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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 10-01-2011 and ending 09-30-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

NORTHERN ROCKIES MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

802 SECOND STREET SE

City or town, state or country, and ZIP + 4

CUT BANK, MT 59427

F Name and address of principal officer

TREASURE BERKRAM

802 SECOND STREET SE

CUT BANK, MT 59427

D Employer identification number

81-0530457

E Telephone number

(406) 873-2250

G Gross receipts \$ 7,661,541

I Tax-exempt status

☒ 501(c)(3)

☐ 501(c) ()

⏏ (insert no)

☐ 4947(a)(1) or

☐ 527

J Website: NRMCINC.ORG

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

K Form of organization

☒ Corporation

☐ Trust

☐ Association

☐ Other

L Year of formation 2001

M State of legal domicile MT

| Part I | Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|--|---------------------------|---|---------------------------|--------------|----|---|-----------|-----------|----|---|-----------|-----------|-----|--|-----------|-----------|----|--|---------|---------|----|--|-----------|-----------|----|--|-----------|-----------|----|---|---------|---------|
| Activities & Governance | <div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE TO RESIDENTS OF GLACIER COUNTY AND THE SURROUNDING AREA REGARDLESS OF THEIR ABILITY TO PAY</div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | <div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>10</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>9</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2011 (Part V, line 2a)</td><td>5</td><td>124</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>6</td><td>0</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>105,874</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>0</td></tr></table> | 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 10 | 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 9 | 5 | Total number of individuals employed in calendar year 2011 (Part V, line 2a) | 5 | 124 | 6 | Total number of volunteers (estimate if necessary) | 6 | 0 | 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 105,874 | 7b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 | | | | | | | | |
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Total number of individuals employed in calendar year 2011 (Part V, line 2a) | 5 | 124 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 105,874 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | <table><tr><td>8</td><td>Contributions and grants (Part VIII, line 1h)</td><td>Prior Year</td><td>Current Year</td></tr><tr><td>9</td><td>Program service revenue (Part VIII, line 2g)</td><td>111,167</td><td>73,239</td></tr><tr><td>10</td><td>Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td><td>6,713,226</td><td>6,875,573</td></tr><tr><td>11</td><td>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td>1,211</td><td>18,976</td></tr><tr><td>12</td><td>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td><td>307,842</td><td>671,639</td></tr><tr><td></td><td></td><td>7,133,446</td><td>7,639,427</td></tr></table> | 8 | Contributions and grants (Part VIII, line 1h) | Prior Year | Current Year | 9 | Program service revenue (Part VIII, line 2g) | 111,167 | 73,239 | 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 6,713,226 | 6,875,573 | 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 1,211 | 18,976 | 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 307,842 | 671,639 | | | 7,133,446 | 7,639,427 | | | | | | | | |
| 8 | Contributions and grants (Part VIII, line 1h) | Prior Year | Current Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Program service revenue (Part VIII, line 2g) | 111,167 | 73,239 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 6,713,226 | 6,875,573 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 1,211 | 18,976 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 307,842 | 671,639 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 7,133,446 | 7,639,427 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Expenses | <table><tr><td>13</td><td>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</td><td>0</td><td>0</td></tr><tr><td>14</td><td>Benefits paid to or for members (Part IX, column (A), line 4)</td><td>0</td><td>0</td></tr><tr><td>15</td><td>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</td><td>4,458,246</td><td>4,455,285</td></tr><tr><td>16a</td><td>Professional fundraising fees (Part IX, column (A), line 11e)</td><td>0</td><td>0</td></tr><tr><td>b</td><td>Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/>0</td><td></td><td></td></tr><tr><td>17</td><td>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</td><td>2,509,260</td><td>2,448,388</td></tr><tr><td>18</td><td>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</td><td>6,967,506</td><td>6,903,673</td></tr><tr><td>19</td><td>Revenue less expenses Subtract line 18 from line 12</td><td>165,940</td><td>735,754</td></tr></table> | 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 0 | 0 | 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 | 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 4,458,246 | 4,455,285 | 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 | b | Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0 | | | 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 2,509,260 | 2,448,388 | 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 6,967,506 | 6,903,673 | 19 | Revenue less expenses Subtract line 18 from line 12 | 165,940 | 735,754 |
| 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3) | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14 | Benefits paid to or for members (Part IX, column (A), line 4) | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 4,458,246 | 4,455,285 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| b | Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 2,509,260 | 2,448,388 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 6,967,506 | 6,903,673 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 19 | Revenue less expenses Subtract line 18 from line 12 | 165,940 | 735,754 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Assets or Fund Balances | <table><tr><td></td><td></td><td>Beginning of Current Year</td><td>End of Year</td></tr><tr><td>20</td><td>Total assets (Part X, line 16)</td><td>3,184,762</td><td>4,691,808</td></tr><tr><td>21</td><td>Total liabilities (Part X, line 26)</td><td>1,356,171</td><td>2,127,463</td></tr><tr><td>22</td><td>Net assets or fund balances Subtract line 21 from line 20</td><td>1,828,591</td><td>2,564,345</td></tr></table> | | | Beginning of Current Year | End of Year | 20 | Total assets (Part X, line 16) | 3,184,762 | 4,691,808 | 21 | Total liabilities (Part X, line 26) | 1,356,171 | 2,127,463 | 22 | Net assets or fund balances Subtract line 21 from line 20 | 1,828,591 | 2,564,345 | | | | | | | | | | | | | | | | |
| | | Beginning of Current Year | End of Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | Total assets (Part X, line 16) | 3,184,762 | 4,691,808 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 21 | Total liabilities (Part X, line 26) | 1,356,171 | 2,127,463 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 22 | Net assets or fund balances Subtract line 21 from line 20 | 1,828,591 | 2,564,345 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

Signature of officer

TREASURE BERKRAM CFO

Type or print name and title

2013-08-05

Date

Paid Preparer's Use Only

Preparer's signature

NATHAN D MCCARTHY CPA

Firm's name (or yours if self-employed), address, and ZIP + 4

GALUSHA HIGGINS & GALUSHA PC

PO BOX 1699

HELENA, MT 596241699

Date

2013-08-05

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00368408

EIN

81-0272932

Phone no

(406) 442-5520

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

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

PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE TO RESIDENTS OF GLACIER COUNTY AND THE SURROUNDING AREA REGARDLESS OF THEIR ABILITY TO PAY

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 5,566,026 including grants of \$) (Revenue \$ 6,875,573)

PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE SERVICES TO RESIDENTS OF GLACIER COUNTY AND THE SURROUNDING AREAS

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 \$ 5,566,026

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)? <i>If "Yes," complete Schedule A.</i>  | 1 | Yes |
| 2 | Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?  | 2 | Yes |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i> | 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? <i>If "Yes," complete Schedule C, Part III.</i> | 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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i>  | 7 | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>  | 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? <i>If "Yes," complete Schedule D, Part IV.</i>  | 9 | No |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>  | 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, line 10? <i>If "Yes," complete Schedule D, Part VI.</i>  | 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? <i>If "Yes," complete Schedule D, Part VII.</i>  | 11b | Yes |
| 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? <i>If "Yes," complete Schedule D, Part VIII.</i>  | 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? <i>If "Yes," complete Schedule D, Part IX.</i>  | 11d | Yes |
| e | Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>  | 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)? <i>If "Yes," complete Schedule D, Part X.</i>  | 11f | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>  | 12a | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i>  | 12b | Yes |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i> | 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? <i>If "Yes," complete Schedule F, Part I.</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 ? <i>If "Yes," complete Schedule F, Part II and IV.</i> | 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 ? <i>If "Yes," complete Schedule F, Part III and IV.</i> | 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? <i>If "Yes," complete Schedule G, Part I.</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? <i>If "Yes," complete Schedule G, Part II.</i> | 18 | No |
| 19 | Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> | 19 | No |
| 20a | Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>  | 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? <i>If "Yes," complete Schedule I, Parts I and II</i> | 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? <i>If "Yes," complete Schedule I, Parts I and III</i> | 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? <i>If "Yes," complete Schedule J</i> | 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? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i> | 24a | | No |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i> | 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? <i>If "Yes," complete Schedule L, Part III</i> | 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? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 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? <i>If "Yes," complete Schedule L, Part IV</i> | 28c | | No |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | | No |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> | 30 | | No |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> | 31 | | No |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> | 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? <i>If "Yes," complete Schedule R, Part I</i> | 33 | Yes | |
| 34 | Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> | 34 | | No |
| 35a | Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)? | 35a | | No |
| b | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 35b | | No |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 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? <i>If "Yes," complete Schedule R, Part VI</i> | 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 <input type="checkbox"/> | | | | |
| | | | Yes | No |
| 1a | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . | 1a | 27 | |
| 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 | 124 | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions). | 2b | Yes | |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | 3a | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O. | 3b | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)? | 4a | | No |
| b | If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? | 5a | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? | 6a | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | 6b | | |
| 7 | Organizations that may receive deductible contributions under section 170(c). | | | |
| a | Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? | 7a | | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | 7b | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | 7c | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year. | 7d | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? | 7e | | |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | 7f | | |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | 7g | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | 7h | | |
| 8 | Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? | 8 | | |
| 9 | Sponsoring organizations maintaining donor advised funds. | | | |
| a | Did the organization make any taxable distributions under section 4966? | 9a | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? | 9b | | |
| 10 | Section 501(c)(7) organizations. Enter | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12. | 10a | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. | 10b | | |
| 11 | Section 501(c)(12) organizations. Enter | | | |
| a | Gross income from members or shareholders. | 11a | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them). | 11b | | |
| 12a | Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? | 12a | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year. | 12b | | |
| 13 | Section 501(c)(29) qualified nonprofit health insurance issuers. | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state. | 13a | | |
| b | Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. | 13b | | |
| c | Enter the aggregate amount of reserves on hand. | 13c | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | 14a | | No |
| b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O. | 14b | | |

Part VI

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

Section A. Governing Body and Management

| | | | |
|----|---|-----|-----|
| | | Yes | No |
| 1a | Enter the number of voting members of the governing body at the end of the tax year | | |
| 1a | 10 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent | 1b | 9 |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | 3 | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | 5 | No |
| 6 | Did the organization have members or stockholders? | 6 | No |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | 7a | No |
| b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | 7b | No |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | |
| a | The governing body? | 8a | Yes |
| b | Each committee with authority to act on behalf of the governing body? | 8b | Yes |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | 9 | No |

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

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

Section C. Disclosure

| | | |
|----|---|--|
| 17 | List the States with which a copy of this Form 990 is required to be filed ▶ | |
| 18 | Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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 ▶ TREASURE BERKRAM 802 SECOND STREET NE CUT BANK, MT 59427 (406) 873-2250 | |

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) GERALD EBELT CHAIRMAN | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (2) RICK BILLMAN DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (3) LON PETERSON DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (4) PATRICK MONTALBAN DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (5) DR STEVE LOWERY DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (6) ROBERT CARETTE DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (7) ELAINE MITCHELL DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (8) JOHN WALLER VICE CHAIR | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (9) BESS HJARTARSON SECRETARY | 1 00 | X | | X | | | | 0 | 0 | 0 |
| (10) DR ADRON MEDLEY DIRECTOR/SURGEON | 40 00 | X | | | | | | 270,000 | 0 | 0 |
| (11) BECKY KIMMET DIRECTOR | 1 00 | X | | | | | | 0 | 0 | 0 |
| (12) CHERIE TAYLOR CEO | 40 00 | | | X | | | | 85,299 | 0 | 4,400 |
| (13) TREASURE BERKRAM CFO | 40 00 | | | X | | | | 56,542 | 0 | 5,466 |
| (14) CHRIS OUELLETTE CNO | 40 00 | | | X | | | | 68,507 | 0 | 4,400 |
| (15) NIALl ATKINSON NP | 40 00 | | | | | X | | 134,733 | 0 | 4,629 |
| (16) JOE KARCHER CRNA | 40 00 | | | | | X | | 125,973 | 0 | 7,520 |
| | | | | | | | | | | |

Part VII

| | | | | |
|-----------|--|---------|---|--------|
| 1b | Sub-Total | | | |
| c | Total from continuation sheets to Part VII, Section A | | | |
| d | Total (add lines 1b and 1c) | 741,054 | 0 | 26,415 |

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 ▶3

| | | Yes | No |
|----------|---|----------|-----|
| 3 | Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> | 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? <i>If "Yes," complete Schedule J for such individual</i> | 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? <i>If "Yes," complete Schedule J for such person</i> | 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 |
|--|--------------------------------|---------------------|
| PINNACLE MEDICAL SERVICES 50 LUEDTKE ROAD CUT BANK, MT 59427 | PHYSICIAN | 220,513 |
| | | |
| | | |
| | | |
| | | |

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 ▶1

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 | 38,398 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 34,841 | | | |
| | g | Noncash contributions included in lines 1a-1f \$ _____ | | | | | |
| | h | Total. Add lines 1a-1f | | 73,239 | | | |
| Program Service Revenue | 2a | PATIENT SERVICE REVENUE | Business Code 621110 | 6,816,560 | 6,717,718 | 98,842 | |
| | b | OTHER PATIENT REVENUE | 621110 | 59,013 | 58,778 | 235 | |
| | c | | | | | | |
| | d | | | | | | |
| | e | | | | | | |
| | f | All other program service revenue | | | | | |
| | g | Total. Add lines 2a-2f | | 6,875,573 | | | |
| | Other Revenue | 3 | Investment income (including dividends, interest and other similar amounts) | | 721 | | |
| 4 | | Income from investment of tax-exempt bond proceeds . . | | | | | |
| 5 | | Royalties | | | | | |
| 6a | | Gross rents | (i) Real 3,889 | (ii) Personal | | | |
| b | | Less rental expenses | 0 | | | | |
| c | | Rental income or (loss) | 3,889 | | | | |
| d | | Net rental income or (loss) | | 3,889 | 3,889 | | |
| 7a | | Gross amount from sales of assets other than inventory | (i) Securities | (ii) Other 40,369 | | | |
| b | | Less cost or other basis and sales expenses | | 22,114 | | | |
| c | | Gain or (loss) | | 18,255 | | | |
| d | | Net gain or (loss) | | 18,255 | 11,458 | 6,797 | |
| 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 | EHR INCENTIVE PAYMENT | 621110 | 367,750 | 367,750 | | | |
| b | COUNTY TAX REVENUE | 624100 | 300,000 | 300,000 | | | |
| c | | | | | | | |
| d | All other revenue | | | | | | |
| e | Total. Add lines 11a-11d | | 667,750 | | | | |
| 12 | Total revenue. See Instructions | | 7,639,427 | 7,459,593 | 105,874 | 721 | |

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 | 258,315 | 83,249 | 175,066 | |
| 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 | 3,585,138 | 3,120,909 | 464,229 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 24,262 | 21,378 | 2,884 | |
| 9 | Other employee benefits | 214,198 | 186,930 | 27,268 | |
| 10 | Payroll taxes | 373,372 | 313,155 | 60,217 | |
| 11 | Fees for services (non-employees) | | | | |
| a | Management | 78,827 | | 78,827 | |
| b | Legal | 11,922 | | 11,922 | |
| c | Accounting | 20,800 | | 20,800 | |
| d | Lobbying | | | | |
| e | Professional fundraising See Part IV, line 17 | | | | |
| f | Investment management fees | | | | |
| g | Other | 261,660 | 189,300 | 72,360 | |
| 12 | Advertising and promotion | 20,982 | | 20,982 | |
| 13 | Office expenses | 114,564 | 69,836 | 44,728 | |
| 14 | Information technology | 144,529 | 6,720 | 137,809 | |
| 15 | Royalties | | | | |
| 16 | Occupancy | 80,715 | 80,715 | | |
| 17 | Travel | 50,554 | 33,598 | 16,956 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 | Conferences, conventions, and meetings | 38,092 | 8,458 | 29,634 | |
| 20 | Interest | 27,726 | 27,726 | | |
| 21 | Payments to affiliates | | | | |
| 22 | Depreciation, depletion, and amortization | 233,251 | 233,251 | | |
| 23 | Insurance | 148,130 | 35,493 | 112,637 | |
| 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 | SUPPLIES | 422,770 | 417,407 | 5,363 | |
| b | PROVIDER FEES | 317,036 | 317,036 | | |
| c | MEDICAL SERVICES | 216,739 | 215,462 | 1,277 | |
| d | REPAIRS AND MAINTENANCE | 89,061 | 85,394 | 3,667 | |
| e | | | | | |
| f | All other expenses | 171,030 | 120,009 | 51,021 | |
| 25 | Total functional expenses. Add lines 1 through 24f | 6,903,673 | 5,566,026 | 1,337,647 | 0 |
| 26 | Joint costs. Check here <input type="checkbox"/> 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) | | (B) |
|-----------------------------|---|--|-----|-----------|-------------------|-----------|-------------|
| | | | | | Beginning of year | | End of year |
| Assets | 1 | Cash—non-interest-bearing | | | 281,329 | 1 | 735,141 |
| | 2 | Savings and temporary cash investments | | | | 2 | |
| | 3 | Pledges and grants receivable, net | | | 925,164 | 3 | 1,331,875 |
| | 4 | Accounts receivable, net | | | | 4 | |
| | 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 | | | 498,823 | 7 | 438,175 |
| | 8 | Inventories for sale or use | | | 172,846 | 8 | 164,750 |
| | 9 | Prepaid expenses and deferred charges | | | 19,432 | 9 | 11,751 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a | 3,004,604 | 691,638 | 10c | 1,642,774 |
| | b | Less accumulated depreciation | 10b | 1,361,830 | | | |
| | 11 | Investments—publicly traded securities | | | | 11 | |
| | 12 | Investments—other securities See Part IV, line 11 | | | 378,903 | 12 | 295,292 |
| | 13 | Investments—program-related See Part IV, line 11 | | | | 13 | |
| | 14 | Intangible assets | | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | | 216,627 | 15 | 72,050 |
| 16 | Total assets. Add lines 1 through 15 (must equal line 34) | | | 3,184,762 | 16 | 4,691,808 | |
| Liabilities | 17 | Accounts payable and accrued expenses | | | 676,374 | 17 | 752,357 |
| | 18 | Grants payable | | | | 18 | |
| | 19 | Deferred revenue | | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | | | 20 | |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | | | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 673,194 | 23 | 1,369,146 |
| | 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 | | | 6,603 | 25 | 5,960 |
| | 26 | Total liabilities. Add lines 17 through 25 | | | 1,356,171 | 26 | 2,127,463 |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | | | |
| | 27 | Unrestricted net assets | | | 1,777,755 | 27 | 2,564,345 |
| | 28 | Temporarily restricted net assets | | | 50,836 | 28 | 0 |
| | 29 | Permanently restricted net assets | | | | 29 | |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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 | | | 1,828,591 | 33 | 2,564,345 |
| | 34 | Total liabilities and net assets/fund balances | | | 3,184,762 | 34 | 4,691,808 |

Part XI Reconciliation 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 | 7,639,427 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 6,903,673 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 735,754 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 1,828,591 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | 0 |
| 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 | 2,564,345 |

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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? | | No |
| b | Were the organization's financial statements audited by an independent accountant? | 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 | 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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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? | | 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 | | |

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

| | |
|---|--|
| Name of the organization NORTHERN ROCKIES MEDICAL CENTER INC | Employer identification number 81-0530457 |
|---|--|

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 Se**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?

(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?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

| | | |
|----------|-----|----|
| | Yes | No |
| 11g(i) | | |
| 11g(ii) | | |
| 11g(iii) | | |

| (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? | | (v) Did you notify the organization in col (i) of your support? | | (vi) Is the organization in col (i) organized in the U S ? | | (vii) Amount of support? |
|---------------------------------------|-------------|---|---|----|--|----|---|----|-----------------------------|
| | | | Yes | No | Yes | No | Yes | No | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| 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 | (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 | (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 IIIPart 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 |
| |
| |
| |
| |

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> | |
| 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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div> | |

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 |
| b | Total acreage restricted by conservation easements |
| c | Number of conservation easements on a certified historic structure included in (a) |
| d | Number of conservation easements included in (c) acquired after 8/17/06 |

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▶ \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

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 |
| 1c | |
| 1d | |
| 1e | |
| 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

(i)

unrelated organizations

3a(i)

Yes

No

(ii)

related organizations

3a(ii)

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

4

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

Part VI

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

| Description of property | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land | | | | |
| b Buildings | | 205,529 | 89,085 | 116,444 |
| c Leasehold improvements | | | | |
| d Equipment | | 2,799,075 | 1,272,745 | 1,526,330 |
| e Other | | | | |
| Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶ | | | | 1,642,774 |

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 | 7,639,427 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 6,903,673 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 735,754 |
| 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 | 735,754 |

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 | 7,639,427 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | 2e | |
| a | Net unrealized gains on investments | 2a | |
| b | Donated services and use of facilities | 2b | |
| c | Recoveries of prior year grants | 2c | |
| d | Other (Describe in Part XIV) | 2d | |
| e | Add lines 2a through 2d | 2e | 0 |
| 3 | Subtract line 2e from line 1 | 3 | 7,639,427 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1 | 4c | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | 0 |
| 5 | Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12) | 5 | 7,639,427 |

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

| | | | |
|----------|--|-----------|-----------|
| 1 | Total expenses and losses per audited financial statements | 1 | 6,903,673 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | 2e | |
| a | Donated services and use of facilities | 2a | |
| b | Prior year adjustments | 2b | |
| c | Other losses | 2c | |
| d | Other (Describe in Part XIV) | 2d | |
| e | Add lines 2a through 2d | 2e | 0 |
| 3 | Subtract line 2e from line 1 | 3 | 6,903,673 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1 : | 4c | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIV) | 4b | |
| c | Add lines 4a and 4b | 4c | 0 |
| 5 | Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18) | 5 | 6,903,673 |

Part XIV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|------------|------------------|--|
| | | PART X, LINE 2 N/A - NO UNCERTAIN TAX POSITIONS UNDER FIN 48 HAVE BEEN TAKEN |

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number
81-0530457

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 <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div> | | | |
| 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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____%</div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%</div> 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 | 3a | Yes | |
| 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 | | No |
| b | If "Yes," did the organization's charity care expenses exceed the budgeted amount? | 5b | | |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? | 5c | | |
| 6a | Did the organization prepare a community benefit report during the tax year? | 6a | Yes | |
| 6b | If "Yes," did the organization make it available to the public? | 6b | Yes | |
| Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | | | | |

| 7 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) | | | 152,218 | | 152,218 | 2 200 % |
| b Medicaid (from Worksheet 3, column a) | | | 1,112,670 | 1,045,355 | 67,315 | 0 980 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d Total Charity Care and Means-Tested Government Programs | | | 1,264,888 | 1,045,355 | 219,533 | 3 180 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 65,704 | 2,750 | 62,954 | 0 910 % |
| f Health professions education (from Worksheet 5) | | | | | | |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | | | | |
| j Total Other Benefits | | | 65,704 | 2,750 | 62,954 | 0 910 % |
| k Total. Add lines 7d and 7j | | | 1,330,592 | 1,048,105 | 282,487 | 4 090 % |

Part IICommunity 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 |
|--|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1Physical improvements and housing | | | | | | |
| 2Economic development | | | | | | |
| 3Community support | | | | | | |
| 4Environmental improvements | | | | | | |
| 5Leadership development and training for community members | | | | | | |
| 6Coalition building | | | | | | |
| 7Community health improvement advocacy | | | | | | |
| 8Workforce development | | | | | | |
| 9Other | | | | | | |
| 10Total | | | | | | |

Part IIIBad 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? | 1Yes | |
| 2 | Enter the amount of the organization's bad debt expense | 2696,996 | |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3662,146 | |
| 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) | 52,413,884 | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 62,392,419 | |
| 7 | Subtract line 6 from line 5. This is the surplus or (shortfall) | 721,465 | |
| 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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other | | |

Section C. Collection Practices

| | | | |
|----|--|-------|--|
| 9a | Did the organization have a written debt collection policy during the tax year? | 9aYes | |
| 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. | 9bYes | |

Part IVManagement Companies and Joint Ventures (see instructions)

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

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

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

NORTHERN ROCKIES MEDICAL CENTER

Name of Hospital Facility:

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

| | Yes | No |
|--|-----|-----|
| Community Health Needs Assessment (Lines 1 through 7 are optional for 2011) | | |
| 1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI) | 1 | |
| 2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____ | | |
| 3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | 3 | |
| 4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI | 4 | |
| 5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI) | 5 | |
| 6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI) | | |
| 7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs | 7 | |
| Financial Assistance Policy | | |
| Did the hospital facility have in place during the tax year a written financial assistance policy that | | |
| 8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | 8 | Yes |
| 9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used | 9 | Yes |

Part V

Facility Information (continued)

| | | Yes | No | |
|----|---|-----|-----|--|
| 10 | Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used | 10 | Yes | |
| 11 | Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI) | 11 | Yes | |
| 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI) | 13 | Yes | |

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 <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> 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? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI) | 16 | | No |
| 17 | Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> 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? If "No," indicate why | Yes | |
| a | <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions | | |
| b | <input type="checkbox"/> The hospital facility's policy was not in writing | | |
| c | <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI) | | |
| d | <input type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged | | | |
| b | <input type="checkbox"/> 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 | <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged | | | |
| d | <input type="checkbox"/> 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? If "Yes," explain in Part VI | 20 | | No |
| 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? If "Yes," explain in Part VI | 21 | Yes | |

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

| Identifier | ReturnReference | Explanation |
|------------|-----------------|-------------|
| | | PART II N/A |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | THE ORGANIZATION PROMOTES THE COMMUNITY'S HEALTH BY PARTICIPATING IN ANNUAL HEALTH FAIRS THAT ENCOMPASS ALL AREAS OF WELLNESS INCLUDING DIABETES SCREENING TO BLOOD PRESSURE CHECKS TO PAD SCREENING THE ORGANIZATION DOES FREE BLOOD PRESURE CHECKS AND PARTICIPATES IN A FREE PHYSICAL THERAPY EQUIPMENT PROGRAM TO ASSIST WITH REHABILITATION AT HOME |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 4 TO DETERMINE THE AMOUNTS USED ON LINE 2, PART III, THE AMOUNTS WRITTEN OFF TO BAD DEBT ARE WHAT ARE LEFT OVER AFTER ANY APPLICABLE DISCOUNTS, INSURANCE, AND PAYMENTS HAVE BEEN APPLIED MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY USING HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS PATIENT RECEIVABLES ARE WRITTEN OFF WHEN DEEMED UNCOLLECTIBLE TO DETERMINE THE AMOUNTS USED ON LINE 3, PART III, HISTORICAL DATA GATHERED FROM FINANCIAL ASSISTANCE TRACKING WAS USED TO GENERATE A PERCENTAGE OF PATIENTS THAT WOULD HAVE BEEN ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE PROGRAM THIS AMOUNT WOULD HAVE PROVIDED ADDITIONAL ASSISTANCE TO THE COMMUNITY'S LOW INCOME FAMILIES |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART III, LINE 8 THE COMPLETED MEDICARE COST REPORT WAS USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COST AND NET PATIENT REVENUE |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART III, LINE 9B THE FINANCIAL ASSISTANCE POLICY AND MEDICARE BAD DEBT POLICY ARE APPLIED UNIFORMLY ACROSS ALL PATIENTS, REGARDLESS OF PAYOR STATUS |

| Identifier | ReturnReference | Explanation |
|---------------------------------|-----------------|--|
| NORTHERN ROCKIES MEDICAL CENTER | | PART V, SECTION B, LINE 18D ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE |

| Identifier | ReturnReference | Explanation |
|---------------------------------|-----------------|--|
| NORTHERN ROCKIES MEDICAL CENTER | | PART V, SECTION B, LINE 19D ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE |

| Identifier | ReturnReference | Explanation |
|---------------------------------|-----------------|---|
| NORTHERN ROCKIES MEDICAL CENTER | | PART V, SECTION B, LINE 21 ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE AND ARE THEN DISCOUNTED DEPENDING ON FAP-ELIGIBILITY THE ORGANIZATION IS CURRENTLY WORKING TOWARDS IMPLEMENTING AN AMOUNTS GENERALLY BILLED FEE SCHEDULE FOR FAP-ELIGIBLE INDIVIDUALS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 2 THE ORGANIZATION CONDUCTS A COMMUNITY HEALTH NEEDS ASSESSMENT SURVEY IN CONJUNCTION WITH MONTANA STATE UNIVERSITY EVERY THREE YEARS TO ASSESS THE NEEDS OF THE COMMUNITY THE RESULTS ARE REVIEWED BY THE BOARD OF DIRECTORS AND MANAGEMENT TO DETERMINE WHAT CHANGES NEED TO BE IMPLEMENTED TO INSURE THAT WE ARE MEETING THE COMMUNITY'S HEALTHCARE NEEDS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 3 THE ORGANIZATION'S SELF PAY PATIENT REPRESENTATIVE WORKS WITH THE PATIENT TO DETERMINE HIS/HER ELIGIBILITY FOR FEDERAL, STATE OR LOCAL PROGRAMS THAT THEY MAY QUALIFY FOR THEY WORK WITH THE PATIENT ONE ON ONE TO QUALIFY THE PATIENT FOR ANY ELIGIBLE CHARITY CARE PROGRAM |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---|
| | | PART VI, LINE 4 THE ORGANIZATION SERVES THE RESIDENTS OF GLACIER COUNTY, MT AND THE SURROUNDING COUNTIES AS WELL AS A SIGNIFICANT NUMBER OF MEMBERS OF THE BLACKFEET NATION CUT BANK BORDERS THE BLACKFEET INDIAN RESERVATION IN ADDITION, THE ORGANIZATION SERVES A SIGNIFICANT NUMBER OF TOURISTS THAT PASS THROUGH THE AREA DURING THE SUMMER MONTHS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | | PART VI, LINE 5 THE ORGANIZATION PROMOTES THE COMMUNITY'S HEALTH BY PARTICIPATING IN ANNUAL HEALTH FAIRS THAT ENCOMPASS ALL AREAS OF WELLNESS INCLUDING DIABETES SCREENING TO BLOOD PRESSURE CHECKS TO PAD SCREENING THE ORGANIZATION DOES FREE BLOOD PRESSURE CHECKS AND PARTICIPATES IN FREE PHYSICAL THERAPY RENTAL EQUIPMENT PROGRAM TO ASSIST WITH REHABILITATION AT HOME THE ORGANIZATION'S MEDICAL STAFF PROVIDES EMERGENCY DEPARTMENT COVERAGE 24/7 - 365 DAYS PER YEAR THE ORGANIZATION'S BOARD OF DIRECTORS CONSIST OF LEADERS FROM THE COMMUNITY THAT INCLUDE A TEACHER, DENTIST, ACCOUNTANT, RETIRED PASTOR, AND A RENTAL BUSINESS OWNER THAT VARY IN AGE FROM 30 TO 70 THE BOARD MEMBERS ARE EXTREMELY ACTIVE IN THE COMMUNITY AND AVAILABLE TO THE COMMUNITY MEMBERS FOR QUESTIONS AND ANSWERS |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|---------------------|
| | | PART VI, LINE 6 N/A |

| Identifier | ReturnReference | Explanation |
|------------|-----------------|--|
| | PART VI, LINE 7 | THE ORGANIZATION FILES A COMMUNITY BENEFIT REPORT IN MONTANA |

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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.

Name of the organization

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

Part I

Questions Regarding Compensation

| | Yes | No |
|--|-----|----|
| <div>1a</div> <div>Check the appropriate 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</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div> | | |
| <div>b</div> <div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain</div> | 1b | |
| <div>2</div> <div>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?</div> | 2 | |
| <div>3</div> <div>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</div> <div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div> | | |
| <div>4</div> <div>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</div> | | |
| <div>a</div> <div>Receive a severance payment or change-of-control payment?</div> | 4a | No |
| <div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div> | 4b | No |
| <div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div> | 4c | No |
| <div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div> | | |
| <div></div> <div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div> | | |
| <div>5</div> <div>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</div> | | |
| <div>a</div> <div>The organization?</div> | 5a | No |
| <div>b</div> <div>Any related organization?</div> | 5b | No |
| <div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div> | | |
| <div>6</div> <div>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</div> | | |
| <div>a</div> <div>The organization?</div> | 6a | No |
| <div>b</div> <div>Any related organization?</div> | 6b | No |
| <div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div> | | |
| <div>7</div> <div>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</div> | 7 | No |
| <div>8</div> <div>Were any amounts reported in Form 990, Part VII, paid or accrued 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</div> | 8 | No |
| <div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div> | 9 | |

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.

[illegible]

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 |
|------------|------------------|-------------|
|------------|------------------|-------------|

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2011**Open to Public
Inspection**Name of the organization
NORTHERN ROCKIES MEDICAL CENTER INC**Employer identification number**

81-0530457

| Identifier | Return Reference | Explanation |
|------------|--|---|
| | FORM 990, PART VI, SECTION B, LINE 11 | THE FORM 990 IS PREPARED BY THE ORGANIZATION'S INDEPENDENT ACCOUNTANT AND PROVIDED TO THE BOARD FOR REVIEW AND APPROVAL PRIOR TO SUBMITTING TO THE IRS |
| | FORM 990, PART VI, SECTION B, LINE 12C | THE ORGANIZATION ANNUALLY REVIEWS THE POLICY WITH THE BOARD AND REQUESTS ANY CONFLICTS BE DISCLOSED AT EACH BOARD MEETING |
| | FORM 990, PART VI, SECTION B, LINE 15 | THE BOARD OF DIRECTORS IS RESPONSIBLE FOR DETERMINING COMPENSATION FOR UPPER LEVEL EMPLOYEES. COMPARATIVE DATA IS COLLECTED AND ANALYZED. THE COMPENSATION PACKAGES ARE APPROVED BY THE BOARD OF DIRECTORS. THE ORGANIZATION'S CEO IS RESPONSIBLE FOR THE HIRING OF ALL OTHER STAFF USING COMPARATIVE DATA TO ENSURE REASONABLE COMPENSATION. |
| | FORM 990, PART VI, SECTION C, LINE 19 | ALL PUBLIC DOCUMENTS ARE AVAILABLE FOR REVIEW AT THE ORGANIZATION'S ADMINISTRATIVE OFFICES UPON REQUEST. |
| | | THE ANNUAL AUDIT IS PRESENTED TO THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS PRIOR TO THE ACCEPTANCE OF THE FINAL AUDIT REPORT BY THE COMMITTEE. BASED ON THE PRESENTATION, ANY CHANGES NECESSARY ARE MADE AND THE AUDIT REPORT IS ACCEPTED AND RECOMMENDED TO THE BOARD FOR APPROVAL. |

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number
81-0530457

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 |
|---|---------------------------------|--|---------------------|---------------------------|-------------------------------------|
| (1) PRAIRIE WINDS DME LLC 802 SECOND STREET NE CUT BANK, MT 59427 81-0530457 | RENTS DURABLE MEDICAL EQUIPMENT | MT | | | NORTHERN ROCKIES MEDICAL CENTER INC |
| | | | | | |
| | | | | | |
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| | | | | | |
| | | | | | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|-------------------------|--|----------------------------|---|----------------------------------|---|----|
| | | | | | | Yes | No |
| | | | | | | | |
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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? | | (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 | |
| | | | | | | | | | | | | |
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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 |
|---|-------------------------|---|-------------------------------------|--|---------------------------------|--|--------------------------------|
| | | | | | | | |
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| | | | | | | | |

Part V

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

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

1

During the tax year, did the organization 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

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

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) | | | |

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.

[illegible]

Part VII

Supplemental Information

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

| Identifier | Return Reference | Explanation | |
|------------|------------------|-------------|--|
|------------|------------------|-------------|--|

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Northern Rockies Medical Center and Subsidiary

September 30, 2012 and 2011

Northern Rockies Medical Center and Subsidiary

September 30, 2012 and 2011

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GALUSHA
HIGGINS
& GALUSHA, PC
EST. 1919

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northern Rockies Medical Center, Inc. and Subsidiary
Cut Bank, Montana

We have audited the consolidated statement of financial position of Northern Rockies Medical Center, Inc. and its wholly owned subsidiary, Prairie Winds DME, LLC as of September 30, 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the entity's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Northern Rockies Medical Center and Subsidiary as of September 30, 2011, were audited by other auditors whose report dated March 13, 2012, expressed an unqualified opinion on those statements.

We conducted our audit 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of Northern Rockies Medical Center and Subsidiary as of September 30, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

GALUSHA, HIGGINS & GALUSHA, PC
Certified Public Accountants and Advisors

Helena, Montana
March 18, 2013

Northern Rockies Medical Center and Subsidiary
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30.

| | 2012 | 2011 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 410,730 | \$ 136,474 |
| Board designated cash | 324,411 | 144,855 |
| Accounts receivable, net of contractual allowance and allowance for doubtful accounts of \$531,047 and \$379,125 in 2012 and 2011, respectively | 1,331,875 | 925,164 |
| Contractual settlement receivable | 72,050 | 216,627 |
| Other receivables | 438,175 | 498,823 |
| Inventory | 164,750 | 172,846 |
| Prepaid expenses and other assets | 11,751 | 19,432 |
| Total current assets | <u>2,753,742</u> | <u>2,114,221</u> |
| Other assets | | |
| Patronage credits | 194,284 | 226,831 |
| Investment in Yellowstone Insurance Exchange | - | 36,772 |
| Land held for sale | 101,008 | 115,300 |
| Total other assets | <u>295,292</u> | <u>378,903</u> |
| Property and equipment | | |
| Building | 41,807 | 41,807 |
| Leasehold improvements | 163,722 | 113,709 |
| Major moveable equipment | 1,711,124 | 1,626,521 |
| Computer and other equipment | 1,064,776 | 118,195 |
| Vehicles | 23,175 | 23,175 |
| Total property and equipment | <u>3,004,604</u> | <u>1,923,407</u> |
| Less Accumulated depreciation | <u>(1,361,830)</u> | <u>(1,231,769)</u> |
| Net property and equipment | 1,642,774 | 691,638 |
| Total assets | <u><u>\$ 4,691,808</u></u> | <u><u>\$ 3,184,762</u></u> |

The accompanying notes are an integral part of these financial statements

Northern Rockies Medical Center and Subsidiary
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30.

Continued.

| | 2012 | 2011 |
|--|---------------------|---------------------|
| Current liabilities | | |
| Accounts payable | \$ 284,800 | \$ 237,097 |
| Accrued expenses and other liabilities | 467,557 | 439,277 |
| Accrued interest payable | 5,960 | 6,603 |
| Current portion of long-term debt | 367,786 | 165,299 |
| Current portion of capital lease obligations | 8,837 | 7,984 |
| Total current liabilities | <u>1,134,940</u> | <u>856,260</u> |
| Long-term liabilities | | |
| Capital lease obligation | 8,935 | 17,772 |
| Due to Glacier County | 29,090 | 28,991 |
| Long-term debt | 954,498 | 453,148 |
| Total long-term liabilities | <u>992,523</u> | <u>499,911</u> |
| Total liabilities | <u>2,127,463</u> | <u>1,356,171</u> |
| Net Assets | | |
| Unrestricted | 2,239,934 | 1,683,736 |
| Board designated | 324,411 | 144,855 |
| Total net assets | <u>2,564,345</u> | <u>1,828,591</u> |
| Total liabilities and net assets | <u>\$ 4,691,808</u> | <u>\$ 3,184,762</u> |

The accompanying notes are an integral part of these financial statements

Northern Rockies Medical Center and Subsidiary
CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS
for the years ended September 30.

| | 2012 | 2011 |
|--|----------------------------|----------------------------|
| Unrestricted revenues, gains and other support | | |
| Net patient service revenue | \$ 6,816,560 | \$ 6,659,697 |
| Other operating revenue | 65,809 | 53,269 |
| Total revenues, gains and other support | <u>6,882,369</u> | <u>6,712,966</u> |
| Operating expenses | | |
| Professional Care | 4,783,157 | 5,007,608 |
| General Services | 521,891 | 473,835 |
| Administrative and Fiscal Services | 1,337,647 | 1,240,076 |
| Depreciation and Amortization | 233,252 | 222,343 |
| Interest Expense | 27,726 | 23,644 |
| Total Expenses | <u>6,903,673</u> | <u>6,967,506</u> |
| Net operating income (loss) | <u>(21,304)</u> | <u>(254,540)</u> |
| Other income | | |
| Glacier County tax revenue | 300,000 | 300,000 |
| Gain on disposal of assets | 11,458 | 260 |
| Other non-operating revenue | 367,750 | - |
| Contributions | 34,842 | 75,064 |
| Grants | 38,398 | 36,103 |
| Investment income | 721 | 1,211 |
| Rental income | 3,889 | 7,842 |
| Total other income | <u>757,058</u> | <u>420,480</u> |
| Change in net assets | 735,754 | 165,940 |
| Net assets, beginning of year | 1,828,591 | 1,662,651 |
| Net assets, end of year | <u><u>\$ 2,564,345</u></u> | <u><u>\$ 1,828,591</u></u> |

The accompanying notes are an integral part of these financial statements

Northern Rockies Medical Center and Subsidiary
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended September 30.

| | 2012 | 2011 |
|---|--------------------|-------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 735,754 | \$ 165,940 |
| Adjustments to reconcile change in net assets to net assets from operating activities | | |
| Depreciation and amortization | 233,252 | 219,032 |
| Gain/loss on sale of assets | 24,500 | - |
| (Increase)/Decrease in assets | | |
| Accounts receivable, net | (406,711) | 232,526 |
| Contractual settlement receivable | 144,577 | 51,512 |
| Other receivables | 60,648 | 185,456 |
| Inventory | 8,096 | 22,018 |
| Prepaid expenses | 7,681 | 15,349 |
| Increase/(Decrease) in liabilities | | |
| Accounts payable | 47,703 | (47,542) |
| Accrued expenses and other liabilities | 28,280 | 44,085 |
| Accrued interest payable | (643) | (323) |
| Net cash from operating activities | <u>883,137</u> | <u>888,053</u> |
| Cash flows from investing activities | | |
| Redemption of investment in Yellowstone | 36,772 | 36,760 |
| Redemption of patronage credits | 32,547 | 35,735 |
| Purchase of property and equipment | (1,194,596) | (201,893) |
| Net cash from investing activities | <u>(1,125,277)</u> | <u>(129,398)</u> |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debt and capital leases | 859,836 | - |
| Principal payments on long-term debt and capital leases | (213,884) | (353,746) |
| Proceeds from issuance of short-term debt | 50,000 | - |
| Principal payments on short-term debt | - | (153,400) |
| Net cash from financing activities | <u>695,952</u> | <u>(507,146)</u> |
| Net change in cash and cash equivalents | 453,812 | 251,509 |
| Cash and cash equivalents, beginning of year | 281,329 | 29,820 |
| Cash and cash equivalents, end of year | <u>\$ 735,141</u> | <u>\$ 281,329</u> |
| Financial statement presentation | | |
| Cash and cash equivalents | \$ 410,730 | \$ 136,474 |
| Board designated cash | 324,411 | 144,855 |
| | <u>\$ 735,141</u> | <u>\$ 281,329</u> |
| Supplemental information | | |
| Interest Paid | <u>\$ 28,369</u> | <u>\$ 23,967</u> |

The accompanying notes are an integral part of these financial statements

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1 Organization - Northern Rockies Medical Center, Inc. and Subsidiary (collectively referred to as the Hospital) is a Montana nonprofit corporation, operating a 20-bed critical access hospital and a rural health care clinic in Cut Bank, Montana. The Hospital operates with two physicians and four mid-level practitioners providing medical care to the residents of Glacier County and the surrounding area. The subsidiary is an LLC that provides durable medical equipment to residents in the Cut Bank area. The Hospital assumed operations from Glacier County, Montana as of October 1, 2001. The Hospital leases the property and equipment owned by Glacier County for an annual rental of \$1. Glacier County has contributed certain assets towards the operation of the Hospital.
- 2 Basis of Consolidation - The consolidated financial statements include the accounts of the Hospital and its subsidiary Prairie Winds DME, LLC, a durable medical equipment company. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital consolidates subsidiaries in which it exercises control.
- 3 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- 4 Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation.
- 5 Board Designated Cash - Board designated cash is cash set aside by the board of trustees for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. This cash is directly tied to the funds received each year from the County mill levy.
- 6 Inventories - Inventories are stated at the lower of cost (average cost) or market.
- 7 Accounts Receivable - Accounts receivable are stated at unpaid balances, less a contractual allowance and an allowance for doubtful accounts. The Hospital provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Hospital's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Recoveries of patient receivables previously written off are recorded when received.

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- 8 Investments - The Hospital has an investment in the Yellowstone Insurance Exchange, a risk retention group. The Hospital accounts for its ownership in the group using the equity method of accounting.
- 9 Patronage Credits - Patronage credits represent allocated capital from an electrical cooperative and are stated at cost.
- 10 Property and Equipment - Property and equipment acquisitions are recorded at cost. Property and equipment donated for Hospital operations are recorded as unrestricted support and are included in the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. The Hospital capitalizes long-lived assets with a cost in excess of \$5,000.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.
- 11 Statements of Activities and Changes in Net Assets - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other income or expense.
- 12 Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.
- 13 Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Since the Hospital does not expect payment, estimated charges for charity care are not included in revenue. The Hospital calculates the amount of charity care based on an estimate of the cost of providing the services using a cost to charge ratio.

The total amount of charity care provided by the Hospital for the years ended September 30, 2012 and 2011 totaled \$215,022 and \$172,599, respectively.

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

14 Contributions - The Hospital accounts for contributions in accordance with the recommendations of the FASB ASC 958-605-15, *Revenue Recognition for Contributions Received*. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, types of contribution, and nature of fund-raising activity. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

15 Advertising - Advertising costs are expensed as incurred.

16 Income Taxes - The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Certain income considered unrelated to its exempt purpose may be subject to tax.

As a matter of law, the Hospital is subject to examination by federal and state taxing authorities for the year. Although management believes that the amounts reflected in their tax returns substantially comply with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to their position based on IRS interpretation of the law. The Hospital and the Foundation have determined that they are subject to examination of their federal information return filings in the United States for the 2009 through 2011 tax years. A tax position that is challenged by a taxing authority could result in an adjustment. In the event that the Hospital is assessed penalties and or interest, penalties will be charged to the other operating expense and interest will be charged to the interest expense.

17 Reclassifications - Certain prior year items have been reclassified to conform to current year presentation without effect on net assets.

18 Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to September 30, 2012 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2012. Management has performed this analysis through March 18, 2013, the date the financial statements were available to be issued.

NOTE B - NET PATIENT SERVICE REVENUE

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

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE B - NET PATIENT SERVICE REVENUE, continued

Medicare and Medicaid – The Hospital operates under the Medicare program as a critical access hospital (CAH) and rural health clinic. As a CAH, inpatient services are paid based on a cost of care reimbursement system for Medicare and Medicaid patients.

Inpatient non-acute services, certain outpatient services, and defined capital costs related to beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare and Medicaid fiscal intermediary.

The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's cost reports have been audited and settled by the Medicare and Medicaid fiscal intermediaries through September 30, 2011.

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 includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

NOTE C - OTHER RECEIVABLES

A summary of other receivables at September 30, 2012 and 2011 follows:

| | 2012 | 2011 |
|-------------------------|-------------------|-------------------|
| Employees | \$ 10,500 | \$ 11,000 |
| Bed tax receivable | 136,707 | 229,556 |
| County taxes receivable | 271,600 | 238,933 |
| Other | 19,368 | 19,334 |
| | <u>\$ 438,175</u> | <u>\$ 498,823</u> |

On June 8, 2010 the voters of Glacier County passed a mill levy equal to approximately 15 mills sufficient to generate \$300,000 of tax revenue each year for the operation and maintenance of the Hospital.

NOTE D - INVESTMENT IN PRAIRIE WINDS DME, LLC

The Hospital's interest in the net assets of this subsidiary is reported as part of other assets in the Consolidating Statements of Financial Position. The subsidiary is fully owned by the Hospital, so the assets, liabilities and operations of the subsidiary are consolidated with the Hospital. All material intercompany accounts and transactions are eliminated in consolidation.

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE E – LAND HELD FOR SALE

The Hospital owns several parcels of land that are available for sale, with values determined by an independent broker. During 2012, one parcel was sold and one was given as a signing bonus. As of September 30, 2012 and 2011, there are 14 and 16 parcels available for sale, with a value of \$101,008 and \$115,300, respectively.

NOTE F - PROPERTY AND EQUIPMENT

A roll-forward of property and equipment as of September 30 follows:

| | Balance 9/30/11 | Additions | Disposals | Balance 9/30/12 |
|--------------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| Building | \$ 41,807 | \$ - | \$ - | \$ 41,807 |
| Leasehold improvements | 113,709 | 50,013 | - | 163,722 |
| Major moveable equipment | 1,626,521 | 97,091 | (12,488) | 1,711,124 |
| Computer and other equipment | 118,195 | 1,040,102 | (93,521) | 1,064,776 |
| Vehicles | 23,175 | - | - | 23,175 |
| | <u>1,923,407</u> | <u>1,187,206</u> | <u>(106,009)</u> | <u>3,004,604</u> |
| Less: Accumulated depreciation | (1,231,769) | (233,251) | 103,190 | (1,361,830) |
| Property and equipment, net | <u><u>\$ 691,638</u></u> | <u><u>\$ 953,955</u></u> | <u><u>\$ (2,819)</u></u> | <u><u>\$ 1,642,774</u></u> |

NOTE G – COMPENSATED ABSENCES

The Hospital pays accrued but unused vacation hours upon termination of employment. As of September 30, 2012 and 2011, the amount of accrued but unpaid vacation time is recorded as a current liability in the amount of \$348,233 and \$355,601, respectively.

NOTE H - LINE OF CREDIT

The Hospital established a line of credit with Bank of Glacier County on June 6, 2012. Under the terms of the financing agreement, the Hospital was granted a \$350,400 revolving line of credit with interest at 6.5%. Payment of all outstanding accrued interest is due the last day of the month. Payment of all outstanding accrued principal and interest is due May 30, 2013. Substantially all of the Hospital's assets are pledged as collateral to this loan. As of September 30, 2012, the balance on the line of credit was \$50,000. There were no lines of credit outstanding as of September 30, 2011.

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE I - LONG-TERM DEBT

A summary of long-term debt as of September 30 follows

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Glacier County payable resulting from transfer of assets from Glacier County Hospital to Northern Rockies Medical Center, payment terms to be negotiated with Glacier County | \$ 29,090 | \$ 28,991 |
| Bank of Glacier County, 8.5% note payable, due December 1, 2026 secured by capital credits | 168,582 | 193,059 |
| Bank of Glacier County line of credit | 50,000 | - |
| Glacier Electric Cooperative note under the USDA rural Economic Development Loan and Grant Program. Total loan \$360,000, 0% interest rate, due December 2022, annual payments of \$36,000, secured by equipment | 360,000 | - |
| Glacier Electric Cooperative note under the USDA rural Economic Development Loan and Grant Program. Total loan \$340,000, 0% interest rate, due March 1, 2018, annual payments of \$34,000, secured by equipment | 170,000 | 204,000 |
| Cut Bank Community Members, 10% notes payable, due April 1, 2013, unsecured | 69,069 | 178,526 |
| MT Health Facility Finance Authority, 3.47% note payable, due July 15, 2013, secured by surgical equipment | 4,897 | 10,589 |
| CPSI, 0% note payable \$10,000 per month due until meaningful use is met and incentive money is received | 499,736 | - |
| Stockman Bank, 6.0% note payable, secured by property. Paid in full during 2012 | - | 32,273 |
| Total long-term debt | 1,351,374 | 647,438 |
| Less: current portion of long-term debt | (367,786) | (165,299) |
| Less: Due to Glacier County | (29,090) | (28,991) |
| Net long-term debt | <u>\$ 954,498</u> | <u>\$ 453,148</u> |

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE I - LONG-TERM DEBT, continued

Principal maturities of long-term debt are as follows

| | | |
|------------|----|------------------|
| 2013 | \$ | 367,786 |
| 2014 | | 214,730 |
| 2015 | | 214,730 |
| 2016 | | 214,729 |
| 2017 | | 114,465 |
| Thereafter | | 224,934 |
| Total | \$ | <u>1,351,374</u> |

NOTE J - LEASE COMMITMENTS

The Hospital leases certain medical equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the statements of financial position as property, plant, and equipment and was \$45,998 at September 30, 2012 and 2011. Accumulated amortization of the leased equipment at September 30, 2012 and 2011 was \$28,365 and \$19,166, respectively. Amortization of assets under capital leases is included in depreciation expense.

The following is a schedule by years of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of September 30.

| | <u>2012</u> | <u>2011</u> |
|---|-----------------|------------------|
| Abbott Laboratories, 10 19% lease payable, monthly payments of \$854, including interest, due August 2014, secured by hematology analyzer | \$ 20,036 | \$ 29,022 |
| Total minimum lease payments | 20,036 | 29,022 |
| Less amount representing interest | (2,264) | (3,266) |
| Present value of net minimum lease payments | 17,772 | 25,756 |
| Less current portion of capital lease | (8,837) | (7,984) |
| Long-term capital lease obligation | <u>\$ 8,935</u> | <u>\$ 17,772</u> |

| | <u>Principal</u> | <u>Interest</u> | <u>Total Payment</u> |
|------|------------------|-----------------|----------------------|
| 2013 | \$ 8,837 | \$ 1,044 | \$ 9,881 |
| 2014 | 8,935 | 696 | 9,631 |
| | <u>\$ 17,772</u> | <u>\$ 1,740</u> | <u>\$ 19,512</u> |

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE K - MEDICAL MALPRACTICE CLAIMS

The Hospital is insured under a medical malpractice insurance policy. Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified under the incident reporting system has been made because the amount is not reasonably estimable. Based on the Hospital's malpractice experience, no liability has been accrued.

NOTE L - CONCENTRATION OF CREDIT RISK

The Hospital is located in Cut Bank, Montana. The Hospital grants credit without collateral to its patients, most of who are regional residents and are insured under third-party payor agreements. The mix of receivables and revenues from patients and third-party payors at September 30 is as follows:

| | 2012 |
|---------------------------------------|------|
| Medicare | 39% |
| Medicaid | 16% |
| Other Governmental Agencies | 1% |
| Commercial Insurance | 13% |
| Other Third-Party Payors and Patients | 18% |
| Self-Pay | 13% |
| Total | 100% |

The Hospital maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At September 30, 2012, the Hospital had no uninsured bank balances.

NOTE M - RELATED PARTY TRANSACTIONS

During the year, certain transactions occurred between individuals deemed to be related parties to the Northern Rockies Medical Center, Inc. and Subsidiary. These parties consist of board members and family members of Northern Rockies Medical Center, Inc. and Subsidiary key employees. Transactions were minimal and were completed at an arms-length basis. There were no existing receivable amounts. Prairie Winds DME, LLC rents space from a related party.

Three members of the Board of Trustees participate in the Community Loan Program to the Hospital, loaning a total \$150,000. The balance due on the board members loans at September 30, 2012 and 2011 is \$21,584 and \$80,966. The unsecured loans bear an interest rate of 10%.

Continued

Northern Rockies Medical Center and Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

NOTE N - CONTINGENCIES

The Hospital has potential claims pending arising in the normal course of business. While it is impossible to estimate the ultimate liability, if any, with respect to these matters, management believes the Hospital maintains adequate insurance coverage and there will be no material adverse effect on the financial position of the Hospital.

In connection with the Hospital's membership in the Yellowstone Insurance Exchange, the Hospital committed to making capital contributions to the exchange over a number of years. As of September 30, 2012 and 2011, \$73,532 had been contributed. The Hospital committed to obtain malpractice insurance from the exchange.

NOTE O - RISKS AND UNCERTAINTIES - COLLECTIVE BARGAINING AGREEMENTS

During the years ended September 30, 2012 and 2011, approximately 59% and 83%, respectively, of the Hospital's workforce was covered under collective bargaining agreements which were renewed in 2012.

Concluded

SUPPLEMENTAL INFORMATION

Northern Rockies Medical Center and Subsidiary

September 30, 2012 and 2011

Northern Rockies Medical Center and Subsidiary
CONSOLIDATING STATEMENT OF FINANCIAL POSTION

September 30, 2012

(See independent auditor's report)

| | ASSETS | | | |
|--|--|---------------------------|--------------------|---------------------|
| | Northern Rockies Medical Center, Inc | Prairie Winds DME, LLC | Eliminations | Consolidated |
| Current assets | | | | |
| Cash and cash equivalents | \$ 405,540 | \$ 5,190 | \$ - | \$ 410,730 |
| Board designated cash | 324,411 | - | - | 324,411 |
| Accounts receivable, net of contractual allowance and allowance for doubtful accounts of \$531,047 | 1,310,339 | 21,536 | - | 1,331,875 |
| Contractual settlement receivable | 72,050 | - | - | 72,050 |
| Other receivables | 438,175 | - | - | 438,175 |
| Inventory | 158,800 | 5,950 | - | 164,750 |
| Prepaid expenses and other assets | 11,611 | 140 | - | 11,751 |
| Total current assets | <u>2,720,926</u> | <u>32,816</u> | <u>-</u> | <u>2,753,742</u> |
| Other assets | | | | |
| Patronage credits | 194,284 | - | - | 194,284 |
| Investment in Prairie Winds DME, LLC | 34,356 | - | (34,356) | - |
| Land held for sale | 101,008 | - | - | 101,008 |
| Total other assets | <u>329,648</u> | <u>-</u> | <u>(34,356)</u> | <u>295,292</u> |
| Property and equipment | | | | |
| Building | 41,807 | - | - | 41,807 |
| Leasehold improvements | 163,722 | - | - | 163,722 |
| Major moveable equipment | 1,711,124 | - | - | 1,711,124 |
| Computer and other equipment | 1,033,352 | 31,424 | - | 1,064,776 |
| Vehicles | - | 23,175 | - | 23,175 |
| | <u>2,950,005</u> | <u>54,599</u> | <u>-</u> | <u>3,004,604</u> |
| Less Accumulated depreciation | <u>(1,313,328)</u> | <u>(48,502)</u> | <u>-</u> | <u>(1,361,830)</u> |
| Property and equipment, net | <u>1,636,677</u> | <u>6,097</u> | <u>-</u> | <u>1,642,774</u> |
| Total assets | <u>\$ 4,687,251</u> | <u>\$ 38,913</u> | <u>\$ (34,356)</u> | <u>\$ 4,691,808</u> |

Northern Rockies Medical Center and Subsidiary
CONSOLIDATING STATEMENT OF FINANCIAL POSTION

September 30, 2012

(See independent auditor's report)

LIABILITIES AND NET ASSETS

| | Northern Rockies Medical Center, Inc | Prairie Winds DME, LLC | Eliminations | Consolidated |
|--|--|---------------------------|--------------------|---------------------|
| Current liabilities | | | | |
| Accounts payable | \$ 282,237 | \$ 2,563 | \$ - | \$ 284,800 |
| Accrued expenses and other liabilities | 465,563 | 1,994 | - | 467,557 |
| Accrued interest payable | 5,960 | - | - | 5,960 |
| Current portion of long-term debt | 367,786 | - | - | 367,786 |
| Current portion of capital lease obligations | 8,837 | - | - | 8,837 |
| Total current liabilities | <u>1,130,383</u> | <u>4,557</u> | <u>-</u> | <u>1,134,940</u> |
| Long-term liabilities | | | | |
| Capital lease obligation | 8,935 | - | - | 8,935 |
| Due to Glacier County | 29,090 | - | - | 29,090 |
| Long-term debt | 954,498 | - | - | 954,498 |
| Total long-term liabilities | <u>992,523</u> | <u>-</u> | <u>-</u> | <u>992,523</u> |
| Total liabilities | <u>2,122,906</u> | <u>4,557</u> | <u>-</u> | <u>2,127,463</u> |
| Net assets | | | | |
| Unrestricted | 2,239,934 | - | - | 2,239,934 |
| Board designated | 324,411 | - | - | 324,411 |
| Members capital | - | 34,356 | (34,356) | - |
| | <u>2,564,345</u> | <u>34,356</u> | <u>(34,356)</u> | <u>2,564,345</u> |
| Total liabilities and net assets | <u>\$ 4,687,251</u> | <u>\$ 38,913</u> | <u>\$ (34,356)</u> | <u>\$ 4,691,808</u> |

Northern Rockies Medical Center and Subsidiary
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
for the year ended September 30, 2012
(See independent auditor's report)

| | Northern Rockies Medical Center, Inc | Prairie Winds DME, LLC | Eliminations | Consolidated |
|--|--|---------------------------|--------------|--------------|
| Unrestricted revenues, gains and other support | | | | |
| Patient service revenue | \$ 9,753,484 | \$ 199,011 | \$ - | \$ 9,952,495 |
| Less revenue adjustments | (3,035,767) | (100,168) | - | (3,135,935) |
| Net patient service revenue | 6,717,717 | 98,843 | - | 6,816,560 |
| Other operating revenue | 58,778 | 7,031 | - | 65,809 |
| Total revenues, gains and other support | 6,776,495 | 105,874 | - | 6,882,369 |
| Operating expenses | | | | |
| Professional care of patients | 4,783,157 | - | - | 4,783,157 |
| General services | 426,834 | - | - | 426,834 |
| Administrative and fiscal services | 1,337,647 | - | - | 1,337,647 |
| Dues and subscriptions | - | 3,340 | - | 3,340 |
| Insurance | - | 7,128 | - | 7,128 |
| Legal and professional fees | - | 57 | - | 57 |
| Medical supplies and pharmaceuticals | - | 82 | - | 82 |
| Miscellaneous | - | 3,322 | - | 3,322 |
| Office expenses | - | 1,025 | - | 1,025 |
| Postage and delivery | - | 3,736 | - | 3,736 |
| Repairs and maintenance | - | 1,541 | - | 1,541 |
| Salaries | - | 53,079 | - | 53,079 |
| Payroll taxes and benefits | - | 1,395 | - | 1,395 |
| Supplies and minor equipment | - | 18,085 | - | 18,085 |
| Telephone | - | 2,267 | - | 2,267 |
| Depreciation and amortization | 232,005 | 1,247 | - | 233,252 |
| Interest expense | 27,726 | - | - | 27,726 |
| Total operating expenses | 6,807,369 | 96,304 | - | 6,903,673 |
| Operating income (loss) | (30,874) | 9,570 | - | (21,304) |
| Other income (expense) | | | | |
| Glacier County tax revenue | 300,000 | - | - | 300,000 |
| Gain on disposal of assets | 11,458 | - | - | 11,458 |
| Other non-operating revenue | 367,750 | - | - | 367,750 |
| Contributions | 34,842 | - | - | 34,842 |
| Grants | 38,398 | - | - | 38,398 |
| Investment income | 721 | - | - | 721 |
| Change in investment in subsidiary | (105,552) | - | 105,552 | - |
| Rental income | 3,889 | - | - | 3,889 |
| Total other income | 651,506 | - | 105,552 | 757,058 |
| Change in net assets | 620,632 | 9,570 | 105,552 | 735,754 |

Northern Rockies Medical Center and Subsidiary
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
for the year ended September 30, 2012
(See independent auditor's report)

Continued.

| | Northern Rockies Medical Center, Inc | Prairie Winds DME, LLC | Eliminations | Consolidated |
|---------------------------------|--|---------------------------|--------------------|---------------------|
| Change in net assets, continued | 620,632 | 9,570 | 105,552 | 735,754 |
| Net assets, beginning of year | 1,943,713 | (115,122) | - | 1,828,591 |
| Addition of members capital | - | 139,908 | (139,908) | - |
| Total net assets | <u>1,943,713</u> | <u>24,786</u> | <u>(139,908)</u> | <u>1,828,591</u> |
| Net assets, end of year | <u>\$ 2,564,345</u> | <u>\$ 34,356</u> | <u>\$ (34,356)</u> | <u>\$ 2,564,345</u> |

Northern Rockies Medical Center and Subsidiary

SCHEDULES OF NET PATIENT SERVICE REVENUE

for the year ended September 30, 2012

(With comparative amounts as of September 30, 2011)

(See independent auditor's report)

| Department | Inpatient | | Outpatient | | Total | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Acute Care | \$ 297,941 | \$ 327,528 | \$ 11,653 | \$ 14,716 | \$ 309,594 | \$ 342,244 |
| Swing Bed | 301,444 | 326,445 | - | - | 301,444 | 326,445 |
| Obstetric / Gynecologic Services | 23,853 | 27,381 | - | - | 23,853 | 27,381 |
| Nursery | - | - | 1,191 | 1,254 | 1,191 | 1,254 |
| Respiratory Services | 238,442 | 241,381 | 235,347 | 102,042 | 473,789 | 343,423 |
| Labor And Delivery | - | - | 255 | 123 | 255 | 123 |
| Surgical Services | 3,738 | 5,637 | 232,006 | 174,229 | 235,744 | 179,866 |
| Observation | 25,135 | 25,391 | 380,025 | 221,191 | 405,160 | 246,582 |
| Emergency Services | 191,281 | 92,891 | 1,951,070 | 1,440,117 | 2,142,351 | 1,533,008 |
| Central Services | 21,371 | 7,933 | 102,103 | 49,591 | 123,474 | 57,524 |
| Laboratory Services | 149,495 | 147,752 | 1,612,082 | 1,523,041 | 1,761,577 | 1,670,793 |
| Electro diagnosis Services | 4,510 | 7,312 | 93,555 | 67,452 | 98,065 | 74,764 |
| Radiology Services | 113,047 | 137,610 | 1,699,092 | 1,489,586 | 1,812,139 | 1,627,196 |
| Pharmacy Services | 106,799 | 118,563 | 218,328 | 161,356 | 325,127 | 279,919 |
| Anesthesiology Services | 3,671 | 4,272 | 101,701 | 91,805 | 105,372 | 96,077 |
| Rehabilitation Services | 81,884 | 62,073 | 284,971 | 481,553 | 366,855 | 543,626 |
| Clinic Services | 17,189 | 11,678 | 1,250,305 | 1,441,425 | 1,267,494 | 1,453,103 |
| | <u>\$ 1,579,800</u> | <u>\$ 1,543,847</u> | <u>\$ 8,173,684</u> | <u>\$ 7,259,481</u> | <u>9,753,484</u> | <u>8,803,328</u> |
| Adjustments to revenue | | | | | | |
| Medicare | | | | | (963,775) | (579,175) |
| Bed tax receipts | | | | | 213,225 | 355,340 |
| Medicaid | | | | | (711,789) | (693,851) |
| Commercial Insurances | | | | | (645,996) | (525,424) |
| Provision for Bad Debts | | | | | (696,462) | (603,775) |
| Administrative | | | | | (15,948) | (32,133) |
| Charity Care | | | | | (215,022) | (172,599) |
| Total adjustments | | | | | <u>(3,035,767)</u> | <u>(2,251,617)</u> |
| Other Prairie Winds DME, LLC revenue | | | | | 98,843 | 107,986 |
| Net Patient Service Revenue | | | | | <u>\$ 6,816,560</u> | <u>\$ 6,659,697</u> |

Northern Rockies Medical Center and Subsidiary

SCHEDULES OF OPERATING EXPENSES

for the year ended September 30, 2012

(With comparative amounts as of September 30, 2011)

(See independent auditor's report)

| | 2012 | | | | 2011 |
|------------------------------------|-----------------------|---------------------------------------|------------------|---------------------|---------------------|
| | NRMC | | Prairie Winds | Total | Total |
| | Salaries and Benefits | Professional Fees, Supplies and Other | DME, LLC | | |
| Fiscal and Administrative Services | | | | | |
| Administrative Services | \$ 329,635 | \$ 481,753 | \$ - | \$ 811,388 | \$ 725,889 |
| Fiscal Services | 400,030 | 126,230 | - | 526,260 | 514,187 |
| Total Fiscal and Administrative | <u>729,664</u> | <u>607,983</u> | <u>-</u> | <u>1,337,647</u> | <u>1,240,076</u> |
| General Services | | | | | |
| Dietary | 749 | 18,342 | - | 19,091 | 15,150 |
| Plant Operation and Maintenance | 105,647 | 173,733 | - | 279,380 | 321,362 |
| Housekeeping | 86,870 | 4,566 | - | 91,436 | 99,410 |
| Laundry and Linen | 20,930 | 15,997 | - | 36,927 | 37,913 |
| Total General Services | <u>214,196</u> | <u>212,638</u> | <u>-</u> | <u>426,834</u> | <u>473,835</u> |
| Professional Care Services | | | | | |
| Acute Care | 385,489 | 23,602 | - | 409,091 | 559,972 |
| Nursing Services | 87,190 | 3,909 | - | 91,099 | 101,799 |
| Swing Bed | 168,722 | 6,354 | - | 175,076 | 129,188 |
| Obstetric and Gynecologic Services | - | - | - | - | 118 |
| Nursery | 5,607 | - | - | 5,607 | 7,975 |
| Intensive Care Services | 44 | - | - | 44 | - |
| Respiratory Services | 50,514 | 18,569 | - | 69,083 | 77,521 |
| Surgical Services | 193,634 | 34,838 | - | 228,472 | 403,756 |
| Observation | 72,858 | 17 | - | 72,875 | 29,107 |
| Emergency Services | 852,710 | 61,388 | - | 914,098 | 591,986 |
| Central Services | 10,182 | 28,638 | - | 38,820 | 68,677 |
| Laboratory Services | 248,988 | 210,221 | - | 459,209 | 483,656 |
| Electro Diagnosis Services | - | 1,506 | - | 1,506 | 9,840 |
| Radiology Services | 191,842 | 204,792 | - | 396,634 | 451,627 |
| Pharmacy | 75,254 | 153,347 | - | 228,601 | 197,676 |
| Anesthesiology Services | 143,814 | 24,515 | - | 168,329 | 226,968 |
| Rehabilitation Services | 211,898 | 2,473 | - | 214,371 | 266,636 |
| Social Services | 562 | - | - | 562 | 1,290 |
| Medical Records | 136,915 | 37,686 | - | 174,601 | 128,293 |
| Sleep Study | 23,389 | 121 | - | 23,510 | 34,821 |
| Clinic Services | 720,743 | 390,827 | - | 1,111,570 | 1,139,429 |
| Prairie Winds expenses | - | - | 95,057 | 95,057 | 97,273 |
| Total Professional Care | <u>3,580,354</u> | <u>1,202,803</u> | <u>95,057</u> | <u>4,878,214</u> | <u>5,007,608</u> |
| | <u>\$ 4,524,214</u> | <u>\$ 2,023,424</u> | <u>\$ 95,057</u> | <u>6,642,695</u> | <u>6,721,519</u> |
| Depreciation | | \$ 232,005 | \$ 1,247 | 233,252 | 222,343 |
| Interest | | 27,726 | - | 27,726 | 23,644 |
| | | <u>\$ 259,731</u> | <u>\$ 1,247</u> | <u>260,978</u> | <u>245,987</u> |
| Total operating expenses | | | | <u>\$ 6,903,673</u> | <u>\$ 6,967,506</u> |