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Part IIIStatement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

TO PROVIDE A WIDE RANGE OF QUALITY HEALTHCARE SERVICES CLOSE TO HOME AND IMPROVE THE HEALTHCARE OF PEOPLE IN OUR REGION

2

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

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code ) (Expenses \$ 1,474,367 including grants of \$ ) (Revenue \$ 6,268,341 )

NORTH CANYON MEDICAL CENTER IS A 15 BED HOSPITAL THAT PROVIDES SERVICES THAT INCLUDE ACUTE CARE, SWING BED CARE FOR THOSE PATIENTS DISCHARGED FROM ACUTE CARE BUT REQUIRE ADDITIONAL SKILLED CARE, DIAGNOSTIC IMAGING, DIABETIC EDUCATION, EMERGENCY CARE, LABORATORY SERVICES, REHABILITATION SERVICES, RESPIRATORY THERAPY, SLEEP STUDIES, WOUND CARE, AND SURGICAL SERVICES NCMC OFFERS STATE OF THE ART RADIOLOGY EQUIPMENT NOT NORMALLY FOUND IN A RURAL SETTING NCMC EMPLOYS ONLY CERTIFIED RADIOLOGIC TECHNOLOGISTS TO PERFORM EXAMS, EACH HAVING SPECIALIZED TRAINING IN THE TYPE OF EXAM BEING GIVEN ALSO, NORTH CANYON MEDICAL CENTER RECEIVED GRANT MONEY FROM THE SUSAN B KOMEN FOUNDATION THAT WAS USED TO FURTHER BREAST CANCER AWARENESS BY PROVIDING FREE BREAST IMAGING TO WOMEN WHO ARE UNINSURED OR UNDERINSURED

4b

(Code ) (Expenses \$ 1,360,624 including grants of \$ ) (Revenue \$ 6,097,564 )

NORTH CANYON MEDICAL CENTER'S MEDICAL SURGICAL DEPARTMENT HANDLES ACUTE CARE AS WELL AS SWING BED CARE SWING BED CARE IS FOR THOSE PATIENTS DISCHARGED FROM ACUTE CARE BUT REQUIRE ADDITIONAL SKILLED CARE THE HOSPITAL HAD 511 ADMISSIONS IN 2013, OF WHICH 69 5% WERE MEDICARE THE INPATIENT AVERAGE DAILY CENSUS FOR THE YEAR WAS 5 7 AND THE ACUTE AVERAGE LENGTH OF STAY WAS 3 DAYS

4c

(Code ) (Expenses \$ 1,015,821 including grants of \$ ) (Revenue \$ 3,704,061 )

NORTH CANYON MEDICAL CENTER'S EMERGENCY DEPARTMENT IS STAFFED 24 HOURS A DAY ON AVERAGE, AN EMERGENCY SPECIALIST WILL SEE YOU WITHIN 15 MINUTES OUR TEAM OF EMERGENCY SPECIALISTS ARE TRAINED IN ADVANCED CARDIAC LIFE SUPPORT, PEDIATRIC LIFE SUPPORT, AND ADVANCED TRAUMA LIFE SUPPORT IN THE EVENT A PATIENT NEEDS AN EMERGENT TRANSFER TO ANOTHER FACILITY, NCMC UTILIZES A WIDE RANGE OF GROUND AND AIR MEDICAL TRANSPORT PROGRAMS IN 2013, THE HOSPITAL HAD 4,654 VISITS TO ITS EMERGENCY DEPARTMENT

(Code ) (Expenses \$ 10,451,588 including grants of \$ 184,799 ) (Revenue \$ 79,953 )

NCMC PROVIDES A WIDE RANGE OF HEALTHCARE SERVICES IN TECHNOLOGICALLY ADVANCED FACILITIES SERVICES INCLUDE OTOLARYNGOLOGY (ENT), GASTROINTESTINAL (GI), ORTHOPEDICS, GYNECOLOGY, GENERAL SURGERY, PAIN MANAGEMENT, AND UROLOGY NORTH CANYON FITNESS AND REHABILITATION CENTER IS THE REHABILITATION SERVICES DEPARTMENT OF NCMC OUR REHABILITATION SERVICES ARE PROVIDED BY TRAINED, LICENSED PROFESSIONALS WHO SPECIALIZE IN PHYSICAL, AQUATIC, OCCUPATIONAL, AND SPEECH THERAPY WE PROVIDE INPATIENT THERAPY AT NCMC AND OUTPATIENT THERAPY AT THE NCMC FITNESS AND REHABILITATION CENTER ADDITIONAL SERVICES PROVIDED BY NCMC INCLUDE NUTRITION SERVICES, A SPECIALTY CLINIC, AND A DURABLE MEDICAL EQUIPMENT LICENSE SO THE HOSPITAL CAN PROVIDE EQUIPMENT TO PATIENTS FOR THEIR HOME USE NCMC PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS 286,012 FOR CHARITY CARE, 5,133,168 FOR MEDICARE, 1,254,933 FOR MEDICAID, AND 3,977,230 FOR OTHER THIRD PARTY PAYORS FOR THE YEAR

4d

Other program services (Describe in Schedule O )

(Expenses \$ 10,451,588 including grants of \$ 184,799 ) (Revenue \$ 79,953 )


















4e

Total program service expenses

14,302,400

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	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? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . .	35b		
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
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)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	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?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter:		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter:		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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	12	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization TIM POWERS 267 NORTH CANYON DRIVE GOODING, ID (208) 934-8765

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) DAVID BUTLER CEO/MEMBER	40 00	X		X				162,019	0	0
(2) LUCY OSBORNE CHAIR	1 00	X		X				0	0	0
(3) HELEN EDWARDS VICE CHAIR	1 00	X		X				0	0	0
(4) CHRISTINE NEUHOFF SECRETARY	1 00	X		X				0	0	0
(5) RICK BASTERRECHEA TREASURER	1 00	X		X				0	0	0
(6) ELAINE BRYANT MEMBER	1 00	X						0	0	0
(7) KEN RUBY MEMBER	1 00	X						0	0	0
(8) JIM MCCAUGHEY MEMBER	1 00	X						0	0	0
(9) PHIL BECKER MEMBER	1 00	X						0	0	0
(10) JEFF TAYLOR MEMBER	1 00	X						0	0	0
(11) MARK BOLDUC MEMBER	1 00	X						0	0	0
(12) MARK SPENCER MD MEMBER	1 00	X						0	0	0
(13) TIM POWERS CFO	40 00			X				142,674	0	13,813



## Part VII

(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			
<b>1b</b> Sub-Total . . . . .										
<b>c</b> Total from continuation sheets to Part VII, Section A . . . . .										
<b>d</b> Total (add lines 1b and 1c) . . . . .								304,693		13,813

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

## **Section B. Independent Contractors**

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

(A)	(B)	(C)
Name and business address	Description of services	Compensation
EMPA 134 4TH AVE WEST GOODING ID 83330	ER COVERAGE	635,654
G RICK ALBERTSON MD PC , 2537 E 3800 N TWIN FALLS ID 83301	DIAGNOSTIC IMAG	330,656
CENTRAL IDAHO ANESTHESIA 85 HORSESHOE CIRCLE JEROME ID 83338	ANESTHESIA	189,600
SAWTOOTH DIAGNOSTIC IMAGING PLLC 115 W MAIN STREET 202 BOISE ID 83702	DIAGNOSTIC IMAG	152,868

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 ►4

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . .	1d				
	e	Government grants (contributions)	1e	809,691			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	187,260			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		996,951			
Program Service Revenue	2a	PATIENT SERVICE REVENUE, NET	Business Code 624100	16,116,620	16,116,620		
	b	RENTAL INCOME	621110	33,299	33,299		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		16,149,919			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	23,624			23,624
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties . . . . .					
6a		Gross rents	(i) Real	(ii) Personal			
b		Less rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss) . . . . .					
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b		Less cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss) . . . . .					
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	OTHER REVENUE	900099	72,277			72,277	
b	FRC MEMERSHIP	900099	54,549			54,549	
c	CAFETERIA	722514	39,896			39,896	
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .		166,722				
12	Total revenue. See Instructions . . . . .		17,337,216	16,149,919		190,346	

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.	184,799	184,799		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	342,860		342,860	
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.	4,860,200	3,940,271	919,929	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	102,638	81,461	21,177	
9	Other employee benefits.	623,563	480,517	143,046	
10	Payroll taxes.	503,242	382,126	121,116	
11	Fees for services (non-employees):				
a	Management.	222,363		222,363	
b	Legal.	92,375		92,375	
c	Accounting.	78,541		78,541	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	6,227		6,227	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	3,482,711	2,685,154	797,557	
12	Advertising and promotion.	119,515		119,515	
13	Office expenses.	846,459	574,664	271,795	
14	Information technology.				
15	Royalties.				
16	Occupancy.	1,823,044	1,563,488	259,556	
17	Travel.	97,971	29,862	68,109	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	50,114	23,383	26,731	
20	Interest.	421,240	299,940	121,300	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	2,825,230	2,216,561	608,669	
23	Insurance.	55,710	42,191	13,519	
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	MEDICAL EXPENSES	1,149,106	1,149,106		
b	OTHER EXPENSES	320,812	149,878	170,934	
c	HEALTH FAIR	30,172	30,172		
d	INDIRECT ALLOCATION		468,827	-468,827	
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	18,238,892	14,302,400	3,936,492	0
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 <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		6,029,025	1	5,823,323
	2	Savings and temporary cash investments		214,631	2	250,915
	3	Pledges and grants receivable, net			3	1,095
	4	Accounts receivable, net		2,316,288	4	2,081,293
	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			7	
	8	Inventories for sale or use		509,852	8	495,805
	9	Prepaid expenses and deferred charges		312,141	9	370,673
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a32,645,225			
	b	Less accumulated depreciation	10b11,230,707	23,993,463	10c	21,414,518
	11	Investments—publicly traded securities			11	1,919,821
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		2,089,820	15	2,204,159
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)		35,465,220	16	34,561,602
Liabilities	17	Accounts payable and accrued expenses		1,365,655	17	1,440,147
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		24,714,716	23	24,305,329
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	380,000
	26	<b>Total liabilities.</b> Add lines 17 through 25		26,080,371	26	26,125,476
Net Assets or Fund Balances		<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>				
	27	Unrestricted net assets		9,384,849	27	8,436,126
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>				
	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		9,384,849	33	8,436,126
	34	Total liabilities and net assets/fund balances		35,465,220	34	34,561,602

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	17,337,216
2	Total expenses (must equal Part IX, column (A), line 25)	2	18,238,892
3	Revenue less expenses Subtract line 2 from line 1	3	-901,676
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	9,384,849
5	Net unrealized gains (losses) on investments	5	-47,047
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	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	8,436,126

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
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	Yes	

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 PARTNERS IN HEALTHCARE INC	Employer identification number 26-1938641
--	--

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box )

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state \_\_\_\_\_
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☐

An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?  

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		



**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

► 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  
PARTNERS IN HEALTHCARE INC

Employer identification number  
26-1938641

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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes <input type="checkbox"/> 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

► \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☒ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	20,042
1d	32,235
1e	32,285
1f	19,992

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

(i) unrelated organizations . . . . .

(ii) related organizations . . . . .

	Yes	No
3a(i)		
3a(ii)		
3b		

b

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

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 . . . . .		394,396		394,396
b Buildings . . . . .		14,010,065	3,001,208	11,008,857
c Leasehold improvements . . . . .				
d Equipment . . . . .		18,198,162	8,229,499	9,968,663
e Other . . . . .		42,602		42,602
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				21,414,518



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

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	17,283,942
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12	<b>2e</b>	
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	-47,047
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	-47,047
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	17,330,989
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>	<b>4c</b>	
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	6,227
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	6,227
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	17,337,216

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

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	18,232,665
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25	<b>2e</b>	
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	18,232,665
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :	<b>4c</b>	
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	6,227
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	6,227
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	18,238,892

**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
EXPLANATION FOR UNREPORTED CONTRIBUTIONS OR ASSETS	SCHEDULE D, PAGE 2, PART IV, LINE 1B	NCMC HAS AN AUXILIARY THAT OPERATES USING THE EIN OF NCMC. THE INCOME AND EXPENSES OF THE AUXILIARY ARE EXCLUDED FROM THE 990, PART VIII AND IX. THE ASSETS, LIABILITIES, AND EQUITIES ARE ALSO EXCLUDED FROM THE 990, PART X.
LIABILITY UNDER FIN 48 FOOTNOTE	SCHEDULE D, PAGE 3, PART X	THE ORGANIZATIONS COMPONENT UNIT, PIH, HAS BEEN DETERMINED TO BE EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. ACCORDINGLY, NO PROVISION FOR INCOME TAX IS NECESSARY. THE ORGANIZATION EVALUATES UNCERTAIN TAX POSITIONS WHEREBY THE EFFECT OF THE UNCERTAINTY WOULD BE RECORDED IF THE OUTCOME WAS CONSIDERED PROBABLE AND REASONABLY ESTIMABLE. AS OF SEPTEMBER 30, 2013 AND 2012, THE ORGANIZATION HAD NO UNCERTAIN TAX POSITIONS REQUIRING ACCRUAL.

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization  
PARTNERS IN HEALTHCARE INC

Employer identification number  
26-1938641

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," was it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 125 000 %  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	3a	Yes	
		3b	Yes	
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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	6a	Yes	
b	If "Yes," did the organization make it available to the public? . . . . .	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

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) . . . . .			177,327		177,327	0 970 %
b Medicaid (from Worksheet 3, column a) . . . . .			2,484,008	2,484,008		
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			2,661,335	2,484,008	177,327	0 970 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			135,751	39,149	96,602	0 530 %
f Health professions education (from Worksheet 5) . . . . .						
g Subsidized health services (from Worksheet 6) . . . . .			2,497,626	1,589,699	907,927	4 980 %
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			184,799		184,799	1 010 %
j <b>Total</b> Other Benefits . . . . .			2,818,176	1,628,848	1,189,328	6 520 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			5,479,511	4,112,856	1,366,655	7 490 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support			13,960		13,960	0.080 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			13,960		13,960	0.080 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

1

Yes

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

1,040,787

3Enter 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

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

7,952,370

6Enter Medicare allowable costs of care relating to payments on line 5.

6

7,943,543

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

8,827

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

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

9b

Yes

Part IVManagement 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				

## Section A. Hospital Facilities

Name, address, and primary website address

**Schedule H (Form 990) 2012**



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)

PARTNERS IN HEALTHCAREINC

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input checked="" type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	No
5	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7	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
<b>9</b> Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		<b>9</b>	Yes
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 0</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>125 0</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input type="checkbox"/> Asset level			
<b>c</b> <input type="checkbox"/> Medical indigency			
<b>d</b> <input type="checkbox"/> Insurance status			
<b>e</b> <input type="checkbox"/> Uninsured discount			
<b>f</b> <input type="checkbox"/> Medicaid/Medicare			
<b>g</b> <input type="checkbox"/> State regulation			
<b>h</b> <input type="checkbox"/> Other (describe in Part VI)			
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes
<b>a</b> <input type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request			
<b>g</b> <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
<b>15</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .		<b>15</b>	Yes
<b>16</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)			
<b>17</b> Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged		<b>17</b>	No
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	<input checked="" type="checkbox"/> Other (describe in Part VI)			
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	21		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI	22	Yes	

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?  
\_\_\_\_\_

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

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 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, 6l, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY EXPLANATION	PART I LINE 7	THE HOSPITAL APPLIES THE RATIO OF PATIENT CARE COSTTOCHARGES FOR AMOUNTS REPORTED IN THE TABLE TOTAL OPERATING EXPENSES LESS BAD DEBT NONPATIENT CARE ACTIVITIES TOTAL COMMUNITY BENEFIT AND TOTAL COMMUNITY BUILDING EXPENSES
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNTS REPORTED ON SCHEDULE H PART III LINE 2 INCLUDES THE COST TO CHARGE RATIO OF PATIENT CARE FOR PART III LINE 3 THE HOSPITAL DOES NOT OFFER DISCOUNTS FOR PAYMENT ON BAD DEBT THE HOSPITAL APPLIES FUNDS COLLECTED ON BAD DEBT AGAINST THE PATIENT ACCOUNT WE ESTIMATE THAT OF THE CHARITY CARE APPLICATIONS GIVEN OUT ABOUT HALF OF THEM COME BACK DURING THE YEAR WE RECORDED 286012 OF CHARITY CARE AT GROSS PATIENT CHARGES WHICH WAS CONVERTED TO 177327 UTILIZING THE COST TO CHARGE RATIO OF PATIENT CARE THEREFORE WE ESTIMATE AN ADDITIONAL 108685 OF BAD DEBT EXPENSE WHICH COULD BE ATTRIBUTABLE TO PATIENTS UNDER THE CHARITY CARE POLICY FOR PART III LINE 4 THE PATIENT ACCOUNTS RECEIVABLE FOOTNOTE OF THE AUDITED FINANCIAL STATEMENTS IS FOUND IN FOOTNOTE 4 ON PAGE 18 OF THE AUDITED FINANCIAL STATEMENTS THE PROVISION FOR BAD DEBT IS ALSO INCLUDED IN FOOTNOTE 4 OF THE AUDITED FINANCIAL STATEMENTS

Identifier	ReturnReference	Explanation
MEDICARE EXPLANATION	PART III LINE 8	ANY MEDICARE ALLOWABLE COSTS ARE OBTAINED FROM THE MEDICARE COST REPORT FOR THE YEAR
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	THE BILLING DEPARTMENT BILLS PATIENTS WITHIN 4 DAYS FROM THE DATE OF SERVICE ON THE 10TH DAY SELF PAY OUTSTANDING ACCOUNTS ARE SENT TO OUR THIRD PARTY BILLER OPTIO THE SAME IS TRUE AFTER INSURANCE PAYMENTS ARE MADE AND THE OPEN ACCOUNT GOES TO SELF PAY STATUS THROUGHOUT A FULL 120 DAYS VARIOUS PHONE CALLS AND LETTERS ARE USED TO CONTACT THE PATIENT IN ORDER TO FOLLOWTHROUGH WITH COLLECTION PROCESSES AND TO TRY TO QUALIFY PATIENTS FOR CHARITY CARE OR FINANCIAL ASSISTANCE AFTER 120 DAYS OPTIO SENDS A BED DEBT RECOMMENDATION LIST TO THE HOSPITAL TO REVIEW THE DIRECTOR OF PATIENT FINANCIAL SERVICES REVIEWS THIS LIST PRIOR TO SENDING TO AN OUTSIDE COLLECTION AGENCY ANY COLLECTIONS FROM THE OUTSIDE COLLECTION AGENCY ARE APPLIED AS A RECOVERY AGAINST BAD DEBT

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	THE HOSPITAL ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY IT SERVES BY CONSIDERING SERVICES BEYOND THE TYPICAL SCOPE OF A CRITICAL ACCESS HOSPITAL TO DETERMINE WHICH SERVICES TO PROVIDE BASED UPON STATISTICAL ANALYSIS AND SERVICE REQUIREMENTS THAT THE COMMUNITY IS DEMANDING THE MOST RECENTLY ADOPTED IMPLEMENTATION STRATEGY AND COMMUNITY HEALTH NEEDS ASSESSMENT CAN BE FOUND AT THE FOLLOWING URL <a href="http://www.ncmc.org/wp-content/uploads/2013/08/NCMCCOMMUNITYHEALTHNEEDSASSESSMENT09302013.pdf">HTTPWWWNCMCORGWPCONTENTUPLOADS201308NCMCCOMMUNITYHEALTHNEEDSASSESSMENT09302013PDF</a>
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	THE HOSPITAL HAS A PATIENT FINANCIAL SERVICES PFS DEPARTMENT THAT STRIVES TO TREAT ALL PATIENTS EQUITABLY WITH DIGNITY RESPECT AND COMPASSION PFS INFORMS PATIENTS ABOUT PROGRAMS AVAILABLE INCLUDING THE CHARITY CARE PROGRAM IF THE PATIENT IS INTERESTED IN THE PROGRAM PFS WILL VERBALLY INFORM THE PATIENT ABOUT THE GUIDELINES ANDOR SEND FORMS THAT ARE REQUIRED TO JOIN THE PROGRAMS

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	GOODING IDAHO IS A RURAL COMMUNITY WITH APPROXIMATELY 3400 RESIDENTS THERE ARE TWO OTHER HOSPITALS IN COMMUNITIES WITHIN 35 MILES THE MARKET PLACE IS PRIMARILY COMPRISED OF MEDICAID AND MEDICARE RESIDENTS DEMONSTRATED BY THE HOSPITALS PAYOR MIX MEDICAID AND MEDICARE MAKE UP APPROXIMATELY 59 OF THIS MIX
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	THE HOSPITALS BOARD OF DIRECTORS IS PRIMARILY MADE UP OF RESIDENTS IN THE SURROUNDING COMMUNITY THE HOSPITAL DOES EXTEND MEDICAL STAFF PRIVELEGES TO QUALIFIED PHYSICIANS IN THE COMMUNITY THE MEDICAL STAFF IS RESPONSIBLE FOR PAYING FOR THEIR OWN MEDICAL EDUCATION AND MONEY IS NOT SPENT ON RESEARCH THEREFOR THE HOSPITAL DOES NOT SPEND SURPLUS FUNDS IN THIS MANNER HOWEVER IF THERE ARE SURPLUS FUNDS THE ORGANIZATION WOULD EVALUATE SPENDING ON ADDITIONAL SERVICES TO PATIENTS THE HOSPITAL ALSO PROMOTES HEALTH IN THE COMMUNITY BY OFFERING THE FOLLOWING SERVICES THE HOSPITAL OPERATES AN EMERGENCY ROOM THAT IS AVAILABLE TO ALL REGARDLESS OF ABILITY TO PAY THE HOSPITAL PARTICIPATES IN EDUCATION OF HEALTHCARE PROFESSIONALS THE HOSPITAL PARTICIPATES IN GOVERNMENT SPONSORED HEALTH PROGRAMS SUCH AS MEDICARE AND MEDICAID THE HOSPITAL HAS VOLUNTEER OPPORTUNITIES AVAILABLE THE HOSPITAL SPONSORS AN ANNUAL HEALTH FAIR THAT GIVES COMMUNITY MEMBERS OPPORTUNITIES TO HAVE TESTS PERFORMED



Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE INFORMATION	PART VI	NA
ADDITIONAL INFORMATION	PART VI	THE COMMUNITY BENEFIT REPORT IS MADE PUBLIC AT THE REQUEST OF GOODING MEMORIAL HOSPITAL DISTRICT IT IS AVAILABLE UPON REQUEST

Identifier	ReturnReference	Explanation
PARTNERS IN HEALTHCARE INC LINE NUMBER 1 PART V LINE 3	PART V LINE 3	CHNA ADVISORY COMMITTEE THE CHNA ADVISORY COMMITTEE WAS FORMED BY LEADERSHIP AT NCMC THE TEAM WAS TASKED WITH COMPLETING THE OBJECTIVES OUTLINED BY THE IRS CHNA REQUIREMENTS THE TEAM CONSISTED OF THE FOLLOWING MEMBERS O DAVID BUTLER CEO O TIM POWERS CFO O HELEN EDWARDS NCMC BOARD MEMBER COUNTY COMMISSIONER O SHELLIE AMUNDSON DIRECTOR OF COMMUNITY RELATIONS O PATTI ALLEN DIRECTOR DIAGNOSTIC IMAGING O WHITNEY WINES FOUNDATION DEVELOPMENT COORDINATOR O ROXY BRAGA ADMINISTRATIVE ASSISTANT PRIMARY DATA COLLECTION FOCUS GROUPS WERE CONDUCTED WITH EACH OF THE THREE MAJOR COMMUNITIES WITHIN GOODING COUNTY INCLUDING THE CITIES OF HAGERMAN AND BLISS WENDELL AND GOODING IN ADDITION A FOCUS GROUP WAS CONDUCTED IN SHOSHONE TO GATHER INPUT FROM THIS COMMUNITY THOUGH IT IS TECHNICALLY NOT WITHIN NCMC'S SERVICE AREA THE COMMUNITY OF SHOSHONE IS VIEWED BY LEADERSHIP AS AN IMPORTANT PARTNER AND SOURCE OF COLLABORATION FOR NCMC FOCUS GROUPS WERE CONDUCTED TO GATHER INFORMATION AND OPINIONS FROM PERSONS WHO REPRESENT THE BROAD INTEREST OF THE COMMUNITY SERVED INCLUDING PERSONS WITH SPECIAL KNOWLEDGE OR EXPERTISE IN PUBLIC HEALTH AND PERSONS WHO REPRESENT THE MEDICALLY UNDERSERVED AND VULNERABLE POPULATIONS FOR THE FOCUS GROUPS COMMUNITY STAKEHOLDERS WERE IDENTIFIED BY THE NCMC CHNA ADVISORY COMMITTEE STAKEHOLDERS WERE CONTACTED AND ASKED TO PARTICIPATE IN THE FOCUS GROUPS NORTH CANYON MEDICAL CENTER COMMUNITY HEALTH NEEDS ASSESSMENT SEPTEMBER 30 2013 LIST OF PARTICIPATING ORGANIZATIONS FOR COMMUNITY INPUT SENIOR CENTER DIRECTOR NCMC BOARD MEMBERS REAL ESTATE AGENT HAGERMAN COMMUNITY MEMBER BLISS COMMUNITY MEMBER SCHOOL SUPERINTENDENT CITY COUNCIL MEMBER FIRE CHIEF EMS IDAHO POWER COMPANY WENDELL CITY ADMINISTRATOR CSI HEADSTART SUPERVISOR WENDELL CHAMBER OF COMMERCE PRESIDENT WENDELL CITY MAYOR RETIRED COMMUNITY MEMBERS DIABETES EDUCATOR NUTRITIONIST CHILD NUTRITION DIRECTOR GOODING SCHOOL DISTRICT GOODING COUNTY COMMISSIONER GOODING CITY MAYOR GOODING SCHOOL DISTRICT NURSE GOODING SCHOOL SOCIAL WORKER GOODING FAMILY PHYSICIAN GOODING COUNTY EMS
PARTNERS IN HEALTHCARE INC LINE NUMBER 1 PART V LINE 20D	PART V LINE 20D	SEE RESPONSE TO SCHEDULE H PART V LINE 22

Identifier	ReturnReference	Explanation
PARTNERS IN HEALTHCAREINC LINE NUMBER 1 PART V LINE 22	PART V LINE 22	PATIENTS ARE BILLED THE GROSS CHARGE FOR ALL SERVICES RECEIVED IF THE PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE THE BILL IS ADJUSTED AS DETERMINED BY OUR CHARITY CARE POLICY GUIDELINES



OMB No 1545-0047

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

**Employer identification number**  
26-1938641

# 2012

## Open to Public Inspection

## 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.

[illegible]

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

**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
PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS INSIDE THE UNITED STATES	SCHEDULE I, PAGE 1, PART I, LINE 2	FUNDS ARE PAID DIRECTLY TO VENDORS OR SUPPLIERS ON BEHALF OF THE DESIGNATED BENEFICIARY OF THE GRANTS OR CONTRIBUTIONS REQUESTS FOR FINANCIAL ASSISTANCE ARE APPROVED BY THE BOARD PRIOR TO DISBURSEMENT

Schedule J (Form 990)  <div>Department of the Treasury Internal Revenue Service</div>	<div>Compensation Information</div> <div>For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.</div> <div>▶ Attach to Form 990. ▶ See separate instructions.</div>	OMB No 1545-0047
		2012
		Open to Public Inspection

Name of the organization PARTNERS IN HEALTHCARE INC	Employer identification number  26-1938641
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Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.			
	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use		
	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence		
	<input type="checkbox"/> Tax idemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees		
	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.			
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?			
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.			
	<input type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract		
	<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study		
	<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:			
4a	Receive a severance payment or change-of-control payment?			No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?			No
4c	Participate in, or receive payment from, an equity-based compensation arrangement?			No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
5a	The organization?			No
5b	Any related organization?			No
	If "Yes," to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
6a	The organization?			No
6b	Any related organization?			No
	If "Yes," to line 6a or 6b, describe in Part III.			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.			No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.			No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?			

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)DAVID BUTLER CEOMEMBER	(i)	162,019					162,019	
	(ii)							
(2)TIM POWERS CFO	(i)	142,674			13,813		156,487	
	(ii)							



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

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

Identifier	Return Reference	Explanation
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SCHEDULE O  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
PARTNERS IN HEALTHCARE INC

Employer identification number  
26-1938641

Identifier	Return Reference	Explanation
EXPLANATION ON VOLUNTEERS AND TYPES OF SERVICES OR BENEFITS	FORM 990, PAGE 1, PART I, LINE 6	VOLUNTEERS CONTRIBUTE THEIR TIME AND TALENTS TO ENHANCE THE HOSPITAL FOUNDATION, THRIFT STORE, AND INTERNAL VOLUNTEER POSITIONS
FIRST ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4A	FROM THE SUSAN B KOMEN FOUNDATION THAT WAS USED TO FURTHER BREAST CANCER AWARENESS BY PROVIDING FREE BREAST IMAGING TO WOMEN WHO ARE UNINSURED OR UNDERINSURED
ALL OTHER ACCOMPLISHMENT DESCRIPTION	FORM 990, PAGE 2, PART III, LINE 4D	NCMC PROVIDES A WIDE RANGE OF HEALTHCARE SERVICES IN TECHNOLOGICALLY ADVANCED FACILITIES SERVICES INCLUDE OTOLARYNGOLOGY (ENT), GASTROINTESTINAL (GI), ORTHOPEDICS, GYNECOLOGY, GENERAL SURGERY, PAIN MANAGEMENT, AND UROLOGY NORTH CANYON FITNESS AND REHABILITATION CENTER IS THE REHABILITATION SERVICES DEPARTMENT OF NCMC OUR REHABILITATION SERVICES ARE PROVIDED BY TRAINED, LICENSED PROFESSIONALS WHO SPECIALIZE IN PHYSICAL, AQUATIC, OCCUPATIONAL, AND SPEECH THERAPY WE PROVIDE INPATIENT THERAPY AT NCMC AND OUTPATIENT THERAPY AT THE NCMC FITNESS AND REHABILITATION CENTER ADDITIONAL SERVICES PROVIDED BY NCMC INCLUDE NUTRITION SERVICES, A SPECIALTY CLINIC, AND A DURABLE MEDICAL EQUIPMENT LICENSE SO THE HOSPITAL CAN PROVIDE EQUIPMENT TO PATIENTS FOR THEIR HOME USE NCMC PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS 286,012 FOR CHARITY CARE, 5,133,168 FOR MEDICARE, 1,254,933 FOR MEDICAID, AND 3,977,230 FOR OTHER THIRD PARTY PAYORS FOR THE YEAR
MANAGEMENT DELEGATED	FORM 990, PAGE 6, PART VI, LINE 3	NCMC UTILIZES AN EMPLOYEE OF ST LUKE'S HEALTH SYSTEM FOR ITS CHIEF EXECUTIVE OFFICER
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	THERE ARE TWO CLASSES OF MEMBERS, CLASS A AND CLASS B THE CLASS A MEMBER IS GOODING COUNTY MEMORIAL HOSPITAL DISTRICT WHICH HAS 840 VOTING UNITS AND THE CLASS B MEMBER IS ST LUKE'S HEALTH SYSTEM, LTD WHICH HAS 160 VOTING UNITS
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	CLASS A MEMBERS ELECT 84% OF THE DIRECTORS AND CLASS B MEMBERS ELECT 16% OF THE MEMBERS
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PAGE 6, PART VI, LINE 7B	THE MAJORITY OF THE CLASS A DIRECTORS AND THE CLASS B DIRECTORS MUST APPROVE THE FOLLOWING 1) AMENDMENT TO THE BYLAWS 2) ANY ACTIVITY OUTSIDE THE CORPORATION'S ORDINARY COURSE OF BUSINESS 3) ANNUAL BUDGET 4) ADOPTION OF THE CORPORATION'S THREE-YEAR STRATEGIC PLAN AND ANY MODIFICATIONS 5) CONTRACTING OR INCURRING OF ANY LIABILITY FOR OR ON BEHALF OF THE CORPORATION IN THE ORDINARY COURSE OF BUSINESS IN EXCESS OF 10,000 AT ANY ONE TIME 6) CAPITAL EXPENDITURES IN EXCESS OF 10,000 IF NOT IN THE BUDGET 7) TRANSFER OF VOTING RIGHTS, MERGERS, CONSOLIDATIONS OF OTHER BUSINESS COMBINATIONS 8) CONTRACTS WITH A MEMBER OR AN AFFILIATE OF A MEMBER OF WHICH THE MEMBER HAS DIRECT ECONOMIC INTEREST
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE 990 IS PROVIDED TO THE CFO AND CONTROLLER WHO REVIEW THE FORM, SCHEDULES AND RELATED ATTACHMENTS ANY COMMENTS OR QUESTIONS ARE ADDRESSED WITH THE PREPARER AND A FINAL DRAFT IS PRESENTED TO THE FINANCE COMMITTEE OF THE BOARD THE FINANCE COMMITTEE MAKES A MOTION TO APPROVE THE 990 ONCE THE BOARD HAS APPROVED THE 990, THE CFO AUTHORIZES THE PREPARER TO FINALIZE THE RETURN
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	A CONFLICT OF INTEREST POLICY CERTIFICATION IS SIGNED BY OFFICERS AND BOARD MEMBERS OF THE ORGANIZATION WHEN THEY BECOME AN EMPLOYEE OR BOARD MEMBER, AND IS UPDATED ANNUALLY FOR ANY CHANGES OFFICERS AND BOARD MEMBERS ARE SUBJECT TO SELF DISCLOSURE IN THE INTERIM AT ALL LEVELS THE BOARD IS RESPONSIBLE TO ASSESS, REVIEW AND RESOLVE SUCH CONFLICTS WHERE A CONFLICT EXISTS, THE AFFECTED PARTIES MUST EXCUSE THEMSELVES FROM PARTICIPATION IN THE SITUATION
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	ST LUKE'S HEALTH SYSTEM (SLHS) BOARD OF DIRECTORS HAS THE RESPONSIBILITY OF DETERMINING THE COMPENSATION OF THE CEO AND MAKES THE NCMC BOARD AWARE OF THE PAY IF THERE ARE ANY CONCERNS, THEY ARE TAKEN INTO CONSIDERATION SLHS PAY OFFER IS BASED ON MARKET EVALUATIONS AND CURRENT SLHS PAY PRACTICES THE EVALUATION PROCESS LAST TOOK PLACE IN APRIL 2013
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	NCMC MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
OTHER FEES FOR SERVICES	FORM 990, PART IX, LINE 11G	2,685,154 797,557 0

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  
PARTNERS IN HEALTHCARE INC

Employer identification number  
26-1938641

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) GOODING COUNTY MEMORIAL HOSPITAL DISTRICT 1120 MONTANA STREET  GOODING, ID 83330 82-6001356	HEALTHCARE	ID	GOVT		NA		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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

Yes

No

No

No

No

No

No

No

No

No

No

No

Yes

No

No

No

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) GOODING COUNTY MEMORIAL HOSPITAL DISTRICT	C	783,867	FMV

Schedule R (Form 990) 2012

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

[illegible]

**Software ID:**  
**Software Version:**  
**EIN:** 26-1938641  
**Name:** PARTNERS IN HEALTHCARE INC

**Part VII** Supplemental Information

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

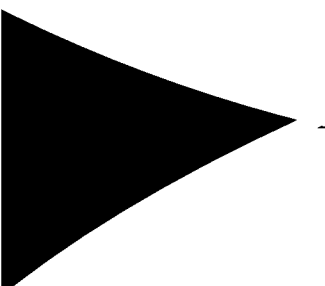
Identifier	Return Reference	Explanation	
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**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as  
North Canyon Medical Center**

Combined Basic Financial Statements  
and Independent Auditors' Reports

September 30, 2013 and 2012





**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
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DINGUS | ZARECOR & ASSOCIATES PLLC  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc  
doing business as North Canyon Medical Center  
Gooding, Idaho

### **Report on the Financial Statements**

We have audited the accompanying combined basic financial statements of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center (the Organization) as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents

### ***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 auditors consider 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Organization as of September 30, 2013 and 2012, and the respective changes in financial position and 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 3-7 be presented to supplement the combined basic financial statements. Such information, although not a part of the combined 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 combined 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 combined basic financial statements, and other knowledge we obtained during our audit of the combined 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 Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's combined basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the combined basic financial statements.

The combining balance sheet, combining statement of revenues, expenses, and changes in net position, the combining statement of cash flows, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined basic financial statements or to the combined basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet, combining statement of revenues, expenses, and changes in net position, the combining statement of cash flows, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014, on our consideration of the Organization'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 results 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 Organization's internal control over financial reporting and compliance.

***Dingus, Zarecor & Associates PLLC***

Spokane Valley, Washington  
January 15, 2014

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Management's Discussion and Analysis  
September 30, 2013 and 2012**

Our discussion and analysis of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center's (the Organization) financial performance provides an overview of the Organization's financial activities for the fiscal years ended September 30, 2013 and 2012. Please read it in conjunction with the Organization's combined financial statements, which begin on page 8.

**Financial Highlights**

- The Organization's net position decreased by \$951,612, or 10.0%, in 2013 and increased by \$749,686, or 8.6%, in 2012.
- The Organization reported operating income of \$47,705 in 2013 and operating income of \$1,820,122 in 2012. Operating income in 2013 decreased by \$1,754,417, or 97.4%, from 2012. Operating income in 2012 increased by \$424,502, or 30.8%, over the income reported in 2011.
- Nonoperating revenues increased by \$17,641, or 2.3%, in 2013 compared to 2012. Nonoperating revenues increased by \$13,949 or 1.8%, in 2012 compared to 2011.

**Using This Annual Report**

The Organization's combined financial statements consist of three statements — the Combined Balance Sheets, the Combined Statements of Revenues, Expenses, and Changes in Net Position, and the Combined Statements of Cash Flows. These combined financial statements and related notes provide information about the activities of the Organization, including resources held by the Organization but restricted for specific purposes by contributors, grantors, or enabling legislation.

**The Combined Balance Sheets and Combined Statements of Revenues, Expenses, and Changes in Net Position**

Our analysis of the Organization's finances begins on page 4. One of the most important questions asked about the Organization's finances is, "Is the Organization as a whole better or worse off as a result of the year's activities?" The Combined Balance Sheets and the Combined Statements of Revenues, Expenses, and Changes in Net Position report information about the Organization's resources and its activities in a way that helps answer this question. These combined statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two combined statements report the Organization's net position and changes in them. You can think of the Organization's net position — the difference between assets and liabilities — as one way to measure the Organization's financial health, or financial position. Over time, increases or decreases in the Organization's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Organization's patient base and measures of the quality of service it provides to the community, as well as the local economic factors to assess the overall health of the Organization.

**The Combined Statements of Cash Flows**

The final required statements are the Combined Statements of Cash Flows. The combined statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It 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?"

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2013 and 2012**

**The Organization's Net Position**

The Organization's net position is the difference between its assets and liabilities reported in the Combined Balance Sheets on pages 8 and 9. The Organization's net position decreased by \$951,612, or 10.0%, in 2013 and increased by \$749,686, or 8.6%, in 2012, as shown in Table 1.

**Table 1: Assets, Liabilities, and Net Position**

	2013	2012	2011
<i>Assets</i>			
Current assets	\$ 8,970,253	\$ 9,643,921	\$ 7,118,702
Capital assets, net	21,462,608	24,044,442	26,657,624
Other long-term assets	4,176,831	1,827,836	1,565,683
<b>Total assets</b>	<b>34,609,692</b>	<b>35,516,199</b>	<b>35,342,009</b>
<i>Liabilities</i>			
Long-term debt outstanding	24,305,329	24,714,716	25,051,735
Other current and noncurrent liabilities	1,780,147	1,325,655	1,564,132
<b>Total liabilities</b>	<b>26,085,476</b>	<b>26,040,371</b>	<b>26,615,867</b>
<i>Net Position</i>			
Net investment in capital assets	(2,084,337)	202,092	2,528,053
Restricted	1,094,735	659,074	425,883
Unrestricted	9,513,818	8,614,662	5,772,206
<b>Total net position</b>	<b>8,524,216</b>	<b>9,475,828</b>	<b>8,726,142</b>
<b>Total liabilities and net position</b>	<b>\$ 34,609,692</b>	<b>\$ 35,516,199</b>	<b>\$ 35,342,009</b>

Significant components of the change in the Organization's assets are the increases in depreciation of capital assets of \$2,828,119, resulting in a decrease of capital assets of \$2,581,834. Other long-term assets increased \$2,348,995, of which \$1,969,252 was a result of a purchase of long-term investments. Cash and cash equivalents decreased by \$218,849 in 2013. The combination of these three changes of \$451,688 comprises the majority of the change in total assets of \$906,507 in 2013.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Management's Discussion and Analysis (Continued)**  
**September 30, 2013 and 2012**

**Operating Results and Changes in the Organization's Net Position**

In 2013, the Organization's operating income decreased by \$1,754,417, or 97.4%, over 2012. Operating income in 2012 increased by \$424,502, or 30.8%. The Organization's net position decreased by \$951,612, or 10.0%, in 2013 and increased by \$749,686, or 8.6%, in 2012, as shown in Table 2.

**Table 2: Operating Results and Changes in Net Assets**

	2013	2012	2011
<i>Operating revenues</i>			
Net patient service revenues	\$ 16,116,620	\$ 16,536,090	\$ 14,293,231
Electronic health records incentive payment	32,625	296,318	1,115,151
Grants and other operating revenues	277,665	194,902	209,434
Total operating revenues	16,426,910	17,027,310	15,617,816
<i>Operating expenses</i>			
Salaries and benefits	6,432,503	6,160,619	5,475,529
Medical supplies and drugs	1,760,172	1,651,842	1,377,755
Depreciation	2,828,119	2,829,840	2,743,491
Other operating expenses	5,358,411	4,582,887	4,643,421
Total operating expenses	16,379,205	15,225,188	14,240,196
<i>Operating income</i>	47,705	1,802,122	1,377,620
<i>Nonoperating revenues and expenses</i>			
Property taxes	782,917	759,418	766,635
Investment income	17,397	1,980	2,089
Interest expense	(1,856,349)	(1,893,502)	(1,889,392)
Unrealized loss on investment	(47,047)	-	-
Gain on disposal of fixed assets	-	21,275	-
Total nonoperating revenues (expenses), net	(1,103,082)	(1,110,829)	(1,120,668)
Revenues in excess of (less than) expenses before capital contributions	(1,055,377)	691,293	256,952
<i>Capital grants</i>	103,765	58,393	-
Increase (decrease) in net assets	(951,612)	749,686	256,952
Net position, beginning of year	9,475,828	8,726,142	8,469,190
<b>Net position, end of year</b>	<b>\$ 8,524,216</b>	<b>\$ 9,475,828</b>	<b>\$ 8,726,142</b>

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Management's Discussion and Analysis (Continued)  
September 30, 2013 and 2012**

***Operating Income (Loss)***

The first component of the overall change in the Organization's net position is its operating income. The Organization has reported an operating gain of \$47,705 in 2013, and an operating gain of \$1,802,122 in 2012. This is not consistent with the Organization's entire operating history. The Organization's hospital operations began in 1987 as a municipal hospital, when it was agreed that a portion of its costs would be subsidized by property tax revenues, allowing the facility to offset bad debt and charity care costs. The operating gain in 2013 decreased by \$1,754,417, or 97.4%, from 2012. The operating gain in 2012 increased by \$424,502, or 30.8%, over the gain reported in 2011.

The components of the decreased operating gain are the decrease in net patient service revenue of \$419,470, or 3%, in 2013, and the increase in total operating expenses of \$1,154,017. Net patient service revenue increased by \$2,242,859, or 16%, in 2012.

The Organization's primary insurance payer is Medicare. The percent of total gross patient revenue from 2012 to 2013 for Medicare decreased from 50% to 45%. The decrease was primarily due to the reduction in Medicare patient days from 1,710 in 2012 to 1,576 in 2013. The increase in the aggregate contractual allowances from 35.1% in 2012 to 36.4% in 2013 is directly associated with this decrease in reimbursement rates from Medicare.

Employee salary and benefits costs increased by \$271,884, or 4.4%, in 2013. In 2012, they increased by \$685,090, or 12.5%. This increase was primarily due to annual merit increases and market adjustments from year to year. FTEs (full-time equivalents) from 2012 to 2013 decreased by 10 from 109 to 99. The calculation of FTEs changed from Paid FTEs to Worked FTEs. Had the calculation been consistent from prior year, total FTEs in 2013 would have been 112.

The rate of healthcare inflation has a direct effect on the cost of services provided by the Organization. A component of the Organization's costs is expenses for medical supplies and prescription drugs. In 2013, medical supplies and prescription drug costs totaled approximately \$1.8 million, or 10.7%, of total operating expenses and an increase of 6.6% over 2012. The major factor contributing to the 6.6% increase in medical supplies and prescription drug costs in 2013 was the dispensing of one particular pharmaceutical drug, which had total costs of approximately \$129,000.

The Organization sometimes provides care for patients who have little or no health insurance or other means of repayment. As discussed, this service to the community is consistent with the goals established for the Organization when it was established in 1987. The level of services provided to these patients decreased by \$74,650 in 2013 compared to an increase by \$165,382 in 2012. The decrease was primarily due to the resistance of five patients to fill out the necessary charity care paperwork. The total cost of these five patients' write offs to bad debt was approximately \$106,000. Because there is no expectation of repayment, charity care is not reported as patient service revenues of the Organization.

***Nonoperating Revenues and Expenses***

Nonoperating revenues consist primarily of property taxes levied by the Organization and grants and contributions. Tax revenue funded by the Gooding County Memorial Hospital District totaled \$782,917 and \$759,418 in 2013 and 2012, respectively. The District began operations in 1918 as a county hospital and in 1987 converted to a government district hospital. Both as a county and district hospital it was understood that a portion of its costs would be subsidized by property tax revenues, making services accessible to the County's lower income residents.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Management's Discussion and Analysis (Continued)  
September 30, 2013 and 2012**

**Grants, Contributions, and Endowments**

The Organization receives both capital and operating grants from various state and federal agencies for specific programs. These are discussed in detail in Note 1(b) to the combined financial statements. Grants received in 2013 totaled \$181,409 of which \$103,765 were classified as capital grants.

**The Organization's Cash Flows**

Cash and cash equivalents decreased in 2013 by \$181,409 from 2012. This decrease was primarily the result of funding the loss for the year.

One change in the composition of cash flows was the purchase of investments for \$2.0 million. This investment is included in the noncurrent assets section of the balance sheet. This investment is primarily made up of AAA-rated or better corporate bonds.

**Capital Asset and Debt Administration**

***Capital Assets***

At the end of 2013, the Organization had \$21.5 million invested in capital assets, net of accumulated depreciation, as detailed in Note 7 to the combined financial statements. In 2013, the Organization purchased new capital assets costing \$246,285. In 2012, the Organization purchased new capital assets costing \$337,988. The Organization does not anticipate significant capital additions during fiscal year 2014.

***Debt***

At year end, the Organization had \$24,305,329 in mortgage note payable. The Organization incurred no additional debt in 2013 or 2012.

**Other Economic Factors**

The Organization is located in a small rural community that has an agriculture-based economy. Like many small rural communities, economic and population growth is slight at best, if not declining. At this time, changes in the area economy are more realignments within agriculture such as larger but fewer farms and dairies, with the consequence being fewer people consuming healthcare services. In summary, the Organization is not located in a robust economic environment. Increase in hospital service revenue will likely be more the result of added or enhanced services, rather than increased volume through population growth. There are two other hospitals within a 50-mile radius. One is a brand new replacement facility with 186 beds and is a referral hospital for the area. The other hospital is also a Critical Access Hospital which provides surgical and obstetrical services, of which obstetrical is not available at this organization. The Organization is the only independent hospital in this 50-mile radius.

**Contacting the Organization's Financial Management**

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Organization's Administrative Office at North Canyon Medical Center, 267 North Canyon Drive, Gooding, ID 83330.



**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Combined Balance Sheets**  
**September 30, 2013 and 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 4,790,783	\$ 5,433,751
Receivables		
Patient, net of estimated uncollectibles of \$574,973 and \$777,763, respectively	2,081,293	2,316,288
Estimated third-party pay or settlements	823,000	615,534
Electronic health records incentive payment receivable	285,115	411,775
Other	123,584	44,580
Inventories	495,805	509,852
Prepaid expenses	370,673	312,141
Total current assets	8,970,253	9,643,921
<i>Noncurrent assets</i>		
Investments	1,969,252	-
Cash and cash equivalents restricted by mortgage agreement	1,096,347	659,074
Cash and cash equivalents designated by Board for funded depreciation	137,677	150,831
Deferred financing costs, net of accumulated amortization	973,555	1,017,931
Capital assets, net	21,462,608	24,044,442
Total noncurrent assets	25,639,439	25,872,278
<b>Total assets</b>	<b>\$ 34,609,692</b>	<b>\$ 35,516,199</b>

*See accompanying notes to combined basic financial statements*

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Combined Balance Sheets (Continued)**  
**September 30, 2013 and 2012**

<b>LIABILITIES AND NET POSITION</b>	<b>2013</b>	<b>2012</b>
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 524,231	\$ 490,106
Accounts payable	599,783	696,442
Capital accounts payable	72,362	-
Estimated third-party pay or settlements	380,000	-
Accrued compensation and related liabilities	585,193	483,648
Accrued interest payable	142,809	145,565
Total current liabilities	2,304,378	1,815,761
<i>Long-term debt, less current maturities</i>	23,781,098	24,224,610
Total liabilities	26,085,476	26,040,371
<i>Net position</i>		
Net investment in capital assets	(2,084,337)	202,092
Restricted	1,094,735	659,074
Unrestricted	9,513,818	8,614,662
Total net position	8,524,216	9,475,828
<b>Total liabilities and net position</b>	<b>\$ 34,609,692</b>	<b>\$ 35,516,199</b>

*See accompanying notes to combined basic financial statements*

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Combined Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended September 30, 2013 and 2012**

	2013	2012
<i>Operating revenues</i>		
Net patient service revenue, net of provision for bad debts of \$1,678,689 and \$1,501,660, respectively	\$ 16,116,620	\$ 16,536,090
Electronic health records incentive payment	32,625	296,318
Grants	77,644	38,765
Other revenue	200,021	156,137
<b>Total operating revenues</b>	<b>16,426,910</b>	<b>17,027,310</b>
<i>Operating expenses</i>		
Salaries and wages	5,189,161	4,941,417
Employee benefits	1,243,342	1,219,202
Professional fees	1,914,577	1,810,120
Supplies	1,760,172	1,651,842
Purchased services	1,966,396	1,756,161
Utilities	239,944	208,027
Rental and leases	147,177	154,138
Depreciation	2,828,119	2,829,840
Insurance	222,176	100,819
Other	868,141	553,622
<b>Total operating expenses</b>	<b>16,379,205</b>	<b>15,225,188</b>
<i>Operating income</i>	<b>47,705</b>	<b>1,802,122</b>
<i>Nonoperating revenues (expenses)</i>		
Taxes	782,917	759,418
Investment income	17,397	1,980
Gain on disposal of capital assets	-	21,275
Unrealized loss on investment	(47,047)	-
Interest expense	(1,856,349)	(1,893,502)
<b>Total nonoperating revenues (expenses), net</b>	<b>(1,103,082)</b>	<b>(1,110,829)</b>
Excess of revenues over expenses (expenses over revenues) before capital grants	(1,055,377)	691,293
<i>Capital grants</i>	<b>103,765</b>	<b>58,393</b>
Change in net position	(951,612)	749,686
Net position, beginning of year	<b>9,475,828</b>	<b>8,726,142</b>
<b>Net position, end of year</b>	<b>\$ 8,524,216</b>	<b>\$ 9,475,828</b>

*See accompanying notes to combined basic financial statements*

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Combined Statements of Cash Flows**  
**Years Ended September 30, 2013 and 2012**

	2013	2012
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 16,524,149	\$ 16,435,353
Electronic health records incentive payment	159,285	999,694
Grant receipts	77,644	38,765
Other receipts and payments	120,067	140,167
Payments to or on behalf of employees	(6,330,958)	(6,163,528)
Payments to suppliers, contractors, and others	(7,259,727)	(6,623,225)
Net cash provided by operating activities	3,290,460	4,827,226
<i>Cash flows from noncapital financing activities</i>		
Taxes received	783,867	772,377
<i>Cash flows from capital and related financing activities</i>		
Payments for capital assets	(173,923)	(337,988)
Repayment of long-term debt	(409,387)	(337,019)
Interest paid on long-term debt	(1,814,729)	(1,843,704)
Proceeds from the sale of fixed assets	-	40,000
Capital grant receipts	103,765	58,393
Net cash used in capital and related financing activities	(2,294,274)	(2,420,318)
<i>Cash flows from investing activities</i>		
Investment income	1,098	1,980
Purchase of investments	(2,000,000)	-
Net cash provided by (used in) investing activities	(1,998,902)	1,980
Net increase (decrease) in cash and cash equivalents	(218,849)	3,181,265
Cash and cash equivalents, beginning of year	6,243,656	3,062,391
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,024,807</b>	<b>\$ 6,243,656</b>

*See accompanying notes to combined basic financial statements*

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Combined Statements of Cash Flows (Continued)**  
**Years Ended September 30, 2013 and 2012**

*Reconciliation of cash and cash equivalents to the combined balance sheets*

	2013	2012
Cash and cash equivalents in current assets	\$ 4,790,783	\$ 5,433,751
Cash and cash equivalents restricted by mortgage agreement	1,096,347	659,074
Cash and cash equivalents designated by Board for funded depreciation	137,677	150,831
<b>Total cash and cash equivalents</b>	<b>\$ 6,024,807</b>	<b>\$ 6,243,656</b>

*Reconciliation of operating income to net cash  
provided by operating activities*

Operating income	\$ 47,705	\$ 1,802,122
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>		
Depreciation	2,828,119	2,829,840
Provision for bad debts	1,678,689	1,501,660
Decrease (increase) in assets		
Receivables		
Patient, net	(1,443,694)	(1,966,863)
Estimated third-party payor settlements	(207,466)	364,466
Electronic health records incentive payment	126,660	703,376
Other	(79,954)	(15,970)
Inventories	14,047	10,958
Prepaid expenses	(58,532)	(166,464)
Increase (decrease) in liabilities		
Accounts payable	(96,659)	(232,990)
Estimated third-party payor settlements	380,000	-
Accrued compensation and related liabilities	101,545	(2,909)
<b>Net cash provided by operating activities</b>	<b>\$ 3,290,460</b>	<b>\$ 4,827,226</b>

*See accompanying notes to combined basic financial statements*

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Notes to Combined Basic Financial Statements  
Years Ended September 30, 2013 and 2012**

**1. Reporting Entity and Summary of Significant Accounting Policies:**

The combined financial statements include the accounts of Gooding County Memorial Hospital District (the District), and its component unit, Partners in Healthcare, Inc. doing business as North Canyon Medical Center (PIH), collectively referred to as the Organization. These combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The significant accounting policies of the Organization are described below.

**a. Reporting Entity**

Gooding County Memorial Hospital District is the primary government taxing entity. Partners in Healthcare, Inc. doing business as North Canyon Medical Center owns and operates a 15-bed critical access hospital located in Gooding, Idaho. The District is empowered to levy property taxes to sustain PIH's operations. The District also reviews how PIH utilizes taxes received from the District. The District is not a component unit of another reporting entity and is under no continuing obligation to distribute property taxes to PIH, unless a two-thirds majority vote is reached. The Board of Trustees consists of seven community members elected to seven-year terms.

The accompanying combined financial statements include the activities of the District and its component unit, PIH. The District maintains control over PIH through a majority voting member position of the Board of Directors. Generally accepted accounting principles provide guidance to determine whether certain organizations should be reported as a component unit based on the nature and significance of the relationship. The District has determined that PIH meets this definition for inclusion in the District's financial statements as a blended component unit. PIH's fiscal year ends on September 30 and the accompanying financial statements include financial information for its fiscal years ended September 30, 2013 and 2012. Although it is a separate legal entity from the District, PIH is reported as if it were part of the primary government because of control features contained within the bylaws of PIH.

**b. Summary of Significant Accounting Policies**

*Enterprise fund accounting* – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

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

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
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Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**1. Reporting Entity and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued)**

*Cash and cash equivalents* – Cash and cash equivalents include highly liquid investments with an original maturity of three months or less

*Inventories* – Inventories are stated at lower of cost (first-in, first-out) or market. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the Organization's operations

*Deferred financing costs and interest rate buy-down* – Deferred financing costs are amortized over the term of the related obligation, which is 25 years, using a straight-line method. The interest rate buy-down costs are amortized over the term of the related obligation, which is 25 years, using the effective interest method. Amortization began on September 1, 2010, when the construction note payable converted to a permanent loan financing as provided for in the loan agreement

*Capital assets* – Capital asset acquisitions in excess of \$5,000 are capitalized and recorded at cost. Donated capital assets are stated at estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each depreciable asset and computed on the straight-line method. The estimated useful lives of capital assets are as follows:

Land improvements	5-25 years
Buildings and fixed equipment	5-40 years
Major movable equipment	3-20 years

*Compensated absences* – The Organization's employees earn paid time off and sick leave at varying rates depending on years of service. Paid time off and sick leave accumulate up to a specified maximum depending on length of service. Employees are paid for accumulated paid time off upon termination. Sick leave accumulated is forfeited upon termination. Paid time off is accrued as earned. Sick leave is expensed when taken.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
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Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**1. Reporting Entity and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued)**

*Net position* – Net position is presented in the following three components

*Net investment in capital assets* – Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the current balances of any outstanding debt used to finance the purchase or construction of those assets

*Restricted net position* – Restricted net position is composed of assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Organization, including amounts deposited with Trustees as required by bond indentures

*Unrestricted net position* – Unrestricted net position is composed of the remaining net position that does not meet the definition of net investment in capital assets or restricted net position

*Operating revenues and expenses* – The Organization's combined statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services – the Organization's principal activity. Nonexchange revenues, including taxes, investment income, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are expenses incurred to provide healthcare services, other than financing costs.

*Grants and contributions* – From time to time, the Organization receives grants from the state of Idaho as well as 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 capital purposes. Grants that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

*Restricted resources* – When the Organization has both restricted and unrestricted resources available to finance a particular program, it is the Organization's policy to use restricted resources before unrestricted resources.

*Income taxes* – The Organization's component unit, PIH, has been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of September 30, 2013 and 2012, the Organization had no uncertain tax positions requiring accrual.



**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
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Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**1. Reporting Entity and Summary of Significant Accounting Policies (continued):**

**b. Summary of Significant Accounting Policies (continued)**

**Subsequent events** – The Organization has evaluated subsequent events through January 15, 2014, the date on which the combined financial statements were available to be issued

**2. Recent Accounting Pronouncements**

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity – Omnibus*. This statement, which is effective for financial statements for periods beginning after June 15, 2012, provides, among other things, additional guidance to primary governments that are business-type activities reporting financial information in a single column. New guidance, which includes reporting a blended component unit, allows users to better distinguish between the primary government and its component unit by requiring condensed combining information in the notes to the financial statements. The Organization adopted GASB Statement No. 61 during 2013, with no material effect on the Organization's financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement, which is effective for financial statements for periods beginning after December 15, 2011, supersedes GASB Statement No. 20. The Organization adopted GASB Statement No. 62 during 2013, and its provisions were applied retroactively for all periods presented. Adoption of GASB Statement No. 62 did not materially affect the Organization's financial statements.

In June 2012, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes standards for reporting deferred outflows and deferred inflows of resources and net position. The statement requires reporting of deferred outflows of resources (consumption of net assets applicable to future periods) and deferred inflows of resources (acquisition of net assets applicable to future periods) in separate sections of the balance sheet following assets and liabilities. The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position and net position should be displayed in three components as net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 is effective for financial statement periods beginning after December 15, 2011. The Organization adopted the provisions of the statement in 2013 on a retroactive basis by reclassifying certain balance sheet elements for all periods presented. The adoption of GASB Statement No. 63 did not materially affect the Organization's financial statements.

In March 2011, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65, which is effective for financial statements for periods beginning after December 15, 2012, amends or supersedes accounting and financial reporting guidance for certain items previously reported as assets or liabilities. The Organization will adopt GASB Statement No. 65 in 2014 by retroactively restating financial statements for all periods presented. Debt issuance costs will need to be expensed as incurred when this standard is implemented.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
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**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**3. Bank Deposits and Investments:**

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a depository institution failure, the Organization's deposits may not be returned to it. The Organization does not have a deposit policy for custodial credit risk. At September 30, 2013 and 2012, the Organization had uncollateralized deposit balances of \$5,141,172 and \$409,074, respectively.

***Investments***

State statutes limit the investments in bonds, debentures, or notes of any corporation to be rated "A" or higher by nationally recognized statistical rating organizations.

The Organization's investments at September 30, 2013, consisted of

	Fair Value	2013			
		Investment Maturities (in Years)			
		Less than One	One to Two	Two to Five	Five to Ten
Money Market	\$ 49,431	\$ 49,431	\$ -	\$ -	\$ -
U.S. Government Bonds	707,144	-	203,047	504,097	-
Corporate Bonds	1,212,677	-	-	778,341	434,336
	\$ 1,969,252	\$ 49,431	\$ 203,047	\$ 1,282,438	\$ 434,336

***Interest rate risk*** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Gooding County Memorial Hospital District and  
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**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**4. Patient Accounts Receivable:**

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patient accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The Organization's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior years. The Organization's provisions for bad debt and writeoffs have not changed significantly from the prior year. The Organization has not changed its charity care or uninsured discount policies during fiscal years 2013 or 2012. The Organization does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as a current asset by the Organization at September 30, 2013 and 2012, consisted of these amounts:

	2013	2012
Receivable from patients and their insurance carriers	\$ 1,426,155	\$ 1,954,955
Receivable from Medicare	764,627	722,407
Receivable from Medicaid	465,484	416,689
Total patient accounts receivable	2,656,266	3,094,051
Less allowance for uncollectible accounts	(574,973)	(777,763)
<b>Patient accounts receivable, net</b>	<b>\$ 2,081,293</b>	<b>\$ 2,316,288</b>

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
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Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**5. Electronic Health Records Incentive Payment:**

The Organization recognized Medicare and Medicaid electronic health records (EHR) incentive payments of \$32,625 and \$296,318 during the years ended September 30, 2013 and 2012, respectively. The EHR incentive payments are provided to incent hospitals to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

The Organization recognizes the Medicare incentive payment on the date that the Organization has successfully complied with meaningful use criteria during the entire EHR reporting period. The Organization first attested to meaningful use with Centers for Medicare and Medicaid Services (CMS) during 2011. The Medicare EHR reporting period is through September 30 of each year.

The Medicare incentive payment recognized is an estimate and subject to audit by CMS. The Medicare EHR incentive payment is based on the days reported in the prior year Medicare cost report and the undepreciated cost of the EHR equipment submitted to CMS. The final payment will be based on the days reported in the current Medicare cost report. Medicare incentive payments of \$0 and \$11,333 were recognized as revenue in 2013 and 2012, respectively.

The Organization recognized the first of its three Medicaid incentive payments during 2012. Medicaid incentive payments of \$32,625 and \$284,985 were recognized as revenue in 2013 and 2012, respectively.

**6. Property Taxes:**

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Under Idaho law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are levied annually on November 1 on property values assessed as of January 1 of the same year. Tax levy notices are issued in November and payments are due on December 20 and June 20. The billings are considered past due one day after the respective payment dates, at which time penalties and interest are assessed.

Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every five years. Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

Collections are distributed monthly to the Organization by the County Treasurer. The Organization is permitted by law to levy up to a 3% increase over the highest levy amount for the previous three years plus an additional \$0.77 per \$1,000 of assessed new construction property valuation. The Organization's property tax levy was \$0.79 and \$0.79 per \$1,000 on a total assessed valuation of \$914,190,178 and \$879,652,727 for a total levy of \$719,361 and \$692,184 in 2013 and 2012, respectively.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
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**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**7. Capital Assets:**

Capital asset additions, retirements, and balances for the year ended September 30, 2013, were as follows

	Balance September 30, 2012	Additions	Retirements	Transfers	Balance September 30, 2013
<i>Capital assets not being depreciated</i>					
Land	\$ 431,077	\$ -	\$ -	\$ -	\$ 431,077
Construction in progress	132,002	42,602	-	(132,002)	42,602
Total nondepreciable capital assets	563,079	42,602	-	(132,002)	473,679
<i>Capital assets being depreciated</i>					
Land improvements	2,579,848	24,800	-	-	2,604,648
Building and fixed equipment	19,411,565	104,130	-	-	19,515,695
Major movable equipment	9,964,100	74,753	-	132,002	10,170,855
Total cost, depreciable capital assets	31,955,513	203,683	-	132,002	32,291,198
<i>Less accumulated depreciation for</i>					
Land improvements	(607,248)	(213,155)	-	-	(820,403)
Building and fixed equipment	(2,684,552)	(1,133,972)	-	-	(3,818,524)
Major movable equipment	(5,182,350)	(1,480,992)	-	-	(6,663,342)
Total accumulated depreciation	(8,474,150)	(2,828,119)	-	-	(11,302,269)
Total capital assets being depreciated net	23,481,363	(2,624,436)	-	132,002	20,988,929
<b>Capital assets, net</b>	<b>\$ 24,044,442</b>	<b>\$ (2,581,834)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,462,608</b>

**Gooding County Memorial Hospital District and  
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Notes to Combined Basic Financial Statements (Continued)  
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**7. Capital Assets (continued):**

Construction in progress relates to an accounting software upgrade, a patient portal, and two additional pieces of equipment not yet placed into service at September 30, 2013. The remaining cost to complete the accounting software upgrade is \$25,000, and the item is expected to be placed into service in 2014. The patient portal has a remaining cost to complete of \$28,000, and the item was placed into service in December 2013. The remaining two pieces of equipment have a remaining cost to complete of \$14,000, and were placed into service in November 2013.

Capital asset additions, retirements, and balances for the year ended September 30, 2012, were as follows:

	Balance September 30, 2011	Additions	Retirements	Transfers	Balance September 30, 2012
<i>Capital assets not being depreciated</i>					
Land	\$ 431,077	\$ -	\$ -	\$ -	\$ 431,077
Construction in progress	-	132,002	-	-	132,002
Total nondepreciable capital assets	431,077	132,002	-	-	563,079
<i>Capital assets being depreciated</i>					
Land improvements	2,579,848	-	-	-	2,579,848
Building and fixed equipment	19,394,673	16,892	-	-	19,411,565
Major movable equipment	9,964,830	189,094	(189,824)	-	9,964,100
Total cost, depreciable capital assets	31,939,351	205,986	(189,824)	-	31,955,513
<i>Less accumulated depreciation for</i>					
Land improvements	(395,408)	(211,840)	-	-	(607,248)
Building and fixed equipment	(1,556,106)	(1,128,446)	-	-	(2,684,552)
Major movable equipment	(3,761,290)	(1,489,554)	68,494	-	(5,182,350)
Total accumulated depreciation	(5,712,804)	(2,829,840)	68,494	-	(8,474,150)
Total capital assets being depreciated, net	26,226,547	(2,623,854)	(121,330)	-	23,481,363
<b>Capital assets, net</b>	<b>\$ 26,657,624</b>	<b>\$ (2,491,852)</b>	<b>\$ (121,330)</b>	<b>\$ -</b>	<b>\$ 24,044,442</b>

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
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Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**8. Long-Term Debt:**

A schedule of changes in the Organization's long-term debt for the years ended September 30, 2013 and 2012, follows

	Balance September 30, 2012	Additions	Reductions	Balance September 30, 2013	Amounts Due Within One Year
Long-term debt					
Mortgage note payable	\$ 25,878,309	\$ -	\$ (490,106)	\$ 25,388,203	\$ 524,231
Interest rate buy-down, less accumulated amortization of \$295,095	(1,163,593)	-	80,719	(1,082,874)	-
<b>Total long-term debt</b>	<b>\$ 24,714,716</b>	<b>\$ -</b>	<b>\$ (409,387)</b>	<b>\$ 24,305,329</b>	<b>\$ 524,231</b>
	Balance September 30, 2011	Additions	Reductions	Balance September 30, 2012	Amounts Due Within One Year
Long-term debt					
Mortgage note payable	\$ 26,336,511	\$ -	\$ (458,202)	\$ 25,878,309	\$ 490,106
Interest rate buy-down, less accumulated amortization of \$214,376	(1,284,776)	-	121,183	(1,163,593)	-
<b>Total long-term debt</b>	<b>\$ 25,051,735</b>	<b>\$ -</b>	<b>\$ (337,019)</b>	<b>\$ 24,714,716</b>	<b>\$ 490,106</b>

**Gooding County Memorial Hospital District and  
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Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**8. Long-Term Debt (continued):**

The terms and due dates of the Organization's long-term debt at September 30, 2013 and 2012, are as follows

The mortgage note payable was entered into by the Organization for the construction of a new hospital facility. The total amount borrowed on the note was \$26,799,300. The note bears interest at 6.75%. The Organization made monthly interest only payments during the construction period. Payments on the permanent loan commenced in September 2010 with a term of 25 years, maturing in August 2035. Monthly interest and principal payments on the permanent loan are \$185,159. The note is secured by a mortgage on the new hospital facility and is insured by the U.S. Department of Housing and Urban Development (HUD) under Section 242 of the National Housing Act.

The terms of the loan require monthly deposits to a mortgage reserve fund through 2020. The required balance in the mortgage reserve fund at September 30, 2013 and 2012, was \$1,094,735 and \$658,297, respectively. Required year end reserve fund balances for each of the next five years are as follows:

**Years Ending  
September 30,**

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2014	\$ 1,548,954
2015	2,021,679
2016	2,460,857
2017	2,880,210
2018	3,316,648

The reserve fund is available for debt payments by the approval of HUD.

In addition, the note also places limits on the incurrence of additional borrowings and requires the Organization to satisfy certain measures of financial performance and reporting requirements as long as the note is outstanding. As of September 30, 2013, the Organization had complied with the required covenants.



**Gooding County Memorial Hospital District and  
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**8. Long-Term Debt (continued):**

Scheduled principal and interest payments are as follows

Years Ending September 30,	Long-Term Debt		
	Principal	Interest	Total
2014	\$ 524,231	\$ 1,697,682	\$ 2,221,913
2015	560,732	1,661,181	2,221,913
2016	599,775	1,622,139	2,221,914
2017	641,536	1,580,378	2,221,914
2018	686,205	1,535,709	2,221,914
2019-2023	4,217,816	6,891,751	11,109,567
2024-2028	5,905,427	5,204,140	11,109,567
2029-2033	8,268,276	2,841,291	11,109,567
2034-2035	3,984,205	274,462	4,258,667
	<b>\$ 25,388,203</b>	<b>\$ 23,308,733</b>	<b>\$ 48,696,936</b>

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
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**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**9. Net Patient Service Revenue:**

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	<b>Years Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
Patient service revenue (net of contractual adjustments and discounts)		
Medicare	\$ 7,759,634	\$ 8,709,205
Medicaid	2,852,215	1,114,968
Other third-party payors	4,924,769	5,945,331
Patients	2,645,387	2,697,057
	<b>18,182,005</b>	<b>18,466,561</b>
Less		
Charity care	286,012	360,662
Provision for bad debts	1,678,689	1,501,660
Upper payment limit supplemental payments	100,684	68,149
<b>Net patient service revenue</b>	<b>\$ 16,116,620</b>	<b>\$ 16,536,090</b>

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

- *Medicare* – The Organization has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services on a cost basis as defined and limited by the Medicare program. The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare administrative contractor. Physician services are reimbursed on a fee schedule.
- *Medicaid* – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed on a cost basis as defined by the state of Idaho subject to certain limitations. The Organization is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid fiscal intermediary. Physician services are reimbursed on a fee schedule.

**Gooding County Memorial Hospital District and  
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Years Ended September 30, 2013 and 2012**

**9. Net Patient Service Revenue (continued):**

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

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue for the year ended September 30, 2013, increased approximately \$218,000 due to changes in estimates and final settlements of prior years cost reports. Net patient service revenue for the year ended September 30, 2012, decreased approximately \$150,000 due to changes in estimates and final settlements of prior years cost reports.

The Organization provides charity care to patients who are financially unable to pay for the healthcare services they receive. The Organization's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Organization does not report these amounts in net operating revenues or in the allowance for doubtful accounts. The Organization determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries, wages and benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended September 30, 2013 and 2012, were approximately \$183,000 and \$218,000, respectively.

**10. Deferred Compensation Plan:**

The Organization provides employees with a deferred compensation pension plan in accordance with Internal Revenue Code Section 403(b). The Partners in Healthcare, Inc. 403(b) Retirement Plan (the 403(b) Plan) is a defined contribution plan and is available to eligible Organization employees who have completed three months of service and permits them to defer a portion of their salary until withdrawn in future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Organization also provides employees with a deferred compensation pension plan in accordance with Internal Revenue Code Section 401(a). The Partners in Healthcare, Inc. Retirement Plan (the Plan) is a defined contribution plan and is available to eligible Organization employees who have met the requirements of the 403(b) Plan and have elective deferrals to that plan. The Organization contributes \$1 for each \$1 the employees contribute up to 6% of deferred compensation.

The Organization's contributions vest evenly over a five-year period from the employee's date of entry into the 403(b) Plan. The 403(b) Plan participants contributed approximately \$154,000 and \$148,000 to the plan for the years ended September 30, 2013 and 2012, respectively. The Organization contributed approximately \$105,000 and \$92,000 to the Plan for the years ended September 30, 2013 and 2012, respectively.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**10. Deferred Compensation Plan (continued):**

The assets for the 403(b) Plan and the Plan are invested within various fund pools established and maintained by the Variable Annuity Life Insurance Company. The 403(b) Plan and the Plan are administered by the Organization. The Organization may amend the provisions of the plans at its discretion.

**11. Healthcare Self Insurance:**

The Organization partially self-insures the cost of employee healthcare benefits. The Organization self-insures the first \$50,000 in claims per eligible participant. The Organization also purchases annual stop-loss insurance coverage for all claims in excess of \$50,000 per participant. Liabilities on the balance sheets include an accrual for claims that have been incurred but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Changes in the Organization's claim liability amount for the years ended September 30, 2013 and 2012, are as follows:

	<b>2013</b>	<b>2012</b>
Claim liability, beginning of year	\$ 136,811	\$ 75,000
Current year claims and changes in estimates	490,046	913,071
Claims payments	(563,201)	(851,260)
Claim liability, end of year	\$ 63,656	\$ 136,811

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**12. Concentration of Credit Risk:**

*Receivables* – The Organization grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Gooding County.

The mix of receivables from third-party payors and patients at September 30, 2013 and 2012, was as follows:

	2013	2012
Medicare	39 %	27 %
Medicaid	13	11
Blue Cross	15	17
Commercial insurance and other third-party payors	19	25
Patients	14	20
	100 %	100 %

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

**13. Commitment and Contingencies:**

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

*Medical malpractice claims* – The Organization obtains medical malpractice insurance through Washington Casualty Company (WCC). WCC offers the Organization a professional and general liability policy on a “claims made” basis with primary limits of \$2,000,000 per claim and an annual aggregate limit of \$6,000,000. The policy has no deductible. The renewal date of the policy is August 1, 2014.

*Litigation* – The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigations, claims, and disputes in process will not be material to the financial position of the Organization.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Notes to Combined Basic Financial Statements (Continued)  
Years Ended September 30, 2013 and 2012**

**13. Commitment and Contingencies (continued):**

*Industry regulations* – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare 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 Organization is in substantial compliance with current laws and regulations.

*Healthcare reform* – As a result of recently enacted federal healthcare reform legislation, substantial changes are anticipated in the United States of America's healthcare system. Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers, and the legal obligations of health insurers, providers, and employers. These provisions are currently slated to take effect at specified times over approximately the next decade. The federal healthcare reform legislation does not affect the 2013 financial statements.

**14. Related-Party Transactions:**

St. Luke's Health System (St. Luke's) maintains 16% of the voting power of the Organization's Board of Directors. The Organization has a management services agreement (Agreement) with St. Luke's. The agreement gives St. Luke's, through the Administrator/CEO, full authority to implement and fulfill the policy decisions of the Board of Directors. The Agreement may be terminated by mutual agreement of both parties at any time.

During the years ended September 30, 2013 and 2012, the Organization purchased approximately \$949,000 and \$594,000, respectively, in services from St. Luke's.

The Organization's aggregated future commitment related to the management services agreement is approximately \$226,000.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**15. Blended Component Unit:**

A condensed combining balance sheet for the year ended September 30, 2013, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Assets</i>				
Current assets	\$ 40,000	\$ 8,970,253	\$ (40,000)	\$ 8,970,253
Capital assets, net	48,090	21,414,518	-	21,462,608
Other long-term assets	-	417,831	-	417,831
<b>Total assets</b>	<b>\$ 88,090</b>	<b>\$ 34,561,602</b>	<b>\$ (40,000)</b>	<b>\$ 34,609,692</b>
<i>Liabilities</i>				
Current liabilities	\$ -	\$ 2,344,378	\$ (40,000)	\$ 2,304,378
Long-term debt, less current maturities	-	23,781,098	-	23,781,098
Total liabilities	-	26,125,476	(40,000)	26,085,476
<i>Net position</i>				
Net investment in capital assets	48,090	(2,132,427)	-	(2,084,337)
Restricted	-	1,094,735	-	1,094,735
Unrestricted	40,000	9,473,818	-	9,513,818
Total net position	88,090	8,436,126	-	8,524,216
<b>Total liabilities and net position</b>	<b>\$ 88,090</b>	<b>\$ 34,561,602</b>	<b>\$ (40,000)</b>	<b>\$ 34,609,692</b>

A condensed combining statement of revenues, expenses and changes in net position for the year ended September 30, 2013, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Operating revenues</i>				
Net patient service revenue, net of provision for bad debts of \$1,678,689	\$ -	\$ 16,116,620	\$ -	\$ 16,116,620
Electronic health records incentive payment	-	32,625	-	32,625
Grants	-	77,644	-	77,644
Other revenue	-	200,021	-	200,021
Total operating revenues	-	16,426,910	-	16,426,910
<i>Operating expenses</i>				
Depreciation	2,889	2,825,230	-	2,828,119
Other operating expenses	-	13,551,086	-	13,551,086
Total operating expenses	2,889	16,376,316	-	16,379,205
<i>Operating income (loss)</i>	(2,889)	50,594	-	47,705
<i>Nonoperating revenues (expenses)</i>				
Taxes	-	782,917	-	782,917
Investment income	-	17,397	-	17,397
Unrealized loss on investment	-	(47,047)	-	(47,047)
Interest expense	-	(1,856,349)	-	(1,856,349)
Total nonoperating revenues (expenses), net	-	(1,103,082)	-	(1,103,082)
<i>Capital grants</i>	-	103,765	-	103,765
Change in net position	(2,889)	(948,723)	-	(951,612)
Net position, beginning of year	90,979	9,384,849	-	9,475,828
<b>Net position, end of year</b>	<b>\$ 88,090</b>	<b>\$ 8,436,126</b>	<b>\$ -</b>	<b>\$ 8,524,216</b>

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**15. Blended Component Unit (continued):**

A condensed combining statement of cash flows for the year ended September 30, 2013, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Net cash provided by (used in)</i>				
Operating activities	\$ -	\$ 3,290,460	\$ -	\$ 3,290,460
Noncapital financing activities	-	783,867	-	783,867
Capital and related financing activities	-	(2,294,274)	-	(2,294,274)
Investing activities	-	(1,998,902)	-	(1,998,902)
Decrease in cash and cash equivalents	-	(218,849)	-	(218,849)
Cash and cash equivalents, beginning of year	-	6,243,656	-	6,243,656
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ 6,024,807</b>	<b>\$ -</b>	<b>\$ 6,024,807</b>

A condensed combining balance sheet for the year ended September 30, 2012, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Assets</i>				
Current assets	\$ 40,000	\$ 9,643,921	\$ (40,000)	\$ 9,643,921
Capital assets, net	50,979	23,993,463	-	24,044,442
Other long-term assets	-	1,827,836	-	1,827,836
<b>Total assets</b>	<b>\$ 90,979</b>	<b>\$ 35,465,220</b>	<b>\$ (40,000)</b>	<b>\$ 35,516,199</b>
<i>Liabilities</i>				
Current liabilities	\$ -	\$ 1,855,761	\$ (40,000)	\$ 1,815,761
Long-term debt, less current maturities	-	24,224,610	-	24,224,610
Total liabilities	-	26,080,371	(40,000)	26,040,371
<i>Net position</i>				
Net investment in capital assets	50,979	151,113	-	202,092
Restricted	-	659,074	-	659,074
Unrestricted	40,000	8,574,662	-	8,614,662
Total net position	90,979	9,384,849	-	9,475,828
<b>Total liabilities and net position</b>	<b>\$ 90,979</b>	<b>\$ 35,465,220</b>	<b>\$ (40,000)</b>	<b>\$ 35,516,199</b>



**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Notes to Combined Basic Financial Statements (Continued)**  
**Years Ended September 30, 2013 and 2012**

**15. Blended Component Unit (continued):**

A condensed combining statement of revenues, expenses and changes in net position for the year ended September 30, 2012, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Operating revenues</i>				
Net patient service revenue, net of provision for bad debts of \$1,501,660	\$ -	\$ 16,536,090	\$ -	\$ 16,536,090
Electronic health records incentive payment	-	296,318	-	296,318
Grants	-	38,765	-	38,765
Other revenue	-	156,137	-	156,137
Total operating revenues	-	17,027,310	-	17,027,310
<i>Operating expenses</i>				
Depreciation	3,090	2,826,750	-	2,829,840
Other operating expenses	-	12,395,348	-	12,395,348
Total operating expenses	3,090	15,222,098	-	15,225,188
<i>Operating income (loss)</i>	(3,090)	1,805,212	-	1,802,122
<i>Nonoperating revenues (expenses)</i>				
Taxes	-	759,418	-	759,418
Investment income	-	1,980	-	1,980
Loss on disposal of fixed assets	(40,000)	(18,725)	-	21,275
Interest expense	-	(1,893,502)	-	(1,893,502)
Total nonoperating revenues (expenses), net	(40,000)	(1,150,829)	-	(1,110,829)
<i>Capital grants</i>	-	58,393	-	58,393
Change in net position	36,910	712,776	-	749,686
Net position, beginning of year	54,069	8,672,073	-	8,726,142
<b>Net position, end of year</b>	<b>\$ 90,979</b>	<b>\$ 9,384,849</b>	<b>\$ -</b>	<b>\$ 9,475,828</b>

A condensed combining statement of cash flows for the year ended September 30, 2012, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Net cash provided by (used in)</i>				
Operating activities	\$ -	\$ 4,827,226	\$ -	\$ 4,827,226
Noncapital financing activities	-	772,377	-	772,377
Capital and related financing activities	-	(2,420,318)	-	(2,420,318)
Investing activities	-	1,980	-	1,980
Increase in cash and cash equivalents	-	3,181,265	-	3,181,265
Cash and cash equivalents, beginning of year	-	3,062,391	-	3,062,391
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ 6,243,656</b>	<b>\$ -</b>	<b>\$ 6,243,656</b>

## **SUPPLEMENTAL INFORMATION**

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Combining Balance Sheet  
September 30, 2013**

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents	\$ -	\$ 4,790,783	\$ -	\$ 4,790,783
Receivables				
Patient net of estimated uncollectibles of \$574,973	-	2,081,293	-	2,081,293
Due from Partners in Healthcare	40,000	-	(40,000)	-
Estimated third-party payor settlements	-	823,000	-	823,000
Electronic health records incentive payment receivable	-	285,115	-	285,115
Other	-	123,584	-	123,584
Inventories	-	495,805	-	495,805
Prepaid expenses	-	370,673	-	370,673
Total current assets	40,000	8,970,253	(40,000)	8,970,253
<i>Noncurrent assets</i>				
Investments	-	1,969,252	-	1,969,252
Cash and cash equivalents restricted by mortgage agreement	-	1,096,347	-	1,096,347
Cash and cash equivalents designated by Board for funded depreciation	-	137,677	-	137,677
Deferred financing costs net of accumulated amortization	-	973,555	-	973,555
Capital assets net	48,090	21,414,518	-	21,462,608
Total noncurrent assets	48,090	25,591,349	-	25,639,439
<b>Total assets</b>	\$ 88,090	\$ 34,561,602	\$ (40,000)	\$ 34,609,692
<b>LIABILITIES AND NET POSITION</b>				
<i>Current liabilities</i>				
Current maturities of long-term debt	\$ -	\$ 524,231	\$ -	\$ 524,231
Accounts payable	-	599,783	-	599,783
Capital accounts payable	-	72,362	-	72,362
Due to Gooding County Memorial Hospital District	-	40,000	(40,000)	-
Estimated third-party payor settlements	-	380,000	-	380,000
Accrued compensation and related liabilities	-	585,193	-	585,193
Accrued interest payable	-	142,809	-	142,809
Total current liabilities	-	2,344,378	(40,000)	2,304,378
<i>Long-term debt, less current maturities</i>	-	23,781,098	-	23,781,098
Total liabilities	-	26,125,476	(40,000)	26,085,476
<i>Net position</i>				
Net investment in capital assets	48,090	(2,132,427)	-	(2,084,337)
Restricted	-	1,094,735	-	1,094,735
Unrestricted	40,000	9,473,818	-	9,513,818
Total net position	88,090	8,436,126	-	8,524,216
<b>Total liabilities and net position</b>	\$ 88,090	\$ 34,561,602	\$ (40,000)	\$ 34,609,692

*See accompanying independent auditors' report*

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended September 30, 2013**

	Gooding County Memorial Hospital District	Partners in Healthcare	Combined
<i>Operating revenues</i>			
Net patient service revenue, net of provision for bad debts of \$1,678,689	\$ -	\$ 16,116,620	\$ 16,116,620
Electronic health records incentive payment	-	32,625	32,625
Grants	-	77,644	77,644
Other revenue	-	200,021	200,021
Total operating revenues	-	16,426,910	16,426,910
<i>Operating expenses</i>			
Salaries and wages	-	5,189,161	5,189,161
Employee benefits	-	1,243,342	1,243,342
Professional fees	-	1,914,577	1,914,577
Supplies	-	1,760,172	1,760,172
Purchased services	-	1,966,396	1,966,396
Utilities	-	239,944	239,944
Rental and leases	-	147,177	147,177
Depreciation	2,889	2,825,230	2,828,119
Insurance	-	222,176	222,176
Other	-	868,141	868,141
Total operating expenses	2,889	16,376,316	16,379,205
<i>Operating income (loss)</i>	(2,889)	50,594	47,705
<i>Nonoperating revenues (expenses)</i>			
Taxes	-	782,917	782,917
Investment income	-	17,397	17,397
Unrealized loss on investment	-	(47,047)	(47,047)
Interest expense	-	(1,856,349)	(1,856,349)
Total nonoperating revenues (expenses), net	-	(1,103,082)	(1,103,082)
Excess of expenses over revenues before capital grants	(2,889)	(1,052,488)	(1,055,377)
<i>Capital grants</i>	-	103,765	103,765
Change in net position	(2,889)	(948,723)	(951,612)
Net position, beginning of year	90,979	9,384,849	9,475,828
<b>Net position, end of year</b>	<b>\$ 88,090</b>	<b>\$ 8,436,126</b>	<b>\$ 8,524,216</b>

*See accompanying independent auditors' report*

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Combining Statement of Cash Flows**  
**Year Ended September 30, 2013**

	Gooding County Memorial Hospital District	Partners in Healthcare	Combined
<i>Cash flows from operating activities</i>			
Receipts from and on behalf of patients	\$ -	\$ 16,524,149	\$ 16,524,149
Electronic health records incentive payment	-	159,285	159,285
Grant receipts	-	77,644	77,644
Other receipts and payments	-	120,067	120,067
Payments to or on behalf of employees	-	(6,330,958)	(6,330,958)
Payments to suppliers, contractors, and others	-	(7,259,727)	(7,259,727)
Net cash provided by operating activities	-	3,290,460	3,290,460
<i>Cash flows from noncapital financing activities</i>			
Taxes received	783,867	-	783,867
Taxes transferred	(783,867)	783,867	-
Net cash provided by noncapital financing activities	-	783,867	783,867
<i>Cash flows from capital and related financing activities</i>			
Payments for capital assets	-	(173,923)	(173,923)
Repayment of long-term debt	-	(409,387)	(409,387)
Interest paid on long-term debt	-	(1,814,729)	(1,814,729)
Capital grant receipts	-	103,765	103,765
Net cash used in capital and related financing activities	-	(2,294,274)	(2,294,274)
<i>Cash flows from investing activities</i>			
Investment income	-	1,098	1,098
Purchase of investments	-	(2,000,000)	(2,000,000)
Net cash used in investing activities	-	(1,998,902)	(1,998,902)
Decrease in cash and cash equivalents	-	(218,849)	(218,849)
Cash and cash equivalents, beginning of year	-	6,243,656	6,243,656
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ 6,024,807</b>	<b>\$ 6,024,807</b>

	Gooding County Memorial Hospital District	Partners in Healthcare	Combined
<i>Reconciliation of cash and cash equivalents to the combined balance sheet</i>			
Cash and cash equivalents in current assets	\$ -	\$ 4,790,783	\$ 4,790,783
Cash and cash equivalents restricted by mortgage agreement	-	1,096,347	1,096,347
Cash and cash equivalents designated by Board for funded depreciation	-	137,677	137,677
<b>Total cash and cash equivalents</b>	<b>\$ -</b>	<b>\$ 6,024,807</b>	<b>\$ 6,024,807</b>

*Reconciliation of operating income (loss) to net cash  
provided by operating activities*

Operating income (loss)	\$ (2,889)	\$ 50,594	\$ 47,705
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</i>			
Depreciation	2,889	2,825,230	2,828,119
Provision for bad debts	-	1,678,689	1,678,689
Decrease (increase) in assets			
Receivables			
Patient net	-	(1,443,694)	(1,443,694)
Estimated third-party pay or settlements	-	(207,466)	(207,466)
Electronic health records incentive payment	-	126,660	126,660
Other	-	(79,954)	(79,954)
Inventories	-	14,047	14,047
Prepaid expenses	-	(58,532)	(58,532)
Increase (decrease) in liabilities			
Accounts payable	-	(96,659)	(96,659)
Estimated third-party pay or settlements	-	380,000	380,000
Accrued compensation and related liabilities	-	101,545	101,545
<b>Net cash provided by operating activities</b>	<b>\$ -</b>	<b>\$ 3,290,460</b>	<b>\$ 3,290,460</b>

*See accompanying independent auditors' report*

## **SINGLE AUDIT**

## **AUDITORS' SECTION**



DINGUS | ZARECOR & ASSOCIATES PLLC  
Certified Public Accountants

INDEPENDENT AUDITORS' 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 Trustees  
Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc  
doing business as North Canyon Medical Center  
Gooding, Idaho

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 combined financial statements of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center (the Organization) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Organization's combined basic financial statements, and have issued our report thereon dated January 15, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dingus, Zarecor & Associates PLLC*

Spokane Valley, Washington  
January 15, 2014



Board of Trustees  
Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc  
doing business as North Canyon Medical Center  
Gooding, Idaho

We have audited Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center's (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2013. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Organization's major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

***Basis for Qualified Opinion on U.S. Department of Housing and Urban Development, Mortgage Insurance - Hospitals***

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with CFDA 14 128 Mortgage Insurance – Hospitals as described in finding 2013-01 for reporting Compliance with such requirement is necessary. in our opinion, for the Organization to comply with the requirements applicable to that program

***Qualified Opinion on U.S. Department of Housing and Urban Development, Mortgage Insurance - Hospitals***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Organization, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the U S Department of Housing and Urban Development Mortgage Insurance – Hospitals federal program for the year ended September 30, 2013

***Other Matters***

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

**Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the Organization's major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Organization's major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-01 to be a significant deficiency

The Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Dingus, Zarecor & Associates PLLC*

Spokane Valley, Washington  
January 15, 2014

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.**  
doing business as North Canyon Medical Center  
**Schedule of Audit Findings and Questioned Costs**  
**Year Ended September 30, 2013**

**Section I – Summary of Auditors’ Results**

**Financial Statements:**

Type of auditors’ report issued	<i>Unmodified</i>		
Internal control over financial reporting			
• Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u>  X  </u> none reported	
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no	

**Federal Awards:**

Internal control over major programs			
• Material weakness(es) identified?	_____ yes	<u>  X  </u> no	
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u>  X  </u> yes	_____ none reported	
Type of auditors’ report issued on compliance for major programs	<i>Qualified</i>		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u>  X  </u> yes	_____ no	

**Identification of major programs**

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.128	U S Department of Housing and Urban Development Mortgage Insurance - Hospitals

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee?	_____ yes	<u>  X  </u> no
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**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Schedule of Audit Findings and Questioned Costs (Continued)  
Year Ended September 30, 2013**

**Section II – Financial Statements Findings**

No matters were reported

**Section III – Federal Award Findings and Questioned Costs**

**2013-01 Submission of Required Reports to the U.S. Department of Housing and Urban Development**

<i>Federal Agency</i>	U S Department of Housing and Urban Development
<i>CFDA</i>	14 128 Mortgage Insurance – Hospitals
<i>Award Numbers</i>	Not applicable
<i>Condition</i>	The Organization did not comply with its applicable compliance requirements related to timely filing of reports during the year ended September 30, 2013. Audited financial statements were not submitted to HUD within the required 120-day window. Alternatively, the Hospital had the option to submit board certified internal financial statements to HUD within the 120-day window and then submit audited financial statements at a later date. The Hospital did not submit board certified internal financial statements within the 120-day window. In addition, responses to the management letter were not sent to HUD within 60 days of the management letter date.
<i>Criteria</i>	[X] Compliance Finding [X] Significant Deficiency [ ] Material Weakness  The Organization is required to file the following reports to HUD <ul style="list-style-type: none"> <li>• Annual audited financial statements and management letter (including responses). If audited financial statements are not available within 120 days, board certified financial statements must be submitted.</li> <li>• Responses to the Organization's management letter within 60 days of the management letter date.</li> </ul>
<i>Context</i>	This finding appears to be an isolated incident.
<i>Cause</i>	The Organization did not have controls in place to identify the applicable report filing requirements or to file the required reports in a timely manner.
<i>Effect</i>	Required reports were sent to HUD after the applicable deadlines.
<i>Recommendation</i>	We recommend controls be put into place to identify the required deadlines for report submission to HUD. Appropriate responsibility should be assigned for preparing and reviewing such reports and ensuring they are filed timely.

**AUDITEE'S SECTION**

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2013**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
<b>Direct Program from:</b>			
U S Department of Housing and Urban Development Mortgage Insurance - Hospitals	14 128	Not applicable	\$ 25,388,203
<b>Pass-through Program from:</b>			
South Central Public Health District National Bioterrorism Hospital Preparedness Program	93 889	PCA 15895	47,715
<b>Pass-through Program from:</b>			
State of Idaho Department of Health and Welfare Small Rural Hospital Improvement Grant Program	93 301	HC777600	9,033
<b>Total expenditures of federal awards</b>			<b>\$ 25,444,951</b>

**1. Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combined basic financial statements.

**2. Loan Guarantee:**

Nonmonetary assistance in the form of a loan guarantee is included in the accompanying schedule of expenditures of federal awards. The related loan balance was \$25,388,203 at September 30, 2013.

*See accompanying independent auditors' report*



**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Corrective Action Plan  
Year Ended September 30, 2013**

**2013-01 Submission of Required Reports to the U.S. Department of Housing and Urban  
Development**

Management concurs with the finding and has controls in place to eliminate the finding from subsequent audits. The controls in place are Outlook reminders and Finance and Board agenda items that require a vote on preliminary year end financials.

**Gooding County Memorial Hospital District and  
Partners in Healthcare, Inc.  
doing business as North Canyon Medical Center  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2013**

**Prior Year Audit Findings:**

*2012-01 Auditor-Detected Adjusting Journal Entries*

This finding was a financial statement finding in which there was a significant adjusting journal entry related to health insurance stop loss receivable and health insurance expense that was identified and proposed by the audit team to achieve accurate account balances

*Status* Resolved