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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

C Name of organization
BIG HORN HOSPITAL ASSOCIATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
17 NORTH MILES AVENUE

City or town, state or country, and ZIP + 4
HARDIN, MT 59034

D Employer identification number
81-0384618

E Telephone number
(406) 665-2310

G Gross receipts $ 15,430,863

F Name and address of principal officer
TERRY BULLIS
17 NORTH MILES AVENUE
HARDIN, MT 59034

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW BIGHORNHOSPITAL ORG

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

L Year of formation 1980

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO PROVIDE QUALITY MEDICAL AND HEALTH SERVICES IN BIG HORN COUNTY AND SURROUNDING AREAS

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	7
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**	246
6	Total number of volunteers (estimate if necessary)	**6**	13
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	299,468	708,499
9	Program service revenue (Part VIII, line 2g)	12,684,211	14,285,092
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	61,288	127,350
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	8,367	85,977
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	13,053,334	15,206,918
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	50,120	39,142
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)	7,596,041	7,936,146
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶13,846		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	5,249,647	6,146,861
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	12,895,808	14,122,149
19	Revenue less expenses Subtract line 18 from line 12	157,526	1,084,769

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	11,008,998	13,512,461
21	Total liabilities (Part X, line 26)	2,471,445	3,925,523
22	Net assets or fund balances Subtract line 21 from line 20	8,537,553	9,586,938

Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

****** | 2014-05-14
Signature of officer | Date

ROXIE CAIN CONTROLLER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
ROBERT E SCHILE				P00369682

Firm's name ▶ CLIFTONLARSONALLEN LLP | Firm's EIN ▶ 41-0746749

Firm's address ▶ 220 SOUTH SIXTH STREET SUITE 300
MINNEAPOLIS, MN 55402 | Phone no (612) 376-4500

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

BIG HORN HOSPITAL ASSOCIATION, ALONG WITH ITS AFFILIATED STAFF, WILL WORK TOGETHER TO PROVIDE QUALITY MEDICAL AND HEALTH SERVICES IN BIG HORN COUNTY AND SURROUNDING AREAS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 12,651,312 including grants of $ 39,142) (Revenue $ 14,285,092)

BIG HORN HOSPITAL ASSOCIATION IS COMPRISED OF BIG HORN HOSPITAL AND HERITAGE ACRES BIG HORN HOSPITAL IS A 25-BED ACUTE CARE HOSPITAL HERITAGE ACRES IS A 36-BED NURSING CARE FACILITY AND A 10-UNIT ASSISTED LIVING AND 10-UNIT INDEPENDENT LIVING DURING THE YEAR ENDED JUNE 30, 2013, BIG HORN COUNTY MEMORIAL HOSPITAL PROVIDED 836 DAYS OF PATIENT SERVICES, 8,298 OUTPATIENT VISITS (INCLUDING 4,362 ER VISITS) AND 3,955 DAYS OF RESIDENT SERVICES, HERITAGE ACRES PROVIDED 11,304 DAYS OF LONG TERM CARE RESIDENT SERVICES AND 3,272 DAYS OF ASSISTED LIVING RESIDENT SERVICES BIG HORN HOSPITAL ASSOCIATION PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT OR BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIMBURSED VALUE OF PROVIDED CARE TO THESE PATIENTS WAS $371,884 FOR THE YEAR ENDED JUNE 30, 2013

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 ▶** 12,651,312

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**		No
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
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? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	28		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
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	246		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			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			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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	**1a**	7		
	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				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ 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 ▶ROXIE CAIN CONTROLLER 17 N MILES AVENUE HARDIN, MT (406) 665-9222

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) TERRY BULLIS CHAIRMAN	40 20	X		X				0	0	0
(2) C WILLIAM FISHER VICE CHAIRMAN	40 20	X		X				0	0	0
(3) JAMES SEYKORA SECRETARY	40 20	X		X				0	0	0
(4) SUE MURPHY TREASURER	40 0 00	X		X				0	0	0
(5) ROCKY EGGART MEMBER	40 0 00	X						0	0	0
(6) CHAD FENNER MEMBER	40 0 00	X						0	0	0
(7) GARY OSTAHOWSKI MD MEMBER	40 0 00	X						0	0	0
(8) COLLEEN SCHAAK MEMBER	40 0 00	X						0	0	0
(9) THOR TORSKE MEMBER	40 0 00	X						0	0	0
(10) GEORGE MINDER CEO	36 00 4 00			X				96,458	0	15,115
(11) ROXIE CAIN CONTROLLER	39 00 1 00			X				83,932	0	17,630
(12) LINDA TROYER FNP TRAUMA COORDINATOR	40 00 0 00					X		107,628	0	2,754
(13) ANGELA SMITH ER PROVIDER	40 00 0 00					X		102,748	0	2,500

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(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			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								390,766	0	37,999

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 ▶ 2

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
BILLINGS CLINIC PO BOX 30977 BILLINGS MT 59107	RAD READING FEES & IS MAINTENANCE	267,799
NXC IMAGING 2118 4TH AVENUE SOUTH MINNEAPOLIS MN 55404	EQUIPMENT MAINTENANCE	176,475
RAPID TEMPS INC PO BOX 1200 ARTESIA NM 88211	LABORATORY TECHNICIANS	150,416
AMN HEALTHCARE ALLIED INC PO BOX 281939 ATLANTA GA 30384	LABORATORY TECHNICIANS	109,852
AMD ADVANCED MEDICAL PO BOX 419662 MISSION VIEJO CA 92692	MRI MARKETING & TRAINING	100,544

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	29,500			
	e	Government grants (contributions)	1e	627,217			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	51,782			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			708,499		
Program Service Revenue			Business Code				
	2a	PATIENT REVENUE	621110	14,258,669	14,258,669		
	b	OTHER PATIENT REVENUE	900099	26,423			26,423
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f			14,285,092		
	3	Investment income (including dividends, interest, and other similar amounts)		33,839			33,839
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					

		(i) Real	(ii) Personal				
	6a	Gross rents	179,673					
	b	Less rental expenses	133,172					
	c	Rental income or (loss)	46,501					
	d	Net rental income or (loss)			46,501			46,501

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	183,284	1,000				
	b	Less cost or other basis and sales expenses	90,301	472				
	c	Gain or (loss)	92,983	528				
	d	Net gain or (loss)			93,511			93,511
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory						
		Miscellaneous Revenue		Business Code				
	11a	CAFETERIA		900099	39,476			39,476
	b							
	c							
	d	All other revenue						
	e	**Total.** Add lines 11a–11d			39,476			
	12	**Total revenue.** See Instructions			15,206,918	14,258,669	0	239,750

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	38,151	38,151		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	991	991		
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	239,950		226,104	13,846
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	6,422,060	5,976,659	445,401	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	78,357	67,166	11,191	
9 Other employee benefits	716,931	630,416	86,515	
10 Payroll taxes	478,848	438,782	40,066	
11 Fees for services (non-employees)				
a Management				
b Legal	5,471		5,471	
c Accounting	58,696		58,696	
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)	1,735,495	1,589,425	146,070	
12 Advertising and promotion	26,969	1,532	25,437	
13 Office expenses	392,814	329,462	63,352	
14 Information technology	26,593	8,560	18,033	
15 Royalties . .				
16 Occupancy	230,905	230,905		
17 Travel	63,919	54,577	9,342	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	60,390		60,390	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	976,817	963,907	12,910	
23 Insurance	141,168		141,168	
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 BAD DEBT	878,694	878,694		
b MEDICAL SUPPLIES	564,350	564,350		
c OTHER EXPENSES	301,948	222,771	79,177	
d FOOD	248,405	248,405		
e All other expenses	434,227	406,559	27,668	
25 **Total functional expenses.** Add lines 1 through 24e	14,122,149	12,651,312	1,456,991	13,846
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		293,621	1	536,926
	2	Savings and temporary cash investments		1,481,838	2	1,379,263
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		2,118,458	4	3,848,709
	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		106,859	7	116,575
	8	Inventories for sale or use		193,932	8	219,728
	9	Prepaid expenses and deferred charges		79,797	9	110,013
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 18,337,033			
	b	Less accumulated depreciation	10b 11,077,399	6,703,183	10c	7,259,634
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		10,354	14	7,208
	15	Other assets See Part IV, line 11		20,956	15	34,405
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		11,008,998	16	13,512,461
Liabilities	17	Accounts payable and accrued expenses		431,665	17	1,946,094
	18	Grants payable			18	
	19	Deferred revenue		104,000	19	88,001
	20	Tax-exempt bond liabilities		575,000	20	490,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D		24,149	21	40,608
	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		1,336,631	23	1,174,197
	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		0	25	186,623
	26	**Total liabilities.** Add lines 17 through 25		2,471,445	26	3,925,523
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		8,359,461	27	9,408,420
	28	Temporarily restricted net assets		178,092	28	178,518
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		8,537,553	33	9,586,938
	34	Total liabilities and net assets/fund balances		11,008,998	34	13,512,461

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	15,206,918
2	Total expenses (must equal Part IX, column (A), line 25)	2	14,122,149
3	Revenue less expenses Subtract line 2 from line 1	3	1,084,769
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	8,537,553
5	Net unrealized gains (losses) on investments	5	-35,384
6	Donated services and use of facilities	6	
7	Investment expenses	7	
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	9,586,938

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BIG HORN HOSPITAL ASSOCIATION

Employer identification number
81-0384618

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 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - 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?

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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									

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 III **Support 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

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
BIG HORN HOSPITAL ASSOCIATION	81-0384618

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities?	Yes		892
j	Total Add lines 1c through 1i			892
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	A PORTION OF THE DUES PAID TO THE MONTANA HOSPITAL ASSOCIATION, AMERICAN HOSPITAL ASSOCIATION, AND LEADING AGE (FORMERLY AAHSA) ARE USED FOR LOBBYING PURPOSES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BIG HORN HOSPITAL ASSOCIATION

Employer identification number
81-0384618

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or 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	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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 ▶ $ _____

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

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

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

b If "Yes," explain the arrangement in Part 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					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

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

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

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

4 Describe in Part 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		416,456		416,456
b Buildings		13,245,298	8,598,598	4,646,700
c Leasehold improvements				
d Equipment		4,658,397	2,478,801	2,179,596
e Other		16,882		16,882
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				7,259,634

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

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

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

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

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

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
CONSTRUCTION PAYABLE	186,623
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	186,623

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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

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

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

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

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, 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
	PART IV, LINE 2B	THE HOSPITAL ACTS AS A CUSTODIAN FOR THE FUNDS OF THE NURSING HOME RESIDENTS THOSE FUNDS APPEAR AS RESTRICTED CASH AND ACCOUNTS PAYABLE IN THE BALANCE SHEET

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BIG HORN HOSPITAL ASSOCIATION

Employer identification number
81-0384618

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			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ 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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ 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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			315,943		315,943	2 240 %
b Medicaid (from Worksheet 3, column a)			2,189,802	1,626,539	563,263	3 990 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			2,505,745	1,626,539	879,206	6 230 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits						
k **Total.** Add lines 7d and 7j			2,505,745	1,626,539	879,206	6 230 %

Part II **Community Building Activities** Complete this 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

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 878,694			
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 0			
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 4,851,197			
6	Enter Medicare allowable costs of care relating to payments on line 5 6 4,893,264			
7	Subtract line 6 from line 5 This is the surplus (or shortfall) 7 -42,067			
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	BIG HORN HOSPITAL ASSOCIATION 17 NORTH MILES AVENUE HARDIN, MT 59034	X				X		X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

BIG HORN HOSPITAL ASSOCIATION

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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
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?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
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
9 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?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 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			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 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?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
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?	**21**		No
If "Yes," explain in Part VI			
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?	**22**		No
If "Yes," explain in Part VI			

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?
1

	Name and address	Type of Facility (describe)
1	HERITAGE ACRES 200 NORTH MITCHELL AVENUE HARDIN,MT 59034	EXTENDED CARE FACILITY (SNF, ASSISTED LIVING, INDEPENDENT LIVING)
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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 7 A COST-TO-CHARGE RATIO DERIVED USING WORKSHEET 2 FROM THE IRS WAS USED TO CALCULATE THE AMOUNTS IN PART I, LINE 7
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE EQUAL TO $878,694 INCLUDED IN FORM 990, PART IX, LINE 25 WAS EXCLUDED IN CALCULATING THE PERCENT OF TOTAL EXPENSE IN SCHEDULE H, PART I, LINE 7, COLUMN F

Identifier	ReturnReference	Explanation
		PART III, LINE 4 PART III, LINE 4 THE FOLLOWING IS FROM THE "PATIENT AND RESIDENT ACCOUNTS RECEIVABLE" PARAGRAPH IN NOTE 1 TO THE HOSPITAL'S FINANCIAL STATEMENTS "THE HOSPITAL REPORTS PATIENT AND RESIDENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYORS, PATIENTS, RESIDENTS AND OTHERS THE HOSPITAL PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT AND RESIDENT, THE HOSPITAL BILLS THIRD-PARTY PAYORS DIRECTLY AND BILLS THE PATIENTS AND RESIDENT WHEN THE PATIENT AND RESIDENT'S LIABILITY IS DETERMINED PATIENT AND RESIDENT ACCOUNTS RECEIVABLE ARE ORDINARILY DUE IN FULL WHEN BILLED DELINQUENT RECEIVABLES ARE WRITTEN OFF BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE PATIENT AND RESIDENT OR THIRD-PARTY PAYOR "THE AMOUNT OF BAD DEBT EXPENSE REPORTS IN PART III, LINE 2 IS CALCULATED AS FOLLOWS PAYMENT ARRANGEMENT INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE, REIMBURSED COSTS, DISCOUNTED CHARGES AND PER DIEM PAYMENTS 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
		PART III, LINE 8 THERE IS NO MEDICARE SHORTFALL BIG HORN HOSPITAL ASSOCIATION IS A CRITICAL ACCESS HOSPITAL WHICH IS REIMBURSED BY MEDICARE AT 101% OF COST

Identifier	ReturnReference	Explanation
BIG HORN HOSPITAL ASSOCIATION		PART V, SECTION B, LINE 3 THE HOSPITAL CONTRACTED WITH MONTANA STATE UNIVERSITY - BOZEMAN TO CONDUCT A SURVEY ON THE HOSPITAL'S BEHALF MSU - BOZEMAN SENT A COMMUNITY HEALTH SURVEY TO A RANDOM SAMPLE OF BIG HORN COUNTY RESIDENTS
BIG HORN HOSPITAL ASSOCIATION		PART V, SECTION B, LINE 14G WHEN OUR PATIENT ACCOUNTS REPRESENTATIVE BECOMES AWARE OF A PATIENTS POTIENTAL FINANCIAL HARDSHIP AND/OR SELF PAY STATUS A COMMUNITY CARE APPLICATION IS SENT TO THAT INDIVIDUAL

Identifier	ReturnReference	Explanation
BIG HORN HOSPITAL ASSOCIATION		PART V, SECTION B, LINE 20D ROCKY MOUNTAIN HEALTH NETWORK NEGOTIATES COMMERCIAL PAYER CONTRACTS ON BEHALF OF BIG HORN HOSPITAL ASSOCIATION ROCKY MOUNTAIN HEALTH NETWORK NEGOTIATES A 5% DISCOUNT FOR MOST OF OUR COMMERCIAL PAYERS, SO THAT IS OUR ESTIMATE OF AMOUNTS GENERALLY BILLED WHEN AN INDIVIDUAL QUALIFIES FOR FINANCIAL ASSISTANCE, WE PROVIDE A 5% ADJUSTMENT THEN PROVIDE AN ADDITIONAL FINANCIAL ASSISTANCE DISCOUNT TO ENSURE THAT NO FAP-ELIGIBLE INDIVIDUAL EVER PAYS MORE THAN AMOUNTS GENERALLY BILLED
		PART VI, LINE 2 THE HOSPITAL HAS DONE A MAIL SURVEY TO HELP ASSESS THE NEEDS OF THE COMMUNITY BHHA ALSO USES COMMUNICATION WITH THE PHYSICIAN PRACTICE AS TO WHAT WOULD BE USEFUL AND NEEDED BY THEIR PATIENT POPULATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 THE FACILITY KEEPS FORMS ON HAND THAT ARE AVAILABLE (IN PLAIN SIGHT) FOR DIFFERENT GOVERNMENT PROGRAMS SUCH AS HEALTH MT KIDS THE PATIENT ACCOUNTS REPRESENTATIVE WILL INFORM ANY PRIVATE PAY PATIENT OF OUR COMMUNITY CARE AND WILL ALSO RELAY THIS INFORMATION TO CUSTOMERS WHEN DISCUSSING PAYMENT OPTIONS FOR OUTSTANDING BILLS
		PART VI, LINE 4 BHHA SERVERS A HIGH POVERTY LEVEL THEY ARE ON THE EDGE OF THE CROW INDIAN RESERVATION AND HAVE A LOT OF CUSTOMERS WHO UTILIZE INDIAN HEALTH SERVICES AS A PAYOR SOURCE FOR HEALTH CARE THEIR POPULATION HAS A LARGE POPULATION OF MEDICARE AND MEDICAID CUSTOMERS AS THEY SERVE A SMALL TOWN IN MONTANA, THE POPULATION CONSISTS OF A LOT OF CHILDREN AS WELL AS ELDERLY, BOTH OF WHICH UTILIZE OUR HEALTHCARE SYSTEM

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 BHHA DOES HAVE A COMMUNITY BOARD TO HELP NOT ONLY "RUN" THE FACILITY WITH POLICIES AND PROCEDURES, BUT TO GIVE INPUT TO THE MANAGEMENT TEAM ABOUT THE NEEDS THEY SEE FOR THE COMMUNITY IN WHICH THEY LIVE BHHA IS DEVELOPING MORE EDUCATIONAL PROGRAMS FOR ITEMS SUCH AS WOMEN'S HEALTH, DIABETES MANAGMENT AND SMOKING CESSATION BHHA USES THE LOCAL PAPERS AS AN OUTLET FOR GIVING THE PUBLIC INFORMATION ON DIFFERENT TYPE OF HEALTH CONCERNS, SUCH AS DIABETES, WEIGHT LOSS, ETC THEIR PUBLIC HEALTH EDUCATOR IS DEVELOPING A HEALTH COUNCIL TO HELP EDUCATE AND SHARE IDEAS WITH OTHER HEALTH PROVIDERS IN THE COMMUNITY AS TO THE TYPE OF SERVICES NEEDED IN THE AREA AND HOW TO GET THOSE SERVICES TO THE POPULATION

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BIG HORN HOSPITAL ASSOCIATION

Employer identification number
81-0384618

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) BIG HORN COUNTY HOSPITAL AND HEALTH CARE FOUNDATION 17 NORTH MILES AVENUE HARDIN,MT 59034	81-0504410	501(C)(3)	18,420				TO SUPPORT GENERAL OPERATIONS
(2) HERITAGE ACRES AUXILIARY LIMITED PO BOX 474 HARDIN,MT 59034	81-0444017	501(C)(3)	9,210				TO SUPPORT GENERAL OPERATIONS
(3) BIG HORN COUNTY MEMORIAL HOSPITAL AUXILIARY HC 36 BOX 2065 HARDIN,MT 59034	81-0428249	501(C)(3)	9,210				TO SUPPORT GENERAL OPERATIONS

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

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

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

Part IV **Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE GRANTS MADE WERE AN EQUITY TRANSFER AND PASSING ALONG DONATIONS TO RELATED ORGANIZATIONS THESE FUNDS ARE TRACKED THROUGH THE ORGANIZATION'S INTERNAL FINANCIAL REPORTING PROCESS

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BIG HORN HOSPITAL ASSOCIATION

Employer identification number
81-0384618

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) VERA OSTAHOWSKI	EMPLOYEE'S SPOUSE IS A BOARD MEMBER	53,243	EMPLOYED AT BIG HORN HOSPITAL ASSOCIATION		No
(2) SUSAN SEYKORA	EMPLOYEE'S SPOUSE IS A BOARD MEMBER	49,567	EMPLOYED AT BIG HORN HOSPITAL ASSOCIATION		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BIG HORN HOSPITAL ASSOCIATION

Employer identification number
81-0384618

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE CHAIR OF THE BIG HORN COUNTY COMMISSIONERS IS AUTOMATICALLY DEEMED A MEMBER OF THE BOARD OF DIRECTORS OF BIG HORN HOSPITAL ASSOCIATION
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS REVIEWED IN DETAIL BY THE CONTROLLER AND CEO THE BOARD MEMBERS ARE PROVIDED A COPY OF THE FORM 990 AFTER IT IS FILED
	FORM 990, PART VI, SECTION B, LINE 12C	REGULAR COMPLIANCE MEETINGS DISCUSS ANY ACTUAL CONFLICTS OR POTENTIAL CONFLICTS THERE IS ALSO A HOTLINE NUMBER TO CALL FOR COMPLIANCE OR HIPAA ISSUES THAT IS OPERATED BY MONTANA H OSPITAL ASSOCIATION, NOT BIG HORN HOSPITAL ASSOCIATION BOARD MEMBERS SIGN YEARLY CONFLICT OF INTEREST STATEMENTS AND IF A CONFLICT OCCURS ON A SPECIFIC ITEM, THEY ABSTAIN FROM THE VOTE ON THAT ITEM THERE ARE TWO BOARD MEMBERS THAT HAVE SPOUSES EMPLOYED BY BIG HORN HOS PITAL ASSOCIATION THEY ABSTAIN FROM ANY VOTES THAT WOULD AFFECT WAGES AND BENEFITS FOR EM PLOYEES
	FORM 990, PART VI, SECTION B, LINE 15A	BIG HORN HOSPITAL ASSOCIATION UTILIZES THE MONTANA STATE SALARY SURVEY TO MAKE SURE EMPLOY EE WAGES ARE COMPARABLE TO SIMILAR JOBS IN SIMILAR AREAS EXPERIENCE IS ALSO A FACTOR IN T HE WAGE THIS PROCESS WAS LAST DONE IN 2013 THE BOARD REVIEWS AND APPROVES THE CEO'S COMP ENSATION THIS WAS LAST DONE IN 2013
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE MADE AVAILAB E TO THE PUBLIC UPON REQUEST TO THE BUSINESS OFFICE
OTHER FEES	FORM 990, PART IX, LINE 11G	MEDICAL SERVICES PROGRAM SERVICE EXPENSES 1,589,425 MANAGEMENT AND GENERAL EXPENSES 146, 070 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,735,495

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BIG HORN HOSPITAL ASSOCIATION

Employer identification number
81-0384618

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	(g) No
(1) BIG HORN COUNTY MEMORIAL HOSPITAL AND HEALTHCARE FOUNDATION 17 N MILES AVENUE HARDIN, MT 59034 81-0504410	HOSPITAL FUNDRAISING	MT	501(C)(3)	LINE 11A, I	BIG HORN HOSPITAL ASSOCIATION	Yes	
(2) BIG HORN COUNTY MEMORIAL HOSPITAL AUXILIARY HC 36 BOX 2065 HARDIN, MT 59034 81-0428249	FUNDS TO BENEFIT BIG HORN COUNTY MEMORIAL HOSPITAL	MT	501(C)(3)	LINE 11B, II	N/A		No
(3) HERITAGE ACRES AUXILIARY LIMITED PO BOX 474 HARDIN, MT 59034 81-0444017	FUNDS TO BENEFIT HERITAGE ACRES NURSING HOME	MT	501(C)(3)	LINE 11B, II	N/A		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) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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

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

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

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

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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 81-0384618
Name: BIG HORN HOSPITAL ASSOCIATION

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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BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2013 AND 2012

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Horn Hospital Association
Hardin, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Big Horn Hospital Association, which comprise the statements of net position as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, 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 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 financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Big Horn Hospital Association as of June 30, 2013 and 2012, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014 on our consideration of Big Horn Hospital Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Big Horn Hospital Association's internal control over financial reporting and compliance

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 4, 2014

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2013 AND 2012

Introduction

Big Horn Hospital Association, (the Hospital) offers readers of our financial statements this narrative overview and analysis of the financial activities of the Hospital for the fiscal years ended June 30, 2013 and 2012 We encourage readers to consider the information presented here in conjunction with the Hospital's financial statements, including the notes thereto

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Hospital's audited financial statements The financial statements are composed of the statement of net position, statement of net revenues, expenses, and changes in net position, and the statement of cash flows The financial statements also include notes to the financial statements that explain in more detail some of the information in the financial statements The financial statements are designed to provide readers with a broad overview of the Hospital finances

Required Financial Statements

The Hospital's financial statements report information about the Hospital using accounting methods similar to those used by private sector healthcare organizations These statements offer short- and long-term information about its activities The statement of net position includes all of the Hospital's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Hospital's creditors (liabilities) The statement of net position also provides the basis for evaluating the capital structure of the Hospital and assessing the liquidity and financial flexibility of the organization

All of the current year's revenues and expenses are accounted for in the statement of net revenues, expenses, and changes in net position This statement measures the financial success of the Hospital's operations over the past two years and can be used to determine whether the Hospital has successfully recovered all of its costs through its patient service revenue and other revenue sources Revenues and expenses are reported on an accrual basis, which means the related cash could be received or paid in a subsequent period

The final required statement is the statement of cash flows The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing and financing activities It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period

Financial Highlights

Total assets increased in FY2013 by $2,136,679 from FY2012 and decreased $408,779 from FY2011 to FY2012 The increase in the current year is primarily driven by increases to accounts receivable and capital assets

The Hospital's operating margin has fluctuated in the past three fiscal years The operating margin is as follows for the past three years FY2011 1 65%, FY2012 -1 12% and FY2013 -0 38% The net margin has also fluctuated over the same time frame The net margin went from 3 55% in FY2011, decreasing to -0 66% in FY2012 and then increasing to 1 33% in FY2013

Financial Analysis of the Hospital

The statement of net position and the statement of net revenues, expenses, and changes in net position report the net position of the Hospital and the changes in them The Hospital's net position - the difference between assets and liabilities - is a way to measure financial health or financial position Over time, sustained increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating However, other non-financial factors such as changes in economic conditions, population growth and new or changed governmental legislation should also be considered

Net Position

A summary of the Hospital's statements of net position at June 30, 2013, 2012 and 2011 is presented below

TABLE 1: ASSETS, LIABILITIES AND NET POSITION

	2013	2012	2011
ASSETS			
Cash and Investments	$ 814,074	$ 692,129	$ 1,152,696
Accounts Receivable, Net	3,849,336	2,118,458	1,689,210
Other Current Assets	457,970	815,408	338,521
Capital Assets, Net	7,259,634	6,703,183	7,131,861
Noncurrent Cash and Investments	1,923,332	1,835,343	2,257,386
Other Noncurrent Assets	7,208	10,354	13,980
Total Assets	$ 14,311,554	$ 12,174,875	$ 12,583,654
LIABILITIES			
Current Liabilities	$ 2,934,376	$ 1,306,262	$ 1,803,482
Deferred Rental Income	72,000	88,000	104,000
Long-Term Debt	1,200,908	1,491,227	1,562,383
Total Liabilities	4,207,284	2,885,489	3,469,865
NET POSITION			
Net Investment in Capital Assets	5,595,437	4,791,552	5,227,807
Restricted	178,518	178,092	177,738
Unrestricted	4,330,315	4,319,742	3,708,244
Total Net Position	10,104,270	9,289,386	9,113,789
Total Liabilities and Net Position	$ 14,311,554	$ 12,174,875	$ 12,583,654

Net Revenues, Expenses, and Changes in Net Position

The following table presents a summary of the Hospital's revenues and expenses for each of the fiscal years ended June 30, 2013, 2012 and 2011

TABLE 2: OPERATING RESULTS AND CHANGES IN NET POSITION

	2013	2012	2011
Operating Revenues			
Net Patient and Resident Service Revenues	$ 13,086,975	$ 11,878,271	$ 10,967,970
Other Operating Revenues	90,154	91,226	88,020
Total Operating Revenues	13,177,129	11,969,497	11,055,990
Operating Expenses			
Professional Care of Patients	7,860,862	6,850,208	6,201,190
General and Administrative	2,763,742	2,643,512	2,323,819
Property and Household	907,406	934,182	1,021,310
Depreciation and Amortization	978,451	971,206	637,772
Dietary	716,139	704,111	689,816
Total Operating Expenses	13,226,600	12,103,219	10,873,907
Operating Income (Loss)	(49,471)	(133,722)	182,083
Nonoperating Revenues (Expenses)			
Unrestricted Gifts	149,149	128,145	115,773
Interest Income	125,823	3,084	135,963
Gain (Loss) on Sale of Assets	528	500	(3,467)
Interest Expense	(60,390)	(63,648)	(25,630)
Net Clinic Rental	8,884	(12,285)	(10,059)
Other	1,298	(1,522)	(1,637)
Net Nonoperating Revenues	225,292	54,274	210,943
Excess (Deficit) of Revenues Over Expenses	175,821	(79,448)	393,026
Capital Grants and Contributions	584,443	202,637	861,604
Restricted Contributions	54,620	52,408	76,465
Increase in Net Position	$ 814,884	$ 175,597	$ 1,331,095

Operating and Financial Performance

The following information summarizes the Hospital's statements of net revenue, expenses, and changes in net position between June 30, 2013 and 2012 and 2011

Volume: Inpatient admissions increased by 4% (14 admits) in FY2013 following an increase of 13% (36 admits) from FY2011 to FY2012 Inpatient admissions (including Newborn admissions) for the past three fiscal years are as follows FY2011 (277), FY2012 (313) and FY2013 (327) Swing Bed admissions have increase significantly in FY2013(43 admits) from FY2012 after a slight decrease (5 admits) from FY2011 to FY2012 Swing Bed admissions for the past three fiscal years are as follows FY2011 (68) to FY2012 (63) to FY2013 (106)

Volume (Continued): Inpatient days increased by 13% (111 days) in FY2013 following an increase in FY2012 of 6% (42 days) The days for the last three fiscal years are as follows FY2011 (683 days), FY2012 (725 days) and FY2013 (836 days) Swing Bed days have decreased in FY2013 after a slight increase in FY2012 Swing Bed days are down 621 days (13%) from FY2012 and down 602 days (14%) from FY2011 The swing beds days are as follows, FY2011 (4,557 days), FY2012 (4,576 days) and FY2013 (3,955 days) While on the surface the decreasing numbers look poor, BHHA has been focusing on Swing Bed rehabilitation patients vs long-term care patients Long-term care patients generate more days, but rehabilitation patients are the true focus of the Swing Bed department

Emergency room visits increased slightly in FY2013 at 4,362 visits The ER visits for the last three fiscal years are as follows FY2011 (4,280 visits), FY2012 (4,280 visits) and FY2013 (4,362 visits) Total outpatients visits continued to increase in FY2013 to 8,298 visits, up 3% from the 8,040 outpatient visits in FY2012 and up 9% from the 7,550 in FY2011 A large portion of this outpatient visit increase is due to continued growth in the usage of the CT Scanner and MRI services as well as increased volume in reference labs

Surgeries decreased in FY2013 to 149 surgeries This is down from 166 surgeries in FY2012 (11% decrease) and up from 144 surgeries in FY2011 (3% increase)

Total observation days have increased slightly in FY2013 to 149 days This is a 11% increase (17 days) from FY2012 and a 55% (55 days) increase from FY2011 Total observation days for the past three fiscal years are as follows FY2013 (149 days), FY2012 (132 days) and FY2011 (94 days)

Long-term care (Heritage Acres) days decreased in FY2013 to 11,304 The days have decreased 11% (1,396 days) from FY2012 days of 12,693 and 10 5% (1,345 days) from the FY2011 days of 12,649 Occupancy has decreased from 96% in FY2011 and 97% in FY2012 to 86% in FY2012

Net Patient and Resident Service Revenue: Net patient and resident service revenue has continued to rise in the past three fiscal years The net revenue has increased by $2,119,005 since FY2011 This is due to several factors including rate increases (a maximum of 10% each year) and the increased utilization of outpatient services and swing bed visits

Salaries and Wages: Salaries and wages increased by $357,199 in FY2013 compared to increases of $565,121 and $464,630 in FY2012 and FY2011, respectively Even though the salary dollars have continued to increase, the portion of total operating expenses that salaries make up has remained fairly consistent and have declined over the past three fiscal years The percentage of salaries within total operating expenses is as follows FY2011 (53%), FY2012 (52%) and FY2013 (50%) The increases in FY2013 are just due to standard wage increases and market adjustments The Hospital is also in a competitive wage market and utilizes the MHA salary survey to ensure a competitive wage

Employee Benefits: Employee benefits expense has decreased by $4,004 in FY2013 compared to an increase of $280,531 and an decrease of $43,663 in FY2012 and FY2011, respectively The cost of employee benefits has decreased to 10% of the total operating expenses in FY2013 from 11% in FY2012 and 10% in FY2011

The Hospital continues to pay two thirds of the premium for all categories of the employee's health and dental insurance This has cost the Hospital the following amounts FY2011 $549,961, FY2012 $581,308 and FY2013 $674,070 The cost the Hospital paid in FY2013 increased $92,762 from FY2012 This increase is due to continued increases in health insurance premiums for calendar year 2013 as well as the Hospital continuing to add more employees that receive benefits compared to more temporary employees in prior years

The Hospital also contributes to each participating employee's retirement Employee's who have met the requirements of 1,000 hours worked and are still employed on December 31st of each calendar year will receive a full matching contribution of the lesser of 3 5% of the employee's compensation or an amount equal to the employee's contribution, not to exceed $2,500 The Hospital has contributed the following amounts, $89,082 (FY2011), $95,885 (FY2012) and $84,399 (FY2013)

Supplies and Other: Supply expenses increased by $174,769 in FY2013, $28,447 in FY2012 and $120,013 in FY2011 The increase is due to increased utilization and the increase in the cost of the supplies themselves

Nonoperating Revenues and Other Changes in Net Position: Nonoperating revenue and other changes in net position come from several different areas within the Hospital These areas include the Foundation, Big Horn County Memorial Hospital Auxiliary, Heritage Acres Auxiliary, investment income and the lease of a building to the Hardin Clinic Nonoperating revenue and other changes in net position has varied in the past three fiscal years Nonoperating revenue and other changes in net position were $1,149,012 in FY2011, $309,319 in FY2012 and $874,072 in FY2013

Capital Assets
During FY2013, FY2012 and FY2011, the Hospital invested $1,596,716, $197,405 and $1,403,353, respectively, in capital assets The capital assets have been upgrades and/or equipment purchases funded primarily through grants and contributions

Long-Term Debt
At the end of FY2011, FY2012 and FY2012, the Hospital had $1,904,054, $1,911,631 and $1,664,197 outstanding in long-term debt, respectively Much of this long-term debt is from the 1998A Series MT Health Facility Authority Bond in the amount of $1,425,000 that was issued on February 1, 1998 This bond was issued to build the Hardin Clinic which the Hospital leases to St Vincent's Healthcare for a physician practice In FY2012 the long-term debt decreased by $7,577 due to principal payments during the year, offset by the addition of a capital lease for CT equipment In FY2013 the long-term debt decreased by $247,434 due to principal payments during the year, offset by the addition of a $200,000 note payable for a generator project at the Hospital

Economic and Other Factors and Next Year's Budget

The Hospital's board and executive management considered many factors when setting the FY2013 budget Some of these factors are as follows

- Medicare and Medicaid reimbursement rates
- Increased costs due to maintaining a competitive wage for all areas of the Hospital and nursing home
- The current and projected utilization in both inpatient and outpatient areas
- The impact of healthcare reform
- The impact of implementing and maintaing an Electronic Health Record

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, taxpayers and creditors with a general overview of the Hospital's finances and to the Hospital's accountability for the money it receives If you have questions about this report or need additional financial information, contact the Hospital's Executive Office at (406) 665-2310

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and Cash Equivalents	$ 609,474	$ 365,766
Restricted Cash	40,608	24,149
Current Cash and Investments	163,992	120,150
Certificates of Deposit	-	182,064
Patient and Resident Accounts Receivable, Net	3,849,336	2,118,458
Other Receivables	128,229	106,679
Supplies	219,728	193,932
Prepaid Expenses	110,013	79,797
Estimated Third-Party Payor Settlements	-	435,000
Total Current Assets	5,121,380	3,625,995
NONCURRENT CASH AND INVESTMENTS		
Restricted by Trustee Under Indenture Agreement	173,112	172,686
Restricted by Donor for Care of Terminal Patients	5,406	5,406
Designated by Board for Capital Improvements and Student Loans	1,908,806	1,777,401
	2,087,324	1,955,493
Less Current Portion	(163,992)	(120,150)
Total Noncurrent Cash and Investments	1,923,332	1,835,343
CAPITAL ASSETS, NET	7,259,634	6,703,183
DEFERRED FINANCING COSTS, NET	7,208	10,354
Total Assets	$ 14,311,554	$ 12,174,875

See accompanying Notes to Financial Statements

LIABILITIES AND NET POSITION	2013	2012
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 463,289	$ 420,404
Accounts Payable	550,476	337,783
Construction Payable	186,623	-
Estimated Third-Party Payor Settlements	1,176,000	-
Accrued Expenses		
Compensation, Benefits and Related Taxes	484,635	474,697
Interest Payable	12,147	12,146
Bed Taxes	45,206	45,232
Current Portion of Deferred Rental Income	16,000	16,000
Total Current Liabilities	2,934,376	1,306,262
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,200,908	1,491,227
DEFERRED RENTAL INCOME, NET OF CURRENT PORTION	72,000	88,000
Total Liabilities	4,207,284	2,885,489
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Net Investment in Capital Assets	5,595,437	4,791,552
Restricted by		
Trustee Under Indenture Agreement	173,112	172,686
Donors for Care of Terminal Patients	5,406	5,406
Unrestricted	4,330,315	4,319,742
Total Net Position	10,104,270	9,289,386
Total Liabilities and Net Position	$ 14,311,554	$ 12,174,875

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATING REVENUES		
Net Patient and Resident Service Revenue (Net of Provision for Bad Debts of $878,694 in 2013 and $734,083 in 2012)	$ 13,086,975	$ 11,878,271
Other Operating Revenue	90,154	91,226
Total Operating Revenues	13,177,129	11,969,497
OPERATING EXPENSES		
Professional Care of Patients	7,860,862	6,850,208
General and Administrative	2,763,742	2,643,512
Property and Household	907,406	934,182
Dietary	716,139	704,111
Depreciation and Amortization	978,451	971,206
Total Operating Expenses	13,226,600	12,103,219
OPERATING LOSS	(49,471)	(133,722)
NONOPERATING REVENUES (EXPENSES)		
Unrestricted Contributions	149,149	128,145
Investment Income	125,823	3,084
Loss on Sale of Assets	528	500
Interest Expense	(60,390)	(63,648)
Net Clinic Rental Income (Expense)	8,884	(12,285)
Other Nonoperating Revenues (Expenses), Net	1,298	(1,522)
Net Nonoperating Revenues	225,292	54,274
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	175,821	(79,448)
Capital Grants and Contributions	584,443	202,637
Restricted Contributions	54,620	52,408
INCREASE IN NET POSITION	814,884	175,597
Net Position - Beginning of Year	9,289,386	9,113,789
NET POSITION - END OF YEAR	$ 10,104,270	$ 9,289,386

See accompanying Notes to Financial Statements

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients and Residents	$ 12,967,097	$ 10,534,023
Payments to Suppliers and Contractors	(3,855,016)	(3,417,314)
Payments to Employees	(7,974,957)	(7,801,481)
Other Receipts and Payments, Net	52,604	91,537
Net Cash Provided (Used) by Operating Activities	1,189,728	(593,235)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Clinic Rental, Net	38,296	19,198
Unrestricted Contributions	149,149	128,145
Restricted Contributions	54,620	52,408
Other Nonoperating Revenue and Expenses, Net	1,298	(1,522)
Net Cash Provided by Noncapital Financing Activities	243,363	198,229
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(447,434)	(399,622)
Issuance of Note Payable	200,000	-
Interest Paid on Long-Term Debt	(89,801)	(96,798)
Capital Grants and Contributions	584,443	202,637
Purchase of Capital Assets	(1,596,716)	(197,405)
Net Cash Used by Capital and Related Financing Activities	(1,349,508)	(491,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Noncurrent Cash and Investments	(88,681)	421,351
Proceeds from Sales of Investments	183,284	500
Interest Income	125,823	3,084
Net Cash Provided by Investing Activities	220,426	424,935
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	304,009	(461,259)
Cash and Cash Equivalents - Beginning of Year	510,065	971,324
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 814,074	$ 510,065

See accompanying Notes to Financial Statements

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and Cash Equivalents	$ 609,474	$ 365,766
Restricted Cash	40,608	24,149
Current Cash and Investments	163,992	120,150
Total Cash and Cash Equivalents	$ 814,074	$ 510,065
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	$ (49,471)	$ (133,722)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	1,043,411	1,036,908
Provision for Bad Debts	878,694	734,083
Changes in Operating Assets and Liabilities		
Patient and Resident Accounts Receivable, Net	(2,609,572)	(1,163,331)
Other Receivables	(21,550)	16,311
Supplies	(25,796)	(51,707)
Prepaid Expenses	(30,216)	(6,491)
Accounts Payable	399,316	65,521
Estimated Third-Party Payor Settlements	1,611,000	(915,000)
Accrued Expenses	9,912	(159,807)
Deferred Rental Income	(16,000)	(16,000)
Net Cash Provided (Used) by Operating Activities	$ 1,189,728	$ (593,235)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Capital Assets Acquired by Capital Lease Obligation	$ -	$ 407,199

See accompanying Notes to Financial Statements

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Reporting Entities

Big Horn Hospital Association (Hospital) is a Montana non-profit organization which is considered a political subdivision of Big Horn County and is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code The Hospital consists of Big Horn County Memorial Hospital and Nursing Home and Heritage Acres The financial statements also include data of Big Horn County Memorial Hospital and Health Care Foundation (Foundation), Big Horn Hospital Auxiliary and Heritage Acres Auxiliary, separate legal entities which are blended component units in the financial statements The foundation and auxiliaries are organized as Montana nonprofit corporations, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code

For financial reporting purposes, the Hospital has included all funds, organizations, agencies, boards, commissions and authorities The Hospital has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Hospital are such that exclusion would cause the Hospital's financial statements to be misleading or incomplete The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Hospital to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Hospital The Hospital has no component units which meet the Governmental Accounting Standards Board criteria, except those noted above

Big Horn County Memorial Hospital and Nursing Home is a 25-bed acute care hospital Heritage Acres is a 36-bed skilled nursing facility, 10-bed assisted living facility, and a 10-unit apartment building Both facilities are located in Hardin, Montana The Hospital property and equipment is owned by Big Horn County and leased to the Hospital at a nominal fee

Measurement Focus and Basis for Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with the U S generally accepted accounting principles Revenues are recognized when earned and expenses are recorded when the liability is incurred

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Standards

The Hospital adopted GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which renames the residual amounts from "net assets" to "net position" These financial statements include the statement of net position, which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position

Use of Estimates

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

Cash and Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents

Resident Trust Funds

The Hospital acts as custodian for the funds of the nursing home residents Those funds appear as restricted cash and accounts payable in the statements of net position

Patient and Resident Accounts Receivable

The Hospital reports patient and resident accounts receivable for services rendered at net realizable amounts from third-party payors, patients, residents and others The Hospital provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions As a service to the patient and resident, the Hospital bills third-party payors directly and bills the patient and resident when the patient and resident's liability is determined Patient and residents are not required to provide collateral for services rendered Patient and resident accounts receivable are ordinarily due in full when billed Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the patient and resident or third-party payor In addition, an allowance is estimated for other accounts based on historical experience of the Hospital At June 30, 2013 and 2012, the allowance for uncollectible accounts was approximately $710,000 and $747,000, respectively

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplies

Supply inventories, including medical supplies, are stated at the cost using the first-in, first-out method

Noncurrent Cash and Investments

Noncurrent cash and investments consist of money market funds, short-term certificates of deposit, and various government and equity securities These assets include assets restricted under indenture agreement, donor restricted funds for terminal care of patients and internally designated for capital improvements and student loans Amounts required to meet current liabilities are included in current assets Investments in money market funds and certificates of deposit are carried at amortized cost, which approximates fair value All other investments are carried at fair value Fair value is determined using quoted market prices

Investment Income

Investment income includes dividend and interest income, realized gains and losses on investments and the net change for the year in the fair value of investments carried at fair value Investment income is included as nonoperating income on the statements of revenues, expenses, and changes in net position

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation if acquired by gift Depreciation is computed using the straight-line method over the estimated useful life of each asset Leasehold improvements and capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives The following estimated useful lives are being used by the Hospital

Buildings and Improvements	5 - 40 Years
Equipment	3 - 20 Years

Deferred Financing Costs

Deferred financing costs of $97,898 represent costs incurred in connection with the issuance of long-term debt and are being amortized over the life of the related debt Accumulated amortization was $87,544 and $83,918 as of June 30, 2013 and 2012, respectively Amortization expense for 2013 and 2012 was $3,626 and $4,077, respectively

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Hospital has a paid-time-off (PTO) policy which incorporates PTO for holidays, vacations, and personal days Employees begin earning PTO upon employment Full-time employees may use PTO after a three-month probationary period and part-time employees may use PTO after a six-month probationary period The maximum accrual is 240 hours for all employees Accrued PTO is paid upon termination of employment Accrued PTO is included with accrued compensation, benefits and related taxes on the statements of net position

Deferred Rental Income

The Hospital received advance payments of rent from St Vincent Health Center The Hospital is recognizing income as it is earned

Grants and Contributions

From time to time, the Hospital receives grants and contributions from individuals and private organizations Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met Grants and contributions may be restricted for either specific operating purposes or for capital purposes Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses

Net Position

Net assets of the Hospital are classified in three components Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets Restricted-expendable net assets are non-capital assets that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the Hospital Restricted net assets are reduced by any liabilities payable from restricted assets Unrestricted net assets are remaining net assets that do not meet the definition of invested in capital assets, net of related debt or restricted-expendable net assets

Net Patient and Resident Service Revenue

Net patient and resident service revenue is reported at the estimated net realizable amounts from patients and residents, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the services are rendered and such estimated amounts are revised in future periods as adjustments become known

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Expenses

The Hospital's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses Operating revenues result from exchange transactions associated with providing health care services - the Hospital's principal activity Non-exchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues Operating expenses are all expenses incurred to provide health care services

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient and resident service revenue Charges excluded from revenue under the Hospital's charity care policy were $395,173 and $318,464 for 2013 and 2012, respectively

Reclassifications

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation These reclassifications had no effect on the overall net position of the Hospital

NOTE 2 NET PATIENT AND RESIDENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates These payment arrangements include

Medicare

The Hospital is certified as a Critical Access Hospital (CAH) and receives reimbursement for services provided to Medicare beneficiaries based on the cost of providing those services Interim payment rates are established for inpatient and outpatient services, with settlement for over or under payments determined based on year-end cost reports The Hospital's classification of patients under the Medicare program 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 Medicare cost reports have been finalized by the Medicare intermediary through June 30, 2010

NOTE 2 NET PATIENT AND RESIDENT SERVICE REVENUE (CONTINUED)

Medicaid

Inpatient and outpatient acute care services related to Medicaid beneficiaries are paid based on the lower of customary charges, allowable cost as determined through the Hospital's Medicare cost report, or rates as established by the Medicaid program The Hospital is reimbursed at a tentative rate with the final settlement determined by the program based on the Hospital's annual Medicaid cost report The Hospital's Medicaid cost reports have been finalized through June 30, 2010

Other

The Hospital has also entered into payment agreements with Blue Cross and other commercial insurance carriers The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates

Resident Services

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

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The 2013 net patient and resident revenue decreased by approximately $15,000 and increased by approximately $29,000 in 2012, due to removal of allowances previously estimated that are no longer subject to audits, reviews, and investigations

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

	2013	2012
Gross Patient and Resident Service Revenue	$ 19,078,991	$ 15,908,111
Adjustments and Discounts		
Medicare	(2,942,154)	(1,321,693)
Medicaid	(1,154,444)	(1,091,320)
Other	(1,016,724)	(882,744)
Provision for Bad Debts	(878,694)	(734,083)
Total Adjustments and Discounts	(5,992,016)	(4,029,840)
Net Patient and Resident Service Revenue	$ 13,086,975	$ 11,878,271

NOTE 3 PATIENT AND RESIDENT ACCOUNTS RECEIVABLE

The Hospital grants credit without collateral to its patients and residents, most of whom are local residents and are insured under third-party payor agreements Patient accounts receivable at June 30, 2013 and 2012 consisted of

	2013	2012
Patient and Resident Receivables from Patients and their Insurance Carriers	$ 2,109,631	$ 1,816,568
Patient and Resident Receivables from Medicare	1,843,176	536,652
Patient and Resident Receivables from Medicaid	606,529	512,238
Total Patient and Resident Accounts Receivable	4,559,336	2,865,458
Less Allowance for Uncollectible Accounts	(710,000)	(747,000)
Patient and Resident Accounts Receivable, Net	$ 3,849,336	$ 2,118,458

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it in full The Hospital's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name The Hospital's deposits in banks at June 30, 2012 were not entirely covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name

At June 30, 2013 and 2012, the Hospital had bank balances as follows

	2013	2012
Insured FDIC	$ 1,235,888	$ 1,146,559
Uncollateralized and Uninsured	-	-
	$ 1,235,888	$ 1,146,559

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The Hospital's investments are carried at fair value as discussed in Note 1, with the exception of cash equivalents, money market accounts and certificates of deposit which are carried at amortized cost, which approximates fair value At June 30, 2013 and 2012, the Hospital had the following investments and maturities, all of which were held in the Hospital's name by a custodial bank that is an agent of the Hospital

Investment Type	Carrying Amount June 30, 2013	Investment Maturities (in Years) Less Than 1	1 - 5	6 - 10	More Than 10
Cash and Cash Equivalents	$ 73,746	$ 73,746	$ -	$ -	$ -
Money Market	195,392	195,392	-	-	-
Certificates of Deposit	182,490	182,490	-	-	-
U S Securities	73,656	73,656	-	-	-
Equity Securities	230,598	230,598	-	-	-
Mutual Funds	1,331,442	1,331,442	-	-	-
Total Investments	$ 2,087,324	$ 2,087,324	$ -	$ -	$ -

	Carrying Amount June 30, 2012	Investment Maturities (in Years) Less Than 1	1 - 5	6 - 10	More Than 10
Cash and Cash Equivalents	$ 146,532	$ 146,532	$ -	$ -	$ -
Money Market	182,692	182,692	-	-	-
Certificates of Deposit	459,951	459,951	-	-	-
U S Securities	159,494	11,519	13,072	47,641	87,262
Common Stock	262,071	262,071	-	-	-
Preferred Stock	112,888	112,888	-	-	-
Equity Securities	302,079	302,079	-	-	-
Mutual Funds	511,850	511,850	-	-	-
Total Investments	$ 2,137,557	$ 1,989,582	$ 13,072	$ 47,641	$ 87,262

Interest Rate Risk

The Hospital follows an investment policy that addresses permissible investments, portfolio diversification and instrument maturities The investment policy focuses on capital preservation, diversification and safety, while maximizing income

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

To limit risk the Hospital's investment policy allows for investment in the following

- Common stocks listed on major U S stock exchanges (NYSE, AMEX and NASDAQ)
- Preferred stocks or convertible bonds listed on the above exchanges
- Obligations of the U S government and its agencies
- Bonds issued by U S corporations rated A or higher
- Foreign securities (Limited to 10% of the total market value of investments)
- SEC registered mutual funds
- Investment grade money market funds and money market instruments
- Certificates of deposit issued by financially sound banks
- Exchange traded funds (ETFs)

Concentration of Credit Risk

The Hospital's investment policy places limits on the amounts that can be invested in any one security or company The Board of Directors of the Hospital, through the Finance Committee, are responsible for the formulation, documentation and monitoring of investment strategy consistent with the investment policy The board of directors is also responsible for reviewing the investment policy annually In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the Hospital's account balances and the amounts reported in the financial statements

Summary of Carrying Values

The carrying values of deposits and investments as of June 30, 2013 and 2012 are included in the statements of net position as follows

Carrying Value	2013	2012
Deposits	$ 650,082	$ 389,915
Investments	2,087,324	2,137,557
Total Deposits and Investments	$ 2,737,406	$ 2,527,472
Cash and Cash Equivalents	$ 609,474	$ 365,766
Restricted Cash	40,608	24,149
Certificates of Deposit	-	182,064
Restricted by Trustee Under Indenture Agreement	173,112	172,686
Restricted by Donor for Care of Terminal Patients	5,406	5,406
Designated by Board for Capital Improvements and Student Loans	1,908,806	1,777,401
Total Deposits and Investments	$ 2,737,406	$ 2,527,472

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Income

Investment Income Consisted of the Following	2013	2012
Interest and Dividends	$ 125,823	$ 3,084
Realized Gains (Losses) on Sale of Investments	-	-
Unrealized Gains (Losses) on Investments	-	-
Total Investment Income	$ 125,823	$ 3,084

NOTE 5 CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2013 and 2012 were

	Balance June 30, 2012	Additions	Transfers and Retirements	Balance June 30, 2013
Land	$ 418,456	$ -	$ (2,000)	$ 416,456
Building and Improvements	12,486,770	778,053	(19,525)	13,245,298
Equipment	4,173,629	818,663	(333,895)	4,658,397
Construction in Progress	51,467	-	(34,585)	16,882
Total Capital Assets	17,130,322	1,596,716	(390,005)	18,337,033
Less Accumulated Depreciation				
Building and Improvements	8,099,665	507,579	(8,646)	8,598,598
Equipment	2,327,474	522,044	(370,717)	2,478,801
Total Accumulated Depreciation	10,427,139	1,029,623	(379,363)	11,077,399
Capital Assets, Net	$ 6,703,183	$ 567,093	$ (10,642)	$ 7,259,634

	Balance June 30, 2011	Additions	Transfers and Retirements	Balance June 30, 2012
Land	$ 434,616	$ -	$ (16,160)	$ 418,456
Building and Improvements	12,545,942	74,151	(133,323)	12,486,770
Equipment	4,045,583	494,657	(366,611)	4,173,629
Construction in Progress	17,167	34,300	-	51,467
Total Capital Assets	17,043,308	603,108	(516,094)	17,130,322
Less Accumulated Depreciation				
Building and Improvements	7,747,887	492,530	(140,752)	8,099,665
Equipment	2,163,560	540,040	(376,126)	2,327,474
Total Accumulated Depreciation	9,911,447	1,032,570	(516,878)	10,427,139
Capital Assets, Net	$ 7,131,861	$ (429,462)	$ 784	$ 6,703,183

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term obligation transactions for the Hospital for the years ended June 30, 2013 and 2012

	Balance June 30, 2012	Additions	Payments	Balance June 30, 2013	Amounts Due Within One Year
Series 1998A Bonds	$ 575,000	$ -	$ (85,000)	$ 490,000	$ 90,000
Notes Payable	14,164	200,000	(30,385)	183,779	43,978
Capital Lease Obligations	1,322,467	-	(332,049)	990,418	329,311
Total Long-Term Debt	$ 1,911,631	$ 200,000	$ (447,434)	$ 1,664,197	$ 463,289

	Balance June 30, 2011	Additions	Payments	Balance June 30, 2012	Amounts Due Within One Year
Series 1998A Bonds	$ 655,000	$ -	$ (80,000)	$ 575,000	$ 85,000
Note Payable	19,203	-	(5,039)	14,164	5,270
Capital Lease Obligations	1,229,851	407,199	(314,583)	1,322,467	330,134
Total Long-Term Debt	$ 1,904,054	$ 407,199	$ (399,622)	$ 1,911,631	$ 420,404

Series 1998A Bonds

Series 1998A Bonds were issued at $1,425,000 and secured by a mortgage The bonds mature serially at varying amounts through February 2018, with monthly principal payments at interest rates ranging from 3 8% to 5 1% The Hospital is required under the terms of the loan agreement to deposit $115,650 with a trustee, which is included in the statements of net position under restricted by trustee under indenture agreement The loan agreement also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance, including a covenant that income available for debt service coverage must equal at least 110% of the maximum annual debt service requirement on all funded debt in any future year For both years ended June 30, 2013 and 2012, management believes the Hospital has met the required loan covenants

Notes Payable

The first note payable, to a local bank, due in 2015 with monthly principal and interest payments, at a rate of 6 25%, of $500 The loan is collateralized by a deed of trust for property

A second note payable for $200,000 was entered into during 2013 and is secured by the Hospital's equipment The note is payable in 60 monthly installments through October 2017 with an interest rate of 3 0%

Line of Credit

A line of credit was entered into during 2013 with a local bank The line of credit is for $250,250 at a rate of 4 25% There was no outstanding balance on the line of credit as of June 30, 2013

NOTE 6 LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations

Capital lease obligations consist of several capital lease obligations for medical equipment The first capital lease matures in 2015, with monthly payments of $1,422, the second capital lease matures in 2016, with monthly payments of $21,869, and the third capital lease matures in 2017, with monthly payments of $7 163 Capital assets include the following equipment under capital lease obligation

	2013	2012
Equipment	$ 1,694,336	$ 1,777,061
Less Accumulated Depreciation	(772,479)	(503,927)
	$ 921,857	$ 1,273,134

Scheduled principal and interest repayments on long-term debt are as follows

	Bonds and Notes Payable		Capital Lease Obligation	
Year Ending June 30,	Principal	Interest	Principal	Interest
2014	$ 133,978	$ 30,014	$ 329,311	36,382
2015	137,727	24,019	334,771	21,655
2016	135,731	17,914	319,186	7,089
2017	141,976	11,824	7,150	13
2018	124,367	5,700	-	-
Total	$ 673,779	$ 89,471	$ 990,418	$ 65,139

NOTE 7 OPERATING LEASES

The Hospital is committed under various noncancelable operating leases, all of which are for equipment The future minimum operating lease payments is $13,530 and these commitments expire in 2014

NOTE 8 PENSION PLAN

The Hospital has a defined contribution plan under which employees may elect to become participants Upon completion of one year of service with 1,000 hours, the Hospital will make a matching contribution of the lesser of 3 5% of the employees' compensation or an amount equal to the employees' contribution, but not more than $2,500 Employee and Hospital contributions are deposited in the employees' Tax Sheltered Annuity Total employer pension plan expenses for the years ended June 30, 2013, 2012 and 2011 are $95,885, $89,082 and $86,903, respectively

NOTE 9 CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements The mix of receivables from third-party payors, and patients and residents at June 30, 2013 and 2012 was as follows

	2013	2012
Medicare	43 %	23 %
Medicaid	16	19
Other Third-Party Payors	23	24
Patients	18	34
	100 %	100 %

NOTE 10 NET CLINIC REVENUES

Net clinic rental activity consists of the following

	2013	2012
Rental Income	$ 120,249	$ 105,041
Expenses		
Depreciation and Amortization	(64,960)	(65,702)
Interest	(29,412)	(31,483)
Rent	(12,969)	(17,292)
Other	(4,024)	(2,849)
Net Clinic Rental Expense	$ 8,884	$ (12,285)

NOTE 11 COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by commercial insurance, for example, allegations regarding employment practices or performance of contracts The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each claim Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Malpractice Insurance

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

Risk Management

The Hospital is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters These risks are covered by commercial insurance purchased from independent third-parties Settled claims have not exceeded this commercial coverage in any of the three preceding years

Compliance

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

NOTE 12 SUBSEQUENT EVENTS

On September 3, 2013, the Hospital refinanced a lease on MRI equipment The 60-month lease has an interest rate of 5 0% and is to be paid through September 3, 2018 in monthly installments of $18,700

On September 11, 2013, the Hospital entered into a lease for portable X-ray equipment The 60-month lease has an interest rate of 1 9% and is to be paid through September 11, 2018 in monthly installments of $3,366

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Big Horn Hospital Association
Hardin, Montana

We have audited the financial statements of Big Horn Hospital Association as of and for the years ended June 30, 2013 and 2012, and our report thereon dated March 4, 2014, which expressed an unqualified opinion on those financial statements, appears on pages 1 and 2 Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole The accompanying supplementary information on pages 30 through 40 is presented for purposes of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America With the exception of the nonaccounting information mentioned below, in our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole The information on page 40 marked "Unaudited", which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements Accordingly, we do not express an opinion or provide any assurance on it

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 4, 2014

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Enterprise	Component Units	
	Big Horn Hospital Association	Big Horn County Memorial Hospital and Health Care Foundation	Total Reporting Entity
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 497,486	$ 111,988	$ 609,474
Restricted Cash	40,608	-	40,608
Current Cash and Investments	163,992	-	163,992
Certificates of Deposit	-	-	-
Patient and Resident Accounts Receivable, Net	3,849,336	-	3,849,336
Other Receivables	128,229	-	128,229
Supplies	219,728	-	219,728
Prepaid Expenses	110,013	-	110,013
Total Current Assets	5,009,392	111,988	5,121,380
NONCURRENT CASH AND INVESTMENTS			
Restricted by Trustee Under Indenture Agreement	173,112	-	173,112
Restricted by Donor for Care of Terminal Patients	5,406	-	5,406
Designated by Board for Capital Improvements and Student Loans	1,585,174	323,632	1,908,806
	1,763,692	323,632	2,087,324
Less Current Portion	(163,992)	-	(163,992)
Total Noncurrent Cash and Investments	1,599,700	323,632	1,923,332
CAPITAL ASSETS, NET	7,259,634	-	7,259,634
DEFERRED FINANCING COSTS, NET	7,208	-	7,208
Total Assets	$ 13,875,934	$ 435,620	$ 14,311,554

	Primary Enterprise	Component Units	
	Big Horn Hospital Association	Big Horn County Memorial Hospital and Health Care Foundation	Total Reporting Entity
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Current Maturities of Long-Term Debt	$ 463,289	$ -	$ 463,289
Accounts Payable	550,476	-	550,476
Construction Payable	186,623	-	186,623
Accrued Expenses			
Compensation, Benefits and Related Taxes	484,635	-	484,635
Interest Payable	12,147	-	12,147
Bed Taxes	45,206	-	45,206
Estimated Third-Party Payor Settlements	1,176,000	-	1,176,000
Current Portion of Deferred Rental Income	16,000	-	16,000
Total Current Liabilities	2,918,376	-	2,934,376
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,200,908	-	1,200,908
DEFERRED RENTAL INCOME, NET OF CURRENT PORTION	72,000	-	72,000
Total Liabilities	4,191,284	-	4,207,284
NET POSITION			
Net Investment in Capital Assets	5,595,437	-	5,595,437
Restricted by			
Trustee Under Indenture Agreement	173,112	-	173,112
Donors for Care of Terminal Patients	5,406	-	5,406
Unrestricted	3,894,695	435,620	4,330,315
Total Net Position	9,668,650	435,620	10,104,270
Total Liabilities and Net Position	$ 13,859,934	$ 435,620	$ 14,311,554

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013

	Primary Enterprise	Component Units	
	Big Horn Hospital Association	Big Horn County Memorial Hospital and Health Care Foundation	Total Reporting Entity
OPERATING REVENUES			
Net Patient and Resident Service Revenue	$ 13,086,975	$ -	$ 13,086,975
Other Operating Revenue	90,154	-	90,154
Total Operating Revenues	13,177,129	-	13,177,129
OPERATING EXPENSES			
Professional Care of Patients	7,860,862	-	7,860,862
General and Administrative	2,706,901	56,841	2,763,742
Property and Household	907,406	-	907,406
Dietary	716,139	-	716,139
Depreciation and Amortization	978,451	-	978,451
Total Operating Expenses	13,169,759	56,841	13,226,600
OPERATING INCOME (LOSS)	7,370	(56,841)	(49,471)
NONOPERATING REVENUES (EXPENSES)			
Unrestricted Contributions	149,149	-	149,149
Investment Income	100,440	25,383	125,823
Gain on Sale of Assets	528	-	528
Interest Expense	(60,390)	-	(60,390)
Net Clinic Rental	8,884	-	8,884
Other Nonoperating Revenues, Net	1,298	-	1,298
Net Nonoperating Revenues	199,909	25,383	225,292
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	207,279	(31,458)	175,821
Capital Grants and Contributions	584,443	-	584,443
Restricted Contributions	-	54,620	54,620
Transfers from (to) Related Party	(14,936)	14,936	-
INCREASE IN NET POSITION	776,786	38,098	814,884
Net Position - Beginning of Year	8,891,864	397,522	9,289,386
NET POSITION - END OF YEAR	$ 9,668,650	$ 435,620	$ 10,104,270

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
SCHEDULES OF NET PATIENT AND RESIDENT SERVICE REVENUE
YEARS ENDED JUNE 30, 2013 AND 2012

	2013				
	HOSPITAL				
	Inpatient	Outpatient	Total	Heritage Acres	Total
PATIENT AND RESIDENT SERVICE REVENUE					
Routine Services					
Skilled Nursing Care	$ -	$ -	$ -	$ 2,377,235	$ 2,377,235
Swing Bed	3,998,283	-	3,998,283	-	3,998,283
Adult and Pediatrics	1,882,787	-	1,882,787	-	1,882,787
Assisted Living	-	-	-	225,474	225,474
Nursery	56,240	-	56,240	-	56,240
Total Routine Services	5,937,310	-	5,937,310	2,602,709	8,540,019
Ancillary Services					
Emergency Room	21,256	2,384,443	2,405,699	-	2,405,699
CT Scan	132,527	2,061,495	2,194,022	-	2,194,022
Laboratory	208,836	1,480,137	1,688,973	-	1,688,973
Surgery	26,090	464,722	490,812	-	490,812
Pharmacy	238,414	320,981	559,395	1,358	560,753
Physical Therapy	193,042	402,474	595,516	1,861	597,377
Radiology	74,594	552,338	626,932	-	626,932
Central Service Supplies	95,115	233,173	328,288	-	328,288
Respiratory Therapy	164,815	33,009	197,824	-	197,824
Ultrasound	44,826	431,418	476,244	-	476,244
MRI	29,898	541,711	571,609	-	571,609
Anesthesia	25,682	135,954	161,636	-	161,636
Public Health	-	304,918	304,918	-	304,918
Recovery Room	10,099	28,758	38,857	-	38,857
Intravenous Solutions	15,451	19,741	35,192	-	35,192
Labor and Delivery	57,007	2,185	59,192	-	59,192
Blood Bank	35,257	11,665	46,922	-	46,922
Bone Density	-	36,110	36,110	-	36,110
WIC	-	44,733	44,733	-	44,733
Maturing Child Health	-	25,661	25,661	-	25,661
Cardiac Rehabilitation	-	11,481	11,481	-	11,481
Speech and Occupational Therapy	25,356	4,875	30,231	679	30,910
Total Ancillary Services	1,398,265	9,531,982	10,930,247	3,898	10,934,145
	$ 7,335,575	$ 9,531,982	16,867,557	2,606,607	19,474,164
Charity Care			(395,173)	-	(395,173)
Total Patient and Resident Service Revenue			16,472,384	2,606,607	19,078,991
CONTRACTUAL ADJUSTMENTS					
Medicare			(2,941,536)	(618)	(2,942,154)
Medicaid			(1,112,407)	(42,037)	(1,154,444)
Other			(1,017,487)	763	(1,016,724)
Total Contractual Adjustments			(5,071,430)	(41,892)	(5,113,322)
PROVISION FOR BAD DEBTS			(879,828)	1,134	(878,694)
NET PATIENT AND RESIDENT SERVICE REVENUE			$ 10,521,126	$ 2,565,849	$ 13,086,975

2012				
HOSPITAL				
Inpatient	Outpatient	Total	Heritage Acres	Total
$ -	$ -	$ -	$ 2,602,448	$ 2,602,448
2,968,617	-	2,968,617	-	2,968,617
1,354,166	-	1,354,166	-	1,354,166
-	-	-	251,602	251,602
82,496	-	82,496	-	82,496
4,405,279	-	4,405,279	2,854,050	7,259,329
17,486	1,922,728	1,940,214	-	1,940,214
130,696	1,627,946	1,758,642	-	1,758,642
162,714	1,253,698	1,416,412	668	1,417,080
20,115	442,589	462,704	-	462,704
217,158	212,049	429,207	539	429,746
128,848	366,282	495,130	2,239	497,369
53,674	453,171	506,845	-	506,845
85,852	183,698	269,550	-	269,550
123,426	18,947	142,373	-	142,373
27,281	412,613	439,894	-	439,894
15,662	492,600	508,262	-	508,262
24,506	119,175	143,681	-	143,681
-	124,369	124,369	-	124,369
8,074	26,097	34,171	-	34,171
14,837	16,622	31,459	-	31,459
74,074	1,503	75,577	-	75,577
26,316	17,123	43,439	-	43,439
-	29,371	29,371	-	29,371
-	42,488	42,488	-	42,488
-	19,479	19,479	-	19,479
-	11,853	11,853	-	11,853
31,647	5,806	37,453	1,227	38,680
1,162,366	7,800,207	8,962,573	4,673	8,967,246
$ 5,567,645	$ 7,800,207	13,367,852	2,858,723	16,226,575
		(318,464)	-	(318,464)
		13,049,388	2,858,723	15,908,111
		(1,319,745)	(1,948)	(1,321,693)
		(838,450)	(252,870)	(1,091,320)
		(882,744)	-	(882,744)
		(3,040,939)	(254,818)	(3,295,757)
		(746,600)	12,517	(734,083)
		$ 9,261,849	$ 2,616,422	$ 11,878,271

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
SCHEDULES OF OTHER REVENUE
YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	Hospital Nursing Home	Heritage Acres	Total	Hospital Nursing Home	Heritage Acres	Total
OTHER OPERATING REVENUE						
Apartment Rent (Net of Expenses of $22,162 in 2013 and $25,680 in 2012)	$ -	$ 29,534	$ 29,534	$ -	$ 21,468	$ 21,468
Cafeteria	20,226	19,250	39,476	16,770	17,031	33,801
Miscellaneous	16,939	4,205	21,144	23,778	12,179	35,957
TOTAL OTHER OPERATING REVENUE	$ 37,165	$ 52,989	$ 90,154	$ 40,548	$ 50,678	$ 91,226

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
SCHEDULES OF EXPENSES
YEARS ENDED JUNE 30, 2013 AND 2012

	2013		
	Hospital		
	Salaries and Benefits	Other	Total
PROFESSIONAL CARE OF PATIENTS AND RESIDENTS			
Skilled Nursing Care	$ -	$ -	$ -
Adults and Pediatrics	932,119	198,605	1,130,724
Swing Bed	625,753	194,335	820,088
Laboratory	246,380	768,686	1,015,066
CT Scan	145,886	199,844	345,730
Emergency Room	464,762	160,028	624,790
Nursing Administration	273,090	25,590	298,680
Radiology	166,607	183,428	350,035
Assisted Living	-	-	-
Anesthesia	161,642	56,367	218,009
Physical Therapy/Rehabilitation	208,672	12,889	221,561
Recreational Therapy	28,857	7,672	36,529
Pharmacy	43,681	122,772	166,453
Surgery	50,089	37,433	87,522
Social Services	74,894	688	75,582
Ultrasound	-	118,226	118,226
Central Service Supplies	53,200	59,222	112,422
Public Health	53,780	212,336	266,116
WIC	38,933	962	39,895
Blood Bank	-	39,755	39,755
Maturing Child Health Care	16,944	159	17,103
Labor and Delivery	4,715	9,914	14,629
Intravenous Solutions	-	14,083	14,083
Respiratory Therapy	-	12,638	12,638
MRI	100,328	171,623	271,951
Bone Density	-	627	627
Nursery	213	1,423	1,636
Recovery Room	439	-	439
Speech/Occupational Therapy	-	33,176	33,176
Cardiac Rehabilitation	-	-	-
Total Professional Care of Patients and Residents	3,690,984	2,642,481	6,333,465

2013				2012		
Heritage Acres						
Salaries and Benefits	Other	Total	Total	Hospital	Heritage Acres	Total
$ 719,248	$ 239,344	$ 958,592	$ 958,592	$ -	$ 995,464	$ 995,464
-	-	-	1,130,724	1,057,208	-	1,057,208
-	-	-	820,088	725,022	-	725,022
-	-	-	1,015,066	704,374	-	704,374
-	-	-	345,730	248,418	-	248,418
-	-	-	624,790	551,708	-	551,708
168,217	5,780	173,997	472,677	226,035	178,280	404,315
-	-	-	350,035	293,079	-	293,079
173,501	27,325	200,826	200,826	-	191,404	191,404
-	-	-	218,009	214,515	-	214,515
47,010	-	47,010	268,571	185,351	47,226	232,577
77,663	8,139	85,802	122,331	35,430	82,089	117,519
-	11,224	11,224	177,677	106,729	9,227	115,956
-	-	-	87,522	117,686	-	117,686
39,017	1,550	40,567	116,149	80,886	39,240	120,126
-	-	-	118,226	119,205	-	119,205
7,178	1,025	8,203	120,625	55,703	8,599	64,302
-	-	-	266,116	107,461	-	107,461
-	-	-	39,895	38,437	-	38,437
-	-	-	39,755	35,407	-	35,407
-	-	-	17,103	20,013	-	20,013
-	-	-	14,629	29,810	-	29,810
-	-	-	14,083	12,005	-	12,005
-	-	-	12,638	9,699	-	9,699
-	-	-	271,951	278,649	-	278,649
-	-	-	627	1,599	-	1,599
-	-	-	1,636	2,864	-	2,864
-	-	-	439	703	-	703
-	1,176	1,176	34,352	40,231	239	40,470
-	-	-	-	213	-	213
1,231,834	295,563	1,527,397	7,860,862	5,298,440	1,551,768	6,850,208

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
SCHEDULES OF EXPENSES (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012

	2013		
	Hospital		
	Salaries and Benefits	Other	Total
GENERAL AND ADMINISTRATIVE			
Fiscal and Administrative	617,384	420,749	1,038,133
Employee Benefits	969,113	-	969,113
Insurance	-	101,561	101,561
Medical Records	130,423	8,935	139,358
Total General and Administrative	1,716,920	531,245	2,248,165
PROPERTY AND HOUSEHOLD			
Operation of Plant	114,392	236,578	350,970
Housekeeping	182,746	29,256	212,002
Laundry and Linen	26,439	10,596	37,035
Total Property and Household	323,577	276,430	600,007
DIETARY SERVICES	213,678	118,597	332,275
DEPRECIATION AND AMORTIZATION	-	824,575	824,575
Total Expenses	$ 5,945,159	$ 4,393,328	$ 10,338,487

2013				2012		
Heritage Acres						
Salaries and Benefits	Other	Total	Total	Hospital	Heritage Acres	Total
78,001	83,264	161,265	1,199,398	908,014	152,727	1,060,741
343,025	-	343,025	1,312,138	983,117	343,025	1,326,142
-	-	-	101,561	105,148	-	105,148
11,054	233	11,287	150,645	140,181	11,300	151,481
432,080	83,497	515,577	2,763,742	2,136,460	507,052	2,643,512
63,595	118,430	182,025	532,995	373,274	201,765	575,039
69,604	13,863	83,467	295,469	200,858	80,241	281,099
35,800	6,107	41,907	78,942	34,420	43,624	78,044
168,999	138,400	307,399	907,406	608,552	325,630	934,182
206,797	177,067	383,864	716,139	346,865	357,246	704,111
-	153,876	153,876	978,451	819,011	152,195	971,206
$ 2,039,710	$ 848,403	$ 2,888,113	$ 13,226,600	$ 9,209,328	$ 2,893,891	$ 12,103,219

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
OPERATIONAL, STATISTICAL AND FINANCIAL HIGHLIGHTS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
OPERATIONAL		
PATIENT AND RESIDENT SERVICE REVENUE		
Routine Services		
Hospital	$ 5,937,310	$ 4,405,279
Heritage Acres	2,602,709	2,854,050
Ancillary Services		
Inpatient	1,398,265	1,162,366
Outpatient	9,531,982	7,800,207
Heritage Acres	3,898	4,673
Charity Care	(395,173)	(318,464)
Contractual Adjustments	(5,113,322)	(3,295,757)
Provision for Bad Debts	(878,694)	(734,083)
Net Patient and Resident Service Revenue	13,086,975	11,878,271
OTHER REVENUE	90,154	91,226
TOTAL REVENUE	13,177,129	11,969,497
EXPENSES		
Salaries and Benefits	7,984,869	7,641,674
Cost of Drugs, Food, Supplies, and Other	4,263,280	3,490,339
Depreciation and Amortization (Excluding Clinic)	978,451	971,206
Total Expenses	13,226,600	12,103,219
OPERATING INCOME (LOSS)	$ (49,471)	$ (133,722)
STATISTICAL	Unaudited	Unaudited
Hospital	2013	2012
Number of Beds at End of Year	15	15
Available Bed Days	5,475	5,490
Acute Patient Days	836	725
Percent of Occupancy	15 27%	13 21%
Discharges	289	262
Average Acute Length of Stay (Days)	2 89	2 77
Swing Bed		
Number of Beds at End of Year	10	10
Patient Days	3,995	4,576
Heritage Acres		
Number of Beds at End of Year	36	36
Available Bed Days	13,140	13,176
Resident Days	11,304	12,693
Percent of Occupancy	86 03%	96 33%
FINANCIAL		
Percentages of Contractual Adjustments to Gross Patient Service Revenue	26 80%	20 72%
Percentage of Salaries and Benefits to Total Expenses	60 37%	63 14%
Number of Days Revenue in Patient Accounts Receivable	107 36	65 28
Current Ratio	1 75	2 78

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Big Horn Hospital Association
Hardin, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Big Horn Hospital Association as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements, and have issued our report thereon dated March 4, 2014

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Horn Hospital Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis We consider the deficiencies described in the accompanying Schedule of Findings listed as 13-1, 13-2, and 13-3 to be material weaknesses

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Horn Hospital Association's organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion

We noted certain other matters that we reported to management of Big Horn Hospital Association in a separate letter dated March 4, 2014

Big Horn Hospital Association's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit Big Horn Hospital Association's response and, accordingly, we express no opinion on it

This report is intended solely for the information and use of management, board of directors and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
March 4, 2014

BIG HORN HOSPITAL ASSOCIATION
HARDIN, MONTANA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Material Weaknesses

13-1 Financial Reporting

As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to financial statements Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance, however, management did not perform a detailed review of the financial statements and the completeness of the footnote disclosures Without this assistance, there is a risk the financial statements would not provide complete and adequate disclosure

Recommendation

We recommend that management implement effective review policies and procedures

Response

Management feels that committing the resources necessary to perform a review of the footnotes disclosures for completeness would be a duplication of expenditures, as this is part of the cost of the audit engagement In addition, the CEO and CFO review internal financial statements on a monthly basis and present the results to the board of directors

13-2 Misstatements Detected by the Audit

Material misstatements were detected during the course of the audit which required management to post several adjusting journal entries to correct certain general ledger balances Management is responsible for having controls in place to prevent or detect a material misstatement in a timely manner Without these adjustments, the financial statements would have been materially misstated

Recommendation

We recommend that the management implement effective accounting policies to prevent or detect material misstatements in a timely manner

Response

Management will review procedures in order to limit the number of adjusting journal entries

13-3 Bank Reconciliation Process

There was a system generated reconciling item in the year-end bank reconciliation for the general operating account that detail support was not available for Also, there are several bank accounts (restricted cash, foundation, auxiliary, etc) that are not reconciled on a timely or regular basis Without proper reconciliation processes there is greater risk of misappropriation of assets

Recommendation

We recommend that management research further into the underlying cause of the unexplained reconciling item in the bank reconciliation to gain a better understanding and to avoid similar situations going forward We also recommend that all bank accounts be reconciled on a monthly basis

Response

Management will work on understanding the cause for the unexplained reconciling item, and will consider the cost/benefit of reconciling all bank accounts on a regular basis