	SUPPORTING ORGANIZATION	MT	501(C)(3)	LINE 11B, II	N/A		No
(3) NORTHERN MONTANA HEALTH CARE FOUNDATION INC PO BOX 1231 HAVRE, MT 59501 36-3464641	FUNDRAISING	MT	501(C)(3)	LINE 7	NORTHERN MONTANA HEALTH CARE INC		No

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

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

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
(1) PARAMOUNT HEALTH CARE INC PO BOX 1231 HAVRE, MT 59501	HEALTH CARE SERVICES	MT	N/A	C			

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	Yes	
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		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
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	Yes	
n Sharing of paid employees with related organization(s)	1n	Yes	
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q		No
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) NORTHERN MONTANA HEALTHCARE FOUNDATION	C	154,941	ACTUAL
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(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	

Consolidated Financial Statements
June 30, 2012 and 2011

Northern Montana Health Care, Inc. and Affiliates

Northern Montana Health Care, Inc. and Affiliates

Table of Contents

June 30, 2012 and 2011

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Northern Montana Health Care, Inc and Affiliates
Havre, Montana

We have audited the accompanying consolidated balance sheets of Northern Montana Health Care, Inc and Affiliates (Organization) as of June 30, 2012 and 2011, 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 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 of America Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting Accordingly, we do not express such an opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northern Montana Health Care, Inc and Affiliates as of June 30, 2012 and 2011, and the results of its operations and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Eide Bailly LLP

Billings, Montana
September 25, 2012

(This page left blank intentionally.)

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 6,748,027	$ 6,693,703
Investments	1,621,566	3,061,071
Assets limited as to use	988,370	940,732
Receivables		
Patient and resident, net of estimated uncollectibles of $14,500,000 in 2012 and $11,880,000 in 2011	13,279,342	11,292,815
Interest	110,123	121,100
Other	697,640	206,014
Supplies	1,299,343	1,319,273
Prepaid expenses and other current assets	478,736	748,420
Total current assets	25,223,147	24,383,128
Assets Limited as to Use		
By board for capital improvements	12,253,323	11,771,890
Under indenture agreements - held by trustee	1,517,098	1,494,327
By board for self-insurance programs	172,171	169,655
By board for other restricted purposes	135,339	135,339
	14,077,931	13,571,211
Less current portion	(988,370)	(940,732)
Total noncurrent assets limited as to use	13,089,561	12,630,479
Property and Equipment	17,860,112	19,129,494
Other Assets		
Investments	17,961,993	17,026,350
Investment in New West Health Services	1,330,000	2,170,000
Deferred financing costs, net of accumulated amortization of $307,514 in 2012 and $263,411 in 2011	128,464	172,567
Total other assets	19,420,457	19,368,917
Total assets	$ 75,593,277	$ 75,512,018

See Notes to Consolidated Financial Statements

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,166,934	$ 1,099,682
Accounts payable		
Trade	1,475,242	1,744,096
Estimated third-party payor settlements	882,698	762,698
Accrued expenses	2,538,011	2,452,525
Total current liabilities	6,062,885	6,059,001
Liability for Pension Benefits	10,885,957	4,499,593
Long-Term Debt, Less Current Maturities	6,222,973	7,389,906
Total liabilities	23,171,815	17,948,500
Net Assets		
Unrestricted	51,612,032	56,731,479
Temporarily restricted	701,765	726,404
Permanently restricted	107,665	105,635
Total net assets	52,421,462	57,563,518
Total liabilities and net assets	$ 75,593,277	$ 75,512,018

Northern Montana Health Care, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Revenues		
Net patient and resident service revenue	$ 50,633,119	$ 52,075,622
Other revenue	1,045,090	1,020,179
Total unrestricted revenues	51,678,209	53,095,801
Expenses		
Salaries and benefits	31,157,084	31,213,829
Cost of drugs, food, supplies and other	11,608,040	12,533,280
Purchased services	2,124,341	2,013,407
Depreciation and amortization	2,578,638	2,548,498
Provision for bad debts	3,012,421	2,903,633
Interest	362,030	421,225
Total expenses	50,842,554	51,633,872
Operating Income	835,655	1,461,929
Other Income		
Investment income	935,280	976,347
Gain (loss) on sale of investments, net	(29,040)	158,624
Unrestricted gifts and bequests	89,572	179,696
Gain on sale of property and equipment, net	-	34,249
Equity in income (loss) of New West Health Services	(761,125)	14,140
Other	18,218	21,358
Total other income, net	252,905	1,384,414
Revenues in Excess of Expenses	1,088,560	2,846,343
Changes in Unrealized Gains and Losses on Investments	384,584	745,839
Net Assets Released from Donor Restrictions	136,120	207,272
Minimum Pension Liability Adjustment	(6,728,711)	2,439,058
Change in Unrestricted Net Assets	(5,119,447)	6,238,512
Temporarily Restricted Net Assets		
Contributions	111,481	67,593
Net assets released from donor restrictions	(136,120)	(207,272)
	(24,639)	(139,679)
Permanently Restricted Net Assets		
Contributions	2,030	2,233
Change in Net Assets	(5,142,056)	6,101,066
Net Assets, Beginning of Year	57,563,518	51,462,452
Net Assets, End of Year	$ 52,421,462	$ 57,563,518

See Notes to Consolidated Financial Statements

	2012	2011
Operating Activities		
Change in net assets	$ (5,142,056)	$ 6,101,066
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,578,638	2,548,498
Equity in (income) loss of New West Health Services	761,125	(14,140)
Gain on sale of equipment, net	-	(34,249)
(Gain) loss on sale of investments, net	29,040	(158,624)
Contributions restricted by donors	(113,511)	(69,826)
Changes in unrealized gains and losses on investments	(384,584)	(745,839)
Changes in assets and liabilities		
Receivables	(2,467,176)	(681,723)
Supplies	19,930	58,793
Prepaid expenses and other current assets	269,684	(330,123)
Accounts payable	(148,854)	152,777
Accrued expenses	85,486	(7,231)
Pension liability	6,386,364	(2,452,938)
Net Cash from Operating Activities	1,874,086	4,366,441
Investing Activities		
Net proceeds from New West Health Services	78,875	94,140
Purchase of investments	(5,426,702)	(13,380,875)
Proceeds from maturities and sales of investments	6,146,769	12,367,339
Purchase of property and equipment	(1,265,153)	(1,537,833)
Proceeds from sale of property and equipment	-	60,300
Change in assets limited as to use		
Net withdrawals from cash and cash equivalents	(22,771)	(17,363)
Purchase of investments	(3,874,854)	(5,438,074)
Proceeds from maturities and sales of investments	3,530,244	5,024,239
Net Cash used for Investing Activities	(833,592)	(2,828,127)
Financing Activities		
Contributions restricted by donors	113,511	69,826
Principal payments on long-term debt	(1,099,681)	(1,048,365)
Net Cash used for Financing Activities	(986,170)	(978,539)
Net Change in Cash and Cash Equivalents	54,324	559,775
Cash and Cash Equivalents, Beginning of Year	6,693,703	6,133,928
Cash and Cash Equivalents, End of Year	$ 6,748,027	$ 6,693,703
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 368,689	$ 426,188

Note 1 - Organization and Significant Accounting Policies

Organization and Principles of Consolidation

The consolidated financial statements include the accounts of the holding company, Northern Montana Health Care, Inc and its three nonprofit affiliates Northern Montana Hospital, Northern Montana Health Care Foundation, Inc , North Care Corporation, and its for-profit affiliate Paramount Health Care, Inc All significant intercompany balances and transactions have been eliminated in consolidation

Northern Montana Health Care, Inc includes 49 acute care hospital beds, 135 skilled nursing beds, 10 assisted living beds, and 2 medical clinics located in Havre, Montana

Use of Estimates

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

Cash and Cash Equivalents

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

Patient and Resident Receivables and Credit Policy

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations The Organization does not charge interest on past due accounts Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management`s best estimate of amounts that will not be collected from patients, residents and third-party payors Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision

Supplies

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

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the effective interest method The estimated annual amortization of deferred financing costs is approximately $46,000, $48,000 and $35,000 for years 2013 through 2015 respectively

Investments and Investment Income

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the balance sheet Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments that are deemed to be temporary in nature are excluded from revenues in excess of expenses In the periods in which it is determined that an investment's decline in fair value below its cost basis is other than temporary, the other than temporary impairment is recognized in revenues in excess of expenses

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and other purposes, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under indenture agreements, and assets set aside for self-insurance trust arrangements Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets

Fair Value Measurements

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

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

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

Property and Equipment

Property and equipment acquisitions in excess of $1,000 are capitalized and recorded at cost Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method The estimated useful lives of property and equipment are as follows

Land and improvements	5 - 25 years
Buildings	25 - 40 years
Furniture, fixtures and equipment	3 - 20 years

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

Professional Liability Claims

The Organization has prospectively adopted the Financial Accounting Standards Board ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, as of July 1, 2011 ASU 2010-24 requires the Organization to evaluate its exposure to losses arising from claims and recognize a liability and at the same time recognize an insurance receivable for anticipated insurance recoveries, measured on the same basis as the related liability As permitted, the application of the standard was not retroactively applied to periods prior to June 30, 2012

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization 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 Organization in perpetuity

Revenues in Excess of Expenses

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

Net Patient and Resident Service Revenue

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

Charity Care

The Organization provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates Since the Organization does not pursue collection of these amounts, they are not reported as patient service revenue The estimated cost of providing these services was approximately $594,000 and $735,000 for the years ended June 30, 2012 and 2011, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing charity care to its patients

Donor-restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets When donor stipulated time restrictions or purpose restrictions are met or accomplished, restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions Gifts restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the gifts are recognized

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred

Income Taxes

The Organization and its three nonprofit affiliates are entities organized as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The Organization also has a taxable affiliate, which is inactive and had no taxable income in 2012 and 2011 The Organization and its affiliates are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose The Organization files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred The Organization's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2009

Reclassifications

Certain reclassifications have been made to the 2011 consolidated financial statements to conform to the 2012 presentation These reclassifications had no effect on the change in net assets

Note 2 - Community Benefit Expense

The following is a summary of the Organization's community service, based upon charges, provided to the indigent and benefits for the broader community

	2012	2011
Benefits for the indigent		
Traditional charity care	$ 1,047,714	$ 1,262,053
Unpaid amounts of Medicaid program	8,241,723	7,253,369
	9,289,437	8,515,422
Benefits for the broader community		
Unpaid amounts of Medicare program	12,946,772	12,662,094
	$ 22,236,209	$ 21,177,516

Benefits for the indigent include services provided to persons who cannot afford health care because of inadequate resources or who are uninsured This includes traditional charity care and the unpaid amounts for treating Medicaid beneficiaries at charges which exceed the related government payments Benefits for the broader community are unpaid amounts for treating Medicare beneficiaries at charges which exceed the related government payments

Note 3 - Net Patient and Resident Service Revenue

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

Medicare Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge The majority of outpatient services are paid under a prospective payment methodology These rates varied according to a patient classification system that is based on clinical, diagnostic, and other factors The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare fiscal intermediary The Organization's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2007

Medicaid Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Other inpatient services, outpatient services, and outpatient capital costs related to Medicaid program beneficiaries are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and settlements thereof by the Medicaid fiscal intermediary The Organization's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2007

Blue Cross Inpatient services rendered to Blue Cross subscribers are reimbursed at charges less a prospectively determined discount Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount The prospectively determined discount is not subject to retroactive adjustment

Resident Services The Organization is reimbursed for resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by Montana Department of Public Health and Human Services regulations These rates are subject to retroactive adjustment by field audit Under the Medicare program, payment is made on a prospectively determined per diem rate which varies based on a case-mix adjusted patient classification system

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

Revenue from the Medicare and Medicaid programs accounted for approximately 29 percent and 22 percent, respectively, of the Organization's net patient and resident revenue for the year ended June 30, 2012, and 29 percent and 23 percent, respectively, of the Organization's net patient and resident revenue for the year ended June 30, 2011 Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

CMS has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007 are reviewed by contractors for validity, accuracy, and proper documentation The potential exists that the Organization may incur a liability for a claims overpayment The Organization has recorded a liability of $360,000 as of June 30, 2012 and 2011 The liability is included in the third-party payor settlements payable on the consolidated balance sheets

A summary of patient and resident service revenue and contractual adjustments is as follows

	2012	2011
Total patient and resident service revenue	$ 80,512,770	$ 79,720,953
Contractual adjustments	(29,879,651)	(27,645,331)
Net patient and resident service revenue	$ 50,633,119	$ 52,075,622

Note 4 - Investments and Assets Limited as to Use

The composition of investments and assets limited as to use at June 30, 2012 and 2011, is shown in the following table Cash, certificates of deposit and accrued interest are stated at historical cost and all other investments are stated at fair value

Investments

	2012	2011
U S Treasury obligations	$ 4,342,035	$ 6,250,663
Corporate bonds and notes	8,360,959	7,494,780
Common stock	4,563,791	4,577,022
Certificates of deposit	2,316,774	1,764,956
	19,583,559	20,087,421
Less current portion	(1,621,566)	(3,061,071)
	$ 17,961,993	$ 17,026,350

Assets Limited as to Use

	2012	2011
By board for capital improvements		
U S Treasury obligations	$ 2,946,499	$ 2,598,790
Corporate bonds and notes	5,179,982	6,107,276
Cash and certificates of deposit	4,033,291	2,975,767
Interest receivable	93,551	90,057
	$ 12,253,323	$ 11,771,890
Under indenture agreements- held by trustee		
Money market deposit fund	$ 1,267,098	$ 994,327
Cash and certificates of deposit	250,000	500,000
	$ 1,517,098	$ 1,494,327
By board for self-insurance programs		
Cash and certificates of deposit	$ 172,085	$ 169,486
Interest receivable	86	169
	$ 172,171	$ 169,655
By board for other restricted purposes		
Certificates of deposit	$ 135,339	$ 135,339

Fair Value Measurement

The following table sets forth by level, within the fair value hierarchy, the fair values of investments and assets limited as to use as of June 30, 2012 and 2011

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2012			
U S Treasury obligations	$ -	$ 7,288,534	$ -
Money market deposit funds	-	1,267,098	-
Corporate bonds and notes	-	13,540,941	-
Cash and certificates of deposit	2,200,072	4,707,417	-
Common stock			
Large market capitalization	2,713,742	-	-
Middle market capitalization	531,030	-	-
Small market capitalization	260,203	-	-
International	1,058,816	-	-
	$ 6,763,863	$ 26,803,990	$ -
2011			
U S Treasury obligations	$ -	$ 8,849,453	$ -
Money market deposit funds	-	994,327	-
Corporate bonds and notes	-	13,602,056	-
Cash and certificates of deposit	804,429	4,741,119	-
Common stock			
Large market capitalization	2,715,215	-	-
Middle market capitalization	505,138	-	-
Small market capitalization	195,016	-	-
International	1,161,653	-	-
	$ 5,381,451	$ 28,186,955	$ -

Investments in an Unrealized Loss Position

The fair values and gross unrealized losses of investments and assets limited as to use for individual securities that have been in a continuous unrealized loss position as of June 30, 2012 and 2011 are as follows

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
2012				
U S Treasury obligations	$ (405)	$ 249,595	$ (17,054)	$ 7,940
Corporate bonds and notes	(32,296)	1,022,809	(17,059)	710,755
Certificates of deposit	(9,983)	1,640,018	(990)	149,010
Common stock	(117,434)	911,720	(22,069)	58,961
	$ (160,118)	$ 3,824,142	$ (57,172)	$ 926,666
2011				
U S Treasury obligations	$ (8,936)	$ 778,929	$ (31,101)	$ 16,735
Corporate bonds and notes	(78,498)	3,850,152	(15,341)	674,058
Certificates of deposit	(805)	99,195	-	-
Common stock	(19,019)	387,379	(20,457)	202,214
	$ (107,258)	$ 5,115,655	$ (66,899)	$ 893,007

The gross unrealized losses on these investments were primarily due to interest rate fluctuations and market-price movements consistent with the cyclical nature of the financial markets The Organization has a diversified portfolio Based on its evaluation and the Organization's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, management does not consider these investments to be other-than-temporarily impaired at June 30, 2012 and 2011

As of June 30, 2012 and 2011, the fair value of investments and assets limited as to use exceeded cost by approximately $1,423,000 and $1,038,000, respectively

Note 5 - Investment in New West Health Services

The Organization is a member of New West Health Services (New West), a mutual benefit corporation that provides health insurance The Organization contributed $200,000 to become an equity member of the health plan Additionally, the Organization has advanced cash in the form of receivables, which are reflected as equity in New West's financial statements The investment and cash advances to New West are accounted for in a manner which reflects the Organization's portion of New West's equity, which is 10 78% at June 30, 2012 and 2011 Income (loss) from New West was ($761,125) and $14,140 for the years ended June 30, 2012 and 2011, respectively

As of June 30, 2012, New West had total assets of approximately $41,000,000, total liabilities of approximately $29,000,000 and total annual revenues of approximately $150,000,000

Note 6 - Property and Equipment

	2012		2011	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and improvements	$ 1,358,419	$ 888,207	$ 1,323,211	$ 845,757
Buildings	38,121,630	24,914,625	37,245,895	23,706,380
Furniture, fixtures and equipment	26,147,905	22,405,288	25,300,205	21,182,627
Construction in progress	440,278	-	994,947	-
	$ 66,068,232	$ 48,208,120	$64,864,258	$45,734,764
Net property and equipment		$ 17,860,112		$19,129,494

Construction in progress consists of various expansion and remodel projects within the Organization's facilities There are no contractual commitments related to these projects

Note 7 - Lease Revenue

The Organization leases medical office space to local clinics under operating leases The net book value of the buildings which are leased was approximately $3,913,000 and $4,037,000 at June 30, 2012 and 2011, respectively The Organization recorded approximately $530,000 and $518,000 of rental income during the years ended June 30, 2012 and 2011, respectively, which is included in other revenue on the statements of operations and changes in net assets Future rental income under the non cancelable operating leases is as follows

Years Ending June 30,	Amount
2013	$ 351,580
2014	323,249
2015	311,841
2016	307,958
2017	284,016
Thereafter	3,147,844
	$ 4,726,488

Note 8 - Accrued Expenses

Accrued expenses at June 30, 2012 and 2011 consist of the following

	2012	2011
Vacation	$ 1,068,503	$ 998,369
Malpractice liability	600,000	200,000
Salaries	371,440	952,286
Payroll taxes	156,569	59,795
Interest	54,345	61,004
Other	287,154	181,071
	$ 2,538,011	$ 2,452,525

Note 9 - Long-Term Debt

	2012	2011
$6,670,000 Montana Facility Finance Authority loan, supporting Health Care Facilities Revenue Refunding Bonds, Series 2006A, including unamortized bond premium of $56,442, due in annual principal installments through October 1, 2015, at increasing principal amounts of $775,000 to $870,000, interest is due in semi-annual installments at interest rates ranging from 4 0% to 4 5%, secured by property and equipment and receivables (A)	$ 3,031,442	$ 3,807,107
5 28%, $3,125,000 Hospital Revenue Note, Series 2007A, due in semi-annual interest only payments of $82,500 through May 30, 2013, semi-annual principal and interest installments of $155,571 from November 30, 2013 through November 30, 2027, secured by real estate, certain equipment, and income from mortgaged property (A)	3,125,000	3,125,000
5 93% Montana Facility Finance Authority Trust Fund loan, due in monthly installments of $20,025, including interest to September 2015, secured by property and equipment and receivables	708,703	900,619
7 32%, $631,000 Taxable Hospital Revenue Note, Series 2007B, due in semi-annual installments of $70,713, including interest to May 30, 2013, secured by real estate, certain equipment, and income from mortgaged property (A)	390,737	398,110
4 75% Rural Housing Service loan, due in monthly installments of $2,177, including interest to September 2038, secured by building	134,025	258,752
	7,389,907	8,489,588
Less current maturities	(1,166,934)	(1,099,682)
Total long-term debt, less current maturities	$ 6,222,973	$ 7,389,906

(A) - Under the terms of the Mortgage and Master Trust Indenture between the Organization and the Master Trustee related to the Series 2006A Health Care Facilities Revenue Bonds and the 2007A and 2007B Hospital Revenue Notes, the Organization and its affiliates are required to maintain certain deposits with a trustee Such deposits are included with assets limited as to use in the consolidated financial statements (Note 4) The Mortgage and Master Trust Indenture also places limits on the incurrence of additional borrowings and requires the Organization and its affiliates to satisfy certain measures of operational and financial performance, including a covenant that income available for debt service must equal at least 125% of the debt service requirement in any future year For the years ended June 30, 2012 and 2011, the debt service requirement covenants and all other financial covenants were met

Long-term debt maturities are as follows

Years Ending June 30,	Amount
2013	$ 1,166,934
2014	1,224,804
2015	1,276,348
2016	707,734
2017	182,475
Thereafter	2,831,612
	$ 7,389,907

Note 10 - Pension Plan

The Organization has a defined benefit pension plan covering substantially all of its employees who, have completed one year of employment and attained age 21 The plan provides pension benefits based on the employee's compensation The Organization as the plan sponsor of the defined benefit pension plan recognizes the overfunded or underfunded status of their pension plan in the consolidated balance sheets, and measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end balance sheets, and provides additional disclosures

	2012	2011
Weighted-average actuarial assumptions used to determine benefit obligations at June 30		
Discount rate (1)	3 99%	5 55%
Expected long term return on plan assets	7 50%	7 50%
Rate of compensation increase	2 20%	2 20%

(1)The weighted average discount rate reflects the rate at which the defined benefit pension plan obligations could be effectively settled The rate is updated annually as recommended by an independent actuary using an industry accepted methodology based on current corporate bond yield curves

	2012	2011
Change in benefit obligation		
Benefit obligation at beginning of year	$ 25,432,751	$ 24,469,200
Service cost	520,731	507,967
Interest cost	1,386,130	1,299,481
Actuarial (gain) loss	(371,736)	151,775
Benefits paid	(827,924)	(634,246)
Effects of actuarial assumptions change	6,301,271	(361,426)
Benefit obligation at end of year	$ 32,441,223	$ 25,432,751
Accumulated benefit obligation end of year	$ 32,368,181	$ 25,382,988
Change in fair value of plan assets		
Fair value of plan assets at beginning of year	$ 20,933,158	$ 17,516,669
Actual return on plan assets	638,176	3,152,327
Employer contribution	811,856	898,408
Benefits paid	(827,924)	(634,246)
Fair value of plan assets at end of year	$ 21,555,266	$ 20,933,158
Funded status (underfunded)	$ (10,885,957)	$ (4,499,593)
Amounts recognized in consolidated balance sheets		
Liability for pension benefits-long-term liability	$ (10,885,957)	$ (4,499,593)
Components of net periodic benefit cost		
Service cost	$ 520,731	$ 507,967
Interest cost	1,386,130	1,299,481
Expected return on plan assets	(1,568,323)	(1,286,167)
Amortization of prior service cost	(207,818)	(207,818)
Amortization of loss	338,789	571,065
Net periodic benefit cost	$ 469,509	$ 884,528

Investment Objectives

The investment objectives reflect the long-term nature of the investment program of the plan This program is expected to produce a rate of return that at least matches the actuarial rate of return utilized in the annual actuarial valuation

Plan Assets

The plan had the following asset allocation as of the two most recent measurement dates of June 30

	2012	2011
Asset Category		
Cash and cash equivalents	$ 720,424	$ 772,707
Mutual funds		
Large Cap Growth Funds	4,248,145	3,599,735
Large Cap Value Funds	2,904,261	2,178,651
Small Cap Funds	1,014,377	2,405,556
International Equities	1,425,288	1,452,037
Bond Index Funds	11,242,771	10,524,472
	$ 21,555,266	$ 20,933,158

Cash Flows-Contributions

The Organization expects to contribute a minimum of approximately $1,500,000 to the plan in fiscal year 2013

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

Years Ending June 30,	Benefits
2013	$ 922,568
2014	978,658
2015	1,019,476
2016	1,208,790
2017	1,262,792
2018-2022	8,657,520
	$ 14,049,804

Note 11 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2012 and 2011

	2012	2011
Health care services	$ 689,206	$ 705,534
Health education	11,483	19,794
Planned giving development	1,076	1,076
	$ 701,765	$ 726,404

Permanently restricted net assets at June 30, 2011 and 2010 consist of

	2012	2011
Investments to be held in perpetuity, the income from which is expendable to support health care services	$ 107,665	$ 105,635

Note 12 - Concentrations of Credit Risk

The Organization grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements The mix of receivables from third-party payors and patients and residents at June 30, 2012 and 2011 was as follows

	2012	2011
Medicare	15%	13%
Medicaid	8%	9%
Commercial insurances	12%	12%
Other third-party payors and patients	65%	66%
	100%	100%

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

Note 13 - Functional Expenses

The Organization provides health care services to residents within its geographic location Expenses related to providing these services by functional class for the years ended June 30, 2012 and 2011 are as follows

	2012	2011
Patient and resident health care services	$ 38,211,333	$ 38,902,878
Supporting services	12,503,544	12,622,091
Fundraising	127,679	108,903
	$ 50,842,556	$ 51,633,872

Note 14 - Contingencies

Malpractice Insurance

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and $3 million annual aggregate limit Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured

In accordance with Financial Accounting Standards Board ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, the Hospital has recorded a liability, as of June 30, 2012 of $600,000 for an estimate to be paid on outstanding claims In addition, the Organization has recorded a receivable, as of June 30, 2012, of $300,000 for estimated insurance proceeds on the outstanding claims for which a liability has been recorded

Litigations, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the consolidated financial position, operations, or cash flows of the Organization

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

Note 15 - Fair Value of Financial Instruments

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

Financial Assets Due to the liquid nature of the instruments, the carrying value of cash and cash equivalents approximates fair value For all investments and assets limited as to use, the fair value is based upon quoted market prices The fair value of accounts receivable and other receivables approximates book value since the Organization expects receipt in the near-term

Financial Liabilities The fair value of accounts payable and estimated settlements with third party payors approximates book value due to expected payment in the near term The fair value of long-term debt approximates book value since the interest rates on the debt approximates the Organization's current long-term borrowing rate

Note 16 - Subsequent Event

Subsequent to year end, the Organization entered into a capital lease agreement for MRI and CT scanner equipment with a value of approximately $2,400,000 The capital lease requires 60 monthly payments of approximately $43,000 The lease agreement allows for the purchase of the equipment at the end of 60 months for $1

The Organization has evaluated subsequent events through September 25, 2012, the date which the consolidated financial statements were available to be issued

Consolidating Financial Statements
June 30, 2012

Northern Montana Health Care, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Consolidating Information

The Board of Trustees
Northern Montana Health Care, Inc and Affiliates
Havre, Montana

We have audited the consolidated financial statements of Northern Montana Health Care, Inc and Affiliates as of and for the years ended June 30, 2012 and 2011, and our report thereon dated September 25, 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 consolidated financial statements as a whole The consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated 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 consolidated financial statements The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Eide Bailly LLP

Billings, Montana
September 25, 2012

Northern Montana Health Care, Inc. and Affiliates
Consolidating Schedules of Assets
June 30, 2012

	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Assets							
Current Assets							
Cash and cash equivalents	$ 1,065,852	$ 4,988,143	$ 694,032	$ -	$ -	$ -	$ 6,748,027
Investments	200,071	1,232,626	188,869	-	-	-	1,621,566
Assets limited as to use	988,370	-	-	-	-	-	988,370
Receivables							
Patient and resident, net of estimated uncollectibles	-	13,279,342	-	-	-	-	13,279,342
Affiliates	839	1,242,816	13,973	-	-	(1,257,628)	-
Interest	25,019	80,190	4,914	-	-	-	110,123
Other	85,207	580,953	31,480	-	-	-	697,640
Supplies	-	1,299,343	-	-	-	-	1,299,343
Prepaid expenses and other assets	28,285	433,168	17,283	-	-	-	478,736
Total current assets	2,393,643	23,136,581	950,551	-	-	(1,257,628)	25,223,147
Assets Limited as to Use							
By board for capital improvements	-	12,253,323	-	-	-	-	12,253,323
Under indenture agreements - held by trustee	1,517,098	-	-	-	-	-	1,517,098
By board for self-insurance programs	-	172,171	-	-	-	-	172,171
By board for other restricted purposes	-	-	135,339	-	-	-	135,339
	1,517,098	12,425,494	135,339	-	-	-	14,077,931
Less current portion	(988,370)	-	-	-	-	-	(988,370)
Total noncurrent assets limited as to use	528,728	12,425,494	135,339	-	-	-	13,089,561
Property and Equipment	9,934,940	7,920,155	5,017	-	-	-	17,860,112
Other Assets							
Investment in affiliates	41,868,657	-	-	-	-	(41,868,657)	-
Investments	5,241,457	12,106,523	614,013	-	-	-	17,961,993
Investment in New West Health Services	1,330,000	-	-	-	-	-	1,330,000
Deferred financing costs, net of accumulated amortization	128,464	-	-	-	-	-	128,464
Total other assets	48,568,578	12,106,523	614,013	-	-	(41,868,657)	19,420,457
Total assets	$ 61,425,889	$ 55,588,753	$ 1,704,920	$ -	$ -	$ (43,126,285)	$ 75,593,277

Northern Montana Health Care, Inc. and Affiliates
Consolidating Schedules of Liabilities and Net Assets
June 30, 2012

Liabilities and Net Assets	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Current Liabilities							
Current maturities of long-term debt	$ 1,166,934	$ -	$ -	$ -	$ -	$ -	$ 1,166,934
Accounts payable							
Trade	309,191	1,118,794	47,257	-	-	-	1,475,242
Affiliates	1,228,237	3,928	24,624	311	528	(1,257,628)	-
Estimated third-party payor settlements	-	882,698	-	-	-	-	882,698
Accrued expenses	77,092	2,460,919	-	-	-	-	2,538,011
Total current liabilities	2,781,454	4,466,339	71,881	311	528	(1,257,628)	6,062,885
Liability for Pension Benefits	-	10,885,957	-	-	-	-	10,885,957
Long-Term Debt, Less Current Maturities	6,222,973	-	-	-	-	-	6,222,973
Total liabilities	9,004,427	15,352,296	71,881	311	528	(1,257,628)	23,171,815
Net Assets							
Unrestricted	52,421,462	40,236,457	823,609	(311)	(528)	(41,868,657)	51,612,032
Temporarily restricted	-	-	701,765	-	-	-	701,765
Permanently restricted	-	-	107,665	-	-	-	107,665
Total net assets	52,421,462	40,236,457	1,633,039	(311)	(528)	(41,868,657)	52,421,462
Total liabilities and net assets	$ 61,425,889	$ 55,588,753	$ 1,704,920	$ -	$ -	$ (43,126,285)	$ 75,593,277

Northern Montana Health Care, Inc. and Affiliates
Consolidating Schedules of Operations
Year Ended June 30, 2012

	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Unrestricted Revenues							
Net patient and resident service revenue	$ -	$ 50,633,119	$ -	$ -	$ -	$ -	$ 50,633,119
Equity in earnings (losses) of affiliates	(4,272,396)	-	-	-	-	4,272,396	-
Other revenue	1,414,253	952,832	-	-	-	(1,321,995)	1,045,090
Total unrestricted revenues	(2,858,143)	51,585,951	-	-	-	2,950,401	51,678,209
Expenses							
Salaries and benefits	-	31,157,084	-	-	-	-	31,157,084
Cost of drugs, food, supplies and other	260,227	12,177,306	266,433	-	-	(1,095,926)	11,608,040
Purchased services	407,756	2,020,407	77,191	-	-	(381,013)	2,124,341
Depreciation and amortization	708,477	1,869,347	814	-	-	-	2,578,638
Provision for bad debts	-	3,012,421	-	-	-	-	3,012,421
Interest	362,030	-	-	-	-	-	362,030
Total expenses	1,738,490	50,236,565	344,438	-	-	(1,476,939)	50,842,554
Operating Income (Loss)	(4,596,633)	1,349,386	(344,438)	-	-	4,427,340	835,655
Other Income							
Investment income	152,862	746,849	35,569	-	-	-	935,280
Gain (loss) on sale of investments, net	(20,637)	(8,403)	-	-	-	-	(29,040)
Unrestricted gifts and bequests	-	166,746	77,767	-	-	(154,941)	89,572
Gain on sale of property and equipment, net	-	-	-	-	-	-	-
Equity in income (loss) of New West Health Services	(761,125)	-	-	-	-	-	(761,125)
Other	-	15,430	2,788	-	-	-	18,218
Total other income, net	(628,900)	920,622	116,124	-	-	(154,941)	252,905
Revenues in Excess of (Less Than) Expenses	(5,225,533)	2,270,008	(228,314)	-	-	4,272,399	1,088,560
Changes in Unrealized Gains and Losses on Investments	83,475	300,991	118	-	-	-	384,584
Net Assets Released from Donor Restrictions	-	-	136,120	-	-	-	136,120
Transfers from (to) Affiliate	-	(500,000)	112,563	-	-	387,437	-
Minimum Pension Liability Adjustment	-	(6,728,711)	-	-	-	-	(6,728,711)
Change in Unrestricted Net Assets	(5,142,058)	(4,657,712)	20,487	-	-	4,659,836	(5,119,447)
Temporarily Restricted Net Assets							
Contributions	-	-	111,481	-	-	-	111,481
Net assets released from donor restrictions	-	-	(136,120)	-	-	-	(136,120)
	-	-	(24,639)	-	-	-	(24,639)
Permanently Restricted Net Assets							
Contributions	-	-	2,030	-	-	-	2,030
Change in Net Assets	$ (5,142,058)	$ (4,657,712)	$ (2,122)	$ -	$ -	$ 4,659,836	$ (5,142,056)

Supplementary Information
June 30, 2012, 2011, 2010, 2009, 2008 and 2007

Northern Montana Health Care, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Trustees
Northern Montana Health Care, Inc and Affiliates
Havre, Montana

We have audited the consolidated financial statements of Northern Montana Health Care, Inc and Affiliates as of and for the year ended June 30, 2012 and 2011, and our report thereon dated September 25, 2012 which expressed an unqualified opinion on those consolidated financial statements, appears on page 1 Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole The Schedules of Operational and Financial Highlights, and Statistical Highlights – Northern Montana Hospital are presented for purposes of additional analysis and are not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Montana Health Care, Inc and Affiliates as of and for the years ended June 30, 2010, 2009, 2008 and 2007, none of which is presented herein, and we expressed unqualified opinions on those financial statements Those audits were conducted for purposes of forming an opinion on the financial statements as a whole The supplementary information of the years ending June 30, 2010, 2009, 2008 and 2007 is presented for purposes of additional analysis and it 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 June 30, 2010, 2009, 2008 and 2007 financial statements The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the June 30, 2010, 2009, 2008 and 2007 information is fairly stated in all material respects in relation to the basic financial statements from which it has been derived

Eide Bailly LLP

Billings, Montana
September 25, 2012

Northern Montana Health Care, Inc. and Affiliates

Operational and Financial Highlights – Northern Montana Hospital

Years Ended June 30

	2012	2011	2010	2009	2008	2007
Operational						
Patient and Resident Service Revenue						
Inpatient	$ 19,520,022	$ 21,258,001	$ 25,721,626	$ 33,544,290	$ 30,884,171	$ 30,422,613
Outpatient	33,391,891	30,993,820	28,057,980	28,611,403	26,088,537	23,240,612
Long-term care	12,603,277	13,186,053	11,584,569	11,338,379	10,803,470	9,997,373
Clinic revenue	16,045,284	15,545,132	13,276,089	14,083,097	13,859,038	13,294,256
Charity care	(1,047,714)	(1,262,053)	(1,245,351)	(1,144,050)	(903,120)	(850,111)
Contractual adjustments	(29,879,651)	(27,645,331)	(25,848,573)	(31,012,039)	(27,895,837)	(25,994,765)
Net patient and resident service revenue	50,633,109	52,075,622	51,546,340	55,421,080	52,836,259	50,109,978
Other Revenue	952,832	910,427	882,678	976,884	809,083	836,535
Total revenue	51,585,941	52,986,049	52,429,018	56,397,964	53,645,342	50,946,513
Expenses						
Salaries and benefits	31,157,084	31,213,829	30,489,409	31,564,375	30,264,354	28,730,955
Cost of drugs, food, supplies and other	12,177,306	13,111,968	13,442,000	15,405,347	15,187,481	14,604,451
Purchased services	2,020,407	1,918,056	1,875,782	1,977,160	1,843,617	1,658,660
Depreciation and amortization	1,869,347	1,845,555	1,958,489	1,892,421	2,163,944	2,195,974
Provision for bad debts	3,012,421	2,903,633	3,766,940	4,325,315	3,100,229	3,557,962
Interest	-	103	-	-	4,858	26,780
Total expenses	50,236,565	50,993,144	51,532,620	55,164,618	52,564,483	50,774,782
Operating Income	$ 1,349,376	$ 1,992,905	$ 896,398	$ 1,233,346	$ 1,080,859	$ 171,731
Financial						
Percentages of contractual adjustments to total patient and resident service revenue	37 1%	34 7%	33 4%	35 9%	34 6%	34 2%
Percentage of salaries and benefits to total revenue	60%	59%	58%	56%	56%	56%
Number of days revenue in net patient and resident receivables	95 73	79 15	74 49	68 01	73 30	65 50
Current ratio	5 18	4 72	4 55	4 60	3 61	2 89

	2012	2011	2010	2009	2008	2007
Statistical						
Hospital						
Number of acute beds at end of year	49	49	49	49	49	49
Available bed days	17,934	17,885	17,885	17,885	17,934	17,885
Patient days, excluding swing bed days	4,091	4,897	5,894	8,422	8,303	9,078
Swing bed days	236	225	420	711	579	660
Percent of occupancy	22 8%	27 4%	33 0%	47 1%	46 3%	50 8%
Discharges	1,455	1,699	2,092	2,691	2,629	2,748
Average acute length of stay (days)	2 81	2 88	2 82	3 13	3 16	3 30
Care Center						
Number of beds	135	136	136	136	136	136
Available bed days	49,410	49,640	49,640	49,640	49,776	49,640
Resident days	36,570	39,746	37,088	39,804	40,449	41,491
Percent of occupancy	74 0%	80 1%	74 7%	80 2%	81 3%	83 6%