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

**A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013**




<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization NORTHERN ROCKIES MEDICAL CENTER AND SUBS		<b>D</b> Employer identification number  81-0530457
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 802 SECOND STREET SE	Room/suite	<b>E</b> Telephone number  (406) 873-2250
	City or town, state or country, and ZIP + 4 CUT BANK, MT 59427		<b>G</b> Gross receipts \$ 7,459,803
	<b>F</b> Name and address of principal officer CHERIE TAYLOR 802 SECOND STREET SE CUT BANK, MT 59427		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
<b>J</b> Website: ▶ NRMCINC.ORG			

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE TO RESIDENTS OF GLACIER COUNTY AND THE SURROUNDING AREA REGARDLESS OF THEIR ABILITY TO PAY			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	10	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	9	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	112	
6	Total number of volunteers (estimate if necessary)	0		
7a	Total unrelated business revenue from Part VIII, column (C), line 12	54,056		
7b	Net unrelated business taxable income from Form 990-T, line 34	-29,555		
Revenue	8	Contributions and grants (Part VIII, line 1h)	73,239	114,090
	9	Program service revenue (Part VIII, line 2g)	6,875,573	6,416,154
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	18,976	9,887
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	671,639	890,117
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,639,427	7,430,248
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0
14		Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	4,455,285	4,487,059
16a		Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b		Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0		
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	2,448,388	2,554,300
18		Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	6,903,673	7,041,359
19		Revenue less expenses Subtract line 18 from line 12	735,754	388,889
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	4,691,808	4,828,765
	21	Total liabilities (Part X, line 26)	2,127,463	1,846,440
	22	Net assets or fund balances Subtract line 21 from line 20	2,564,345	2,982,325

## Part II Signature Block

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

<b>Sign Here</b>	*****				2014-08-15	
	Signature of officer				Date	
<b>Paid Preparer Use Only</b>	CHERIE TAYLOR CEO CEO					
	Type or print name and title					
	Prnt/Type preparer's name NATHAN D MCCARTHY CPA		Preparer's signature		Date 2014-08-15	Check <input type="checkbox"/> if self-employed PTIN P00368408
	Firm's name  GALUSHA HIGGINS & GALUSHA PC				Firm's EIN  81-0272932	
Firm's address  PO BOX 1699 HELENA, MT 596241699				Phone no (406) 442-5520		

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

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

2

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

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

3

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

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code ) (Expenses \$ 5,526,757 including grants of \$ ) (Revenue \$ 6,416,154 )

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

4b

(Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c

(Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d

Other program services (Describe in Schedule O )


















(Expenses \$ including grants of \$ ) (Revenue \$ )

4e

Total program service expenses ▶ 5,526,757

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33	Yes	
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		No
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.	26	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
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.	112	
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?		Yes	
3b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		Yes	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			No
4b 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 Organizations that may receive deductible contributions under section 170(c).			
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?			
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			
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 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
9 Sponsoring organizations maintaining donor advised funds.			
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 Section 501(c)(7) organizations. 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 Section 501(c)(12) organizations. 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 Section 4947(a)(1) non-exempt charitable trusts. 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 Section 501(c)(29) qualified nonprofit health insurance issuers.			
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	10	
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	9	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	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	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
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 TREASURE BERKRAM 802 SECOND STREET NE CUT BANK, MT (406) 873-2250

Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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) GERALD EBELT CHAIRMAN	1 00	X		X				0	0	0
(2) RICK BILLMAN DIRECTOR	1 00	X						0	0	0
(3) LON PETERSON DIRECTOR	1 00	X						0	0	0
(4) PATRICK MONTALBAN DIRECTOR	1 00	X						0	0	0
(5) DR STEVE LOWERY DIRECTOR	1 00	X						0	0	0
(6) ROBERT CARETTE DIRECTOR	1 00	X						0	0	0
(7) ELAINE MITCHELL DIRECTOR	1 00	X						0	0	0
(8) JOHN WALLER VICE CHAIR	1 00	X		X				0	0	0
(9) BESS HJARTARSON SECRETARY	1 00	X		X				0	0	0
(10) DR ADRON MEDLEY DIRECTOR/SURGEON	40 00	X						118,332	0	0
(11) BECKY KIMMET DIRECTOR	1 00	X						0	0	0
(12) CHERIE TAYLOR CEO	40 00			X				91,868	0	1,267
(13) TREASURE BERKRAM CFO	40 00			X				60,500	0	2,408
(14) CHRISTINE OUELLETTE CNO	40 00			X				70,522	0	1,267
(15) NIALl ATKINSON NP	40 00					X		145,700	0	8,631
(16) JOE KARCHER CRNA	40 00					X		117,715	0	29,679



## 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 Sub-Total . . . . .</b>										
<b>c Total from continuation sheets to Part VII, Section A . . . . .</b>										
<b>d Total (add lines 1b and 1c) . . . . .</b>								604,637	0	43,252

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization: 3

		Yes	No
3	Did the organization list any <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) Name and business address	(B) Description of services	(C) Compensation
PINNACLE MEDICAL SERVICES 50 LUEDTKE ROAD CUT BANK MT 59427	PHYSICIAN	205,309

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►1

Part VIII

Statement of Revenue

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

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	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	96,175				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	17,915				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f . . . . .			114,090			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code					
			621110	6,334,580	6,251,200	83,380		
	b	OTHER PATIENT REVENUE	621110	81,574	81,343	231		
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f . . . . .			6,416,154			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		52			52
4		Income from investment of tax-exempt bond proceeds . .						
5		Royalties . . . . .						
6a		Gross rents	(i) Real	(ii) Personal				
			5,994					
			0					
			5,994					
d		Net rental income or (loss) . . . . .			5,994	5,994		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
				39,390				
				29,555				
				9,835				
d		Net gain or (loss) . . . . .			9,835	39,390	-29,555	
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a					
b		Less direct expenses . . . . .	b					
c		Net income or (loss) from fundraising events . . .						
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a					
b		Less direct expenses . . . . .	b					
c		Net income or (loss) from gaming activities . . .						
10a		Gross sales of inventory, less returns and allowances . . . . .	a					
b	Less cost of goods sold . . . . .	b						
c	Net income or (loss) from sales of inventory . . .							
Miscellaneous Revenue		Business Code						
11a	EHR INCENTIVE PAYMENT	621110	584,123	584,123				
b	COUNTY TAX REVENUE	624100	300,000	300,000				
c								
d	All other revenue . . . . .							
e	Total. Add lines 11a-11d . . . . .			884,123				
12	Total revenue. See Instructions . . . . .			7,430,248	7,262,050	54,056	52	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	244,164	76,645	167,519	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	3,627,580	2,999,223	628,357	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	28,496	24,857	3,639	
9	Other employee benefits.	225,183	190,786	34,397	
10	Payroll taxes.	361,636	303,311	58,325	
11	Fees for services (non-employees):				
a	Management.	75,000		75,000	
b	Legal.	10,547		10,547	
c	Accounting.	23,328		23,328	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	208,726	145,798	62,928	
12	Advertising and promotion.	20,441		20,441	
13	Office expenses.	98,034	69,645	28,389	
14	Information technology.	219,844	6,280	213,564	
15	Royalties.				
16	Occupancy.	78,956	78,956		
17	Travel.	63,923	49,159	14,764	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	13,000	4,488	8,512	
20	Interest.	17,920	17,920		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	433,700	433,700		
23	Insurance.	132,545	32,240	100,305	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	SUPPLIES	438,673	427,494	11,179	
b	PROVIDER FEES	312,766	312,766		
c	REPAIRS AND MAINTENANCE	181,823	178,029	3,794	
d	MEDICAL SERVICES	72,095	68,751	3,344	
e	All other expenses	152,979	106,709	46,270	
25	Total functional expenses. Add lines 1 through 24e.	7,041,359	5,526,757	1,514,602	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		735,141	1	662,941
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net		1,331,875	3	1,652,173
	4	Accounts receivable, net			4	
	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		438,175	7	402,913
	8	Inventories for sale or use		164,750	8	126,145
	9	Prepaid expenses and deferred charges		11,751	9	14,598
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a3,134,588			
	b	Less accumulated depreciation	10b1,745,310	1,642,774	10c	1,389,278
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		295,292	12	297,048
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		72,050	15	283,669
	16	Total assets. Add lines 1 through 15 (must equal line 34)		4,691,808	16	4,828,765
Liabilities	17	Accounts payable and accrued expenses		752,357	17	740,077
	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		1,369,146	23	1,104,593
	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		5,960	25	1,770
	26	Total liabilities. Add lines 17 through 25		2,127,463	26	1,846,440
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		2,564,345	27	2,982,325
	28	Temporarily restricted net assets		0	28	
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		2,564,345	33	2,982,325
	34	Total liabilities and net assets/fund balances		4,691,808	34	4,828,765

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	7,430,248
2	Total expenses (must equal Part IX, column (A), line 25)	2	7,041,359
3	Revenue less expenses Subtract line 2 from line 1	3	388,889
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,564,345
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	29,091
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,982,325

Part XII Financial Statements and Reporting

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

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

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization NORTHERN ROCKIES MEDICAL CENTER AND SUBS	Employer identification number 81-0530457
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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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization NORTHERN ROCKIES MEDICAL CENTER AND SUBS	Employer identification number 81-0530457
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶\_\_\_\_\_

4

Number of states where property subject to conservation easement is located ▶\_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

▶\$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶\$ \_\_\_\_\_

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶\$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶\$ \_\_\_\_\_

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance				
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

b

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		14,153		14,153
b Buildings		309,929	105,357	204,572
c Leasehold improvements				
d Equipment		2,810,506	1,639,953	1,170,553
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,389,278



**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>	7,430,248
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	
<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>	0
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	7,430,248
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	0
<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>	7,430,248

**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>	7,041,359
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25		
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	0
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	7,041,359
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	0
<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>	7,041,359

**Part XIII Supplemental Information**

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

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

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

**Name of the organization**  
NORTHERN ROCKIES MEDICAL CENTER AND SUBS

**Employer identification number**  
81-0530457

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," was it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %  c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care  4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5a		No
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	5b		
b	If "Yes," did the organization make it available to the public? . . . . .	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			212,688		212,688	3.020 %
b Medicaid (from Worksheet 3, column a) . . . . .			1,263,827	905,905	357,922	5.080 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			1,476,515	905,905	570,610	8.100 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			149,415	17,400	132,015	1.870 %
f Health professions education (from Worksheet 5) . . . . .						
g Subsidized health services (from Worksheet 6) . . . . .						
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .						
j <b>Total</b> Other Benefits . . . . .			149,415	17,400	132,015	1.870 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			1,625,930	923,305	702,625	9.970 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

716,369

3

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

3

680,551

4

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

Section B. Medicare

5

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

5

2,497,748

6

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

6

2,497,748

7

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

7

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

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

Part V Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	NORTHERN ROCKIES MEDICAL CENTER INC 802 SECOND STREET NE CUT BANK, MT 59427	X				X					



Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

NORTHERN ROCKIES MEDICAL CENTER

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) <b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility <b>b</b> <input checked="" type="checkbox"/> Demographics of the community <b>c</b> <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 <b>d</b> <input checked="" type="checkbox"/> How data was obtained <b>e</b> <input checked="" type="checkbox"/> The health needs of the community <b>f</b> <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups <b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs <b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests <b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs <b>j</b> <input type="checkbox"/> Other (describe in Part VI) 2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u> 3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . . 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 . . . . . 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) <b>a</b> <input checked="" type="checkbox"/> Hospital facility's website <b>b</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility <b>c</b> <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) <b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA <b>b</b> <input type="checkbox"/> Execution of the implementation strategy <b>c</b> <input checked="" type="checkbox"/> Participation in the development of a community-wide plan <b>d</b> <input type="checkbox"/> Participation in the execution of a community-wide plan <b>e</b> <input type="checkbox"/> Inclusion of a community benefit section in operational plans <b>f</b> <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA <b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community <b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community <b>i</b> <input checked="" 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 . . . . . 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)? . . . . . <b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . . <b>c</b> 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? \$_____	1	Yes	
	3	Yes	
	4		No
	5	Yes	
	7		No
	8a		No
	8b		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
<b>9</b> Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		<b>9</b>	Yes
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input type="checkbox"/> Asset level			
<b>c</b> <input checked="" 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 type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input checked="" 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		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

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

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI	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, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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

Identifier	ReturnReference	Explanation
		PART III, LINE 4 TO DETERMINE THE AMOUNTS USED ON LINE 2, PART III, THE AMOUNTS WRITTEN OFF TO BAD DEBT ARE WHAT ARE LEFT OVER AFTER ANY APPLICABLE DISCOUNTS, INSURANCE, AND PAYMENTS HAVE BEEN APPLIED MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY USING HISTORICAL EXPERIENCE APPLIED TO AN AGING OF ACCOUNTS PATIENT RECEIVABLES ARE WRITTEN OFF WHEN DEEMED UNCOLLECTIBLE TO DETERMINE THE AMOUNTS USED ON LINE 3, PART III, HISTORICAL DATA GATHERED FROM FINANCIAL ASSISTANCE TRACKING WAS USED TO GENERATE A PERCENTAGE OF PATIENTS THAT WOULD HAVE BEEN ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE PROGRAM THIS AMOUNT WOULD HAVE PROVIDED ADDITIONAL ASSISTANCE TO THE COMMUNITY'S LOW INCOME FAMILIES
		PART III, LINE 8 THE COMPLETED MEDICARE COST REPORT WAS USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COST AND NET PATIENT REVENUE

Identifier	ReturnReference	Explanation
		PART III, LINE 9B THE FINANCIAL ASSISTANCE POLICY AND MEDICARE BAD DEBT POLICY ARE APPLIED UNIFORMLY ACROSS ALL PATIENTS, REGARDLESS OF PAYOR STATUS
NORTHERN ROCKIES MEDICAL CENTER		PART V, SECTION B, LINE 3 A STEERING COMMITTEE WAS CONVENED TO ASSIST NORTHERN ROCKIES MEDICAL CENTER IN CONDUCTING A COMMUNITY HEALTH SERVICES DEVELOPMENT PROJECT A DIVERSE GROUP OF COMMUNITY MEMBERS REPRESENTING VARIOUS ORGANIZATIONS AND POPULATIONS WITHIN THE COMMUNITY (EX PUBLIC HEALTH, ELDERLY, UNINSURED) CAME TOGETHER IN FEBRUARY 2013 THE GROUP INCLUDED A MEMBER OF THE CHAMBER OF COMMERCE, MEMBERS OF THE GLACIER COUNTY HEALTH DEPARTMENT, EMPLOYEES OF NORTHERN ROCKIES MEDICAL CENTER (CEO, CNO, NUSRE, ETC ), LOCAL PASTORS, BOARD MEMBERS OF THE NORTHERN ROCKIES MEDICAL CENTER AND OTHER COMMUNITY MEMBERS

Identifier	ReturnReference	Explanation
NORTHERN ROCKIES MEDICAL CENTER		PART V, SECTION B, LINE 5C NORTHERN ROCKIES MEDICAL CENTER, INC COMMUNITY NEEDS ASSESSMENT AND FOCUS GROUPS REPORT FOR THE 2012 TAX RETURN CAN BE FOUND AT HTTP //WWW.NRMCINC.ORG/CUT%20BANK%20REPORT_FINAL.PDF NORTHERN ROCKIES MEDICAL CENTER, INC IMPLEMENTATION PLAN ADDRESSING COMMUNITY HEALTH NEEDS FOR THE 2012 TAX RETURN CAN BE FOUND AT HTTP //WWW.GOOGLE.COM/URL?SA=T&RCT=J&Q=&ESRC=S&SOURCE=WEB&CD=1&VED=0CB0QFJAA&URL=HTTP%3A%2F%2FWWW.NRMCINC.ORG%2FNRMC_IMPLEMENTATIONPLAN07232013.DOCX&EI=LIBRU9XIKAS3IGLM7ICODA&USG=AFQJCNFM26OZ5JYLSOOOFBZ9XE2HZRO8SQ&BVM=BV_72938740,D CGE
NORTHERN ROCKIES MEDICAL CENTER		PART V, SECTION B, LINE 6I ENSURE LOCAL ACCESS TO HEALTH CARE BY CONTINUING TO PROVIDE A CORE GROUP OF SERVICES, AS WELL AS PROVIDING NEW SERVICES BASED ON COMMUNITY DEMAND DEVELOP A STRATEGY TO ADDRESS THE COMMUNITY'S NEED FOR FINANCIAL ASSISTANCE PROGRAMS AND RESOURCES TO EXPAND ACCESS TO THOSE WHO ARE UNABLE TO AFFORD HEALTH CARE IMPROVE OVERALL HEALTH OUTCOMES IN THE COMMUNITY BY PROVIDING HEALTH AND WELLNESS SERVICES THROUGH COLLABORATION WITH OTHER COMMUNITY RESOURCES AND ORGANIZATIONS ADDRESS THE MENTAL HEALTH AND BEHAVIORAL HEALTH NEEDS OF THE COMMUNITY BY PROVIDING RESOURCES AND SERVICES TO THE LOCAL COMMUNITY EXPLORE PROVIDING SERVICES AND/OR RESOURCES TO THOSE WHO NEED HOME HEALTH SERVICES IN THE COMMUNITY



Identifier	ReturnReference	Explanation
NORTHERN ROCKIES MEDICAL CENTER		PART V, SECTION B, LINE 7 THE IDENTIFIED NEED RELATED TO THE ECONOMY AND AVAILABILITY OF GOOD JOBS CANNOT BE ADDRESSED BY NORTHERN ROCKIES MEDICAL CENTER ALONG THIS NEED WILL NEED A COLLABORATIVE EFFORT FROM A WIDE VARIETY OF ORGANIZATIONS IN THE COMMUNITY AT THIS TIME, NORTHERN ROCKIES MEDICAL CENTER DOES NOT HAVE THE FINANCIAL RESOURCES TO SUPPORT THE EQUIPMENT, SPACE, AND STAFF NEEDS TO CARE FOR CANCER PATIENTS NORTHERN ROCKIES MEDICAL CENTER ALREADY EMPLOYS SEVERAL PRIMARY CARE PROVIDERS WHO ARE AVAILABLE AT BOTH THE FACILITY AND AT THE CLINIC AT THIS TIME, THE HOSPITAL DOES NOT HAVE THE FINANCIAL RESOURCES OR SPACE NECESSARY TO RECRUIT AND HIRE ADDITIONAL PRIMARY CARE PROVIDERS
NORTHERN ROCKIES MEDICAL CENTER		PART V, SECTION B, LINE 19D ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE

Identifier	ReturnReference	Explanation
NORTHERN ROCKIES MEDICAL CENTER		PART V, SECTION B, LINE 20D ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE
NORTHERN ROCKIES MEDICAL CENTER		PART V, SECTION B, LINE 22 ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE AND ARE THEN DISCOUNTED DEPENDING ON FAP-ELIGIBILITY THE ORGANIZATION IS CURRENTLY WORKING TOWARDS IMPLEMENTING AN AMOUNTS GENERALLY BILLED FEE SCHEDULE FOR FAP-ELIGIBLE INDIVIDUALS

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION CONDUCTS A COMMUNITY HEALTH NEEDS ASSESSMENT SURVEY IN CONJUNCTION WITH MONTANA STATE UNIVERSITY EVERY THREE YEARS TO ASSESS THE NEEDS OF THE COMMUNITY THE RESULTS ARE REVIEWED BY THE BOARD OF DIRECTORS AND MANAGEMENT TO DETERMINE WHAT CHANGES NEED TO BE IMPLEMENTED TO INSURE THAT WE ARE MEETING THE COMMUNITY'S HEALTHCARE NEEDS
		PART VI, LINE 3 THE ORGANIZATION'S SELF PAY PATIENT REPRESENTATIVE WORKS WITH THE PATIENT TO DETERMINE HIS/HER ELIGIBILITY FOR FEDERAL, STATE OR LOCAL PROGRAMS THAT THEY MAY QUALIFY FOR THEY WORK WITH THE PATIENT ONE ON ONE TO QUALIFY THE PATIENT FOR ANY ELIGIBLE CHARITY CARE PROGRAM

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE ORGANIZATION SERVES THE RESIDENTS OF GLACIER COUNTY, MT AND THE SURROUNDING COUNTIES AS WELL AS A SIGNIFICANT NUMBER OF MEMBERS OF THE BLACKFEET NATION CUT BANK BORDERS THE BLACKFEET INDIAN RESERVATION IN ADDITION, THE ORGANIZATION SERVES A SIGNIFICANT NUMBER OF TOURISTS THAT PASS THROUGH THE AREA DURING THE SUMMER MONTHS
		PART VI, LINE 5 THE ORGANIZATION PROMOTES THE COMMUNITY'S HEALTH BY PARTICIPATING IN ANNUAL HEALTH FAIRS THAT ENCOMPASS ALL AREAS OF WELLNESS INCLUDING DIABETES SCREENING TO BLOOD PRESSURE CHECKS TO PAD SCREENING THE ORGANIZATION DOES FREE BLOOD PRESSURE CHECKS AND PARTICIPATES IN FREE PHYSICAL THERAPY RENTAL EQUIPMENT PROGRAM TO ASSIST WITH REHABILITATION AT HOME THE ORGANIZATION'S MEDICAL STAFF PROVIDES EMERGENCY DEPARTMENT COVERAGE 24/7 - 365 DAYS PER YEAR THE ORGANIZATION'S BOARD OF DIRECTORS CONSIST OF LEADERS FROM THE COMMUNITY THAT INCLUDE A TEACHER, DENTIST, ACCOUNTANT, RETIRED PASTOR, AND A RENTAL BUSINESS OWNER THAT VARY IN AGE FROM 30 TO 70 THE BOARD MEMBERS ARE EXTREMELY ACTIVE IN THE COMMUNITY AND AVAILABLE TO THE COMMUNITY MEMBERS FOR QUESTIONS AND ANSWERS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 N/A
	PART VI, LINE 7	THE ORGANIZATION FILES A COMMUNITY BENEFIT REPORT IN MONTANA

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

Name of the organization NORTHERN ROCKIES MEDICAL CENTER AND SUBS	Employer identification number  81-0530457
--	--

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 checked="" 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			
	<b>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</b>			
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)NIAL ATKINSON	(i)	145,700	0	0	0	8,631	154,331	0
NP	(ii)	0	0	0	0	0	0	0

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

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

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

OMB No 1545-0047

**2012****Open to Public  
Inspection**Name of the organization  
NORTHERN ROCKIES MEDICAL CENTER AND SUBS**Employer identification number**

81-0530457

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

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
NORTHERN ROCKIES MEDICAL CENTER AND SUBS

Employer identification number  
81-0530457

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

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

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

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

Schedule R (Form 990) 2012

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

[illegible]

**Software ID:**  
**Software Version:**  
**EIN:** 81-0530457  
**Name:** NORTHERN ROCKIES MEDICAL CENTER AND SUBS

**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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CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

**Northern Rockies Medical Center  
and Subsidiary**

*September 30, 2013 and 2012*

# Northern Rockies Medical Center and Subsidiary

*September 30, 2013 and 2012*

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

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Northern Rockies Medical Center and Subsidiary (the Hospital), which comprise the consolidated statements of financial position as of September 30, 2013 and 2012, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

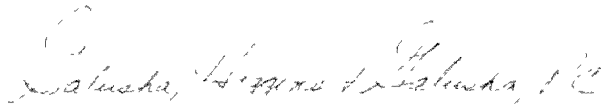
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

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

## **Report on Supplementary Information**

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



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

Helena, Montana  
March 26, 2014

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

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 115,813	\$ 410,730
Board designated cash	547,128	324,411
Accounts receivable, net of contractual allowance and allowance for doubtful accounts of \$500,152 and \$531,047 in 2013 and 2012, respectively	1,068,050	1,331,875
Contractual settlement receivable	283,669	72,050
Medicare EHR incentive receivable	584,123	-
Other receivables	402,913	438,175
Inventory	126,145	164,750
Prepaid expenses and other assets	14,597	11,751
Total current assets	<u>3,142,438</u>	<u>2,753,742</u>
Other assets		
Patronage credits	196,040	194,284
Land held for sale	101,008	101,008
Total other assets	<u>297,048</u>	<u>295,292</u>
Property and equipment		
Land	14,153	-
Building	135,207	41,807
Leasehold improvements	174,722	163,722
Major moveable equipment	1,759,303	1,711,124
Computers and other equipment	1,051,203	1,064,776
Vehicles	-	23,175
Total property and equipment	<u>3,134,588</u>	<u>3,004,604</u>
Less Accumulated depreciation	<u>(1,745,310)</u>	<u>(1,361,830)</u>
Net property and equipment	1,389,278	1,642,774
Total assets	<u><u>\$ 4,828,764</u></u>	<u><u>\$ 4,691,808</u></u>

The accompanying notes are an integral part of these financial statements

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

Continued.

	<u>2013</u>	<u>2012</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 266,479	\$ 284,800
Accrued expenses and other liabilities	473,598	467,557
Accrued interest payable	1,770	5,960
Bank of Glacier County line of credit	30,050	50,000
Current portion of long-term debt	203,722	288,695
Current portion of capital lease obligations	8,935	8,837
Total current liabilities	<u>984,554</u>	<u>1,105,849</u>
Long-term liabilities		
Capital lease obligation	-	8,935
Long-term debt	861,886	983,588
Total long-term liabilities	<u>861,886</u>	<u>992,523</u>
Total liabilities	<u>1,846,440</u>	<u>2,098,372</u>
<b>NET ASSETS</b>		
Net Assets		
Unrestricted	2,435,196	2,269,025
Board designated	547,128	324,411
Total net assets	<u>2,982,324</u>	<u>2,593,436</u>
Total liabilities and net assets	<u><u>\$ 4,828,764</u></u>	<u><u>\$ 4,691,808</u></u>

The accompanying notes are an integral part of these financial statements

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

	2013	2012
Unrestricted revenues, gains and other support		
Patient service revenue	\$ 6,334,580	\$ 6,816,560
Other operating revenue	81,574	65,809
EHR incentive payments revenue	584,123	367,750
Total revenues, gains and other support	<u>7,000,277</u>	<u>7,250,119</u>
Operating expenses		
Professional care	4,641,693	4,878,214
General services	405,292	426,834
Administrative and fiscal services	1,542,753	1,337,647
Depreciation and amortization	433,700	233,252
Interest expense	17,920	27,726
Total Operating Expenses	<u>7,041,359</u>	<u>6,903,673</u>
Operating income (loss)	<u>(41,082)</u>	<u>346,446</u>
Other income (expense)		
Glacier County tax revenue	300,000	300,000
Gain (loss) on disposal of assets	(5,626)	11,458
Loss on business disposal	(23,930)	-
Contributions	17,915	34,842
Grants	96,175	38,398
Change in investment in subsidiary	39,390	-
Investment income	52	721
Rental income	5,994	3,889
Total other income (expense)	<u>429,970</u>	<u>389,308</u>
Change in net assets	388,888	735,754
Net assets, beginning of year	2,593,436	1,828,591
Prior period adjustment (see Note R)	-	29,091
Net assets, end of year	<u>\$ 2,982,324</u>	<u>\$ 2,593,436</u>

The accompanying notes are an integral part of these financial statements

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

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 388,888	\$ 735,754
Adjustments to reconcile change in net assets to net assets from operating activities		
Depreciation and amortization	433,700	233,252
Gain on sale of assets	5,626	24,500
(Increase) decrease in assets		
Accounts receivable	294,719	(558,633)
Provision for estimated uncollectibles and contractual allowances	(30,895)	151,922
Contractual settlement receivable	(211,619)	144,577
Medicare EHR incentive receivable	(584,123)	-
Other receivables	35,262	60,648
Inventory	38,605	8,096
Prepaid expenses	(2,847)	7,681
Increase (decrease) in liabilities		
Accounts payable	(18,321)	47,703
Accrued expenses and other liabilities	6,042	28,280
Accrued interest payable	(4,190)	(643)
Net cash from operating activities	<u>350,847</u>	<u>883,137</u>
Cash flows from investing activities		
Redemption of investment in Yellowstone Insurance Exchange	-	36,772
Redemption of patronage credits	(1,756)	32,547
Purchase of property and equipment	(185,829)	(1,194,596)
Net cash from investing activities	<u>(187,585)</u>	<u>(1,125,277)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt and capital leases	67,851	859,836
Principal payments on long-term debt and capital leases	(283,363)	(213,884)
Proceeds from issuance of short-term debt	625,000	50,000
Principal payments on short-term debt	(644,950)	-
Net cash from financing activities	<u>(235,462)</u>	<u>695,952</u>
Net change in cash and cash equivalents	(72,200)	453,812
Cash and cash equivalents, beginning of year	735,141	281,329
Cash and cash equivalents, end of year	<u>\$ 662,941</u>	<u>\$ 735,141</u>
Financial statement presentation		
Cash and cash equivalents	\$ 115,813	\$ 410,730
Board designated cash	547,128	324,411
	<u>\$ 662,941</u>	<u>\$ 735,141</u>
Supplemental information		
Interest Paid	<u>\$ 22,110</u>	<u>\$ 28,369</u>
Non-Cash Transactions		
Prior period correction (see Note R)	<u>\$ -</u>	<u>\$ (29,091)</u>

The accompanying notes are an integral part of these financial statements

## Northern Rockies Medical Center and Subsidiary

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

---

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

- 1 Organization - Northern Rockies Medical Center, Inc. and Subsidiary (collectively referred to as the Hospital) is a Montana nonprofit corporation, operating a 20-bed critical access hospital and a rural health care clinic in Cut Bank, Montana. The Hospital operates with two physicians and four mid-level practitioners providing medical care to the residents of Glacier County and the surrounding area. The subsidiary is an LLC that provides durable medical equipment to residents in the Cut Bank area. The Hospital assumed operations from Glacier County, Montana as of October 1, 2001. The Hospital leases the property and equipment owned by Glacier County for an annual rental of \$1. Glacier County has contributed certain assets towards the operation of the Hospital.
- 2 Basis of Consolidation - The consolidated financial statements include the accounts of the Hospital and its subsidiary Prairie Winds DME, LLC, a durable medical equipment company. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital consolidates subsidiaries in which it exercises control. The Hospital sold Prairie Winds DME, LLC on September 30, 2013.
- 3 Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- 4 Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less.
- 5 Board Designated Cash - Board designated cash is cash set aside by the board of trustees for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. This cash is directly tied to the funds received each year from the County mill levy.
- 6 Inventories - Inventories are stated at the lower of cost (average cost) or market.
- 7 Accounts Receivable - Accounts receivable are stated at unpaid balances, less a contractual allowance and an allowance for doubtful accounts. The Hospital provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Hospital's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Recoveries of patient receivables previously written off are recorded when received.

Continued

## Northern Rockies Medical Center and Subsidiary

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

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

8 Patronage Credits - Patronage credits represent allocated capital from an electrical cooperative and are stated at cost

9 Property and Equipment - Property and equipment acquisitions are recorded at cost. Property and equipment donated for Hospital operations are recorded as unrestricted support and are included in the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. The Hospital capitalizes long-lived assets with a cost in excess of \$5,000.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

10 Statements of Activities and Changes in Net Assets - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other income or expense.

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

12 Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Since the Hospital does not expect payment, estimated charges for charity care are not included in revenue. The Hospital calculates the amount of charity care based on an estimate of the cost of providing the services using a cost to charge ratio.

The total amount of charity care provided by the Hospital for the years ended September 30, 2013 and 2012 totaled \$267,694 and \$215,022, respectively.

Continued



## Northern Rockies Medical Center and Subsidiary

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

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

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

14 Advertising - Advertising costs are expensed as incurred.

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

As a matter of law, the Hospital is subject to examination by federal and state taxing authorities for the year. Although management believes that the amounts reflected in their tax returns substantially comply with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to their position based on IRS interpretation of the law. The Hospital and the Foundation have determined that they are subject to examination of their federal information return filings in the United States for the 2010 through 2012 tax years. A tax position that is challenged by a taxing authority could result in an adjustment. In the event that the Hospital is assessed penalties and or interest, penalties will be charged to the other operating expense and interest will be charged to the interest expense.

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

17 Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to September 30, 2013 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2013. Management has performed this analysis through March 26, 2014, the date the financial statements were available to be issued.

#### NOTE B - NET PATIENT SERVICE REVENUE

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

Continued

# Northern Rockies Medical Center and Subsidiary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

### NOTE B - NET PATIENT SERVICE REVENUE. continued

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

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

The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's cost reports have been audited and settled by the Medicare and Medicaid fiscal intermediaries through September 30, 2012.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

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

	2013	2012
Gross patient service revenue	\$ 8,994,218	\$ 9,952,495
Contractual revenue adjustments	(1,943,269)	(2,438,595)
Bad debts	(716,369)	(697,340)
Net patient service revenue	<u>\$ 6,334,580</u>	<u>\$ 6,816,560</u>

### NOTE C - OTHER RECEIVABLES

A summary of other receivables at September 30, 2013 and 2012 follows:

	2013	2012
Employees	\$ 16,559	\$ 10,500
Bed tax receivable	89,202	136,707
County taxes receivable	278,000	271,600
Other	19,152	19,368
	<u>\$ 402,913</u>	<u>\$ 438,175</u>

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

Continued

# Northern Rockies Medical Center and Subsidiary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*September 30, 2013 and 2012*

### NOTE D - INVESTMENT IN PRAIRIE WINDS DME, LLC

On September 30, 2013, the Hospital sold Prairie Winds DME, LLC. The subsidiary was fully owned by the Hospital, so the assets, liabilities and operations of the subsidiary are consolidated with the Hospital. All material intercompany accounts and transactions are eliminated in consolidation.

### NOTE E – LAND HELD FOR SALE

The Hospital owns several parcels of land that are available for sale, with values determined by an independent broker. During 2012, one parcel was sold and one was given as a signing bonus. As of September 30, 2013 and 2012 there are 14 parcels available for sale, with a value of \$101,008.

### NOTE F - PROPERTY AND EQUIPMENT

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

	Balance 9/30/12	Additions	Disposals	Balance 9/30/13
Land	\$ -	\$ 14,153	\$ -	\$ 14,153
Building	41,807	93,400	-	135,207
Leasehold improvements	163,722	11,000	-	174,722
Major moveable equipment	1,711,124	48,179	-	1,759,303
Computers and other equipment	1,064,776	17,851	(31,424)	1,051,203
Vehicles	23,175	-	(23,175)	-
	<u>3,004,604</u>	<u>184,583</u>	<u>(54,599)</u>	<u>3,134,588</u>
Less: Accumulated depreciation	(1,361,830)	(433,700)	50,220	(1,745,310)
Property and equipment, net	<u>\$ 1,642,774</u>	<u>\$ (249,117)</u>	<u>\$ (4,379)</u>	<u>\$ 1,389,278</u>

In June 2013, the Hospital and Glacier County entered into a simultaneous land swap. The Hospital intends to use the land that was received for parking and maintenance.

### NOTE G - COMPENSATED ABSENCES

The Hospital pays accrued but unused vacation hours upon termination of employment. As of September 30, 2013 and 2012, the amount of accrued but unpaid vacation time is recorded as a current liability in the amount of \$345,628 and \$348,233, respectively.

### NOTE H - LINE OF CREDIT

The Hospital established a line of credit with Bank of Glacier County on June 6, 2013. Under the terms of the financing agreement, the Hospital was granted a \$350,357 revolving line of credit with interest at 6%. Payment of all outstanding accrued interest is due the last day of the month. Payment of all outstanding accrued principal and interest is due June 5, 2014. Substantially all of the Hospital's assets are pledged as collateral to this loan. As of September 30, 2013 and 2012, the balance on the line of credit was \$30,050 and \$50,000, respectively.

Continued

# Northern Rockies Medical Center and Subsidiary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*September 30, 2013 and 2012*

### NOTE I - LONG-TERM DEBT

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

	2013	2012
Bank of Glacier County, 8.5% note payable. Annual payments of \$24,729 due December 1 until 2026, secured by capital credits	\$ 159,021	\$ 168,582
Glacier Electric Cooperative note under the USDA Rural Economic Development Loan and Grant Program. Total loan \$360,000, 0% interest rate, due December 2022, annual payments of \$36,000, secured by equipment	324,000	360,000
Glacier Electric Cooperative note under the USDA Rural Economic Development Loan and Grant Program. Total loan \$340,000, 0% interest rate, due March 1, 2018, annual payments of \$34,000, secured by equipment	136,000	170,000
Cut Bank Community Members, 10% notes payable, due April 1, 2013, unsecured	-	69,069
MT Health Facility Finance Authority, 3.47% note payable, due July 15, 2013, secured by surgical equipment	-	4,897
CPSI, 0% note payable. \$10,000 per month due until meaningful use is met and incentive money is received	397,587	499,735
Cut Bank Chamber of Commerce loan, for land swap. \$500 monthly payments for 60 months	29,000	-
Cut Bank Development Co. loan, for land swap. No current payment structure is agreed on	20,000	-
Total long-term debt	1,065,608	1,272,283
Less: current portion of long-term debt	(203,722)	(288,695)
Net long-term debt	<u>\$ 861,886</u>	<u>\$ 983,588</u>

Continued

# Northern Rockies Medical Center and Subsidiary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*September 30, 2013 and 2012*

### NOTE I - LONG-TERM DEBT, continued

Principal maturities of long-term debt are as follows

2014	\$	203,722
2015		207,356
2016		208,360
2017		127,039
2018		55,641
Thereafter		263,490
Total	\$	<u>1,065,608</u>

### NOTE J - LEASE COMMITMENTS

The Hospital leases certain medical equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the statements of financial position as property, plant, and equipment and was \$45,998 at September 30, 2013 and 2012. Accumulated amortization of the leased equipment at September 30, 2013 and 2012 was \$37,063 and \$28,365, respectively. Amortization of assets under capital leases is included in depreciation expense.

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

	<u>2013</u>	<u>2012</u>
Abbott Laboratories, 10.19% lease payable, monthly payments of \$854, including interest, due August 2014, secured by hematology analyzer	\$ 11,199	\$ 20,036
Total minimum lease payments	<u>11,199</u>	<u>20,036</u>
Less: amount representing interest	<u>(2,264)</u>	<u>(2,264)</u>
Present value of net minimum lease payments	8,935	17,772
Less: current portion of capital lease	<u>(8,935)</u>	<u>(8,837)</u>
Long-term capital lease obligation	<u>\$ -</u>	<u>\$ 8,935</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2014	<u>\$ 8,935</u>	<u>\$ 455</u>	<u>\$ 9,390</u>

Continued

# Northern Rockies Medical Center and Subsidiary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

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### NOTE K - MEDICAL MALPRACTICE CLAIMS

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

### NOTE L - CONCENTRATION OF CREDIT RISK

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

	2013
Medicare	37%
Medicaid	19%
Other Governmental Agencies	0%
Commercial Insurance	28%
Other Third-Party Payors and Patients	0%
Self-Pay	16%
Total	100%

The Hospital maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At September 30, 2013, the Hospital had \$437,973 of uninsured bank balances.

### NOTE M - RELATED PARTY TRANSACTIONS

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

Three members of the Board of Trustees participate in the Community Loan Program to the Hospital, loaning a total \$150,000. The loan was paid off during 2013. The balance due on the board members' loans at September 30, 2013 and 2012 is \$0 and \$21,584. The unsecured loans bore an interest rate of 10%.

Continued

# Northern Rockies Medical Center and Subsidiary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

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### NOTE N – FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services as of September 30, 2013 and 2012 are as follows:

	2013	2012
Health care services	\$ 4,641,693	\$ 4,878,214
General and administrative	1,948,046	1,764,481
Total	<u>\$ 6,589,739</u>	<u>\$ 6,642,695</u>

### NOTE O – MEDICAID DISPROPORTIONATE SHARE HOSPITAL (DSH) AUDIT ACCRUAL

On December 19, 2008 CMS issued the final DSH payments audit rule. Effective with the 2011 Medicaid state plan rate rules, which are due September 2014, any hospital that exceeds its hospital-specific DSH limit will be required to repay the excess Medicaid DSH funds received. As of September 30, 2013, management has determined there were no amounts that needed to be accrued.

### NOTE P - CONTINGENCIES

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

In connection with the Hospital's membership in the Yellowstone Insurance Exchange, the Hospital committed to making capital contributions to the exchange over a number of years. As of September 30, 2013 and 2012, \$73,532 had been contributed. The Hospital committed to obtain malpractice insurance from the exchange.

### NOTE Q - RISKS AND UNCERTAINTIES - COLLECTIVE BARGAINING AGREEMENTS

During the years ended September 30, 2013 and 2012, approximately 65% and 59%, respectively, of the Hospital's workforce was covered under collective bargaining agreements which were renewed in 2012.

### NOTE R – PRIOR PERIOD ADJUSTMENT

As of September 30, 2012, the Hospital removed an amount of a prior year payable from its books. The effect on the 2012 financial statements includes a reduction in liabilities of \$29,091, and an increase in unrestricted net assets of \$29,091.

Concluded

SUPPLEMENTAL INFORMATION

**Northern Rockies Medical Center and Subsidiary**

*September 30, 2013 and 2012*



**Northern Rockies Medical Center and Subsidiary**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSTION**

*September 30, 2013*

(See independent auditor's report)

	ASSETS			
	Northern Rockies Medical Center, Inc	Prairie Winds DME, LLC	Eliminations	Consolidated
Current assets				
Cash and cash equivalents	\$ 115,813	\$ -	\$ -	\$ 115,813
Board designated cash	547,128	-	-	547,128
Accounts receivable, net of contractual allowance and allowance for doubtful accounts of \$531,047	1,068,050	-	-	1,068,050
Contractual settlement receivable	283,669	-	-	283,669
Medicare EHR incentive receivable	584,123	-	-	584,123
Other receivables	402,913	-	-	402,913
Inventory	126,145	-	-	126,145
Prepaid expenses and other assets	14,597	-	-	14,597
Total current assets	<u>3,142,438</u>	<u>-</u>	<u>-</u>	<u>3,142,438</u>
Other assets				
Patronage credits	196,040	-	-	196,040
Land held for sale	101,008	-	-	101,008
Total other assets	<u>297,048</u>	<u>-</u>	<u>-</u>	<u>297,048</u>
Property and equipment				
Land	14,153	-	-	14,153
Building	135,207	-	-	135,207
Leasehold improvements	174,722	-	-	174,722
Major moveable equipment	1,759,303	-	-	1,759,303
Computers and other equipment	1,051,203	-	-	1,051,203
	<u>3,134,588</u>	<u>-</u>	<u>-</u>	<u>3,134,588</u>
Less Accumulated depreciation	(1,745,310)	-	-	(1,745,310)
Property and equipment, net	<u>1,389,278</u>	<u>-</u>	<u>-</u>	<u>1,389,278</u>
Total assets	<u>\$ 4,828,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,828,764</u>

**Northern Rockies Medical Center and Subsidiary**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSTION**

*September 30, 2013*

(See independent auditor's report)

**LIABILITIES AND NET ASSETS**

	Northern Rockies Medical Center, Inc	Prairie Winds DME, LLC	Eliminations	Consolidated
Current liabilities				
Accounts payable	\$ 266,479	\$ -	\$ -	\$ 266,479
Accrued expenses and other liabilities	473,598	-	-	473,598
Accrued interest payable	1,770	-	-	1,770
Bank of Glacier County line of credit	30,050	-	-	30,050
Current portion of long-term debt	203,722	-	-	203,722
Current portion of capital lease obligations	8,935	-	-	8,935
Total current liabilities	<u>984,554</u>	<u>-</u>	<u>-</u>	<u>984,554</u>
Long-term liabilities				
Long-term debt	861,886	-	-	861,886
Total long-term liabilities	<u>861,886</u>	<u>-</u>	<u>-</u>	<u>861,886</u>
Total liabilities	<u>1,846,440</u>	<u>-</u>	<u>-</u>	<u>1,846,440</u>
Net assets				
Unrestricted	2,435,196	-	-	2,435,196
Board designated	547,128	-	-	547,128
	<u>2,982,324</u>	<u>-</u>	<u>-</u>	<u>2,982,324</u>
Total liabilities and net assets	<u>\$ 4,828,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,828,764</u>

**Northern Rockies Medical Center and Subsidiary**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
*for the year ended September 30, 2013*  
(See independent auditor's report)

	Northern Rockies Medical Center, Inc	Prairie Winds DME, LLC	Eliminations	Consolidated
Unrestricted revenues, gains and other support				
Patient service revenue	\$ 8,818,806	\$ 175,412	\$ -	\$ 8,994,218
Less revenue adjustments and bad debts	(2,567,606)	(92,032)	-	(2,659,638)
Net patient service revenue	6,251,200	83,380	-	6,334,580
Other operating revenue	81,343	231	-	81,574
EHR incentive payments revenue	584,123	-	-	584,123
Total revenues, gains and other support	6,916,666	83,611	-	7,000,277
Operating expenses				
Professional care	4,559,800	81,893	-	4,641,693
General services	405,292	-	-	405,292
Administrative and fiscal services	1,542,753	-	-	1,542,753
Depreciation and amortization	431,982	1,718	-	433,700
Interest expense	17,920	-	-	17,920
Total operating expenses	6,957,748	83,611	-	7,041,359
Operating income (loss)	(41,082)	-	-	(41,082)
Other income (expense)				
Glacier County tax revenue	300,000	-	-	300,000
Gain (loss) on disposal of assets	-	(5,626)	-	(5,626)
Loss on business disposal	-	(23,930)	-	(23,930)
Contributions	17,915	-	-	17,915
Grants	96,175	-	-	96,175
Change in investment in subsidiary	9,834	-	29,556	39,390
Investment income	52	-	-	52
Rental income	5,994	-	-	5,994
Total other income (expense)	429,970	(29,556)	29,556	429,970

**Northern Rockies Medical Center and Subsidiary**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
*for the year ended September 30, 2013*  
(See independent auditor's report)

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Continued.

	Northern Rockies Medical Center, Inc	Prairie Winds DME, LLC	Eliminations	Consolidated
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in net assets	388,888	(29,556)	29,556	388,888
Distribution from subsidiary	-	(4,800)	4,800	-
Net assets, beginning of year	2,593,436	34,356	(34,356)	2,593,436
Net assets, end of year	<u><u>\$ 2,982,324</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,982,324</u></u>

# Northern Rockies Medical Center and Subsidiary

## SCHEDULES OF NET PATIENT SERVICE REVENUE

*for the years ended September 30, 2013 and 2012*

(See independent auditor's report)

Department	Inpatient		Outpatient		Total	
	2013	2012	2013	2012	2013	2012
Outpatient therapy, telementary and treatment room	\$ 3,877	\$ -	\$ 579,944	\$ 264,448	\$ 583,821	\$ 264,448
Acute care	297,376	321,794	11,465	11,653	308,841	333,447
Swing bed	203,653	301,444	-	-	203,653	301,444
Nursery	-	-	1,076	1,191	1,076	1,191
Respiratory services	176,349	238,442	53,856	69,033	230,205	307,475
Labor and delivery	-	-	-	255	-	255
Surgical services	3,765	3,738	157,148	232,006	160,913	235,744
Observation	-	25,135	245,418	380,025	245,418	405,160
Emergency services	146,913	191,281	1,660,374	1,951,070	1,807,287	2,142,351
Central services	206	21,371	21	102,103	227	123,474
Dietary services	973	-	-	-	973	-
Laboratory services	127,281	149,495	1,468,896	1,502,296	1,596,177	1,651,791
Electro diagnosis services	4,687	4,510	82,172	93,555	86,859	98,065
Radiology services	67,306	113,047	1,532,761	1,710,744	1,600,067	1,823,791
Pharmacy services	97,877	106,799	164,694	218,328	262,571	325,127
Anesthesiology services	147	3,671	83,391	101,701	83,538	105,372
Rehabilitation services	58,353	81,884	297,655	284,971	356,008	366,855
Clinic services	12,515	17,189	1,278,657	1,250,305	1,291,172	1,267,494
	<u>\$ 1,201,278</u>	<u>\$ 1,579,800</u>	<u>\$ 7,617,528</u>	<u>\$ 8,173,684</u>	<u>\$ 8,818,806</u>	<u>\$ 9,753,484</u>
Adjustments to revenue						
Medicare					(474,889)	(963,775)
Bed tax receipts					134,771	213,225
Medicaid					(798,970)	(711,789)
Commercial insurances					(441,076)	(645,996)
Provision for bad debts					(713,837)	(696,462)
Administrative					(5,911)	(15,948)
Charity care					(267,694)	(215,022)
Total adjustments					<u>(2,567,606)</u>	<u>(3,035,767)</u>
Other Prairie Winds DME, LLC revenue					83,380	98,843
Net Patient Service Revenue					<u>\$ 6,334,580</u>	<u>\$ 6,816,560</u>

# Northern Rockies Medical Center and Subsidiary

## SCHEDULES OF OPERATING EXPENSES

*for the year ended September 30, 2013*

(See independent auditor's report)

	2013				
	NRMC				
	Salaries and Benefits	Professional Fees, Supplies and Other	Prairie Winds DME, LLC	Total	2012 Total Memo Only
Fiscal and Administrative Services					
Administrative services	\$ 439,074	\$ 509,496	\$ -	\$ 948,570	\$ 811,387
Fiscal services	480,628	113,555	-	594,183	526,260
Total Fiscal and Administrative	919,702	623,051	-	1,542,753	1,337,647
General Services					
Dietary	488	14,344	-	14,832	19,091
Plant operation and maintenance	90,124	167,295	-	257,419	279,380
Housekeeping	93,564	5,024	-	98,588	91,436
Laundry and linen	24,342	10,112	-	34,454	36,927
Total General Services	208,517	196,775	-	405,292	426,834
Professional Care Services					
Acute care	502,622	16,270	-	518,892	409,090
Nursing services	90,705	2,099	-	92,804	91,099
Swing bed	106,040	4,068	-	110,108	175,076
Obstetric/gynecologic services	-	866	-	866	-
Nursery	10,421	473	-	10,894	5,607
Intensive care services	-	-	-	-	44
Respiratory services	90,086	21,325	-	111,411	69,083
Surgical services	68,784	36,030	-	104,814	228,472
Observation	20,704	719	-	21,423	72,875
Emergency services	746,121	41,335	-	787,456	914,098
Central services	27,663	52,776	-	80,439	38,820
Laboratory services	228,531	188,762	-	417,293	459,209
Electro diagnosis services	-	948	-	948	1,506
Radiology services	187,142	192,395	-	379,537	396,634
Pharmacy	109,372	110,961	-	220,333	228,601
Anesthesiology services	103,375	6,668	-	110,043	168,329
Rehabilitation services	211,985	14,604	-	226,589	214,371
Social services	363	220	-	583	562
Medical records	105,748	52,054	-	157,802	174,601
Sleep study	15,059	471	-	15,530	23,510
Clinic services	721,151	470,885	-	1,192,036	1,111,570
Prairie Winds expenses	-	-	81,893	81,893	95,057
Total Professional Care	3,345,871	1,213,929	81,893	4,641,693	4,878,214
	\$ 4,474,091	\$ 2,033,755	\$ 81,893	6,589,739	6,642,695
Depreciation and amortization		\$ 431,982	\$ 1,718	433,700	233,252
Interest		17,920	-	17,920	27,726
		\$ 449,902	\$ 1,718	451,620	260,978
Total operating expenses				\$ 7,041,359	\$ 6,903,673