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Form <b>990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b> <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

**A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013**




<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization LIVINGSTON HEALTHCARE		<b>D</b> Employer identification number 81-0378200
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 504 S 13TH STREET	Room/suite	<b>E</b> Telephone number (406) 222-5011
	City or town, state or country, and ZIP + 4 LIVINGSTON, MT 59047		<b>G</b> Gross receipts \$ 32,829,187
	<b>F</b> Name and address of principal officer BREN LOWE 504 S 13TH STREET LIVINGSTON, MT 59047		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J</b> Website: ▶ WWW.LIVINGSTONHEALTHCARE.ORG	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities LHC IS A PHYSICIAN / HOSPITAL INTEGRATED NOT-FOR-PROFIT HEALTHCARE ORGANIZATION LHC IS COMPRISED OF A 25 BED CRITICAL ACCESS HOSPITAL, TWO PHYSICIAN CLINICS, HOME HEALTH AND DME SERVICES		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	354
	6 Total number of volunteers (estimate if necessary)	6	37
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 455,179	Current Year 1,025,037
	9 Program service revenue (Part VIII, line 2g)	32,169,946	31,306,865
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	53,986	256,366
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	197,990	131,202
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	32,877,101	32,719,470
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0
14 Benefits paid to or for members (Part IX, column (A), line 4)		0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		17,566,216	17,533,867
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)		14,413,966	13,764,303
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		31,980,182	31,298,170
19 Revenue less expenses Subtract line 18 from line 12		896,919	1,421,300
Net Assets or Fund Balances		20 Total assets (Part X, line 16)	Beginning of Current Year 16,646,207
	21 Total liabilities (Part X, line 26)	5,551,958	6,479,312
	22 Net assets or fund balances Subtract line 21 from line 20	11,094,249	12,576,134

## 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.

<b>Sign Here</b>	*****				2014-05-12	
	Signature of officer				Date	
<b>Paid Preparer Use Only</b>	KYLE GEE CFO					
	Type or print name and title					
	Print/Type preparer's name NATHAN D MCCARTHY CPA		Preparer's signature		Date 2014-05-12	Check <input type="checkbox"/> if self-employed PTIN P00368408
	Firm's name  GALUSHA HIGGINS & GALUSHA PC				Firm's EIN  81-0272932	
Firm's address  PO BOX 1699 HELENA, MT 596241699				Phone no (406) 442-5520		

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

Part IIIS

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

LHC IS A PHYSICIAN / HOSPITAL INTEGRATED NOT-FOR-PROFIT HEALTHCARE ORGANIZATION COMPRISED OF A 25 BED CRITICAL ACCESS HOSPITAL, TWO PHYSICIAN CLINICS, HOME HEALTH AND DURABLE MEDICAL EQUIPMENT SERVICES

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 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 \$ 26,713,062 including grants of \$ ) (Revenue \$ 31,306,865 )

MEDICAL TREATMENT OF SICK AND INJURED PATIENTS REGARDLESS OF ABILITY TO PAY INCLUDES PRIVATE PAYORS, INSURED PAYORS, MEDICARE, MEDICAID AND CHARITY CARE

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 26,713,062

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e	No
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	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 United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization 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, line 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 lines 24b through 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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <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 direct or indirect 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		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, 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		
36	<b>Section 501(c)(3) organizations.</b> 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 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	51	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	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	354
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> 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	No
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		3b	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial 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 as charitable contributions?		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? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the 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 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	9	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	7	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	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		
8a	The governing body?	8a	Yes
8b	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
10b	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
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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	No
14	Did the organization have a written document retention and destruction policy?	14	No
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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	No
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
16b	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 <input type="checkbox"/> Other (explain in Schedule O)
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 during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization KYLE GEE LIVINGSTON HEALTHCARE 504 S 13TH LIVINGSTON, MT (406) 222-5006

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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) JOSEPH SWINDLEHURST TREASURER	4 00	X		X				0	0	0
(2) BILLIE KAYE HARMS SECRETARY	2 00	X		X				0	0	0
(3) MARCENE HUSON BOARD MEMBER TO 11/19/12	2 00	X						0	0	0
(4) DANA TAYLOR BOARD MEMBER TO 1/2/13	2 00	X						0	0	0
(5) STAN CORNELL VICE PRESIDENT FROM 8/27/12	2 00	X		X				0	0	0
(6) MICHELLE BECKER PRESIDENT	15 00	X		X				0	0	0
(7) DOUGLAS WADLE MD BOARD MEMBER/PHYSICIAN	40 00	X						228,041	0	8,704
(8) LAUREL DESNICK MD BOARD MEMBER/PHYSICIAN	40 00	X						99,583	0	802
(9) ANNA DEYOUNG VICE PRESIDENT TO 8/27/12	2 00	X		X				0	0	0
(10) GLYNNA FREEMAN BOARD MEMBER TO 9/29/12	2 00	X						0	0	0
(11) DAVID STANLEY BOARD MEMBER	2 00	X						0	0	0
(12) DENIS PRAGER BOARD MEMBER	2 00	X						0	0	0
(13) DAN KAUL BOARD MEMBER	2 00	X						0	0	0
(14) BREN LOWE CHIEF EXECUTIVE OFFICER	40 00			X				0	0	0
(15) KYLE GEE CHIEF FINANCIAL OFFICER	2 00			X				0	0	0
(16) CHRISTOPHER LEE MD PHYSICIAN	40 00					X		300,453	0	9,489
(17) DOYLE S COLEMAN MD PHYSICIAN	40 00					X		232,618	0	8,885



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	<b>▼</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	<b>▼</b>			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	<b>▼</b>	1,890,823	0	51,950

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 18

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b>	No
<b>4</b>	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> . . . . .	<b>4</b>	Yes
<b>5</b>	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> . . . . .	<b>5</b>	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
DEACONESS BILLINGS CLINIC PO BOX 30977 BILLINGS MT 591070977	MANAGEMENT CONTRACT	665,240
DEACONESS BILLINGS CLINIC PO BOX 30977 BILLINGS MT 591070977	IMAGING INTERPRETATION FEE	461,043
GRANT I PALM CRNA , 1750 CARRIE NY TRAIL BOZEMAN MT 59715	ANESTHESIA SERVICE	285,800
JULIE HIGGS CRNA , 430 FLESHMAN RD LIVINGSTON MT 59047	ANESTHESIA SERVICE	180,510
COMPHEALTH PO BOX 972651 DALLAS TX 753972651	PROFESSIONAL STAFFING SERVICE	136,616

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 ▶5

Part VIII

Statement of Revenue

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

				(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	138,351				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	886,686				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f . . . . .			1,025,037			
Program Service Revenue			Business Code					
	2a	NET PATIENT REVENUE	621110	30,780,386	30,780,386			
	b	SWEETGRASS PHYSICIANS	621110	364,353	364,353			
	c	NON-PATIENT REVENUE	446110	162,126	162,126			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f . . . . .			31,306,865			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		18,860	18,860			
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties . . . . .						
	6a	(i) Real		(ii) Personal				
				28,559				
		Less rental expenses		0				
		Rental income or (loss)		28,559				
	d	Net rental income or (loss) . . . . .			28,559	28,559		
	7a	(i) Securities		(ii) Other				
		90,369		256,854				
		Less cost or other basis and sales expenses		23,387				
		Gain or (loss)		233,467				
	d	Net gain or (loss) . . . . .			237,506	237,506		
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . .						
		a						
	b	Less direct expenses . . . . .		b				
	c	Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .						
		a						
	b	Less direct expenses . . . . .		b				
	c	Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances . . . . .						
		a						
	b	Less cost of goods sold . . . . .		b				
c	Net income or (loss) from sales of inventory . . .							
Miscellaneous Revenue		Business Code						
11a	CAFETERIA SALES	621110	56,320	56,320				
b	PHARMACY SALES	446110	32,698	32,698				
c	CHP PHYSICIANS	621110	12,975	12,975				
d	All other revenue . . . . .		650	650				
e	Total. Add lines 11a-11d . . . . .			102,643				
12	Total revenue. See Instructions . . . . .			32,719,470	31,694,433	0	0	

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).

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.	1,408,107	1,134,074	274,033	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	13,064,317	10,521,860	2,542,457	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).				
9	Other employee benefits.	2,019,131	1,621,380	397,751	
10	Payroll taxes.	1,042,312	844,273	198,039	
11	Fees for services (non-employees):				
a	Management.	166,102		166,102	
b	Legal.	61,741		61,741	
c	Accounting.	42,090		42,090	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	3,171,224	3,171,224		
12	Advertising and promotion.	62,032	62,032		
13	Office expenses.				
14	Information technology.	48,530	48,530		
15	Royalties.				
16	Occupancy.	409,654	409,654		
17	Travel.	102,047	102,047		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	52,516	52,516		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	736,744	736,744		
23	Insurance.	590,244	590,244		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	SUPPLIES	4,179,371	3,366,020	813,351	
b	PROVISIONS FOR BAD DEBT	2,783,712	2,783,712		
c	RENTAL / MAINTENANCE	694,536	694,536		
d	OTHER OPERATING EXPENSE	444,470	444,470		
e	All other expenses	219,290	129,746	89,544	
25	<b>Total functional expenses.</b> Add lines 1 through 24e.	31,298,170	26,713,062	4,585,108	0
26	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		2,584,103	1	3,155,876
	2	Savings and temporary cash investments		140,432	2	148,562
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		5,498,550	4	5,437,517
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		2,669,830	7	3,046,661
	8	Inventories for sale or use		512,096	8	545,199
	9	Prepaid expenses and deferred charges		403,008	9	242,659
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a16,400,362			
	b	Less accumulated depreciation	10b11,390,731	3,457,079	10c	5,009,631
	11	Investments—publicly traded securities		570,866	11	629,930
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		810,243	15	839,411
	16	Total assets. Add lines 1 through 15 (must equal line 34)		16,646,207	16	19,055,446
Liabilities	17	Accounts payable and accrued expenses		4,937,968	17	5,188,122
	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	Loans and other 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		613,990	23	1,291,190
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	Total liabilities. Add lines 17 through 25		5,551,958	26	6,479,312
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		10,120,080	27	11,168,307
	28	Temporarily restricted net assets		588,786	28	1,050,635
	29	Permanently restricted net assets		385,383	29	357,192
	Organizations that do not follow SFAS 117 (ASC 958), 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		11,094,249	33	12,576,134
	34	Total liabilities and net assets/fund balances		16,646,207	34	19,055,446

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	32,719,470
2	Total expenses (must equal Part IX, column (A), line 25)	2	31,298,170
3	Revenue less expenses Subtract line 2 from line 1	3	1,421,300
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,094,249
5	Net unrealized gains (losses) on investments	5	69,155
6	Donated services and use of facilities	6	
7	Investment expenses	7	-8,570
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	12,576,134

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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited 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 separate basis	2b	Yes
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	

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

2012

Open to Public Inspection

Name of the organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
---	--

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 described in **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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h  

a

☐

Type I 

b

☐

Type II 

c

☐

Type III - Functionally integrated 

d

☐

Type III - Non-functionally integrated
- 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 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 monetary support |
|------------------------------------|----------|---|--|----|---|----|--|----|----------------------------------|
|                                    |          |   | Yes  | No | Yes   | No | Yes  | No |                                  |
|                                    |          |   |  |    |   |    |  |    |                                  |
|                                    |          |   |  |    |   |    |  |    |                                  |
| Total                              |          |   |  |    |   |    |  |    |                                  |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)  
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
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 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a 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—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. 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—2011. 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and 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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
LIVINGSTON HEALTHCARE

Employer identification number  
81-0378200

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 can 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 education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

Complete lines 2a through 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, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

Using the organization's acquisition, 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 XIII

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 XIII and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	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 XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance . . . . .	362,920	353,535			
b Contributions . . . . .					
c Net investment earnings, gains, and losses	39,781	9,385			
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .	52,369				
f Administrative expenses . . . . .					
g End of year balance . . . . .	350,332	362,920			

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment 100.000 %

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations . . . . .

(ii) related organizations . . . . .

3a(i)

☐ Yes

☐ No

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

4

Describe in Part XIII 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 . . . . .		671,977		671,977
b Buildings . . . . .		7,163,543	4,870,439	2,293,104
c Leasehold improvements . . . . .		383,485	375,169	8,316
d Equipment . . . . .		8,181,357	6,145,123	2,036,234
e Other . . . . .				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				5,009,631



<b>Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return</b>				
<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	29,840,333	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	69,155	
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>		
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	-2,434,178	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	-2,365,023	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	32,205,356	
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	514,114	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	514,114	
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	32,719,470	
<b>Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return</b>				
<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	28,444,133	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25			
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>		
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>		
<b>c</b>	Other losses . . . . .	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	19,219	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	19,219	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	28,424,914	
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	2,873,256	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	2,873,256	
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	31,298,170	
<b>Part XIII Supplemental Information</b>				
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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.				

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ENDOWMENT CONSISTS OF NUMEROUS INDIVIDUAL FUNDS ESTABLISHED FOR A VARIETY OF PURPOSES. THE CENTER'S ENDOWMENT INCLUDES BOTH DONOR-RESTRICTED ENDOWMENT FUNDS AND FUNDS DESIGNATED BY THE BOARD OF DIRECTORS TO FUNCTION AS ENDOWMENTS. AS REQUIRED BY GAAP, NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE BOARD OF DIRECTORS TO FUNCTION AS ENDOWMENTS, ARE CLASSIFIED AND REPORTED BASED UPON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS. INTERPRETATION OF RELEVANT LAW: THE BOARD OF DIRECTORS OF THE CENTER HAS INTERPRETED THE MONTANA UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (MUPMIFA) AS REQUIRING THE PRESERVATION OF THE FAIR VALUE OF THE ORIGINAL GIFT AS OF THE GIFT DATE OF THE DONOR-RESTRICTED ENDOWMENT FUNDS. ABSENT EXPLICIT DONOR STIPULATIONS TO THE CONTRARY, AS A RESULT OF THIS INTERPRETATION, THE CENTER CLASSIFIES AS PERMANENTLY RESTRICTED NET ASSETS: (A) THE ORIGINAL VALUE OF GIFTS DONATED TO THE PERMANENT ENDOWMENT, (B) THE ORIGINAL VALUE OF SUBSEQUENT GIFTS TO THE PERMANENT ENDOWMENT, AND (C) ACCUMULATIONS TO THE PERMANENT ENDOWMENT MADE IN ACCORDANCE WITH THE DIRECTION OF THE APPLICABLE DONOR GIFT INSTRUMENT AT THE TIME THE ACCUMULATION IS ADDED TO THE FUND. THE REMAINING PORTION OF THE DONOR-RESTRICTED ENDOWMENT FUND THAT IS NOT CLASSIFIED IN PERMANENTLY RESTRICTED NET ASSETS IS CLASSIFIED AS TEMPORARILY RESTRICTED NET ASSETS UNTIL THOSE AMOUNTS ARE APPROPRIATED FOR EXPENDITURE BY THE HOSPITAL IN A MANNER CONSISTENT WITH THE STANDARD OF THE PRUDENCE PRESCRIBED BY THE MUPMIFA. IN ACCORDANCE WITH THE MUPMIFA, THE HOSPITAL CONSIDERS THE FOLLOWING FACTORS IN MAKING A DETERMINATION TO APPROPRIATE OR ACCUMULATE DONOR-RESTRICTED ENDOWMENT FUNDS: 1. THE DURATION AND PRESERVATION OF THE FUND, 2. THE PURPOSES OF HOSPITAL AND THE DONOR-RESTRICTED ENDOWMENT FUND, 3. GENERAL ECONOMIC CONDITIONS, 4. THE EXPECTED TOTAL RETURN FROM INCOME AND THE APPRECIATION OF INVESTMENTS, 5. OTHER RESOURCES OF THE HOSPITAL, AND 6. THE INVESTMENT POLICIES OF THE HOSPITAL. FUNDS WITH DEFICIENCIES FROM TIME TO TIME, THE FAIR VALUE OF ASSETS ASSOCIATED WITH INDIVIDUAL DONOR-RESTRICTED ENDOWMENT FUNDS MAY FALL BELOW THE LEVEL THAT THE DONOR OR MUPMIFA REQUIRES THE HOSPITAL TO RETAIN AS A FUND OF PERPETUAL DURATION. IN ACCORDANCE WITH GAAP, DEFICIENCIES OF THIS NATURE THAT ARE REPORTED IN UNRESTRICTED NET ASSETS WERE \$74,832 AND \$106,098 AS OF JUNE 30, 2012 AND JUNE 30, 2011, RESPECTIVELY. THESE DEFICIENCIES RESULTED FROM UNFAVORABLE MARKET FLUCTUATIONS THAT OCCURRED SHORTLY AFTER THE INVESTMENT OF NET PERMANENTLY RESTRICTED CONTRIBUTIONS AND APPROPRIATION FOR CERTAIN PROGRAMS THAT WAS DEEMED PRUDENT BY THE BOARD OF DIRECTORS. RETURN OBJECTIVES AND RISK PARAMETERS: THE HOSPITAL HAS ADOPTED INVESTMENT AND SPENDING POLICIES FOR ENDOWMENT ASSETS THAT ATTEMPT TO PROVIDE A PREDICTABLE STREAM OF FUNDING TO PROGRAMS SUPPORTED BY ITS ENDOWMENT WHILE SEEKING TO MAINTAIN THE PURCHASING POWER OF THE ENDOWMENT ASSETS. ENDOWMENT ASSETS INCLUDE THOSE ASSETS OF DONOR-RESTRICTED FUNDS THAT THE HOSPITAL MUST HOLD IN PERPETUITY OR FOR A DONOR-SPECIFIED PERIOD(S) AS WELL AS BOARD-DESIGNATED FUNDS. UNDER THIS POLICY, AS APPROVED BY THE BOARD OF DIRECTORS, THE ENDOWMENT ASSETS ARE INVESTED IN A MANNER THAT IS INTENDED TO PRESERVE ENDOWMENT CAPITAL. FUNDS SHALL BE INVESTED SUCH THAT NO LESS THAN 30% AND NO MORE THAN 70% OF SUCH FUNDS SHALL BE INVESTED IN EQUITIES, WITH THE BALANCE INVESTED IN FIXED INCOME SECURITIES, WHILE ASSUMING A MODERATE LEVEL OF INVESTMENT RISK. THE HOSPITAL EXPECTS ITS ENDOWMENT FUNDS, OVER TIME, TO PROVIDE A REASONABLE CURRENT RATE OF RETURN. STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES TO SATISFY ITS LONG-TERM RATE-OF-RETURN OBJECTIVES: THE HOSPITAL RELIES ON A TOTAL RETURN STRATEGY IN WHICH INVESTMENT RETURNS ARE ACHIEVED THROUGH BOTH CAPITAL APPRECIATION (REALIZED AND UNREALIZED GAINS) AND CURRENT YIELD (INTEREST AND DIVIDENDS). THE HOSPITAL TARGETS A DIVERSIFIED ASSET ALLOCATION INCLUDING CASH EQUIVALENTS, FIXED INCOME, AND EQUITY SECURITIES TO ACHIEVE ITS LONG-TERM RETURN OBJECTIVES WITHIN PRUDENT RISK CONSTRAINTS. SPENDING POLICY AND HOW INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY: STAFFORD HOSPICE ENDOWMENT - THE HOSPITAL BOARD OF DIRECTORS, BASED ON RECOMMENDATIONS BY HOSPITAL ADMINISTRATION, APPROVES APPROPRIATIONS FOR DISTRIBUTION LIMITED TO 7% OF THE TOTAL FUND VALUE IN ANY GIVEN YEAR. IN ESTABLISHING THIS POLICY, THE HOSPITAL CONSIDERED THE LONG-TERM EXPECTED RETURN ON ITS ENDOWMENT. THIS IS CONSISTENT WITH THE HOSPITAL'S OBJECTIVE TO MAINTAIN THE PURCHASING POWER OF THE ENDOWMENT ASSETS HELD IN PERPETUITY OR FOR A SPECIFIED TERM AS WELL AS TO PROVIDE ADDITIONAL REAL GROWTH THROUGH NEW GIFTS AND INVESTMENT RETURN. THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS SHOW THE CONSOLIDATED TOTAL FOR THE ENDOWMENT FUNDS. THE AMOUNTS ENTERED ON SCHEDULE D ONLY REFLECT LIVINGSTON HEALTHCARE'S ENDOWMENT FUNDS.
PART XI, LINE 2D - OTHER ADJUSTMENTS		RECLASS NON-OPERATING EXPENSE -89,544 LIVINGSTON HEALTHCARE FOUNDATION ACTIVITY 400,267 THE OUGH CHARITABLE TRUST ACTIVITY 38,811 PROVISION FOR BAD DEBT REPORTED AS FUNTIONAL EXPENSE ON FORM 990 -2,783,712
PART XI, LINE 4B - OTHER ADJUSTMENTS		LIVINGSTON HEALTHCARE FOUNDATION GRANTS 514,114 THE OUGH CHARITABLE TRUST GRANTS
PART XII, LINE 2D - OTHER ADJUSTMENTS		LIVINGSTON HEALTHCARE FOUNDATION ACTIVITY 29 INVESTMENT EXPENSE 8,570 OUGH INVESTMENT EXPENSE 10,410 THE OUGH CHARITABLE TRUST ACTIVITY 210
PART XII, LINE 4B - OTHER ADJUSTMENTS		RECLASS NON-OPERATING EXPENSE 89,544 PROVISION FOR BAD DEBT REPORTED AS FUNTIONAL EXPENSE ON FORM 990 2,783,712

SCHEDULE H  
(Form 990)

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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

**Name of the organization**  
LIVINGSTON HEALTHCARE

**Employer identification number**  
81-0378200

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," was it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <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 _____ %  c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care  4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	5b		No
b	If "Yes," did the organization make it available to the public? . . . . .	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1) . . . . .			597,105	0	597,105	2 090 %
b Medicaid (from Worksheet 3, column a) . . . . .			2,472,839	3,632,077	-1,159,238	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			3,069,944	3,632,077	-562,133	2 090 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			92,880	7,449	85,431	0 300 %
f Health professions education (from Worksheet 5) . . . . .			1,275		1,275	0 %
g Subsidized health services (from Worksheet 6) . . . . .						
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			2,808		2,808	0 010 %
j <b>Total</b> Other Benefits . . . . .			96,963	7,449	89,514	0 310 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			3,166,907	3,639,526	-472,619	2 400 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

Yes

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

1,836,288

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

1,836,288

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

8,309,114

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

8,309,114

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.  
☐ Cost accounting system      ☐ Cost to charge ratio      ☒ Other

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

b

If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 BILLINGS CLINIC	MANAGES THE HOSPITAL AND AFFILIATED WITH HOSPITAL	25.000 %		
2 2 LIVINGSTON IMAGING CENTER LLC	CT SCANNER THAT OPERATES AT THE HOSPITAL	50.000 %		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)  
How many hospital facilities did the organization operate during the tax year?  
1

Name, address, and primary website address

Other (Describe)	Facility reporting group	ER-other	ER-24 hours	Research facility	Critical access hospital	Teaching hospital	Children's hospital	General medical & surgical	Licensed hospital
					X				



Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

LIVINGSTON HEALTHCARE

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" 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 checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" 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)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	No
5 Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide 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 checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" 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 CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7	No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
<b>9</b> Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		<b>9</b>	Yes
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input checked="" type="checkbox"/> Asset level			
<b>c</b> <input checked="" type="checkbox"/> Medical indigency			
<b>d</b> <input checked="" type="checkbox"/> Insurance status			
<b>e</b> <input checked="" type="checkbox"/> Uninsured discount			
<b>f</b> <input type="checkbox"/> Medicaid/Medicare			
<b>g</b> <input type="checkbox"/> State regulation			
<b>h</b> <input type="checkbox"/> Other (describe in Part VI)			
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes
<b>14</b> 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)		<b>14</b>	Yes
<b>a</b> <input type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request			
<b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
<b>15</b> 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? . . . . .		<b>15</b>	Yes
<b>16</b> Check all of the following 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			
<b>a</b> <input checked="" type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)			
<b>17</b> 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? . . . . .		<b>17</b>	Yes
If "Yes," check all actions in which the hospital facility or a third party engaged			
<b>a</b> <input checked="" type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☒

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☒

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	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)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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 its 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 checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

4

Name and address	Type of Facility (describe)
1 RIVER DRIVE LHC CLINIC 1001 RIVER DRIVE LIVINGSTON, MT 59047	CLINIC
2 WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON, MT 59047	CLINIC
3 LIVINGSTON HEALTHCARE HOME CAREHOSPICE 1429 WEST MONTANA LIVINGSTON, MT 59047	HOME CARE
4 LIVINGSTON HEALTHCARE HOME OXYGENDME 1429 WEST MONTANA LIVINGSTON, MT 59047	HOME OXYGEN
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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 3C FINANCIAL ASSISTANCE WILL BE PROVIDED TO LIVINGSTON HEALTHCARE PATIENTS WHO MEET SPECIFIED FINANCIAL CRITERIA AND REQUEST SUCH ASSISTANCE
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 2783712

Identifier	ReturnReference	Explanation
		PART II COMMUNITY BUILDING ACTIVITIES - NA
		PART III, LINE 4 ACCOUNTS RECEIVABLE - ACCOUNTS RECEIVABLE ARE STATED AT UNPAID BALANCES, LESS 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 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

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED WAS THE COST REPORT
		PART III, LINE 9B ONCE A PATIENT IS APPROVED FOR FINANCIAL ASSISTANCE, IT IS EXPECTED THAT THE PATIENT CONTINUE TO MEET HIS/HER FINANCIAL COMMITMENTS TO LIVINGSTON HEALTHCARE IF A PATIENT IS APPROVED FOR A PERCENTAGE ALLOWANCE DUE TO FINANCIAL HARDSHIP AND THE PATIENT DOES NOT MAKE THE REQUIRED INITIAL PAYMENT WITHIN 60 DAYS TOWARD THEIR PART OF THE BILL, THE FINANCIAL ASSISTANCE ALLOWANCE WILL BE REVERSED AND THE PATIENT WILL OWE THE ENTIRE AMOUNT THE ORGANIZATION RECOMMENDS THAT THE PATIENT MAKE A GOOD FAITH PAYMENT AT THE BEGINNING OF THE FINANCIAL ASSISTANCE PERIOD

Identifier	ReturnReference	Explanation
LIVINGSTON HEALTHCARE		PART V, SECTION B, LINE 3 THE HOSPITAL FACILITY CONSULTED A STEERING COMMITTEE THAT WAS MADE UP OF A DIVERSE GROUP OF COMMUNITY MEMBERS REPRESENTING VARIOUS ORGANIZATIONS AND POPULATIONS WITHIN THE COMMUNITY THE VARIOUS ORGANIZATIONS FOLLOW CHILD AND FAMILY SERVICES, CLINICS, COMMUNITY HEALTH PARTNERS, HEALTH DEPARTMENT, SPECIAL ED CO-OP AND SCHOOL NURSES, CHEMICAL DEPENDENCY PROGRAM, MENTAL HEALTH CENTER, HEALTH AND NUTRITION COORDINATOR, COMMUNITY FOUNDATION, AGENCY ON AGING, ENVIRONMENTAL HEALTH, AND FROM THE HOSPITAL ITSELF THE STEERING COMMITTEE MET TO DISCUSS HEALTH CONCERNS IN THE COMMUNITY AND OFFER THEIR PERSPECTIVE IN DESIGNING THE SURVEY AND THEY MET AGAIN TO REVIEW THE RESULTS OF THE SURVEY AND THE FOCUS GROUPS INTERVIEWS THE ADOPTED IMPLEMENTATION PLAN CAN BE FOUND ON LIVINGSTON HEALTHCARE'S WEBSITE ON THE FOLLOWING WEB PAGE UNDER COMMUNITY HEALTH NEEDS ASSESSMENT <a href="http://www.livingstonhealthcare.org/about-annual-reports.aspx">HTTP //WWW LIVINGSTONHEALTHCARE ORG/ABOUT-ANNUAL-REPORTS ASPX</a>
LIVINGSTON HEALTHCARE		PART V, SECTION B, LINE 7 NEEDS NOT ADDRESSED ARE 1) ALCOHOL/SUBSTANCE ABUSE, 2) OVERWEIGHT/OBESITY, 3) CANCER 4) MENTAL HEALTH, AND 5) DELAY OF MEDICAL SERVICES BECAUSE OF COSTS, TIME CONSTRAINTS, AND LACK OF INSURANCE THESE NEEDS ARE NOT ADDRESSED DUE TO LIMITED STAFF TIME AND RESOURCES, THEY WILL BE ADDRESSED AT A FUTURE DATE



Identifier	ReturnReference	Explanation
LIVINGSTON HEALTHCARE		PART V, SECTION B, LINE 12H AN APPLICATION FOR FINANCIAL ASSISTANCE IS AVAILABLE ON LIVINGSTON HEALTHCARE'S WEBSITE ALONG WITH CONTACT INFORMATION FOR MORE INFORMATION
LIVINGSTON HEALTHCARE		PART V, SECTION B, LINE 20D THE HOSPITAL FACILITY USES THE AVERAGE COMMERCIAL INSURANCE RATE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 SINCE 1955, LIVINGSTON HEALTHCARE HAS PROVIDED PREMIER QUALITY HEALTHCARE TO THE RESIDENTS OF PARK COUNTY AND SURROUNDING COMMUNITIES THE ORGANIZATION KEEPS ITS COMMUNITY HEALTHY WITH A BROAD SCOPE OF SERVICES, PROVIDED BY WELL-TRAINED AND HIGHLY-SKILLED PROFESSIONALS INCLUDED IN THOSE SERVICES ARE A 25-BED CRITICAL ACCESS HOSPITAL (CAH), A MULTI-SPECIALTY PHYSICIAN PRACTICE, HOME CARE, HOME OXYGEN, HOSPICE CARE, AND THE REGIONALLY-REOWNED ORTHOPEDIC AND REHABILITATION INSTITUTE
		PART VI, LINE 3 FINANCIAL ASSISTANCE WILL BE PROVIDED TO LIVINGSTON HEALTHCARE PATIENTS WHO MEET SPECIFIED FINANCIAL CRITERA AND REQUEST SUCH ASSISTANCE A NOTICE OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAM WILL BE POSTED AT PATIENT REGISTRATION SITES WITHIN EACH FACILITY AND PRESENTED TO PATIENTS UPON REQUEST

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 LIVINGSTON IS A CITY IN AND THE COUNTY SEAT OF PARK COUNTY, MONTANA, UNITED STATES THE POPULATION WAS APPROXIMATELY 7,380 PEOPLE IN 2009 LIVINGSTON IS LOCATED IN SOUTHWESTERN MONTANA, ON THE YELLOWSTONE RIVER, NORTH OF YELLOWSTONE NATIONAL PARK THE MEDIAN INCOME FOR A HOUSEHOLD IN LIVINGSTON IS ABOUT \$35,907
		PART VI, LINE 5 LIVINGSTON HEALTHCARE IS ALSO THE LARGEST EMPLOYER IN PARK COUNTY AS SUCH, WE HAVE A SIGNIFICANT ECONOMIC IMPACT ON THIS AREA SOME OF THE EFFECTS OF THAT IMPACT INCLUDE (1) FOR EVERY 3 FULL-TIME JOBS AT LIVINGSTON HEALTHCARE, ANOTHER FULL-TIME JOB IS SUPPORTED IN PARK COUNTY (2) FOR EVERY \$1 IN WAGES AND BENEFITS PAID TO LIVINGSTON HEALTHCARE EMPLOYEES, ANOTHER \$0.19 IS GENERATED IN WAGES AND BENEFITS IN THE COMMUNITY (3) FOR EACH \$10 SPENT ON HEALTHCARE SERVICES PROVIDED BY LIVINGSTON HEALTHCARE AN ESTIMATED \$2.50 OF LOCAL ECONOMIC ACTIVITY IS PRODUCED IN THE COMMUNITY

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

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
LIVINGSTON HEALTHCARE

Employer identification number  
81-0378200

Part I

Questions Regarding Compensation

	Yes	No
<div><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>		
<div><div>1b</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 of the expenses described above? If "No," complete Part III to explain</div></div>		
<div><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></div>		
<div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</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 type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></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>		
<div><div>4a</div><div>Receive a severance payment or change-of-control payment?</div></div>		No
<div><div>4b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>		No
<div><div>4c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</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>		No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<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>		
<div><div>5a</div><div>The organization?</div></div>		No
<div><div>5b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<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>		
<div><div>6a</div><div>The organization?</div></div>		No
<div><div>6b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		No
<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></div>		No
<div><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 Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III</div></div>		No
<div><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></div>		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)DOUGLAS WADLE MD BOARD MEMBER/PHYSICIAN	(i)	223,595	0	4,446	0	8,704	236,745	0
	(ii)	0	0	0	0	0	0	0
(2)CHRISTOPHER LEE MD PHYSICIAN	(i)	300,453	0	0	0	9,489	309,942	0
	(ii)	0	0	0	0	0	0	0
(3)DOYLE S COLEMAN MD PHYSICIAN	(i)	232,618	0	0	0	8,885	241,503	0
	(ii)	0	0	0	0	0	0	0
(4)TED R SCOFIELD MD PHYSICIAN	(i)	252,299	0	0	0	9,061	261,360	0
	(ii)	0	0	0	0	0	0	0
(5)HOLLY POAG PHYSICIAN	(i)	237,283	0	0	0	6,815	244,098	0
	(ii)	0	0	0	0	0	0	0
(6)MICHELLE DONALDSON MD PHYSICIAN	(i)	537,796	0	2,750	0	8,194	548,740	0
	(ii)	0	0	0	0	0	0	0

**Part III**   **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	LHC HAS A MANAGEMENT CONTRACT WITH THE BILLINGS CLINIC THE CEO AND CLINIC DIRECTOR ARE EMPLOYEES OF BILLINGS CLINIC
	FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION HAS MEMBERS
	FORM 990, PART VI, SECTION A, LINE 7A	THE ORGANIZATION'S MEMBERS HAVE THE AUTHORITY TO ELECT MORE MEMBERS PER THE BY-LAWS
	FORM 990, PART VI, SECTION B, LINE 11	THE FINANCE COMMITTEE REVIEWS THE 990 PRIOR TO ITS ISSUING
	FORM 990, PART VI, SECTION B, LINE 12C	THROUGH OPEN COMMUNCIATION AND REVIEW OF THE POLICY
	FORM 990, PART VI, SECTION B, LINE 15A	LHC'S CEO IS EMPLOYED BY THE BILLINGS CLINIC, AS PART OF THE MANAGEMENT CONTRACT THEY REC OMMEND THE SALARY , AND THE LHC BOARD MAKES FINAL APPROVAL
	FORM 990, PART VI, SECTION C, LINE 19	FORMS ARE AVAILABLE UPON REQUEST THE ORGANIZATION ALSO HAS AN ANNUAL REPORT AVAILABLE ON ITS WEBSITE
OTHER FEES	FORM 990, PART IX, LINE 11G	PROFESSIONAL FEES PROGRAM SERVICE EXPENSES 549,401 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 549,401 PURCHASED SERVICES PROGRAM SERVICE EXPENSES 2,621,823 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,621,823
		LHC HAS NOT CHANGED ITS METHOD FOR OVERSIGHT OF THE EXTERNAL AUDIT
CHNA ADOPTED IMPLEMENTATION STRATEGY	FORM 990 SCHEDULE H	THE ADOPTED IMPLEMENTATION PLAN CAN BE FOUND ON LIVINGSTON HEALTHCARE'S WEBSITE ON THE FOLLOWING WEB PAGE UNDER COMMUNITY HEALTH NEEDS ASSESSMENT HTTP://WWW.LIVINGSTONHEALTHCARE.ORG/ABOUT-ANNUAL-REPORTS.ASPX



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

2012

Open to Public Inspection

Name of the organization  
LIVINGSTON HEALTHCARE

Employer identification number  
81-0378200

Part I

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

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

Part II

Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to 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 entity?	
						Yes	No
(1) LIVINGSTON HEALTHCARE FOUNDATION 504 S 13TH STREET LIVINGSTON, MT 59047 81-0621997	TO SUPPORT LIVINGSTON HEALTHCARE PROGRAMS	MT	501(C)(3)	LINE 11A, I			No
(2) THE OUGH CHARITABLE TRUST 504 S 13TH STREET LIVINGSTON, MT 59047 81-6080844	TO SUPPORT LIVINGSTON HEALTHCARE PROGRAMS	MT	501(C)(3)	LINE 11C, III-FI			No

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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) Disproporionate 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	
(1) LIVINGSTON IMAGING CENTER LLC  504 S 13TH STREET LIVINGSTON, MT 59047 45-0539644	MEDICAL IMAGING AND CANCER SCREENING	MT		RELATED	22,669	720,804		No			No	50 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V

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

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

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 or (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 Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

s 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

1s

No

No

Yes

No

No

No

No

No

No

No

No

No

No

No

No

Yes

No

No

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) LIVINGSTON HEALTHCARE FOUNDATION	C	514,114	CASH

Schedule R (Form 990) 2012

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]

**Software ID:**  
**Software Version:**  
**EIN:** 81-0378200  
**Name:** LIVINGSTON HEALTHCARE

**Part VII** Supplemental Information

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

Identifier	Return Reference	Explanation	
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Form **4562**

Department of the Treasury  
Internal Revenue Service (99)

Depreciation and Amortization  
(Including Information on Listed Property)

▶ See separate instructions.    ▶ Attach to your tax return.

OMB No 1545-0172

**2012**

Attachment  
Sequence No **179**

Name(s) shown on return  
LIVINGSTON HEALTHCARE

Business or activity to which this form relates  
FORM 990 PAGE 10

**Identifying number**  
  
81-0378200

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
6				
7	Listed property Enter the amount from line 29	7		
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9	Tentative deduction Enter the smaller of line 5 or line 8	9		
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10		
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13	Carryover of disallowed deduction to 2013 Add lines 9 and 10, less line 12	13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property ) (See instructions )

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	736,744
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)  
**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No						24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person  
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions )		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2012 tax year (see instructions)					
43 Amortization of costs that began before your 2012 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	

CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

**Livingston Healthcare and Subsidiary**

*June 30, 2013 and 2012*



# **Livingston Healthcare and Subsidiary**

*June 30, 2013 and 2012*

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GALUSHA  
HIGGINS  
& GALUSHA<sup>PC</sup>  
EST. 1919

A PROFESSIONAL CORPORATION OF  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Livingston Healthcare and Subsidiary  
Livingston, Montana

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Livingston Healthcare and Subsidiary (the Hospital) and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

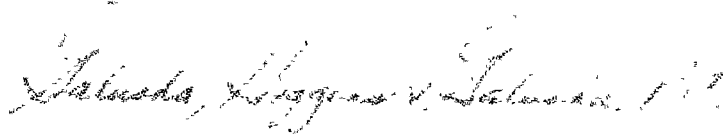
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Hospital's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Livingston Healthcare and Subsidiary and its subsidiaries as of June 30, 2013 and 2012, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read "Galusha, Higgins & Galusha, PC". The signature is written in a cursive, flowing style.

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

Helena, Montana  
January 30, 2014

**Livingston Healthcare and Subsidiary**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*as of June 30,*

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,155,876	\$ 2,584,103
Patient accounts receivable, net of estimated uncollectibles and contractual allowances of \$3,092,762 and \$2,587,735, respectively	5,437,517	5,498,550
Livingston Imaging Center accounts receivable	2,682,992	2,295,101
Other accounts receivable	363,669	374,729
Current portion of pledges receivable, net	66,867	-
Inventories	545,199	512,096
Other current assets	242,659	403,008
Total current assets	12,494,779	11,667,587
<b>ASSETS WHOSE USE IS LIMITED OR RESTRICTED</b>		
By board for designated purposes	1,148,697	1,454,408
By donor for specific purposes	1,684,612	1,612,483
Total assets whose use is limited or restricted	2,833,309	3,066,891
<b>INVESTMENTS</b>	34,600	26,626
<b>PROPERTY AND EQUIPMENT, net</b>	4,759,631	3,207,079
<b>OTHER ASSETS</b>		
Current portion of pledges receivable, net	140,250	-
Other assets	839,411	810,243
Total other assets	979,661	810,243
<b>TOTAL ASSETS</b>	<u>\$ 21,101,980</u>	<u>\$ 18,778,426</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 852,497	\$ 688,317
Accrued salaries and benefits	875,584	890,927
Current portion of long-term debt	7,358	6,895
Current portion of obligation under capital leases	170,588	175,488
Estimated third party settlements (receivable) payable	(35,251)	25,569
Livingston Imaging Center accounts payable	3,238,576	3,113,924
Other liabilities	54,211	50,266
Total current liabilities	5,163,563	4,951,386
Long-term debt, excluding current installments	1,099,189	290,982
Capital lease obligation, excluding current installments	216,560	220,990
Deferred compensation	-	88,600
<b>TOTAL LIABILITIES</b>	6,479,312	5,551,958
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted	12,288,156	11,035,603
Temporarily restricted	1,050,635	906,988
Permanently restricted	1,283,877	1,283,877
Total net assets	14,622,668	13,226,468
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 21,101,980</u>	<u>\$ 18,778,426</u>

The accompanying notes are an integral part of these financial statements.

**Livingston Healthcare and Subsidiary**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
*for the years ended June 30,*

**UNRESTRICTED REVENUES, GAINS AND**

**OTHER SUPPORT**

	2013	2012
Net patient service revenue	\$ 27,996,674	\$ 28,839,006
Operating grant income	312,418	-
Rental income	28,559	26,062
Other revenue	559,177	650,687
Total revenues, gains and other support	28,896,828	29,515,755

**EXPENSES**

Salaries and wages	14,472,424	14,535,629
Medical supplies	3,104,540	4,088,066
Employee benefits	3,061,443	3,030,587
Purchased services	2,621,823	2,607,494
Other supplies	1,074,831	1,064,844
Depreciation and amortization	736,744	652,976
Professional fees	549,401	569,044
Insurance	590,244	497,980
Utilities	409,654	420,640
Other operating expenses	444,709	448,458
Rents and leases	347,508	343,447
Repairs and maintenance	347,028	362,227
Other fees	269,933	231,577
Education and travel	102,047	103,322
Recruitment expenses	129,746	65,174
Promotion expenses	62,032	56,947
Interest	52,516	43,003
Computer expenses	48,530	-
Total expenses	28,425,153	29,121,415
Operating income	471,675	394,340

**NON-OPERATING GAINS (LOSSES)**

Non-operating income	84,614	162,701
Contributions	34,214	73,133
Gain on sale of assets	233,467	-
Net realized/unrealized gains on other than trading securities	88,015	33,524
Earnings on investments	44,189	53,037
Investment expenses	(18,980)	(17,890)
Total non-operating gains	465,519	304,505
Excess of revenues, gains and other support over expenses	\$ 937,194	\$ 698,845

The accompanying notes are an integral part of these financial statements.

**Livingston Healthcare and Subsidiary**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
*for the years ended June 30,*

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
Excess of revenues, gains and other support over expenses	\$ 937,194	\$ 698,845
Net assets released from restriction	<u>315,359</u>	<u>27,982</u>
Change in unrestricted net assets	1,252,553	726,827
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	271,626	209,674
Contributions - building fund	185,035	-
Change in value of split-interest agreement	2,345	(11,795)
Net assets released from restriction	<u>(315,359)</u>	<u>(27,982)</u>
Change in temporarily restricted net assets	<u>143,647</u>	<u>169,897</u>
CHANGE IN NET ASSETS	1,396,200	896,724
NET ASSETS, BEGINNING OF YEAR	<u>13,226,468</u>	<u>12,329,744</u>
NET ASSETS, END OF YEAR	<u><u>\$ 14,622,668</u></u>	<u><u>\$ 13,226,468</u></u>

The accompanying notes are an integral part of these financial statements.

**Livingston Healthcare and Subsidiary**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*for the years ended June 30.*

	2013	2012
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>AND GAINS AND LOSSES:</b>		
Change in net assets	\$ 1,396,200	\$ 896,724
Adjustments to reconcile changes in net assets to net cash		
from operating activities and gains and losses:		
Depreciation and amortization of property and equipment	736,744	652,976
Provision for estimated uncollectibles and contractual		
allowances	505,027	163,180
Gain on disposal of property and equipment	(233,467)	-
Realized and unrealized (gains) losses on investments	199,242	(21,729)
(Increase) decrease in:		
Patient accounts receivable	(651,111)	(785,303)
Livingston Imaging Center accounts receivable	(387,891)	(296,586)
Other accounts receivable	11,060	19,808
Inventories	(33,103)	196,098
Other current assets	160,349	(140,201)
Other assets	(29,168)	(74,276)
Increase (decrease) in:		
Accounts payable	164,180	44,178
Livingston Imaging Center accounts payable	124,652	128,835
Accrued salaries and benefits	(15,343)	(102,289)
Estimated third-party settlements payable	(60,820)	195,690
Other liabilities	(84,655)	10,535
Net cash from operating activities		
and gains and losses	1,801,896	887,640
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(111,205)	(691,471)
Sale of investments	137,571	775,303
Purchase of property and equipment	(2,312,683)	(624,598)
Proceeds from sale of property and equipment	256,854	-
Net cash from investment activities	(2,029,463)	(540,766)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank line of credit loan	-	(52,446)
Proceeds from long-term debt	815,565	-
Repayment of long-term debt	(6,895)	(6,412)
Repayment of obligations under capital leases	(9,330)	(177,634)
Net cash from financing activities	799,340	(236,492)
Change in cash and cash equivalents	571,773	110,382
Cash and cash equivalents, beginning of year	2,584,103	2,473,721
Cash and cash equivalents, end of year	<u>\$ 3,155,876</u>	<u>\$ 2,584,103</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	<u>\$ 36,484</u>	<u>\$ 43,020</u>

The accompanying notes are an integral part of these financial statements.

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

---

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

1. Organization - Livingston Memorial Hospital, Inc., DBA Livingston Healthcare (the Hospital) is a not-for-profit 25-bed acute care hospital providing inpatient, outpatient, clinical, and emergency services in Livingston, Montana, and the surrounding area. Livingston Healthcare Foundation is a not-for-profit organization with the purpose of soliciting and receiving gifts and distributing them to the Hospital.
2. Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards FASB ASC 958-205, Financial Statements of Not-for-Profit Organizations. Under those provisions, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.  
**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Hospital pursuant to those stipulations or that expire by the passage of time.  
**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Hospital.
3. Basis of Consolidation - The consolidated financial statements include the accounts of the Hospital and its subsidiary Livingston Healthcare Foundation. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital consolidates subsidiaries in which it exercises control.
4. 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.
5. 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 or other arrangements under trust agreements or with third-party payors.
6. Inventories - Inventories are stated at the lower of cost (average cost) or market.
7. Assets Whose Use is Limited - Assets whose use is limited include assets set aside by the board of directors for future capital improvements and deferred compensation, over which the board retains control and may at its discretion subsequently use for other purposes and assets held by trustees for management and endowment purposes.

Continued



**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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

8. Investments - The Hospital carries investments in marketable equity securities and all debt securities with readily determinable fair values at their fair market values. Unrealized gains and losses are included in the change in net assets unless the income or loss is restricted by donor or law.
9. Accounts Receivable - Accounts receivable are stated at unpaid balances, less 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.
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 gains and losses.
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 Organization does not expect payment, estimated charges for charity care are not included in revenue. The Organization calculates the amount of charity care based on an estimate of the cost of providing the services using a cost to charge ratio.

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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

Charity Care, continued

The total amount of charity care provided by the Livingston Healthcare Financial Assistance Program for the years ended June 30, 2013 and 2012 totaled \$905,179 and \$844,410, respectively.

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.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Net Assets as net assets released from restrictions.

15. Costs of Borrowing - Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Deferred financing costs are amortized over the period the obligation is outstanding using the interest method. Amortization of deferred financing costs is capitalized during the period of construction of capital assets.
16. Income Taxes - The Hospital and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Certain income considered unrelated to their exempt purpose may be subject to tax.

As a matter of law, the Hospital and the Foundation are subject to examination by federal and state taxing authorities for the year. Although management believes that the amounts reflected in their tax returns substantially complies 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

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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

Income Taxes. continued

the 2010 through 2012 tax years. A tax position that is challenged by a taxing authority could result in an adjustment. In the event that the Company is assessed penalties and or interest, penalties will be charged to other operating expense and interest will be charged to interest expense.

17. Reclassifications - Certain prior year items have been reclassified to conform to current year presentation without effect on the increase in net assets or total net assets.
18. Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to June 30, 2013 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2013, see Note X. Management has performed this analysis through January 30, 2014, the date the financial statements were available to be issued.

**NOTE B - BUSINESS COMBINATION**

On May 31, 1998, the Hospital entered into several agreements with Park Clinic, P.C., the essence of which was a business combination accounted for by the purchase method. The Hospital agreed to lease the physician's office building from the Park Clinic Building Partnership. The Partnership includes six physicians employed by the Hospital under employment agreements. The lease was effective June 1, 1998 for a five-year period, was renewed twice and since June 30, 2007 the lease has been month to month with no long term agreement.

**NOTE C - 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:

**Medicare and Medicaid** - Effective March 1, 2001, the Hospital qualified as a critical access hospital (CAH). As a CAH, inpatient services are paid based on a cost of care reimbursement system for Medicare and Medicaid patients. On May 6, 2001, Park Clinic qualified as a rural health clinic (RHC), and as such, physician services are reimbursed under a cost-based formula for Medicare and Medicaid rather than on a schedule of approved fees. On February 13, 2012, the West Crawford Clinic qualified as a provider based clinic (PBC). As a PBC, the technical component of services are reimbursed under a cost-based formula for Medicare and Medicaid, and the physician component of services continues to be reimbursed under a schedule of approved fees.

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 fiscal intermediary.

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE C - NET PATIENT SERVICE REVENUE, continued**

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 June 30, 2011.

Following is a summary of revenue adjustments for the years ending June 30:

	2013	2012
Gross Patient Service Revenue	41,833,918	43,258,066
Contractual Revenue Adjustments	(11,053,532)	(11,647,090)
Bad Debts	(2,783,712)	(2,771,970)
Net Patient Service Revenue	<u>\$ 27,996,674</u>	<u>\$ 28,839,006</u>

**NOTE D - ASSETS WHOSE USE IS LIMITED**

The composition of assets whose use is limited at June 30, 2013 and 2012 is set forth in the following table. Investments are stated at fair value.

	2013		2012	
	FMV	Cost	FMV	Cost
By Board for Designated Purposes:				
Cash and cash equivalents	\$ 1,031,356	\$ 1,031,356	\$ 1,350,802	\$ 1,350,802
Equity securities	117,341	96,378	103,606	96,824
	<u>\$ 1,148,697</u>	<u>\$ 1,127,734</u>	<u>\$ 1,454,408</u>	<u>\$ 1,447,626</u>
By Donors for Specific Purposes:				
Cash	\$ 169,859	\$ 167,336	\$ 151,079	\$ 151,079
Land	250,000	250,000	250,000	250,000
Equity securities	568,963	480,614	688,330	645,216
Debt securities	-	-	228,682	207,387
U.S. Treasuries	389,058	387,611	294,392	277,915
Mutual funds	58,423	58,138	-	-
Corporate bonds	248,399	231,834	-	-
	<u>\$ 1,684,612</u>	<u>\$ 1,575,533</u>	<u>\$ 1,612,483</u>	<u>\$ 1,531,597</u>

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE E - INVESTMENT RETURN**

Investment return on all investments is summarized as follows:

	2013	2012
Dividend and interest income	\$ 44,189	\$ 53,037
Investment fees	(18,980)	(17,890)
Net realized and unrealized gains on investments carried at fair value	<u>88,015</u>	<u>33,524</u>
Total investment return included in non-operating gains	<u>\$ 113,224</u>	<u>\$ 68,671</u>

**NOTE F - INVESTMENT IN LIVINGSTON IMAGING CENTER, LLC**

In May 2004, the Hospital entered into a joint venture agreement with Billings Clinic (BC) to purchase a CT scanner and operate it at the Hospital. Each party has a 50% ownership interest in the initial capitalization of \$500,000. Profits and losses are split 50% to each party.

The Hospital's interest in the net assets of the joint venture is reported as part of other assets in the Statements of Financial Position. The un-audited financial statements of the joint venture for the years ended June 30 are summarized as follows:

	2013	2012
Assets	\$ 4,169,938	\$ 3,736,768
Liabilities	<u>2,682,992</u>	<u>2,295,101</u>
Net assets	<u>\$ 1,486,946</u>	<u>\$ 1,441,667</u>
 Hospital share	 <u>\$ 743,473</u>	 <u>\$ 720,834</u>
 Revenue	 \$ 710,136	 \$ 710,829
Expenses	<u>664,798</u>	<u>575,487</u>
Net Income	<u>\$ 45,338</u>	<u>\$ 135,342</u>
 Hospital share	 <u>\$ 22,669</u>	 <u>\$ 67,671</u>

Livingston Imaging Center, LLC – Related Transactions:

	2013	2012
Receivable from Hospital	<u>\$ 3,238,576</u>	<u>\$ 3,113,924</u>
 Payable to Hospital	 <u>\$ 2,682,992</u>	 <u>\$ 2,295,101</u>

The Hospital entered into an affiliation agreement with BC January 2013 (see Note X). As part of this agreement, Livingston Imaging Center, LLC was dissolved effective December 30, 2013.

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**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE G - PROPERTY AND EQUIPMENT**

A summary of property and equipment as of June 30 follows:

	2013	2012
Building and fixed equipment	\$ 7,547,028	\$ 6,523,426
Equipment and capitalized leases	8,181,357	7,389,064
Land	421,977	421,977
	<u>16,150,362</u>	<u>14,334,467</u>
Less: accumulated depreciation and amortization	(11,390,731)	(11,127,388)
Property and equipment, net	<u>\$ 4,759,631</u>	<u>\$ 3,207,079</u>

**NOTE H - LINE OF CREDIT**

The Hospital established a line of credit with First Interstate Bank on August 28, 2008. Under the terms of the financing agreement, the Hospital was granted a \$600,255 revolving line of credit with interest at .75% over prime. The interest rate at June 30, 2013 and 2012 was 4.0%. Payment of all outstanding accrued interest is due the first of each month. Substantially all of the Hospital's assets are pledged as collateral to this loan. The Hospital has paid off the line of credit as of June 30, 2013 and had a total outstanding balance of \$0 at June 30, 2012.

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**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE I - LONG-TERM DEBT**

A summary of long-term debt as of June 30 follows:

	<u>2013</u>	<u>2012</u>
Original note payable dated September 30, 2004 due in monthly installments of \$728, interest at 6.75% per annum. This note was refinanced on September 1, 2009 with balloon payment due October 1, 2014.	\$ 97,594	\$ 99,909
Original note payable dated September 30, 2004 due in monthly installments of \$869, interest at 6.75% per annum. This note was refinanced on September 1, 2009 with balloon payment due October 1, 2014.	116,407	119,164
Original note payable dated September 30, 2004 due in monthly installments of \$574, interest at 6.75% per annum. This note was refinanced on September 1, 2009 with balloon payment due October 1, 2014	76,981	78,804
Original note payable dated December 7, 2012 for \$3,500,000 plus interest on the unpaid principal balance at the rate of 3.5% per annum. On December 7, 2012 the Hospital withdrew \$815,565 of these funds. One year of interest only is due on December 7 for the 2013 - 2015 years, and thereafter principal and interest payments will be paid in monthly installments of \$29,820 starting on January 7, 2016 and will be paid thereafter on the 7th of each month until the principal and interest are fully paid.	815,565	-
Total long-term debt	<u>1,106,547</u>	<u>297,877</u>
Less: current installment of long-term debt	7,358	6,895
Long-term debt, excluding current installments	<u>\$ 1,099,189</u>	<u>\$ 290,982</u>

The amortization of the long-term debt as of June 30 is:

2014	\$ 7,358
2015	449,478
2016	340,528
2017	309,183
2018	-
Thereafter	-
Total	<u>\$ 1,106,547</u>

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE J - LEASE COMMITMENTS**

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. Rent paid in 2013 was \$347,508 and in 2012 was \$343,447 under operating leases for property and equipment.

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 \$945,145 at both June 30, 2013 and 2012. Accumulated amortization of the leased equipment at June 30, 2013 and 2012 was \$785,356 and \$615,765, 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 June 30, 2013:

Year ending June 30,	
2014	\$ 178,460
2015	84,917
2016	79,334
2017	51,690
2018	7,076
Thereafter	-
Total minimum lease payments	<u>401,477</u>
Less the amount representing interest	(14,329)
Present value of net minimum lease payments	<u><u>\$ 387,148</u></u>

**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 - RETIREMENT PLAN**

Effective November 1, 1983, the Hospital established a defined contribution retirement plan. Employees must meet certain age and length of service requirements to be eligible to participate in the plan. Contributions by the employer are discretionary, and normally have been three percent of eligible salaries. Employees may contribute to the plan each year.

Continued



**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE L - RETIREMENT PLAN, continued**

Employer contributions and administrative fees to the plan were \$111,762 and \$20,571 during the years ending June 30, 2013 and 2012, respectively.

**NOTE M - DEFERRED COMPENSATION PLAN**

The Hospital entered into an agreement with an employee providing deferred compensation for that employee. The plan grants the employee deferred compensation based on the Hospital's work performance formula. The agreement was entered into on April 16, 2005. The agreement states that the employee will become 50% vested after five years and will gain an additional 10% of vesting each year after that until they become 100% vested at the end of year ten. For the years ended June 30, 2013 and 2012 the employee took a distribution of \$88,600 and \$60,834, respectively, from the deferred compensation plan. The deferred compensation liability at June 30, 2013 and 2012 was \$0 and \$88,600, respectively.

**NOTE N - CONCENTRATION OF CREDIT RISK**

The Hospital is located in Livingston, 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 June 30 is as follows:

	Account Receivable		Revenue	
	2013	2012	2013	2012
Medicare/Medicaid	32%	33%	53%	51%
Other third-party payors	20%	20%	36%	37%
Patients	48%	47%	11%	12%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**NOTE N - CONCENTRATION OF CREDIT RISK, continued**

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 June 30, 2013, the Hospital's uninsured bank balances totaled \$3,597,074.

**NOTE O - RELATED PARTY TRANSACTIONS**

The Hospital leased a physicians' office building for \$13,750 per month for one year effective June 30, 2007, from a partnership that includes physician members of the Hospital board (see Note B).

The Hospital entered into two-year physician employment agreements with two members of the board.

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE O - RELATED PARTY TRANSACTIONS, continued**

The Hospital entered into a management agreement with Billings Clinic (see Note U). Fees paid for the year ending June 30, 2013 related to this agreement were as follows: CEO reimbursement, \$210,424; Interim CEO Eagle Health Care \$38,271; clinic practice manager reimbursement, \$131,369; management fees, \$60,000; software, \$82,062; CIS project, \$100,470; 360 project \$6,300; radiology administration fee, \$38,413 and other, \$109,399. Fees paid for the year ending June 30, 2012 related to this agreement were as follows: CEO reimbursement, \$211,623; Interim CEO Eagle Health Care \$48,510; clinic practice manager reimbursement, \$127,988; management fees, \$60,000; software, \$93,371; CIS project, \$93,663; 360 project \$8,535; radiology administration fee, \$17,188 and other, \$92,669.

The Hospital entered into a joint venture, Livingston Imaging Center, LLC, with Billings Clinic, the Company managing the Hospital (see Note F and Note U).

The Hospital has agreed to the terms of an affiliation agreement with Billings Clinic (see Note X).

**NOTE P - SPLIT-INTEREST AGREEMENT**

Donors established two identical trusts with a trustee, naming the Hospital as the beneficiary of the charitable remainder unitrusts. Under the terms of the split-interest agreements, the donors will receive quarterly payments from the trusts for a period of ten years or until the deaths of the donors, whichever occurs later, at which time the balance will be distributed to the Hospital. Based on the minimum ten-year distribution period and the use of a six percent discount rate, the present value of future benefits expected to be received by the Hospital was estimated to be \$143,510, which was reported in 1999 as a temporarily restricted contribution and a contribution receivable from the charitable remainder unitrusts and was included in other assets. The Hospital also recorded an adjustment in the estimated fair market value of future benefits of \$2,345 and \$(11,795) in 2013 and 2012, respectively.

**NOTE Q - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets available for the following purposes or periods at June 30 are restricted as to:

	2013	2012
Time	\$ 147,267	\$ 144,922
Purpose - Building and Hospice	903,368	762,066
	<u>\$ 1,050,635</u>	<u>\$ 906,988</u>

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE Q - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS, continued**

Permanently restricted net assets at June 30 are restricted to:

	<u>2013</u>	<u>2012</u>
Investments to be held in perpetuity, the income from which is expendable to support:		
Education/Equipment	\$ 810,463	\$ 810,463
Gateway Hospice	473,414	473,414
	<u>\$ 1,283,877</u>	<u>\$ 1,283,877</u>

**NOTE R - ENDOWMENT NET ASSETS**

The endowment consists of numerous individual funds established for a variety of purposes. The Hospital's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Board of Directors of the Hospital has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of the prudence prescribed by the MUPMIFA.

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

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

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE R - ENDOWMENT NET ASSETS, continued**

Change in net asset composition by type of fund for the years ended June 30, 2013 & 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2012	\$ (74,832)	\$ -	\$1,283,877	\$ 1,209,045
Investment return:				
Interest & dividends, net of investment expenses	44,780	-	-	44,780
Net appreciation (depreciation)	23,192	-	-	23,192
Total investment return	<u>67,972</u>	<u>-</u>	<u>-</u>	<u>67,972</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, June 30, 2013	<u>\$ (6,860)</u>	<u>\$ -</u>	<u>\$1,283,877</u>	<u>\$ 1,277,017</u>

*Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Hospital to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$6,860 and \$74,832 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of net permanently restricted contributions and appropriation for certain programs that was deemed prudent by the Board of Directors.

*Return Objectives and Risk Parameters*

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve endowment capital. Funds shall be invested such that no less than 30% and no more than 70% of such funds shall be invested in equities, with the balance invested in fixed income securities, while assuming a moderate level of investment risk. The Hospital expects its endowment funds, over time, to provide a reasonable current rate of return.

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**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30 2013 and 2012*

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**NOTE R - ENDOWMENT NET ASSETS, continued**

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Hospital targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

*Spending Policy and How Investment Objectives Relate to Spending Policy*

Ough Trust – The Hospital Board of Directors, based on recommendations by a committee comprised of Hospital and community members, approves appropriations for distribution limited to the accumulated income of the fund.

Stafford Hospice Endowment - The Hospital Board of Directors, based on recommendations by Hospital administration, approves appropriations for distribution limited to 7% of the total fund value in any given year.

In establishing this policy, the Hospital considered the long-term expected return on its endowment. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE S - FAIR VALUE MEASUREMENTS**

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

**Level 1**

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

**Level 2**

Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 - FAIR VALUE MEASUREMENTS, continued**

**Level 3**

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes in valuation techniques used at June 30, 2013 and 2012.

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

- *Equities, Debt Securities, and U.S. Treasuries:* Valued at the closing price reported on the active market on which the individual securities are traded.

The following are the Hospital's assets at fair value as of June 30:

Assets at fair value as of June 30, 2013				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities	\$ 686,304	\$ -	\$ -	\$ 686,304
Corporate Bonds	248,309	-	-	248,309
Government Securities	389,057	-	-	389,057
Mutual Funds	58,423	-	-	58,423
Land Investment	-	-	250,000	250,000
	<u>\$ 1,382,093</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 1,632,093</u>

Assets at fair value as of June 30, 2012				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equities	\$ 818,562	\$ -	\$ -	\$ 818,562
Debt Securities	228,682	-	-	228,682
U.S. Treasuries	294,392	-	-	294,392
Land Investment	-	-	250,000	250,000
	<u>\$ 1,341,636</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 1,591,636</u>

Continued

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE T - FUNCTIONAL EXPENSES**

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services as of June 30 are as follows:

	2013	2012
Health care services	\$ 26,708,907	\$ 27,558,522
General and administrative	4,495,564	4,334,863
	<u>\$ 31,204,471</u>	<u>\$ 31,893,385</u>

**NOTE U - MANAGEMENT SERVICES AGREEMENT**

On June 20, 2002, the Hospital entered into a management services agreement with Billings Clinic (BC) for a period of three years, and renewable annually after June 19, 2005, unless terminated by either party. The agreement authorizes BC to operate and manage Livingston Healthcare subject to certain conditions and limitations. BC is compensated for a chief executive officer, a clinic practice manager and a general management fee for its services.

**NOTE V - 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.

**NOTE W - LIVINGSTON HEALTHCARE FOUNDATION FINANCIAL STATEMENTS AND RELATED PARTY TRANSACTIONS**

The financial statements of Livingston Healthcare Foundation, which are included in the consolidated financial statements, for the years ended June 30, 2013 and 2012 are summarized as follows:

	2013	2012
Assets	912,732	1,233,725
Liabilities	-	-
Net assets	<u>\$ 912,732</u>	<u>\$ 1,233,725</u>
Revenue	\$ 338,082	\$ 155,028
Expenses	319,171	152,786
Net income	<u>\$ 18,911</u>	<u>\$ 2,242</u>

Concluded

**Livingston Healthcare and Subsidiary**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*June 30, 2013 and 2012*

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**NOTE W - LIVINGSTON HEALTHCARE FOUNDATION FINANCIAL STATEMENTS AND  
RELATED PARTY TRANSACTIONS, continued**

Livingston Healthcare Foundation – Related Transactions:

	<u>2013</u>	<u>2012</u>
Grants paid to the Hospital	<u>\$ 319,171</u>	<u>\$ 145,633</u>

**NOTE X – SUBSEQUENT EVENTS**

The Hospital has received a “Letter of Conditions” from the United States Department of Agriculture (USDA) establishing conditions required towards being eligible for financing for a new facility and equipment in the amount of \$43,500,000. The Hospital received approval from the USDA in January 2013. Construction of the new facility began November 2013 and has an expected completion date of November 2015.

The Hospital agreed to the terms of an affiliation agreement with Billings Clinic. The effective date of the affiliation will be determined at a later date. The purpose of the transaction is for Billings Clinic to assume a 25% minority role in the governance of the Hospital, with certain defined rights and obligations. It is the objective of the parties, among other things, to work cooperatively in the development and operation of a new hospital and clinic facility in Livingston, Montana (the “Replacement Facility”) to replace the existing hospital, with a view to creating a new model for the delivery of high quality health care services in rural communities.

Livingston Imaging Center, LLC (see note F) was dissolved on November 30, 2013 pursuant to the affiliation agreement between the Hospital and BC.

Concluded