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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 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
NORTH VALLEY HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1600 HOSPITAL WAY

City or town, state or country, and ZIP + 4
WHITEFISH, MT 59937

D Employer identification number
81-0247969

E Telephone number
(406) 863-3529

G Gross receipts $ 43,480,396

F Name and address of principal officer
JASON SPRING
1600 HOSPITAL WAY
WHITEFISH, MT 59937

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 NVHOSP ORG

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

L Year of formation 1955

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
NORTH VALLEY HOSPITAL PROVIDES HOSPITAL AND REHABILITATIVE SERVICES, OTHER HEALTH CARE SERVICES AS NECESSARY AND ADVISABLE, AND SERVES AS A STIMULUS FOR THE PROVISION OF HEALTH CARE SERVICES IN THE AREA

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	386
6	Total number of volunteers (estimate if necessary)	**6**	68
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	89,975	997
9	Program service revenue (Part VIII, line 2g)	39,257,803	42,998,929
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	105,612	119,050
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	315,801	358,585
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	39,769,191	43,477,561
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	16,158,688	17,361,593
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶223,806		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	24,089,538	25,187,654
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	40,248,226	42,549,247
19	Revenue less expenses Subtract line 18 from line 12	-479,035	928,314

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	52,269,495	50,243,969
21	Total liabilities (Part X, line 26)	29,975,023	29,479,328
22	Net assets or fund balances Subtract line 21 from line 20	22,294,472	20,764,641

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

****** | 2013-05-06
Signature of officer | Date

JASON SPRING CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's taxpayer identification number (see instructions)
THOMAS DINGUS	2013-05-13	☐	

Firm's name (or yours if self-employed), address, and ZIP + 4
DINGUS ZARECOR & ASSOCIATES
12015 E MAIN STE A
SPOKANE VALLEY, WA 99206

EIN ▶

Phone no ▶ (509) 242-0874

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

NORTH VALLEY HOSPITAL PROVIDES HOSPITAL AND REHABILITATIVE SERVICES, OTHER HEALTH CARE SERVICES AS NECESSARY AND ADVISABLE, AND SERVES AS A STIMULUS FOR THE PROVISION OF HEALTH CARE SERVICES IN THE AREA

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 $ 35,130,914 including grants of $) (Revenue $ 42,998,929)

NORTH VALLEY HOSPITAL OPERATES A 25-BED ACUTE CARE HOSPITAL WHICH PROVIDES EMERGENCY, INPATIENT, OUTPATIENT, ACUTE CARE AND SUBACUTE SERVICES IN HOSPITAL AND CLINIC SETTINGS THE HOSPITAL PROVIDED 7,646 ER VISITS, 5,920 DAYS OF PATIENT SERVICES, 53,412 OUTPATIENT VISITS WHICH INCLUDES 24,317 CLINIC VISITS, AND 483 BIRTHS FOR THE YEAR ENDED JUNE 30, 2012 THE HOSPTIAL PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS 1,906,600 FOR CHARITY CARE, 271,053 FOR MEDICAID, 8,160,233 FOR MEDICARE, AND 5,253,274 FOR OTHER THIRD PARTY PAYORS FOR THE YEAR ENDED JUNE 30, 2012

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** ▶ $ 35,130,914

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		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**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		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	85		
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	386		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b		Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state	13a			
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the aggregate amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3	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		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	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	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

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 ▶

RANDY NIGHTENGALE
1600 HOSPITAL WAY
WHITEFISH, MT 59937
(406) 863-3556

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) LIN AKEY BOARD MEMBER	1 00	X						0	0	0
(2) HENRY RICKLEFS BOARD MEMBER	1 00	X						0	0	0
(3) JENNIE ECKSTROM MD BOARD MEMBER	1 00	X						0	0	0
(4) STEVE STAHLBERG CPA SECRETARY	1 00	X		X				0	0	0
(5) DAVID FEFFER VICE CHAIR	1 00	X		X				0	0	0
(6) PENNI CHISHOLM CHAIR	1 00	X		X				0	0	0
(7) JAKE HECKATHORN BOARD MEMBER	1 00	X						0	0	0
(8) SUZANNE DANIELL MD BOARD MEMBER	1 00	X						0	0	0
(9) RANDY BEACH MD BOARD MEMBER	1 00	X						0	0	0
(10) HAP HASELDEN BOARD MEMBER	1 00	X						0	0	0
(11) TURNER ASKEW BOARD MEMBER	1 00	X						0	0	0
(12) DEBBIE MELBY BOARD MEMBER	1 00	X						0	0	0
(13) LIZ MARCHI BOARD MEMBER	1 00	X						0	0	0
(14) DAVE WICK BOARD MEMBER	1 00	X						0	0	0
(15) MATT BAILEY MD BOARD MEMBER	1 00	X						0	0	0
(16) JASON SPRING CEO	50 00			X				267,905	0	65,382
(17) RANDY NIGHTENGALE CFO	50 00			X				69,908	0	17,826

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) MAURA FIELDS COO	50 00					X		149,901	0	21,460
(19) ELIZABETH WHITE MD CHIEF OF STA	40 00					X		148,834	0	5,317
(20) MARY ANN CARLSON PHYSICIAN	40 00					X		125,503	0	11,295
(21) MARGARET BUMGARNER OP SERVICES	40 00					X		124,532	0	4,835
(22) MICHAEL BARNES CIO	40 00					X		117,864	0	11,391
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								1,004,447		137,506

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 ▶ 7

			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
KALISPELL REGIONAL MEDICAL CENTER 310 SUNNYVIEW LANE KALISPELL, MT 59901	HEALTH CARE SVS	1,054,641
MONTALASKA 200 STAGELINE DRIVE WHITEFISH, MT 59937	ER PHYSICIANS	1,023,449
QUORUM HEALTH RESOURCES 105 CONTINENTAL PLACE BRENTWOOD, TN 37027	SALARIES/MGMT	911,937
THOMAS MANAGEMENT CO 640 E FRANKLIN ROAD MERIDIAN, ID 83642	FOOD SERVICE MG	463,598
NORTHERN ROCKIES ANESTHESIA 1075 MARTIN CREEK LANE WHITEFISH, MT 59937	PHYSICIAN	401,450

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 ▶ 18

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 997				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	997			
Program Service Revenue		Business Code				
	2a	NET HEALTHCARE SERVICES	624100	42,977,860	42,977,860	
	b	RENTAL INCOME	621110	21,069	21,069	
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	42,998,929			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	121,885			121,885
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss) . . . . . ▶				
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses	2,835			
	c	Gain or (loss)	-2,835			
	d	Net gain or (loss) . . . . . ▶	-2,835			-2,835
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	CAFETERIA 722210	194,219			194,219
	b	REBATES 900099	109,165			109,165
	c	OTHER REVENUE 900099	55,201			55,201
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶	358,585			
	12	**Total revenue.** See Instructions . . . ▶	43,477,561	42,998,929		477,635

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	512,325		512,325	
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	13,524,978	10,696,030	2,695,331	133,617
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	532,894	421,431	106,198	5,265
9	Other employee benefits	1,601,129	1,266,229	319,082	15,818
10	Payroll taxes	1,190,267	941,305	237,203	11,759
11	Fees for services (non-employees)				
a	Management	311,575		311,575	
b	Legal	62,874		62,874	
c	Accounting	56,437		56,437	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	6,869,595	6,231,510	627,609	10,476
12	Advertising and promotion	293,173	3,863	289,310	
13	Office expenses	2,368,139	2,000,098	348,535	19,506
14	Information technology	860,729	13,220	847,509	
15	Royalties . .				
16	Occupancy	1,735,948	1,520,207	208,727	7,014
17	Travel	53,183	36,585	13,558	3,040
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	127,080	56,404	62,585	8,091
20	Interest	297,027	297,027		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	3,633,968	2,932,561	697,225	4,182
23	Insurance	502,056	372,141	129,915	
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	BAD DEBTS	3,217,740	3,217,740		
b	MEDICAL SUPPLIES & DRUGS	3,210,693	3,210,693		
c	REPAIRS AND MAINTENANCE	919,948	819,464	100,484	
d	OTHER EXPENSES	667,489	501,253	164,138	2,098
e					
f	All other expenses		593,153	-596,093	2,940
25	**Total functional expenses.** Add lines 1 through 24f	42,549,247	35,130,914	7,194,527	223,806
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		215,674	1	754,451
	2	Savings and temporary cash investments		13,139,362	2	13,908,361
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		5,249,121	4	5,501,898
	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		1,380,485	8	1,283,730
	9	Prepaid expenses and deferred charges		755,810	9	686,248
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 47,858,810			
	b	Less accumulated depreciation	10b 20,382,584	29,642,137	10c	27,476,226
	11	Investments—publicly traded securities		39,475	11	41,934
	12	Investments—other securities See Part IV, line 11		4,991	12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,842,440	15	591,121
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		52,269,495	16	50,243,969
Liabilities	17	Accounts payable and accrued expenses		3,632,613	17	4,096,749
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	24,600,522
	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		25,332,743	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		1,009,667	25	782,057
	26	**Total liabilities.** Add lines 17 through 25		29,975,023	26	29,479,328
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		22,294,472	27	20,764,641
	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		22,294,472	33	20,764,641
	34	Total liabilities and net assets/fund balances		52,269,495	34	50,243,969

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	43,477,561
2	Total expenses (must equal Part IX, column (A), line 25)	2	42,549,247
3	Revenue less expenses Subtract line 2 from line 1	3	928,314
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	22,294,472
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-2,458,145
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	20,764,641

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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		1,923,348		1,923,348
b Buildings		26,238,370	8,813,193	17,425,177
c Leasehold improvements				
d Equipment		15,105,007	10,453,633	4,651,374
e Other		4,592,085	1,115,758	3,476,327
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				27,476,226

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	
COLLATERALIZED AR	465,414
THIRD-PARTY SETTLEMENTS	316,643
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	782,057

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
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	THE HOSPITAL IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ACCORDINGLY, NO PROVISION FOR INCOME TAX IS NECESSARY THE HOSPITAL EVALUATES UNCERTAIN TAX POSITIONS WHEREBY THE EFFECT OF THE UNCERTAINITY WOULD BE RECORDED IF THE OUTCOME WAS CONSIDERED PROBABLE AND REASONABLY ESTIMABLE AS OF JUNE 30, 2012 AND 2011, THE HOSPITAL HAD NO UNCERTAIN TAX POSTIONS REQUIRING ACCRUAL

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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 2.50000 %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	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)			1,258,356	820,572	437,784	1 110 %
b Medicaid (from Worksheet 3, column a)			4,476,855	4,476,855		
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			5,735,211	5,297,427	437,784	1 110 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	7	4,920	95,146	5,490	89,656	0 230 %
f Health professions education (from Worksheet 5)	3	24	21,926		21,926	0 060 %
g Subsidized health services (from Worksheet 6)	3	4,179	42,366		42,366	0 110 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	3	25,128	107,943	400	107,543	0 270 %
j **Total** Other Benefits	16	34,251	267,381	5,890	261,491	0 670 %
k **Total.** Add lines 7d and 7j	16	34,251	6,002,592	5,303,317	699,275	1 780 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	1		11,325		11,325	0 030 %
3	Community support	3	400,000	17,012		17,012	0 040 %
4	Environmental improvements						
5	Leadership development and training for community members	1		4,322		4,322	0 010 %
6	Coalition building	1	200,000	27,419		27,419	0 070 %
7	Community health improvement advocacy						
8	Workforce development	2	30	1,591		1,591	
9	Other						
10	**Total**	8	600,030	61,669		61,669	0 150 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense	2	2,123,708		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	10,502,772
6	Enter Medicare allowable costs of care relating to payments on line 5	6	10,398,783
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	103,989
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes		
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b			No

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	ALPINE WOMENS CENTER	PHYSICIAN GROUP		33 000 %	
2	GLACIER MEDICAL ASSO	PHYSICIAN GROUP		25 000 %	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	NORTH VALLEY HOSPITAL 1600 HOSPITAL WAY WHITEFISH,MT 59937	X	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)

NORTH VALLEY HOSPITAL

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**	Yes	
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 11			
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**	Yes	
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**		No
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**	Yes	
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**		No
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 0%			
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 250 0% If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	**12**	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	**13**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**14**	Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☐ Other similar actions (describe in Part VI)			
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**16**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☑ Notified patients of the financial assistance policy upon admission			
b ☑ Notified patients of the financial assistance policy prior to discharge			
c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **6**

	Name and address	Type of Facility (Describe)
1	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
2	THE BASE LODGE CLINIC 3840 BIG MOUNTAIN ROAD WHITEFISH, MT 59937	OUTPATIENT CLINIC
3	COLUMBIA FALLS CLINIC PROFESSIONAL 2165 9TH STREET WEST COLUMBIA FALLS, MT 59912	OUTPATIENT CLINIC
4	INTERNAL MEDICINE CLINIC 711 13TH STREET EAST WHITEFISH, MT 59937	OUTPATIENT CLINIC
5	GLACIER MATERNITY & WOMENS CENTER 195 COMMONS LOOP ROAD SUITE D KALISPELL, MT 59901	OUTPATIENT CLINIC
6	WEST GLACIER CLINIC 100 REA ROAD WEST GLACIER, MT 59936	OUTPATIENT CLINIC
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
SUBSIDIZED HEALTH SERVICES EXPLANATION	PART I LINE 7G	THE HOSPITAL HAS NOT INCLUDED ANY COSTS ASSOCIATED WITH PHYSICIAN CLINICS AS SUBSIDIZED HEALTH SERVICES IN PART I LINE 7G

Identifier	ReturnReference	Explanation
EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	PART I LINE 7 COLUMN F	BAD DEBT EXPENSE INCLUDED ON FORM 990 PART IX LINE 25 COLUMN A OF 3217740 WAS SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN PART I LINE 7 COLUMN F

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	THE HOSPITAL APPLIES THE RATIO OF PATIENT CARE COSTTOCHARGES FOR AMOUNTS REPORTED IN THE TABLE TOTAL OPERATING EXPENSES LESS BAD DEBT NONPATIENT CARE ACTIVITIES MEDICAID PROVIDER TAXES TOTAL COMMUNITY BENEFIT AND TOTAL COMMUNITY BUILDING EXPENSES

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	PART II	LEADERSHIP AT NORTH VALLEY HOSPITAL ARE ACTIVE MEMBERS OF AREA CHAMBERS OF COMMERCE AND ROTARY CLUBS MONTANA WEST ECONOMIC DEVELOPMENT FIRST BEST PLACE TASK FORCE FLATHEAD AREA YOUNG PROFESSIONALS WHITEFISH CONVENTION AND VISITORS BUREAU AND MORE IN ADDITION NORTH VALLEY HOSPITAL SPONSORS A STAFF MEMBER EACH YEAR TO ATTEND LEADERSHIP FLATHEAD A TWOYEAR COMMITMENT OF LEARNING THE INS AND OUTS OF THE FLATHEAD VALLEY AND SPEARHEADING A PROJECT THAT FULFILLS A NEED IN THE COMMUNITY NORTH VALLEY HOSPITAL MANAGEMENT AND STAFF SPEND COUNTLESS HOURS DEVELOPING RELATIONSHIPS WITH AREA HIGH SCHOOLS COLLEGES AND UNIVERSITIES TO PROMOTE HEALTHCARE RELATED FIELDS AND THE FACILITY IS A RESOURCE FOR INTERNS AND JOB SHADOWS THE HOSPITAL HUMAN RESOURCES STAFF CONTRIBUTE MUCH OF THEIR TIME TO CAREER COUNSELING AND ARE ACTIVE PARTICIPANTS IN THE LOCAL CHAPTER OF HOSA HEALTHCARE OCCUPATION STUDENTS OF AMERICA IN ADDITION STAFF PROVIDE A FORUM FOR THE PERFORMANCE IMPROVEMENT NETWORK AND INFANT MORTALITY REVIEW WHICH PROVIDES QUALITY ASSURANCE FOR FUTURE HEALTH CARE THEY ALSO HAVE BEEN INSTRUMENTAL IN STARTING THE STATES MEDICATION RECONCILIATION PROGRAM AND ARE AN IMPORTANT CONTRIBUTOR FOR THE MONTANA CRITICAL ACCESS NETWORK SEVERAL STAFF ARE VERY ACTIVE IN THE HEALTH INFORMATION EXCHANGE OF MONTANA HIEM ESTABLISHING A CENTRAL LOCATION FOR SHARED MEDICAL INFORMATION HELPS TO ELIMINATE DUPLICATION AND ENABLES EXPEDIENCY OF SHARED INFORMATION OR FASTER TREATMENT AN INCIDENT MANAGEMENT SYSTEM WITH HOSPITAL COMMAND CENTER IS ESTABLISHED AT NORTH VALLEY HOSPITAL FOR EMERGENCY PREPAREDNESS INTERNALLY THE MEMBERS REGULARLY EXECUTE DRILLS AND REVIEW EMERGENCY MEASURES FOR IMPROVEMENT AS WELL AS ASSESS RESOURCE NEEDS ALSO THEY PROVIDE CORE REPRESENTATIVES FROM NORTH VALLEY HOSPITAL WHO ARE PART OF THE FLATHEAD VALLEYS LARGER EFFORT OF DISASTER PREPAREDNESS A COALITION OF MEMBERS FROM OTHER EMERGENCY MEDICAL AND CITYCOUNTY SERVICES MEET REGULARLY TO ASSESS RESOURCES SCENARIOS COMMUNITY NEEDS AND MORE FOR THE BENEFIT OF THE COMMUNITY IF DISASTER SHOULD HAPPEN QUALIFIED COMMUNITY BENEFITS UNDER THIS QUESTION COMMUNITY SUPPORT DONATIONS TO BUT ACCOUNTED FOR IN CBISA UNDER CASH DONATIONS TAMARACK GRIEF RESOURCE CENTER WHITEFISH WINTER CLASSIC DRUGFREE GRADUATION PARTY SPONSORSHIPS SHEPHERDS HAND CLINIC BOYS AND GIRLS CLUB SCHOOL SPORTS ASSOCIATIONS WINGS FINANCIAL SUPPORT SCHOOL BOOSTER CLUBS MEMORY WALK KIWANIS UNITED WAY SAVE A SISTER MAMMOGRAM INITIATIVE RELAY FOR LIFE FLATHEAD INDUSTRIES SPECIAL OLYMPICS WHITEFISH PARKS AND RECREATION SUMMER CAMP FOR CHILDREN ALS FOUNDATION DREAM ADAPTIVE PROSTATE CANCER AWARENESS FOUNDATION ECONOMIC DEVELOPMENT MONTANA WEST ECONOMIC DEVELOPMENT CHAMBER OF COMMERCE BOARDS LEADERSHIP FLATHEAD FLATHEAD AREA YOUNG PROFESSIONALS ASSOCIATION FIRST BEST PLACE TASK FORCE IN COLUMBIA FALLS WHITEFISH CONVENTION AND VISITOR BUREAU FLATHEAD BUSINESS AND INDUSTRY WORKFORCE DEVELOPMENT MENTORING AND JOB SHADOWING CAREER COUNSELING FLATHEAD BUSINESS AND INDUSTRY HEALTH OCCUPATIONS STUDENT ORGANIZATION COALITION BUILDING PERFORMANCE IMPROVEMENT NETWORK HEALTH OCCUPATIONS STUDENT ASSOCIATION FETAL INFANT CHILD MORTALITY REVIEW SUICIDE PREVENTIONINTERVENTIONPOSTVENTION COLLEGES FOR NURSING PROGRAMS HEALTH PROVIDER PRECEPTORS AND MEETINGS MEDICATION RECONCILIATION PROGRAM STUDENT RECRUITMENT CRITICAL ACCESS NETWORK HIEM AND DISASTER PREPAREDNESS NVH HAS ESTABLISHED A MENTAL HEALTH PROGRAM TARGETED AT ADULTS 55 YEARS OLD AND OLDER TO ADDRESS ISSUES OF DEPRESSION LOSS WITHDRAWAL ETC IT IS THE 1ST STRUCTURED OUTPATIENT PROGRAM OF ITS KIND IN NORTHWEST MONTANA EMBRACE HEALTH IS AN OUTPATIENT PROGRAM FOR SENIOR ADULTS THAT PROVIDES INDIVIDUALIZED TREATMENT FOR THOSE 55 YEARS AND OLDER WHO SUFFER FROM EMOTIONAL BEHAVIORAL OR MENTAL HEALTH DISORDERS SENIOR ADULTS AND THEIR CAREGIVERS HAVE UNIQUE PROBLEMS AND NEEDS PHYSICAL DECLINE LOSS OF INDEPENDENCE SAFETY CONCERNS AND MULTIPLE LOSSES ARE JUST A FEW THAT REQUIRE SPECIAL ATTENTION THIS PROGRAM PROVIDES AN INTENSIVE OUTPATIENT TREATMENT MONDAY THROUGH FRIDAY IN A CARING AND COMFORTABLE ENVIRONMENT THAT FOLLOWS NORTH VALLEY HOSPITALS PLANETREE PHILOSOPHY OF PATIENT CENTERED CARE

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNTS REPORTED ON SCHEDULE H PART III LINE 2 INCLUDES THE COST TO CHARGE RATIO OF PATIENT CARE THE HOSPITAL IDENTIFIES PATIENTS ELGIBLE FOR CHARITY CARE UP FRONT PRIOR TO TURNING THE BALANCE OVER TO THE COLLECTIONS AGENCY THE COLLECTION AGENCY ATTEMPTS TO COLLECT FROM THE PATIENT UNTIL DEEMED UNCOLLECTIBLE OR ELGIBLE FOR FINANCIAL ASSISTANCE AT WHICH POINT THE ACCOUNT IS CLOSED AND RETURNED TO THE HOSPITAL HOSPITAL FINANCIAL COUNSELORS AND OR THE EXTENDED BUSINESS OFFICE WILL ATTEMPT OTHER COLLECTION ACTIONS SUCH AS SUBSEQUENT BILLINGS COLLECTION LETTERS AND TELEPHONE CALLS AN ACCOUNT IS CONSIDERED FOR BAD DEBT DETERMINATION ONCE THE DEBT REMAINS UNPAID MORE THAN 120 DAYS ONCE AN ACCOUNT IS DETERMINED TO BE BAD DEBT IT IS SUBMITTED TO THE PATIENT FINANCIAL SERVICES SUPERVISOR WHO REVIEWS APPROVES AND RECORDS THE BAD DEBT AMOUNT ANY WRITEOFFS EXCEEDING 3000 IS ALSO REVIEWED BY THE CFO THE HOSPITAL DOES NOT HAVE ANY BAD DEBT EXPENSE THAT COULD REASONABLY BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITALS CHARITY CARE POLICY THE HOSPITAL IDENTIFIES ALL THOSE ELIGIBLE FOR CHARITY CARE UPFRONT OR THROUGH THE COLLECTIONS AGENCY BEFORE ANY AMOUNTS ARE WRITTEN OFF TO BAD DEBT THE PATIENT ACCOUNTS RECEIVABLE FOOTNOTE OF THE AUDITED FINANCIAL STATEMENTS READS AS FOLLOWS RECEIVABLES ARISING FROM REVENUE FROM SERVICES TO PATIENTS ARE REDUCED BY ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS AND CONTRACTUAL ADJUSTMENTS BASED ON EXPERIENCE THIRDPARTY CONTRACTUAL REIMBURSEMENT ARRANGEMENTS AND ANY UNUSUAL CIRCUMSTANCES WHICH MAY AFFECT THE ABILITY OF PATIENTS TO MEET THEIR OBLIGATIONS ACCOUNTS DEEMED UNCOLLECTIBLE ARE CHARGED AGAINST THESE ALLOWANCES

Identifier	ReturnReference	Explanation
MEDICARE EXPLANATION	PART III LINE 8	ANY MEDICARE ALLOWABLE COSTS OF PATIENT CARE SHORTFALLS ARE NOT COUNTED AS COMMUNITY BENEFIT THESE ALLOWABLE COSTS ARE OBTAINED FROM THE MEDICARE COST REPORT FOR THE YEAR

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	SEE SECOND PARAGRAPH OF SCHEDULE H PART III LINE 4

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	BOTH ONGOING QUALITATIVE AND QUANTITATIVE FEEDBACK IS TAKEN INTO ACCOUNT TO ASSESS COMMUNITY HEALTH CARE NEEDS A QUANTITATIVE NEEDS ASSESSMENT WAS CONDUCTED IN 2011 TO GAIN INSIGHTS FROM AREA RESIDENTS AND HEALTHCARE LEADERS AS TO THEIR HEALTHCARE ISSUES AND THEIR PERCEPTIONS REGARDING NEEDS IN THE COMMUNITY FOLLOWING THE QUANTITATIVE RESEARCH A FORUM OF COMMUNITY HEALTH CARE LEADERS WAS CONDUCTED THE PUBLIC INSIGHTS WERE MERGED WITH THOSE OF COMMUNITY LEADERS TO GUIDE AREAS OF FOCUS FOR NORTH VALLEY HOSPITAL COMMUNITY EFFORTS THE REPORT IS POSTED ON THE NORTH VALLEY HOSPITAL WEBSITE WITH HARD COPIES AVAILABLE QUALITATIVE INFORMATION IS GAINED REGULARLY THROUGH PARTNERSHIPS WITH THE CITY GOVERNMENT AREA SCHOOL DISTRICTS FEDERAL AND LOCAL LEGISLATORS AND FLATHEAD CITYCOUNTY HEALTH DEPARTMENT ADDITIONALLY THE HOSPITALS SCHOOL NURSE PHYSICIANS AND EMPLOYEES PROVIDE VALUABLE FEEDBACK FROM THEIR EXPERIENCE ON THE JOB AND WITHIN THE COMMUNITY NORTH VALLEY HOSPITAL SPONSORED COMMUNITY EDUCATION PRESENTATIONS ARE FOLLOWED BY A REQUEST FOR FEEDBACK FROM ATTENDEES ON THE VALUE OF THE PRESENTATION AND THEIR INTEREST IN OTHER HEALTH TOPICS NORTH VALLEY HOSPITAL HAS PARTICIPATED IN THE AVATAR INTERNATIONAL A THIRDPARTY PATIENT FEEDBACK SYSTEM SINCE 2002 THE COMMENTS MADE WITHIN THIS PROCESS ARE REVIEWED AND CONSIDERED FOR NEW PROGRAMS BOTH IN THE COMMUNITY AND AT THE HOSPITAL LIKEWISE INFORMATION GAINED FROM THE HOSPITAL CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS HCAHPS ARE REVIEWED FOR OPPORTUNITIES TO ADDRESS COMMUNITY HEALTHCARE NEEDS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	WHEN PATIENTS REGISTER AT NORTH VALLEY HOSPITAL THEY ARE COUNSELED ON THE CHARITY PROGRAMS AVAILABLE TO THEM THROUGH THE REGISTRATION PROCESS EVERY PATIENT IS OFFERED A PRINTED HANDBOOK THAT DESCRIBES PATIENT RIGHTS AND OPTIONS THE HANDBOOK ALSO IS AVAILABLE IN A PDF FORMAT ON THE HOSPITAL WEBSITE A GUIDE TO YOUR BILL BROCHURE IS INSERTED IN EVERY PATIENT STATEMENT AND INVOICE THAT EXPLAINS ALL OF THE PATIENTS OPTIONS INCLUDING PHONE NUMBERS TO CALL FOR ASSISTANCE THE HOSPITAL ALSO HAS SEVERAL FINANCIAL COUNSELORS WHO ASSIST PATIENTS DURING AND AFTER THEIR VISIT TO HELP GUIDE THEM THROUGH THE PROCESS OF OBTAINING CHARITY CARE PATIENTS ARE OFTEN REFERRED TO APPLICABLE NONPROFITS AND STATE CHARITY CARE SERVICES SUCH AS SAVE A SISTER ORGANIZATION AN ORGANIZATION THAT ASSISTS LOW INCOME WOMEN WITH FREE MAMMOGRAM SCREENINGS CHIPS MONTANA BREAST PROGRAM SHEPHERDS HAND FREE CLINIC AND FLATHEAD CITYCOUNTY HEALTH DEPARTMENT

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	NORTH VALLEY HOSPITAL SERVES A WIDE VARIETY OF PATIENTS MANY OF WHOM ARE SELFEMPLOYED YOUNG FAMILIES UNEMPLOYED SEASONAL WORKERS OR HAVE MINIMUMWAGE JOBS AND CANT AFFORD INSURANCE SELF PAY AND COMMERCIAL INSURANCE INDIVIDUALS MAKE UP 56 PERCENT OF NORTH VALLEY HOSPITALS PAYERS MAKING THEM THE MAJORITY MEDICARE CONSTITUTES 32 PERCENT OF THE HOSPITALS PAYERS AND MEDICAIDPHS IS 12 PERCENT NORTH VALLEY HOSPITAL HAS BEEN INSTRUMENTAL IN PROVIDING RURAL AREAS WITH PRIMARY WELLNESS AND URGENT CARE THROUGH CLINICS IN EUREKA YEARROUND AND SEASONALLY WHEN TOURISM DEFINES THE EXTRA NEED AT WHITEFISH MOUNTAIN RESORT AND WEST GLACIER THE EUREKA CLINIC ALSO PROVIDES A LOCATION FOR SPECIALISTS IN GENERAL SURGERY OBSTETRICS GYNECOLOGY CARDIOLOGY ORTHOPEDICS AND UROLOGY TO MEET WITH PATIENTS ON REGULAR SCHEDULES WITHOUT THE PATIENTS HAVING TO TRAVEL FAR FOR SERVICES THE EUREKA CLINIC ALSO PROVIDES DIGITAL XRAYS CLIACERTIFIED LAB SERVICES AND ULTRASOUND THE SEASONAL CLINICS ARE OPEN DAILY IN THEIR RESPECTIVE LOCATIONS TO PROVIDE WELLNESS AND URGENT CARE TO AREA RESIDENTS AND VISITORS AVAILABLE ARE PHARMACEUTICALS DIGITAL XRAYS AND CLIACERTIFIED LABS REMOTE ACCESS TO NEUROLOGISTS OUTSIDE OF THE AREA IS AVAILABLE VIA NORTH VALLEY HOSPITALS TELESTROKE SYSTEM PROVIDING TIMELY EVALUATION AND TREATMENT FOR POTENTIAL STROKE VICTIMS IN HOSPITAL CLINICS AS WELL AS THE HOSPITAL THE PICTURE ARCHIVING COMPUTER SYSTEM PACS IS USED TO QUICKLY SHARE DATA WITH OTHER MEDICAL FACILITIES NORTH VALLEY HOSPITAL PROVIDES SERVICES TO RESIDENTS FROM EUREKA IN THE NORTH TO WEST GLACIER IN THE EAST AND LAKESIDESOMERS TO THE SOUTH THE DEMOGRAPHICS OF THE HOSPITALS PRIMARY SERVICE AREAS OF WHITEFISH COLUMBIA FALLS AND KALISPELL ARE AS FOLLOWS SOURCES US CENSUS 2010 AND ESRI FORECAST FOR 2011 WHITEFISH POPULATION 6357 MEDIAN AGE 401 AVERAGE HOUSEHOLD 21 PEOPLE PER CAPITA INCOME 26711 2011 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 41957 LARGELY WHITE POPULATION 958 HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25000 29 COLUMBIA FALLS POPULATION 4688 MEDIAN AGE 356 AVERAGE HOUSEHOLD 247 PEOPLE PER CAPITA INCOME 18923 2011 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 44491 LARGELY WHITE POPULATION 944 NEXT IS AMERICAN INDIAN 18 HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25000 257 KALISPELL POPULATION 16065 MEDIAN AGE 399 AVERAGE HOUSEHOLD 227 PEOPLE PER CAPITA INCOME 19801 2011 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 37752 LARGELY WHITE POPULATION 945 NEXT IS HISPANIC 34 HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25000 318 FLATHEAD COUNTY TOTAL POPULATION 90959 MEDIAN AGE 417 PER CAPITA INCOME 19885 2011 DOLLARS WITH MEDIAN HOUSEHOLD INCOME 41027 LARGELY WHITE POPULATION 950 NEXT IS HISPANIC 32 HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25000 273

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	NORTH VALLEY HOSPITAL PROVIDES RESOURCES AND FINANCIAL ASSISTANCE TO OTHER NONPROFITS AND HEALTHRELATED ENTITIES TO IMPROVE THE WELLBEING OF THE COMMUNITY NORTH VALLEY HOSPITAL HELPS SUPPORT THE SHEPHERDS HAND FREE CLINIC IN WHITEFISH WITH FREE TESTING AND SERVICES THAT THE CLINIC IS UNABLE TO PROVIDE ON ITS OWN MANY OF THE NORTH VALLEY HOSPITAL PHYSICIANS AND NURSING STAFF VOLUNTEER THEIR OWN TIME CONTRIBUTING TO THIS CLINIC NVH ALSO PROVIDES FINANCIAL AND PERSONNEL RESOURCES FOR RESIDENTS WHO NEED TO TRAVEL OUTSIDE OF THE AREA FOR MEDICAL SERVICES WHITEFISH WINTER CLASSIC FAMILIES OF SICK CHILDREN AND WINGS CANCER PATIENTS NORTH VALLEY HOSPITAL ALSO ASSISTS WITH SUPPORTING THE ALERT MEDICAL HELICOPTER NVH DONATES TO PROGRAMS THAT ENCOURAGE CHILDREN TO LEAD POSITIVE LIVES STAY IN SCHOOL AND PARTICIPATE IN CONSTRUCTIVE ACTIVITIES THAT ARE DRUG AND ALCOHOL FREE THESE INCLUDE CHILDRENS SPORTS ASSOCIATIONS SCHOOL BOOSTER CLUBS BOYS AND GIRLS CLUB NORTH VALLEY MUSIC SCHOOL AND CIVIC ORGANIZATIONS THAT PROMOTE THESE SAME IDEALS SUCH AS KIWANIS AND SOROPTIMISTS STAFF IS ACTIVE ON MANY BOARDS SUCH AS MSHHRA MONTANA SOCIETY OF HEALTHCARE HUMAN RESOURCE ADMINISTRATION TO ASSIST WITH DEVELOPING HEALTHY WORK PLACES AREA AGENCY ON AGINGEAGLE TRANSIT TO PROVIDE A VOICE FOR SUBSIDIZED RIDES TO MEDICAL FACILITIES FLATHEAD VALLEY COMMUNITY COLLEGE FOUNDATION FOR FUNDRAISING TOWARD THE NURSING PROGRAM AMERICAN CANCER SOCIETY AND RELAY FOR LIFE TO RAISE AWARENESS AND MONEY FOR RESEARCH EMS TO STREAMLINE SERVICES AND MORE OTHER ACTIVE MEMBERSHIPS INCLUDE ROTARY POLICE ASSOCIATION DRUG AWARENESS TASK FORCE AND FLATHEAD VALLEY CARE NORTH VALLEY HOSPITAL FOCUSES ON HEALTH EDUCATION EARLY DETECTION AND PREVENTION THE HOSPITAL HAS A COMMUNITY HEALTH LIBRARY COMPLETE WITH HUNDREDS OF HEALTHRELATED BOOKS AND PUBLIC ACCESS TO THE INTERNET A NEW HEALTH AND HEALTHCARE SECTION WAS ESTABLISHED AT THE WHITEFISH LIBRARY THROUGH DONATIONS FROM NORTH VALLEY HOSPITAL STAFF AND PHYSICIANS PROVIDE HEALTHRELATED COMMUNITY EDUCATION PROGRAMS ON TOPICS SUCH AS NUTRITION HEART HEALTH ORTHOPEDICS OSTEOPOROSIS MENS AND WOMENS HEALTH AND MORE THE NORTH VALLEY HOSPITAL COMMUNITY HEALTH NURSE TEACHES A MONTHLY CPR AND CPRFIRST AID CLASS ALONG WITH A SAFE SITTER COURSE SEVERAL TIMES A YEAR THE HOSPITAL HAS AN EMPHASIS ON EXERCISE BY SUPPORTING ATHLETIC TRAINERS IN WHITEFISH AND COLUMBIA FALLS SCHOOLS NORTH VALLEY HOSPITAL PARTICIPATES IN EVENTS THROUGHOUT THE YEAR PROVIDING FREE OR REDUCED HEALTH SCREENINGS AND CONTRIBUTES RESOURCES FOR FUNDRAISERS SUCH AS SAVE A SISTER WHICH PROVIDES FREE MAMMOGRAMS TO QUALIFIED WOMEN IN THE FLATHEAD VALLEY THE HOSPITAL OFFERS FREE SUPPORT GROUPS FOR BOTH CANCER SURVIVORS AND TO THOSE WHO HAVE HAD A MISCARRIAGE STILLBIRTH OR NEONATAL LOSS A FREE MOMBABY SUPPORT GROUP FACILITATED BY A REGISTERED NURSE IS OFFERED WEEKLY TO HELP NEW PARENTS ADJUST TO THEIR NEW FAMILY DYNAMICS AND TO WEIGH THEIR BABIES TO MONITOR GROWTH NORTH VALLEY HOSPITAL ALSO PROVIDES A LOCATION FOR AARP CLASSES AND SPACE TO STORE THE ASSISTIVE EQUIPMENT FOR THE COMMUNITY LOANER PROGRAM INKIND GOODS TO AREA NONPROFITS ARE DONATED TO FOOD BANKS MONTANA NATIONAL GUARDS CHRISTMAS AT OUR HOUSE FREE DINNERS FOR MORE THAN 2500 FLATHEAD VALLEY RESIDENTS ALPINE THEATERS CHILDRENS GROUPS AND HEALTHRELATED ORGANIZATIONS QUALIFIED COMMUNITY BENEFITS UNDER THIS QUESTION BOARD POSITIONS INCLUDE MSHHRA HEALTHY WORK PLACES AREA AGENCY ON AGINGEAGLE TRANSIT AMERICAN CANCER SOCIETY WINGS WHITEFISH AND COLUMBIA FALLS CHAMBER OF COMMERCE ACTIVE MEMBERSHIPS INCLUDE WHITEFISH AND KALISPELL ROTARY EMS SOROPTIMIST CHAMBERS OF COMMERCE WHITEFISH CONVENTION AND VISITOR BUREAU FIRST BEST PLACE TASK FORCE PREVENTION PROGRAMS PSA SCREENINGS SAVE A SISTER AND ATHLETIC TRAINERS EDUCATION PROVIDER HEALTH RELATED COMMUNITY EDUCATION BIRTH CPRFIRST AID SCREENINGS NUTRITION SUPPORT GROUPS COMMUNITY HEALTH LIBRARY INKIND DONATIONS TO FOOD BANK AARP ASSISTIVE EQUIPMENT LOANER PROGRAM EUREKA BREAST CANCER LUNCHEON LOCAL FAMILIES THANKSGIVING BASKETS SHEPHERDS HAND CLINIC

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE INFORMATION	PART VI	NA

Identifier	ReturnReference	Explanation
LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED	PART VI	MONTANA

Identifier	ReturnReference	Explanation
NORTH VALLEY HOSPITAL LINE NUMBER 1 PART V LINE 3	PART V LINE 3	NVH DISTRIBUTED A COMMUNITY HEALTH NEEDS ASSESSMENT SURVEY WITHIN THE LOCAL POPULATION FOR ANY RESIDENT TO COMPLETE 116 AREA RESIDENTS COMPLETED THE SURVEY THE SURVEY WAS CREATED WITH INPUT FROM JAY ERICKSON MD A VOLUNTEER MEDICAL DIRECTOR AT SHEPHERDS HAND CLINIC FREE CLINIC PROVIDING MEDICAL CARE TO THOSE WITHOUT INSURANCE AND CANNOT ACCESS HEALTHCARE THROUGH OTHER MEANS THE SURVEY WAS PROMOTED VIA PAID ADVERTISING POSTING OF FLYERS PRESENTATIONS TO CIVIC ORGANIZATIONS NEWSPAPER EDITORIAL RADIO INTERVIEWS AND ON THE NVH WEBSITE HARD COPIES WERE AVAILABLE AT NVH AND EACH NVH CLINIC RESPONDENTS REPLIED TO THE SURVEY STARTING APRIL 15 2011 WITH THE LAST RESPONSE ON MAY 23 2011 THE TERMS OF GAINING INPUT STIPULATED EACH RESPONDENT WOULD REMAIN ANONYMOUS THE ADMINISTRATION OF AN INTERNET BASED SURVEY WAS PROMOTED THROUGH A PAID ADVERTISEMENT IN A LOCAL NEWSPAPER AND WAS DISTRIBUTED TO LOCAL CIVIC ORGANIZATIONS WITH A REQUEST FOR PARTICIPATION PRELIMINARY CONCLUSIONS WERE PRESENTED TO A LOCAL GROUP OF EXPERTS WHO WERE ASKED TO VALIDATE PRIOR ASSESSMENTS AND TO ESTABLISH PRIORITY AMONG VARIOUS IDENTIFIED HEALTH AND MEDICAL ISSUES AND ANALYZING THE INFORMATION SHOWING HOW FLATHEAD COUNTY COMPARED TO ITS PEERS IN TERMS OF PRIMARY AND CHRONIC NEEDS AND OTHER ISSUES OF UNINSURED LOW INCOME AND MINORITY GROUPS THIS INFORMATION WAS AUGMENTED BY LOCAL OPINION FROM RESPONDENTS COMMENTING ON WHETHER OR NOT THEY BELIEVE CERTAIN POPULATION GROUPS OR PEOPLE WITH CERTAIN SITUATIONS NEED HELP TO IMPROVE THEIR CONDITION AND IF THE ANSWER IS YES WHICH ORGANIZATIONS SHOULD BE RESPONSIBLE FOR MAKING THE IDENTIFIED IMPROVEMENTS AFTER ANALYZING THE PRECEDING DATA AND INFORMATION WE PUT THE INFORMATION AND SUMMARY CONCLUSIONS BEFORE OUR LOCAL GROUP OF EXPERTS LOCAL EXPERTS WERE ASKED TO AGREE OR DISAGREE WITH THE SUMMARY CONCLUSIONS THEY ALSO WERE AT LIBERTY TO AUGMENT POTENTIAL CONCLUSIONS WITH ADDITIONAL STATEMENTS OF NEED NEW NEEDS COULD AND DID EMERGE FROM THIS CONSULTATION CONSULTATION WITH OUR LOCAL EXPERTS OCCURRED BY RESPONSE TO AN ONLINE SURVEY THE FIRST SURVEY WAS COMPLETED ON SEPTEMBER 8 2011 AND THE LAST RESPONSE WAS SUBMITTED ON SEPTEMBER 23 2011 WITH THE PRIOR STEPS IDENTIFYING POTENTIAL COMMUNITY NEEDS THE LOCAL EXPERTS PARTICIPATED IN A DELPHI METHOD WHICH IS A STRUCTURED COMMUNICATION TECHNIQUE ORIGINALLY DEVELOPED AS A SYSTEMATIC INTERACTIVE FORECASTING METHOD THAT RELIES ON A PANEL OF EXPERTS THE EXPERTS ANSWER QUESTIONNAIRES IN A SERIES OF ROUNDS WE CONTEMPLATED AND IMPLEMENTED ONE ROUND AS REFERENCED IN THE ABOVE DATES WE PROVIDED THE RESULTS OF OUR ANALYSIS AND THE PUBLIC OPINIONS TO THE LOCAL EXPERTS AS WELL AS THE REASONS PROVIDED FOR THE JUDGMENTS BY LOCAL SURVEY PARTICIPANTS THE EXPERTS WERE ENCOURAGED TO INFORM THEIR ANSWERS IN LIGHT OF THE REPLIES TYPICALLY THIS PROCESS DECREASES THE RANGE OF ANSWERS WITH THE EXPERT OPINIONS MOVING TOWARD A CONSENSUS CORRECT ANSWER THIS PROCESS STOPPED WHEN WE ACHIEVED IDENTIFICATION OF THE MOST PRESSING HIGHEST PRIORITY COMMUNITY NEEDS IN THE NVH PROCESS WE IDENTIFIED COMMUNITY NEEDS THROUGH THE LOCAL EXPERT COMMUNITY HEALTH NEEDS SURVEY EACH EXPERT WAS ASKED TO ALLOCATE 100 POINTS AMONG ALL IDENTIFIED NEEDS AGAIN HAVING THE OPPORTUNITY TO INTRODUCE NEEDS PREVIOUSLY UNIDENTIFIED AND TO CHALLENGE CONCLUSIONS DEVELOPED FROM THE DATA ANALYSIS THIS RESULTED IN A RANK ORDER OF PRIORITIES WITH SOME NEEDS NOT RECEIVING ANY AND SOME NEEDS RECEIVING IDENTICAL POINT ALLOCATIONS WE DICHOTOMIZED THE RANK ORDER INTO TWO GROUPS NEEDS HAVING HIGH PRIORITY AND NEEDS HAVING LOW PRIORITY THE DETERMINATION OF THE BREAK POINT HIGH AS OPPOSED TO LOW WAS A QUALITATIVE INTERPRETATION BY THE MANAGEMENT COMPANY QHR AND BY THE NVH EXECUTIVE TEAM OF WHERE THERE WAS A REASONABLE BREAK POINT IN RANK AS INDICATED BY THE WEIGHT AMOUNT OF POINTS EACH POTENTIAL NEED RECEIVED IN THE NVH PROCESS SEVERAL NEEDS APPEARED TO BE ASPECTS OF A LARGER ISSUE AND WERE AGGREGATED INTO A GROUP NEED TO WHICH THE HOSPITAL COULD UNDERSTAND AND ORGANIZE ITS RESPONSE THIS DICHOTOMIZED HIGH PRIORITY NEED VS LOW PRIORITY NEED RANK ORDER WAS PRESENTED TO THE NVH EXECUTIVE TEAM TO INDICATE WHICH NEEDS DID THE MEDICAL CENTER CONSIDER THEY HELD HIGH RESPONSIBILITY TO RESPOND VS LOW RESPONSIBILITY TO RESPOND THIS RESULTED IN A MATRIX OF NEEDS AND GUIDED THE MEDICAL CENTER IN DEVELOPING ITS IMPLEMENTATION RESPONSE

Identifier	ReturnReference	Explanation
NORTH VALLEY HOSPITAL LINE NUMBER 1 PART V LINE 7	PART V LINE 7	THE HOSPITAL DID NOT ADDRESS AREAS IDENTIFIED AS LOW PRIORITY RESPONSIBILITY SUCH AS LOWER BACK PAIN COLLEGE GRADUATES AND PALLIATIVE CARE BECAUSE THEY ARE VIEWED AS BEYOND THE MISSION OF THE HOSPITAL AND OTHER GROUPS ARE BETTER SUITED TO ADDRESS THE NEEDS

Identifier	ReturnReference	Explanation
NORTH VALLEY HOSPITAL LINE NUMBER 1 PART V LINE 11H	PART V LINE 11H	PATIENTS ARE BILLED THE GROSS CHARGE FOR ALL SERVICES RECEIVED IF THE PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE THE BILL IS ADJUSTED AS DETERMINED BY OUR CHARITY CARE POLICY GUIDELINES

Identifier	ReturnReference	Explanation
NORTH VALLEY HOSPITAL LINE NUMBER 1 PART V LINE 19D	PART V LINE 19D	THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO FAP ELIGIBLE INDIVIDUALS IS THE HOSPITALS USUAL AND CUSTOMARY RATES THAT APPLY TO ALL PATIENTS REGARDLESS OF PAYOR CLASS FAP ELIGIBLE INDIVIDUALS THEN HAVE THE CHARGES REDUCED BASED ON INCOME CRITERIA PATIENTS AT 250 OF THE FPG ARE ELIGIBLE FOR A 25 REDUCTION WHILE PATIENTS AT 100 OF THE FPG ARE ELIGIBLE FOR A 100 REDUCTION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☐ Compensation committee	☑ Written employment contract		
	☐ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**	Yes	
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) JASON SPRING	(i) (ii)	220,000	47,905			65,382	333,287	
(2) MAURA FIELDS	(i) (ii)	136,277	13,624			21,460	171,361	
(3) ELIZABETH WHITE MD	(i) (ii)	148,834				5,317	154,151	

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
FRINGE OR EXPENSE EXPLANATION	SCHEDULE J, PAGE 1, PART I, LINE 1A	THE BOARD OF DIRECTORS AUTHORIZES NORTH VALLEY HOSPITAL TO PAY FOR THE CEO'S MEMBERSHIP IN THE WHITEFISH ROTARY CLUB ROTARY INTERNATIONAL IS A VOLUNTEER ORGANIZATION OF BUSINESS AND PROFESSIONAL LEADERS WHO PROVIDE HUMANITARIAN SERVICE, AND HELP TO BUILD GOODWILL AND PEACE IN THE WORLD ROTARY CLUBS EXIST TO IMPROVE COMMUNITIES THROUGH A RANGE OF HUMANITARIAN, INTERCULTURAL AND EDUCATIONAL ACTIVITIES
COMPENSATION CONTINGENT UPON NET EARNINGS OF ORGANIZATION	SCHEDULE J, PAGE 1, PART I, LINE 6A	THE CEO IS PAID A BONUS THROUGH THE MANAGEMENT COMPANY BASED ON QUALITATIVE RESULTS, BUT CONTINGENT ON POSITIVE FINANCIAL RESULTS OF THE HOSPITAL

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	MONTANA FACILITY FINANCE AUTHORITY	36-4615155		01-30-2012	25,000,000	REFINANCING NEW HOSPITAL		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	25,000,000			
4	Gross proceeds in reserve funds	2,002,533			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	22,997,467			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2007			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X						
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		2 000 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5		2 000 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) LIN AKEY	BOARD MEMBER		BANK PRESIDENT		No
(2) RANDY BEACH MD	BOARD MEMBER	206,181	PHYS GROUP PARTNER		No
(3) SUZANNE DANIELL MD	BOARD MEMBER	122,366	PHYS GROUP PARTNER		No
(4) JENNIE ECKSTROM MD	BOARD MEMBER	122,366	PHYS GROUP PARTNER		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Identifier	Return Reference	Explanation
MANAGEMENT DELEGATED	FORM 990, PAGE 6, PART VI, LINE 3	THE HOSPITAL CONTRACTS WITH QUORUM HEALTH RESOURCES, LLC (QHR) FOR MANAGEMENT SERVICES AND UTILIZES AN EMPLOYEE OF QHR AS ITS CHIEF EXECUTIVE OFFICER AND ITS CHIEF FINANCIAL OFFICER
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	GLACIER BANK HAS THE AUTHORITY TO VETO ANY MAJOR PURCHASE OR SERVICE AGREEMENT DECISIONS MADE BY THE BOARD, REGARDLESS OF WHETHER IT RELATES TO THE USE OF THE HOSPITAL'S REAL ESTATE LOAN
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE 990 IS PROVIDED TO THE CFO WHO REVIEWS THE FORM, SCHEDULES AND RELATED ATTACHMENTS ANY COMMENTS OR QUESTIONS ARE ADDRESSED WITH THE PREPARER AND A FINAL DRAFT IS PRESENTED TO THE BOARD OF DIRECTORS WHO THEN APPROVE THE 990 ONCE MANAGEMENT IS SATISFIED WITH THE 990, THE CEO SIGNS THE FORM 8879-EO AUTHORIZING THE PREPARER TO E-FILE THE RETURN
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	A CONFLICT OF INTEREST STATEMENT IS COMPLETED ANNUALLY BY THE BOARD OF DIRECTORS DISCLOSING ANY POSSIBLE CONFLICTS OF INTEREST THE BOARD REVIEWS ALL MEMBERS' STATEMENTS AND IF POTENTIAL ISSUES ARISE, THE MEMBER IN QUESTION MAY BE ASKED TO LEAVE THE ROOM WHILE THE REST OF THE BOARD DISCUSSES AND VOTES ON THE MATTER BOARD MEMBERS WITH A POTENTIAL CONFLICT OF INTEREST WHO ARE PRESENT FOR A VOTE WILL CAST AN ABSTAINING VOTE ALL BOARD MEMBERS ANNUALLY REVIEW AND SIGN A CONFLICT OF INTEREST POLICY UNDER THE HOSPITAL'S COMPLIANCE STANDARDS ALL EMPLOYEES ARE REQUIRED TO REPORT TO THEIR SUPERVISOR OR THE COMPLIANCE OFFICER ANY POTENTIAL INSTANCES THAT CREATE A CONFLICT OF INTEREST SITUATION
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE BOARD OF DIRECTORS REVIEW AND APPROVE MANAGEMENT WAGES EACH YEAR DURING THE BUDGET PROCESS SOURCES UTILIZED BY THE BOARD WHEN REVIEWING FAIR MARKET VALUE IN COMPENSATION INCLUDE MARKET SURVEYS AND SALARY RANGES PROVIDED BY THE MANAGEMENT COMPANY
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	THE BOARD OF DIRECTORS REVIEW AND APPROVE OFFICERS WAGES EACH YEAR DURING THE BUDGET PROCESS SOURCES UTILIZED BY THE BOARD WHEN REVIEWING FAIR MARKET VALUE IN COMPENSATION INCLUDE MARKET SURVEYS AND SALARY RANGES PROVIDED BY THE MANAGEMENT COMPANY
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	NORTH VALLEY HOSPITAL MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 5	INSURANCE RECOVERY 84,356 LOSS ON REFINANCING (2,542,501) ========== (2,458,145)

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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	(g) No
(1) NORTH VALLEY HOSPITAL FOUNDATION 1600 HOSPITAL WAY WHITEFISH, MT 59937 81-0526541	SUPPORT	MT	501C3	11C	NA N/A		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

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
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		No
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	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	1r		No

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

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

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

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

(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

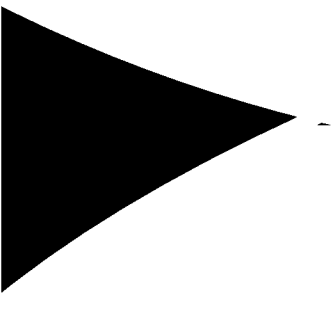
Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	

North Valley Hospital and Subsidiary

Financial Statements and
Independent Auditors' Report

June 30, 2012 and 2011



North Valley Hospital and Subsidiary
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DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
North Valley Hospital and Subsidiary
Whitefish, Montana

We have audited the accompanying balance sheets of North Valley Hospital and Subsidiary (the Hospital) (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting Accordingly, we express no such opinion An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2012 and 2011, and the 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

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
October 22, 2012

North Valley Hospital and Subsidiary
Balance Sheets
June 30, 2012 and 2011

ASSETS	2012	2011
Current assets		
Cash and cash equivalents	$ **8,374,226**	$ 6,990,823
Receivables		
Patient accounts, net of allowance for doubtful accounts of approximately $2,084,000 and $1,796,000, respectively	**5,178,132**	4,858,169
Collateralized patient accounts, net of estimated uncollectibles of approximately $142,000 and $154,000, respectively	**323,766**	390,952
Insurance recovery	**-**	317,431
Other	**177,533**	155,281
Estimated third-party payor settlements	**196,827**	301,000
Inventories	**1,283,730**	1,380,485
Prepaid expenses	**674,226**	679,847
Current portion of assets limited as to use	**41,934**	39,475
Total current assets	**16,250,374**	15,113,463
Interest in net assets of North Valley Hospital Foundation	**831,024**	742,050
Assets limited as to use	**6,288,586**	6,364,213
Property and equipment, net	**27,476,226**	29,642,137
Other assets		
Deferred financing costs	**216,761**	1,068,728
Prepaid expenses and other assets	**12,022**	80,954
Total other assets	**228,783**	1,149,682
Total assets	$ **51,074,993**	$ 53,011,545

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Balance Sheets (Continued)
June 30, 2012 and 2011

LIABILITIES AND NET ASSETS	2012	2011
Current liabilities		
Current portion of long-term debt	$ **1,266,986**	$ 533,888
Current portion of capital lease obligation	**-**	45,484
Accounts payable	**1,819,476**	1,489,457
Accrued payroll and related liabilities	**1,768,819**	1,513,192
Accrued interest payable	**72,791**	147,088
Accrued health insurance claims and pension plan payable	**435,660**	482,873
Estimated third-party payor settlements	**316,643**	464,703
Collateralized patient accounts receivable liability	**465,414**	544,964
Total current liabilities	**6,145,789**	5,221,649
Long-term debt, net of current portion	**23,333,536**	24,753,371
Total liabilities	**29,479,325**	29,975,020
Net assets		
Unrestricted	**20,764,644**	22,294,475
Temporarily restricted	**602,667**	522,493
Permanently restricted	**228,357**	219,557
Total net assets	**21,595,668**	23,036,525
Total liabilities and net assets	$ **51,074,993**	$ 53,011,545

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Statements of Operations and Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted revenues, gains, and other support		
Net patient service revenue	$ **42,977,860**	$ 39,229,642
Other revenue	**374,663**	344,752
Investment income	**126,876**	115,679
Insurance recovery	**84,356**	317,431
Total unrestricted revenues, gains, and other support	**43,563,755**	40,007,504
Expenses		
Salaries and wages	**13,524,978**	12,438,023
Employee benefits	**3,324,290**	3,250,664
Purchased services	**8,388,186**	7,154,789
Supplies	**5,215,638**	5,005,842
Repairs and maintenance	**1,496,520**	1,356,151
Utilities	**424,582**	390,013
Insurance	**633,592**	823,564
Interest	**1,471,290**	1,838,381
Depreciation and amortization	**3,633,968**	3,670,219
Rents and leases	**223,767**	232,936
Provision for bad debts	**3,217,740**	3,005,022
Other	**994,696**	1,082,622
Total expenses	**42,549,247**	40,248,226
Excess of revenues, gains, and other support over expenses (expenses over revenues, gains, and other support)	**1,014,508**	(240,722)
Contributions	**997**	51,575
Loss on disposal of assets	**(2,835)**	(9,842)
Net assets released from restrictions used for purchase of property and equipment	**-**	38,400
Loss on refinancing	**(2,542,501)**	-
Change in unrestricted net assets	**(1,529,831)**	(160,589)
Change in temporarily restricted net assets		
Change in interest in temporarily restricted net assets of North Valley Hospital Foundation	**80,174**	(16,948)
Change in permanently restricted net assets		
Change in interest in permanently restricted net assets of North Valley Hospital Foundation	**8,800**	1,010
Change in net assets	**(1,440,857)**	(176,527)
Net assets, beginning of year	**23,036,525**	23,213,052
Net assets, end of year	**$ 21,595,668**	**$ 23,036,525**

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Cash received from and on behalf of patients	$ **39,383,906**	$ 35,777,435
Cash received from investments	**126,876**	115,679
Cash received from contributions and grants	**997**	51,575
Cash received from other revenue	**754,198**	346,525
Cash paid for employee salaries and benefits	**(16,640,854)**	(15,459,679)
Cash paid for interest expense	**(1,737,300)**	(1,791,180)
Cash paid for other expenses	**(16,875,654)**	(15,989,651)
Net cash provided by operating activities	**5,012,169**	3,050,704
Cash flows from investing activities		
Acquisition of property and equipment	**(1,470,892)**	(1,842,648)
Transfer to assets limited as to use	**(1,953,315)**	(349,948)
Transfer from assets limited as to use	**2,026,483**	505,685
Net cash used in investing activities	**(1,397,724)**	(1,686,911)
Cash flows from financing activities		
Cash received from contributions restricted for purchase of property and equipment	-	38,400
Proceeds from long-term debt	**25,000,000**	-
Repayment of long-term debt	**(25,686,737)**	(536,281)
Loss on refinancing of debt	**(1,498,821)**	-
Repayment of capital lease obligation	**(45,484)**	(56,327)
Net cash used in financing activities	**(2,231,042)**	(554,208)
Net increase in cash and cash equivalents	**1,383,403**	809,585
Cash and cash equivalents, beginning of year	**6,990,823**	6,181,238
Cash and cash equivalents, end of year	$ **8,374,226**	$ 6,990,823

See accompanying notes to financial statements

North Valley Hospital and Subsidiary
Statements of Cash Flows (Continued)
Years Ended June 30, 2012 and 2011

		2012		2011
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities				
Change in net assets	$	**(1,440,857)**	$	(176,527)
Adjustments to reconcile change in net assets net cash provided by operating activities				
Depreciation and amortization		**3,633,968**		3,670,219
Provision for bad debts		**3,217,740**		3,005,022
Loss on refinancing of debt		**2,542,501**		-
Loss on disposal of assets		**2,835**		9,842
Net assets released from restrictions used for purchase of property and equipment		-		(38,400)
Amortization of deferred financing costs		**(191,713)**		50,097
Undistributed portion of change in interest in net assets of North Valley Hospital Foundation		**(88,974)**		15,938
(Increase) decrease in				
Patient accounts receivable		**(3,537,703)**		(3,741,663)
Collateralized patient accounts receivable		**67,186**		(5,514)
Other receivables		**(22,252)**		1,773
Insurance recovery receivable		**317,431**		(317,431)
Estimated third-party payor settlements		**104,173**		339,299
Inventories		**96,755**		(221,721)
Prepaid expenses		**74,553**		92,806
Increase (decrease) in				
Accounts payable		**330,019**		185,181
Accrued payroll and related liabilities		**255,627**		144,961
Accrued interest payable		**(74,297)**		(2,896)
Accrued health insurance claims and pension plan payable		**(47,213)**		84,047
Estimated third-party payor settlements		**(148,060)**		(52,016)
Collateralized patient accounts receivable liability		**(79,550)**		7,687
Net cash provided by operating activities	**$**	**5,012,169**	$	3,050,704

Noncash Financing Activities
During the year ended June 30, 2012, the Hospital incurred a noncash loss on refinancing their mortgage of approximately $1,044,000

See accompanying notes to financial statements

1. Organization and Summary of Significant Accounting Policies:

a. Organization

North Valley Hospital and Subsidiary (the Hospital) and its predecessors have operated a hospital facility in Whitefish, Montana, since 1955. The Hospital presently operates a 25-bed acute care general hospital. The Hospital also operates clinics in Whitefish, Columbia Falls, and Eureka, Montana. Substantially all of the patients of the Hospital are from the immediate geographic area surrounding Whitefish, Columbia Falls, and Eureka, Montana.

As of July 22, 1996, the Hospital formed a wholly-owned nonprofit subsidiary, North Valley Hospital Medical Equipment, Inc. The purpose of this entity is to provide medical supplies and related treatment and care to patients of the Hospital. Effective June 28, 2011, North Valley Hospital Medical Equipment, Inc., was dissolved.

The financial statements include the accounts of the Hospital and its wholly-owned subsidiary. All material intercompany accounts and transactions have been eliminated in consolidation.

North Valley Hospital Foundation (the Foundation) was established to solicit contributions for the Hospital and to support healthcare services in the north Flathead Valley area. The Hospital records its interest in the net assets of the Foundation that have been collected by the Foundation for the Hospital but not yet distributed to the Hospital.

b. Summary of Significant Accounting Policies

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

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

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

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The Hospital classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Fair value measurements (continued) – The three levels of the fair value hierarchy are described below

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2: Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly The Hospital did not have any Level 2 investments in the years ended June 30, 2012 and 2011

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable The Hospital did not have any Level 3 investments in the years ended June 30, 2012 and 2011

Patient accounts receivable – Receivables arising from revenue from services to patients are reduced by allowances for uncollectible accounts and contractual adjustments based on experience, third-party contractual reimbursement arrangements, and any unusual circumstances which may affect the ability of patients to meet their obligations Accounts deemed uncollectible are charged against these allowances

Prepaid expenses – Prepaid expenses are expenses paid during the fiscal year relating to expenses incurred in future periods Prepaid expenses are amortized over the expected benefit period of the related expense Prepaid expenses include physician income guarantees, prepaid insurance, and prepaid maintenance contracts

Assets limited as to use – Such assets include assets set aside by the Board of Directors for future capital improvements and to fund the Hospital's medical self-insurance plan over which the Board retains control and may, at its discretion, subsequently use for other purposes

Property and equipment – Property, buildings, and equipment acquisitions in excess of $5,000 have been capitalized and are recorded at cost Contributed assets are reported at their estimated fair value at the time of their donation Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method over the following estimated useful service lives

Land improvements	2 to 40 years
Buildings	3 to 40 years
Furniture and equipment	3 to 25 years

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Property and equipment (continued) – Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from the 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 support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Inventories – Inventories are stated at cost on the first-in, first-out method Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the Hospital's operations

Deferred financing costs – Deferred financing costs are amortized over the remaining term of the mortgage note

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

Temporarily and permanently restricted net assets – Temporarily restricted net assets are those whose use by the Hospital 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 Hospital in perpetuity

Net patient service revenue – Such revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Employee welfare benefit plan – The Hospital has a self-insured health insurance plan available to its employees Employees pay premiums to the Hospital and the Hospital pays the providers The Hospital accrues a liability for the estimated claims incurred but not yet reported to the Hospital

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Federal income tax – The Hospital is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The Hospital evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2012 and 2011, the Hospital had no uncertain tax positions requiring accrual.

Subsequent events – Subsequent events have been reviewed through October 22, 2012, the date on which the financial statements were available to be issued.

2. Assets Limited as to Use:

A summary of assets limited as to use at June 30, 2012 and 2011, follows:

	2012	2011
Internally designated by Board for capital additions and replacements (funded depreciation)		
Cash and cash equivalents	$ **865,793**	$ 721,028
Mutual funds - inflation protected bond	**485,486**	436,970
U.S. government bonds		
<1 year terms	**41,899**	85,947
1-5 year terms	**60,228**	126,229
5-10 year terms	**1,637,566**	180,193
>10 year terms	**279,136**	65,830
Total U.S. government bonds	**2,018,829**	458,199
Corporate bonds		
<1 year terms	**51,039**	-
1-5 year terms	**113,857**	-
5-10 year terms	**-**	-
>10 year terms	**32,049**	-
Total corporate bonds	**196,945**	-
Certificates of deposit		
3-6 month terms	**25,000**	-
6-9 month terms	**527,000**	1,925,000
9-12 month terms	**63,000**	495,000
1-2 year terms	**93,000**	166,000
>2 year terms	**11,000**	6,000
Total certificates of deposit	**719,000**	2,592,000
Health plan assets held in trust		
Mutual funds, large blend	**41,934**	39,475
Under mortgage agreements - held by trustee		
Cash and cash equivalents	**2,002,533**	2,156,016
	6,330,520	6,403,688
Less current portion	**(41,934)**	(39,475)
Assets limited as to use	$ **6,288,586**	$ 6,364,213

3. Property and Equipment:

A summary of property and equipment at June 30, 2012 and 2011, follows

	2012	2011
Land	$ **1,923,348**	$ 1,874,940
Land improvements	**4,111,872**	4,073,777
Buildings	**26,238,370**	26,083,471
Furniture and equipment	**15,105,007**	14,481,406
	47,378,597	46,513,594
Less accumulated depreciation and amortization	**(20,382,584)**	(17,365,260)
	26,996,013	29,148,334
Construction in progress	**480,213**	493,803
Property and equipment, net	$ **27,476,226**	$ 29,642,137

As of June 30, 2012, the significant construction in progress projects were

- Approximately $108,000 for the initial design and layout of the Hospital's north medical campus The estimated dates or costs of completion cannot yet be estimated due to the preliminary nature of this project
- Approximately $108,000 for the purchase of a Lap Chole instrument set The estimated completion date is July 2012, with no additional costs expected to be incurred
- Electronic Health Records (EHR) projects for both the Hospital and North Country Medical Center (NCMC) The Hospital's EHR project has an estimated cost to complete of $3,500,000, however, the completion date has yet to be determined The NCMC EHR project has an estimated completion date of August 2012, estimated cost to complete is $45,000

4. Patient Accounts Receivable:

Patient accounts receivable reported as current assets by the Hospital at June 30, 2012 and 2011, consisted of these amounts

	2012	2011
Receivables from patients and their insurance carriers	$ **5,120,246**	$ 5,316,403
Receivables from Medicare	**1,378,748**	874,061
Receivables from Medicaid	**763,048**	463,380
Total patient accounts receivable	**7,262,042**	6,653,844
Less allowance for uncollectible amounts	**2,083,910**	1,795,675
Patient accounts receivable, net	$ **5,178,132**	$ 4,858,169

5. Collateralized Patient Accounts Receivable:

The Hospital sells certain patient accounts receivable with recourse to Mountain West Bank, which are serviced by CSI Financial Services, LLC (CSI) CSI charges the Hospital a servicer fee of 8% of the purchase price of the receivables Receivables which remain uncollected by CSI after certain time periods are sold back to the Hospital and subsequently written off

6. Long-term Debt:

The cost of the new hospital building was financed by a mortgage note in the amount of $27,000,000 from Prudential Huntoon Paige Associates, Ltd (Prudential) The mortgage note was refinanced during 2012 with a commercial mortgage in the amount of $25,000,000 from the Montana Facility Finance Authority (MFFA) The mortgage is collateralized by substantially all of the Hospital's assets Upon refinancing the mortgage note the Hospital incurred a prepayment penalty of $1,498,821 and wrote off unamortized financing costs of $1,043,680 The reimbursement effect of this loss resulted in increased Medicare and Medicaid reimbursement of approximately $1,200,000 for the year ended June 30, 2012

Under the terms of the MFFA mortgage note, the Hospital is required to maintain certain deposits in a mortgage reserve fund

A summary of long-term debt at June 30, 2012 and 2011, follows

		2012		2011
Mortgage payable in the amount of $25,000,000 from Montana Facility Finance Authority, that bears interest at 4% Monthly principal and interest payments in the amount of $185,650 are required through February 2027, collateralized by substantially all of the Hospital's assets The interest rate on the mortgage adjusts to a new fixed rate on March 2, 2022 The new interest rate will be the Federal Home Loan Bank of Seattle fixed five-year intermediate/long-term rate plus 2 75 percentage points	$	**24,600,522**	$	-
Mortgage payable in the amount of $27,000,000 from Prudential Huntoon Paige Associates, Ltd , paid in full in 2012		-		25,287,259
Total long-term debt		**24,600,522**		25,287,259
Less current portion		**(1,266,986)**		(533,888)
Long-term debt, net of current portion	$	**23,333,536**	$	24,753,371

6. Long-term Debt (continued):

Scheduled repayments on long-term debt are as follows

June 30,	Amount
2013	$ 1,266,986
2014	1,318,599
2015	1,372,321
2016	1,428,231
2017	1,486,419
Thereafter	17,727,966
	$ 24,600,522

7. Line of Credit:

The Hospital obtained a $500,000 line of credit from American Express during the year ended June 30, 2011 The available credit was increased to $1,000,000 during the year ended June 30, 2012 The Hospital borrowed approximately $592,000 on the line of credit as of June 30, 2012 The line requires payment in full each month and bears no interest and is therefore included with trade accounts payable

8. Net Patient Service Revenue:

The Hospital's net patient service revenue is comprised of the following

	Years Ended June 30,	
	2012	**2011**
Gross patient service revenue	**$ 58,569,020**	$ 53,004,532
Less charity care	**(1,906,600)**	(1,585,233)
	56,662,420	51,419,299
Contractual adjustments		
Medicare	**8,160,233**	6,867,761
Medicaid	**2,433,580**	2,738,462
Commercial	**2,902,613**	2,912,776
Bed Tax	**(2,162,527)**	(2,391,148)
Other	**2,350,661**	2,061,806
	13,684,560	12,189,657
Net patient service revenue	**$ 42,977,860**	$ 39,229,642

8. Net Patient Service Revenue (continued):

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

- *Medicare* – The Hospital has been designated a critical access hospital by Medicare. The Hospital is reimbursed by Medicare for substantially all hospital and rural health clinic services on a cost basis as defined and limited by the Medicare program. The Medicare program's administrative procedures preclude final determination of amounts due to the Hospital for such services until three years after the Hospital's cost reports are audited or otherwise reviewed and settled upon by the Medicare intermediary. Physician services are reimbursed on a fee schedule.
- *Medicaid* – The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports. Physician services are reimbursed on a fee schedule.

The Hospital receives an allotment from the State of Montana's Bed Tax program to promote access to health care in rural and low income Montana communities.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements is discounts from established charges and fee schedule.

Revenue from the Medicare and Medicaid programs accounted for approximately 27% and 9%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2012, and 33% and 16%, respectively, of the Hospital's net patient revenue for the year ended June 30, 2011.

Laws and regulations governing the Medicare and Medicaid 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.

The 2012 net patient service revenue decreased approximately $315,000 due to final and preliminary cost report settlements differing from original estimates. The 2011 net patient service revenue increased approximately $50,000 due to final and preliminary cost report settlements differing from original estimates.

The Hospital provides charity care to patients who are financially unable to pay for the health care services they receive. The Hospital's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Hospital does not report these amounts in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries, wages and benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2012 and 2011 were $1,280,000 and $1,114,000, respectively. The Hospital received disproportionate share payments of approximately $821,000 and $674,000 for the years ended June 30, 2012 and 2011, respectively to offset some of the cost of providing charity care. The Hospitals bed tax assessment payments were also intended to offset some of the cost of providing charity care.

9. Contingencies:

Medical malpractice claims – The Hospital purchases malpractice liability insurance through Utah Medical Insurance Association (UMIA) UMIA provides protection on a "claims-made" basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policy

If there are unreported incidents which result in a malpractice claim for the current year, these will only be covered in the year the claim is reported to the insurance carrier if the Hospital purchases claims-made insurance in that year or if the Hospital purchases extended coverage (tail) insurance to cover claims incurred before but reported after cancellation or expiration of a claims-made policy

UMIA's present liability limit is $1,000,000 per claim with an annual aggregate limit of $3,000,000 The Hospital also purchases excess malpractice liability insurance through UMIA UMIA provides protection on an "excess" basis whereby claims reported to the insurance carrier are only covered in excess of primary malpractice liability coverage The UMIA excess liability limit is $5,000,000 per claim with an annual aggregate limit of $5,000,000 No liability has been accrued for future coverage for acts occurring in this or prior years Also, it is possible that claims may exceed coverage obtained in any given year Neither policy has a deductible payable by the Hospital

Industry regulations – The health care industry is subject to numerous laws and regulations of federal, state, and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed Management believes that the Hospital is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions known or unasserted at this time

Health care reform – As a result of recently enacted federal health care reform legislation, substantial changes are anticipated in the United States of America's health care system Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers, and the legal obligations of health insurers, providers, and employers These provisions are currently slated to take effect at specified times over approximately the next decade The federal health care reform legislation does not affect the 2012 financial statements

Risk management – The Hospital is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health, dental, and accident benefits Commercial insurance coverage is purchased for claims arising from such matters Settled claims have not exceeded this commercial coverage in any of the three preceding years

10. Commitment:

The Hospital entered into a contract with QHR dated September 14, 2005, effective October 1, 2005, for management and advisory services through October 1, 2012 Compensation for services performed beginning October 1, 2005, is $269,767 annually and is increased annually by 2 5% Management fees for the years ended June 30, 2012 and 2011, were approximately $312,000 and $303,000, respectively

The aggregated future commitment for management fees is approximately $200,100

11. Defined Contribution Plan:

The Hospital provides pension benefits for all employees through the North Valley Hospital 403(b) Plan (the Plan), a defined contribution plan The Plan is administered by the Hospital In a defined contribution plan, benefits depend solely on amounts contributed by the employee and the Hospital to the Plan plus investment earnings All employees are eligible to contribute to the Plan upon employment After two consecutive years of service, the Hospital will contribute 2% of employee earnings After three consecutive years of service, the Hospital will match 30% of employee contributions with annual increases of 10% until the Hospital's match reaches 7% of employee gross pay or the matching percentage reaches 100% of employee contribution Hospital contributions are 100% vested at the time of contribution The Hospital made contributions of approximately $533,000 and $498,000 for the years ended June 30, 2012 and 2011, respectively

12. Health and Dental Self-insurance:

The Hospital offers a health and dental insurance plan to all employees following 90 days of employment The Hospital self-insures for the cost of the plan The plan is administered by BlueCross BlueShield of Montana (BCBS) The Hospital records plan expenses as incurred Plan expenses were approximately $1,365,000 and $1,502,000 for the years ended June 30, 2012 and 2011, respectively The Hospital accrues an incurred but not reported liability for plan claims that had been incurred but that have not yet been reported to BCBS The Hospital's liability for claims that had been incurred but not reported was approximately $91,000 and $168,000 at June 30, 2012 and 2011, respectively For claims exceeding $60,000 per covered participant, the Hospital has purchased a stop-loss policy through BCBS

13. Functional Expenses:

The Hospital provides the following health care services to residents within its geographic location

- Acute, intensive, cardiac, and pediatric care
- Emergency services
- Outpatient surgery
- Other outpatient procedures

13. Functional Expenses (continued):

Accordingly, certain costs as of June 30, 2012 and 2011, have been allocated among the programs and supporting services benefited as follows

	Years Ended June 30,	
	2012	**2011**
Health care services	**$ 35,130,914**	$ 33,515,391
General and administrative	**7,194,527**	6,558,029
Fundraising	**223,806**	174,806
	$ 42,549,247	$ 40,248,226

14. Concentration of Credit Risk:

Patient accounts receivable – The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors at June 30, 2012 and 2011, was as follows

	2012	**2011**
Medicare	**30 %**	20 %
Medicaid	**14**	10
Other third-party payors	**22**	28
Patients	**34**	42
	100 %	100 %

Physicians – The Hospital is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations

15. North Valley Hospital Foundation:

The Hospital's administrator serves as an ex-officio member of the Foundation's Board The Hospital also appoints three of the thirteen members of the Board The Hospital does not exercise control over the operations of the Foundation The Hospital provides operating support to the Foundation The Hospital provided support totaling approximately $177,000 and $130,000 in 2012 and 2011, respectively, to the Foundation The Foundation contributed $-0- and approximately $78,000 in 2012 and 2011, respectively, to the Hospital

The Hospital's interest in the net assets of the Foundation that have been collected by the Foundation for the Hospital but not yet distributed to the Hospital are as follows

	June 30,	
	2012	**2011**
Temporarily restricted net assets are available for various Hospital support needs	$ **602,667**	$ 522,493
Permanently restricted net assets, the income from which is expendable to support health care services	$ **228,357**	$ 219,557

16. Insurance Recovery Receivable:

The Hospital received notice in June 2011 that it would receive an insurance recovery payment related to a malpractice settlement paid by the Hospital during the year ended June 30, 2007 The notice indicated the insurance company would pay approximately 40% of the approved claim amount as an interim payment and is expected to make additional distributions thereafter The insurance company is in receivership and has not yet determined the total amount it will be able to collect The Hospital had recorded the interim payment of $317,431 as a receivable as of June 30, 2011, which was subsequently received in 2012 The hospital received an additional $84,356 from this settlement in 2012

17. Subsequent Events:

On June 29, 2012, the Hospital signed an agreement with McKesson for the purchase and implementation of Electronic Health Records (EHR) software for the hospital and related clinics No payment is due until August 2012 as work on the project begins The total cost of the software and implementation is estimated to be $3,500,000 and the planned completion date is December 2013

On September 25, 2012, the Hospital signed an updated agreement with QHR for management and advisory services from October 1, 2012 through September 30, 2017 Compensation for services performed beginning October 1, 2012, is $320,668 annually and is increased annually by 2 5%