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Form 990



Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

Information about Form 990 and its instructions is at [www.IRS.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 04-01-2013, 2013, and ending 03-31-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

KALISPELL REGIONAL MEDICAL CENTER

Doing Business As

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

310 SUNNYVIEW LANE

City or town, state or province, country, and ZIP or foreign postal code

KALISPELL, MT 59901

F Name and address of principal officer

CHARLES PEARCE

310 SUNNYVIEW LANE

KALISPELL, MT 59901

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3)☐ 501(c) ( ) (insert no )☐ 4947(a)(1) or ☐ 527

J Website:

WWW KRH ORG/KRMC

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation

1973

M State of legal domicile

MT

Part I Summary																																											
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>PROVIDE ACUTE HOSPITAL CARE</div></div>																																										
	<div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>																																										
Revenue	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>16</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>7</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>2,262</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>140</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>1,256,666</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>-114,246</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	16	4	Number of independent voting members of the governing body (Part VI, line 1b)	7	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	2,262	6	Total number of volunteers (estimate if necessary)	140	7a	Total unrelated business revenue from Part VIII, column (C), line 12	1,256,666	7b	Net unrelated business taxable income from Form 990-T, line 34	-114,246																								
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Part II Signature Block

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

Sign Here

\*\*\*\*\*

Signature of officer

2015-02-09

Date

CHARLES PEARCE CFIO

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

JUSTIN P SLITER

Preparer's signature

Date

2015-02-09

Check ☐ if self-employed

PTIN

P00188996

Firm's name

JORDAHL & SLITER PLLC

Firm's EIN

81-0497523

Firm's address

PO BOX 8600

KALISPELL, MT 599041600

Phone no

(406) 752-1040

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

☒ Yes☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1

Briefly describe the organization's mission

PROVIDE ACUTE HOSPITAL CARE

2

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

YesNo

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?

YesNo

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 \$ 226,650,638 including grants of \$ ) (Revenue \$ 257,924,108 )

OPERATION OF REGIONAL ACUTE CARE HOSPITAL

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 226,650,638

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
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 other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 or other assistance to any domestic organization or government 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 or 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 25a</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
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		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
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	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, 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	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
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 or note to any line in this Part V

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	236	
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.	2,262	
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" to line 3b, 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
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
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	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line 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 . . . . .		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
b	Enter the number of voting members included in line 1a, above, who are independent . . . . .		
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	Yes
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	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body? . . . . .	8a	Yes
b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

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

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. ▶CHARLES PEARCE 310 SUNNYVIEW LANE KALISPELL, MT 59901 (406) 752-1724

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

Form **990** (2013)



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	▼			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	▼			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	▼	6,961,832	1,199,246	427,661

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization: 171

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

## Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SILVER TIP EMERGENCY PHYSICIANS 310 SUNNYVIEW LANE KALISPELL MT 59901	EMERGENCY ROOM PHYSICIANS	3,424,949
GLACIER REGIONAL PATHOLOGY 495 NORTH MAIN STREET KALISPELL MT 59901	PATHOLOGY SERVICES	696,345
NORTHWEST IMAGING PC PO BOX 9110 KALISPELL MT 59904	IMAGING SERVICES	671,109
NORTHERN ROCKIES ANESTHESIA CONSULTANTS 1075 MARTIN CREEK LANE WHITEFISH MT 59937	ANESTHESIA SERVICES	591,758
THE ADVISORY BOARD CO PO BOX 79461 BALTIMORE MD 212790461	CONSULTING SERVICES	333,681

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 ▶26

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . . 1a					
	b	Membership dues . . . . . 1b					
	c	Fundraising events . . . . . 1c					
	d	Related organizations . . . . . 1d	782,535				
	e	Government grants (contributions) 1e	30,000				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	7,863				
	g	Noncash contributions included in lines 1a-1f \$	77,006				
	h	Total. Add lines 1a-1f . . . . .	820,398				
Program Service Revenue	2a	MEDICAL SERVICE REVENUE	621990	249,105,725	247,849,059	1,256,666	
	b	PARTNERSHIP INCOME	621990	4,114,428	4,114,428		
	c	MEANINGFUL USE REVENUE	900099	2,188,720	2,188,720		
	d	OUTREACH PROGRAMS	621990	809,272	809,272		
	e	RESEARCH	621990	638,674	638,674		
	f	All other program service revenue		2,323,955	2,323,955		
	g	Total. Add lines 2a-2f . . . . .	259,180,774				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	1,159,702			1,159,702
4		Income from investment of tax-exempt bond proceeds . . . . .					
5		Royalties . . . . .					
6a		Gross rents	(i) Real	(ii) Personal			
			270,266				
		b	Less rental expenses	0			
		c	Rental income or (loss)	270,266			
d		Net rental income or (loss) . . . . .	270,266			270,266	
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			43,997,091	74,070			
		b	Less cost or other basis and sales expenses	35,071,471	209,108		
		c	Gain or (loss)	8,925,620	-135,038		
d		Net gain or (loss) . . . . .	8,790,582			8,790,582	
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
		b	Less direct expenses . . . . . b				
		c	Net income or (loss) from fundraising events . . . . .				
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a				
		b	Less direct expenses . . . . . b				
		c	Net income or (loss) from gaming activities . . . . .				
10a		Gross sales of inventory, less returns and allowances . . . . .	a				
	b	Less cost of goods sold . . . . . b					
c	Net income or (loss) from sales of inventory . . . . .						
Miscellaneous Revenue		Business Code					
11a	CAFETERIA	722210	1,593,523			1,593,523	
b	CHILD CARE	624410	1,543,599			1,543,599	
c	MISC REVENUE	900099	188,886			188,886	
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .		3,326,008				
12	Total revenue. See Instructions . . . . .		273,547,730	257,924,108	1,256,666	13,546,558	

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 or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,968,883		1,968,883	
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.	111,149,748	101,258,320	9,891,428	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,692,160	3,325,297	366,863	
9	Other employee benefits.	13,957,189	12,769,784	1,187,405	
10	Payroll taxes.	7,188,040	6,436,700	751,340	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	637,501		637,501	
c	Accounting.	90,969		90,969	
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).	9,240,517	6,936,611	2,303,906	
12	Advertising and promotion.	1,106,875	443,577	663,298	
13	Office expenses.	3,028,846	1,939,728	1,089,118	
14	Information technology.				
15	Royalties.				
16	Occupancy.	12,204,357	9,904,390	2,299,967	
17	Travel.	1,549,551	989,407	560,144	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	2,818,394	2,818,394		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	12,551,941	10,505,546	2,046,395	
23	Insurance.	2,598,476	2,597,696	780	
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	43,927,744	43,299,704	628,040	
b	PURCHASED SERVICES	11,587,195	10,043,885	1,543,310	
c	BAD DEBTS	10,920,372	10,920,372		
d	OTHER	3,785,586	2,461,227	1,324,359	
e	All other expenses				
25	Total functional expenses. Add lines 1 through 24e.	254,004,344	226,650,638	27,353,706	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 or note to any line in this Part X ☐

				(A)		(B)
				Beginning of year		End of year
Assets	<b>1</b>	Cash—non-interest-bearing . . . . .		23,510,082	<b>1</b>	28,903,197
	<b>2</b>	Savings and temporary cash investments . . . . .		57,190,239	<b>2</b>	63,263,583
	<b>3</b>	Pledges and grants receivable, net . . . . .		3,055,068	<b>3</b>	2,689,198
	<b>4</b>	Accounts receivable, net . . . . .		27,068,234	<b>4</b>	28,378,731
	<b>5</b>	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .			<b>5</b>	
	<b>6</b>	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 . . . . .			<b>6</b>	
	<b>7</b>	Notes and loans receivable, net . . . . .		3,046,367	<b>7</b>	5,402,680
	<b>8</b>	Inventories for sale or use . . . . .		6,231,727	<b>8</b>	6,977,499
	<b>9</b>	Prepaid expenses and deferred charges . . . . .		2,557,126	<b>9</b>	4,234,597
	<b>10a</b>	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .	<b>10a</b> 212,613,401			
	<b>b</b>	Less accumulated depreciation . . . . .	<b>10b</b> 110,297,723	103,506,333	<b>10c</b>	102,315,678
	<b>11</b>	Investments—publicly traded securities . . . . .			<b>11</b>	
	<b>12</b>	Investments—other securities See Part IV, line 11 . . . . .			<b>12</b>	
	<b>13</b>	Investments—program-related See Part IV, line 11 . . . . .		2,138,779	<b>13</b>	2,443,867
	<b>14</b>	Intangible assets . . . . .		909,944	<b>14</b>	854,397
	<b>15</b>	Other assets See Part IV, line 11 . . . . .		5,448,398	<b>15</b>	6,590,940
	<b>16</b>	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .		234,662,297	<b>16</b>	252,054,367
Liabilities	<b>17</b>	Accounts payable and accrued expenses . . . . .		36,413,500	<b>17</b>	37,410,076
	<b>18</b>	Grants payable . . . . .			<b>18</b>	
	<b>19</b>	Deferred revenue . . . . .		566,357	<b>19</b>	0
	<b>20</b>	Tax-exempt bond liabilities . . . . .		57,953,266	<b>20</b>	55,534,439
	<b>21</b>	Escrow or custodial account liability Complete Part IV of Schedule D . . . . .			<b>21</b>	
	<b>22</b>	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 . . . . .			<b>22</b>	
	<b>23</b>	Secured mortgages and notes payable to unrelated third parties . . . . .		2,758,017	<b>23</b>	4,539,237
	<b>24</b>	Unsecured notes and loans payable to unrelated third parties . . . . .			<b>24</b>	
	<b>25</b>	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 . . . . .		9,859,586	<b>25</b>	10,885,932
	<b>26</b>	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .		107,550,726	<b>26</b>	108,369,684
Net Assets or Fund Balances		<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>				
	<b>27</b>	Unrestricted net assets . . . . .		120,097,375	<b>27</b>	134,254,146
	<b>28</b>	Temporarily restricted net assets . . . . .		4,928,115	<b>28</b>	7,077,360
	<b>29</b>	Permanently restricted net assets . . . . .		2,086,081	<b>29</b>	2,353,177
		<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>				
	<b>30</b>	Capital stock or trust principal, or current funds . . . . .			<b>30</b>	
	<b>31</b>	Paid-in or capital surplus, or land, building or equipment fund . . . . .			<b>31</b>	
	<b>32</b>	Retained earnings, endowment, accumulated income, or other funds . . . . .			<b>32</b>	
	<b>33</b>	<b>Total net assets or fund balances</b> . . . . .		127,111,571	<b>33</b>	143,684,683
	<b>34</b>	<b>Total liabilities and net assets/fund balances</b> . . . . .		234,662,297	<b>34</b>	252,054,367

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	273,547,730
2	Total expenses (must equal Part IX, column (A), line 25)	2	254,004,344
3	Revenue less expenses Subtract line 2 from line 1	3	19,543,386
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	127,111,571
5	Net unrealized gains (losses) on investments	5	-3,520,298
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	550,024
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	143,684,683

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
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 type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis	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	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?		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		

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 23-7293874  
**Name:** KALISPELL REGIONAL MEDICAL CENTER

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

[illegible]

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(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			
TONY PATTERSON CHIEF ADMIN OFFICER & GENE	13 60			X				437,578	0	54,204
TATE KREITINGER THE HEALTHCENTER CEO	20 00				X			394,688	0	33,447
ROBERT YACAVONE MD PHYSICIAN	50 00					X		838,070	0	19,368
FRANK BISHOP MD PHYSICIAN	50 00					X		680,847	0	20,876
THOMAS ORIGITANO MD PHYSICIAN	50 00					X		933,485	0	16,782
HOWARD TICE MD PHYSICIAN	50 00					X		629,627	0	19,368
CRAIG HARRISON MD PHYSICIAN	50 00					X		662,543	0	3,066

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.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization KALISPELL REGIONAL MEDICAL CENTER	Employer identification number 23-7293874
---	--

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** 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		
Return Reference	Explanation	

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **See separate instructions.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization  
KALISPELL REGIONAL MEDICAL CENTER

Employer identification number  
23-7293874

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

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
- 2 Political expenditures ▶ \$
- 3 Volunteer hours

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a Was a correction made? ☐ Yes ☐ No
- b If "Yes," describe in Part IV

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$
- 3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		10,152
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		21,228
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		
i	Other activities?	Yes		
j	Total. Add lines 1c through 1i.			31,380
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
PART II-B, LINE 1	LOBBYING EXPENDITURES WERE INCURRED IN AN ATTEMPT TO ENSURE MEDICARE AND MEDICAID PAID COST OF SERVICES AND IN RELATION TO FUNDING FOR ADVANCE OF OUR ELECTRONIC HEALTH RECORD PROJECT. EXPENDITURES INCLUDED CONSULTANT, STAFF TIME AND A PORTION OF HOSPITAL ASSOCIATION MEMBERSHIP DUES.

**Part IV** Supplemental Information (*continued*)[illegible]

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**  
▶ **Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> KALISPELL REGIONAL MEDICAL CENTER	<b>Employer identification number</b>  23-7293874
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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

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013



**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 . . . . .                     | 7,014,196       | 3,984,516     | 1,917,545           | 1,480,454           | 1,250,610          |
| b Contributions . . . . .                                  | 2,343,884       | 2,988,068     | 2,059,932           | 280,808             | 53,165             |
| c Net investment earnings, gains, and losses               | 72,457          | 41,612        | 7,039               | 156,283             | 176,679            |
| d Grants or scholarships . . . . .                         |                 |               |                     |                     |                    |
| e Other expenditures for facilities and programs . . . . . |                 |               |                     |                     |                    |
| f Administrative expenses . . . . .                        |                 |               |                     |                     |                    |
| g End of year balance . . . . .                            | 9,430,537       | 7,014,196     | 3,984,516           | 1,917,545           | 1,480,454          |
- 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 ▶ 24 950 %

c Temporarily restricted endowment ▶ 75 050 %

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations . . . . .

(ii) related organizations . . . . .

	Yes	No
3a(i)		No
3a(ii)	Yes	
3b	Yes	
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .
- 4 Describe in Part XIII the intended uses of the organization's endowment funds

**Part VI Land, Buildings, and Equipment.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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 . . . . .		282,845		282,845
b Buildings . . . . .		139,572,479	68,397,317	71,175,162
c Leasehold improvements . . . . .				
d Equipment . . . . .		64,835,726	41,900,406	22,935,320
e Other . . . . .		7,922,351		7,922,351
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				102,315,678



Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements . . . . .	1	259,256,644
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	
a	Net unrealized gains on investments . . . . .	2a	-3,520,298
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	932,119
e	Add lines 2a through 2d . . . . .	2e	-2,588,179
3	Subtract line 2e from line 1 . . . . .	3	261,844,823
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIII ) . . . . .	4b	11,702,907
c	Add lines 4a and 4b . . . . .	4c	11,702,907
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5	273,547,730

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements . . . . .	1	243,865,855
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	
a	Donated services and use of facilities . . . . .	2a	
b	Prior year adjustments . . . . .	2b	
c	Other losses . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	781,883
e	Add lines 2a through 2d . . . . .	2e	781,883
3	Subtract line 2e from line 1 . . . . .	3	243,083,972
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	
b	Other (Describe in Part XIII ) . . . . .	4b	10,920,372
c	Add lines 4a and 4b . . . . .	4c	10,920,372
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5	254,004,344

Part XIII

Supplemental Information

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.

Return Reference	Explanation
PART V, LINE 4	KALISPELL REGIONAL HEALTHCARE FOUNDATION'S ENDOWMENT FUNDS WILL BE DISBURSED ACCORDING TO THE FUND'S DESIGNATED PURPOSE CONSIDERING ANY RESTRICTIONS AND/OR CONDITIONS ON THE FUND. WHERE THERE IS AN UNDESIGNATED ENDOWMENT FUND WITHOUT RESTRICTIONS AND/OR CONDITIONS, THE ORGANIZATION WILL REVIEW REQUESTS FOR FUNDING FROM KALISPELL REGIONAL MEDICAL CENTER, THE SUPPORTED ORGANIZATION, ON A PERIODIC BASIS. HISTORICALLY, ENDOWMENT FUND DISBURSEMENTS HAVE FUNDED EQUIPMENT REQUESTS FROM KALISPELL REGIONAL MEDICAL CENTER.
PART X, LINE 2	THE HOSPITAL ADOPTED THE PROVISIONS OF ACCOUNTING STANDARDS CODIFICATION 740, INCOME TAXES. ASC 740 CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN AN ORGANIZATION'S FINANCIAL STATEMENTS IN ACCORDANCE WITH THE ASC AND PRESCRIBES A RECOGNITION THRESHOLD AND MEASUREMENT STANDARD FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF AN INCOME TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. THE HOSPITAL HAS REVIEWED ITS TAX POSITIONS FOR ALL OPEN TAX YEARS AND HAS CONCLUDED NO RESERVES ARE REQUIRED.
PART XI, LINE 2D - OTHER ADJUSTMENTS	FASB FAS 136 INVESTMENT IN NET ASSETS OF FOUNDATION 158,473. FOUNDATION INCOME RECORDED ON CONSOLIDATED BASIS 781,883. ACTIVITY OF KRMVC VOLUNTEERS (EIN 27-3866474) -8,237.
PART XI, LINE 4B - OTHER ADJUSTMENTS	SUPPORT FROM AFFILIATED FOUNDATION 782,535. BAD DEBT EXPENSE INCLUDED IN NET REVENUES 10,920,372.
PART XII, LINE 2D - OTHER ADJUSTMENTS	FOUNDATION EXPENSES RECORDED ON CONSOLIDATED BASIS 781,883.
PART XII, LINE 4B - OTHER ADJUSTMENTS	BAD DEBT EXPENSE INCLUDED IN NET REVENUES 10,920,372.

[illegible]

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.  
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
KALISPELL REGIONAL MEDICAL CENTER

Employer identification number  
23-7293874

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			7,344,591		7,344,591	3 020 %
b Medicaid (from Worksheet 3, column a) . . . . .			27,433,575	21,381,865	6,051,710	2 490 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			34,778,166	21,381,865	13,396,301	5 510 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			230,584		230,584	0 090 %
f Health professions education (from Worksheet 5) . . . . .			244,923		244,923	0 100 %
g Subsidized health services (from Worksheet 6) . . . . .			63,034,084	45,860,017	17,174,067	7 070 %
h Research (from Worksheet 7) . . . . .						
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			20,068		20,068	0 010 %
j <b>Total</b> Other Benefits . . . . .			63,529,659	45,860,017	17,669,642	7 270 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			98,307,825	67,241,882	31,065,943	12 780 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development			31,039		31,039	0.010 %
3Community support			40,220		40,220	0.020 %
4Environmental improvements						
5Leadership development and training for community members			6,334		6,334	0 %
6Coalition building						
7Community health improvement advocacy			24,000		24,000	0.010 %
8Workforce development						
9Other						
10Total			101,593		101,593	0.040 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

Yes

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

2

5,164,681

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

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

5

81,920,874

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

6

113,595,520

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

7

-31,674,646

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☒ Cost accounting system

☐ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9a

Yes

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

9b

No

Part IVManagement Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
11 MRCT JOINT OPERATING AGREEMENT	IMAGING	51.000 %	1.930 %	17.660 %
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, primary website address, and state license number

		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
	See Additional Data Table										

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 )  
KALISPELL REGIONAL MEDICAL CENTER

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A )1

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4 Yes	
5 Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) _____		
b <input type="checkbox"/> Other website (list url) _____		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <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 as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input 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 . . . . .	7 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		



**Part V**

**Facility Information** *(continued)*

Financial Assistance Policy		Yes	No
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b>	Yes
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 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>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	Yes
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b>	Yes
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input checked="" type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Residency		
<b>i</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 checked="" 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 checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>Billing and Collections</b>			
<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 individual'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 Section C)		
<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 individual'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 Section C)		

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 individuals regarding the individuals' bills
- d

☒

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

☐

Other (describe in Section C)

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? . . . . .	Yes	
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 individual 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? . . . . .		No
If "Yes," explain in Part VI		
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . .	Yes	
If "Yes," explain in Part VI		

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

[illegible]

**Part V**

**Facility Information** *(continued)*

**Section D. 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)
<b>1</b> _____	
<b>2</b> _____	
<b>3</b> _____	
<b>4</b> _____	
<b>5</b> _____	
<b>6</b> _____	
<b>7</b> _____	
<b>8</b> _____	
<b>9</b> _____	
<b>10</b> _____	

Part VI

Supplemental Information

Provide the following information

- 1

**Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2

**Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
PART I, LINE 7	COST ACCOUNTING WAS UTILIZED FOR THE ENTIRE TABLE COST ACCOUNTING COVERS ALL PATIENT SEGMENTS
PART I, LN 7 COL(F)	TOTAL BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 24, BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGES IN COLUMN (F) IS \$10,920,372
PART II, COMMUNITY BUILDING ACTIVITIES	KRMC PROVIDES FUNDING TO VARIOUS NON-PROFIT ORGANIZATIONS IN THE COMMUNITY IN ADDITION, K RMC IS ACTIVELY INVOLVED IN THE KALISPELL CHAMBER OF COMMERCE AND OTHER ORGANIZATIONS FOR THE PURPOSES OF ECONOMIC DEVELOPMENT KRMC PROVIDES FURTHER DONATIONS TO BENEFIT THE BROAD ER COMMUNITY
PART III, LINE 4	COST ACCOUNTING WAS UTILIZED TO DETERMINE BAD DEBT EXPENSE PROVISION FOR BAD DEBTS THE HO SPITAL PROVIDES FOR AN ALLOWANCE AGAINST PATIENT ACCOUNTS RECEIVABLE FOR AN AMOUNT THAT CO ULD BECOME UNCOLLECTIBLE, WHEREBY SUCH RECEIVABLES ARE REDUCED TO THEIR ESTIMATED NET REAL IZABLE VALUE THE HOSPITAL ESTIMATES THIS ALLOWANCE BASED ON THE AGING OF ACCOUNTS RECEIVA BLE, HISTORICAL COLLECTION EXPERIENCE AND OTHER RELEVANT FACTORS THERE ARE VARIOUS FACTOR S THAT CAN IMPACT THE COLLECTION TRENDS, SUCH AS CHANGES IN THE ECONOMY, WHICH IN TURN HAV E AN IMPACT ON THE UNEMPLOYMENT RATES AND THE NUMBER OF UNINSURED AND UNDERINSURED PATIENT S, THE INCREASED BURDEN ON COPAYMENTS TO BE MADE BY PATIENTS WITH INSURANCE, AND BUSINESS PRACTICES RELATED TO COLLECTION EFFORTS THESE FACTORS CONTINUOUSLY CHANGE AND HAVE AN IMP ACT ON THE ESTIMATION PROCESS THE FOOTNOTE REGARDING BAD DEBT EXPENSE IS INCLUDED ON PAGES 15 AND 16 OF THE ORGANIZATIONS'S FINANCIAL STATEMENTS
PART III, LINE 8	COST TO CHARGE RATIO WAS UTILIZED TO PREPARE THE FY 2014 COST REPORT MEDICARE TOTALS PROV IDED EXCLUDE AMOUNTS REPORTED UNDER COMMUNITY BENEFIT PROGRAMS THE ORGANIZATION PROVIDES CARE TO THE ELDERLY AND DISABLED AT A REDUCED REIMBURSEMENT TO ENSURE ALL OF THE COMMUNITY MEMBERS IN NORTHWEST MONTANA RECEIVE GOOD QUALITY HEALTHCARE REGARDLESS OF AGE, DISABILIT Y, OR MEANS
PART VI, LINE 2	KRMC IDENTIFIES NEEDS THROUGHOUT THE COMMUNITY BY UTILIZING COMMUNITY REPRESENTATIVES ON K RMC GOVERNANCE BOARDS, SOLICITATION OF IDEAS FROM COMMUNITY LEADERS AND OTHER MEMBERS VIA THE MEDIA AND OTHER FORMS OF COMMUNICATION, AND KEY STAFF AIDING IN IDENTIFYING HEALTH CAR E SERVICE AREA SHORTAGES KRMC MAINTAINS A CLOSE RELATIONSHIP TO THE COMMUNITY BY PROVIDIN G INFORMATION AND EDUCATION ABOUT UPCOMING HEALTH CARE ISSUES OR CHANGES AT KRMC AND SOLIC ITS FEEDBACK FROM THE COMMUNITY ONCE NEEDS ARE IDENTIFIED, THE KRMC BOARD AND ADMINISTRAT ION WORK TO PRIORITIZE NEEDS BASED UPON THE MISSION AND VALUES OF KRMC
PART VI, LINE 3	KRMC DISPLAYS OUR CHARITY POLICY ON OUR WEBSITE CHARITY CARE IS DISCUSSED WITH ALL PATIEN TS AT THE TIME OF THEIR ADMIT THROUGH THE MEDIA, KRMC NOTIFIED THE COMMUNITY OF OUR CHARI TY CARE POLICY AND ELIGIBILITY REQUIREMENTS
PART VI, LINE 4	KRMC IS A SOLE COMMUNITY MEDICARE HOSPITAL IN NORTHWEST MONTANA KRMC SERVES PATIENTS IN A LARGE GEOGRAPHIC AREA, THAT COVERS ALL OF NORTHWESTERN MONTANA, PARTS OF NORTHEASTERN IDA HO AND AREAS OF CENTRAL MONTANA KRMC SERVES ALL PATIENTS REGARDLESS OF THEIR INCOME AND R EGARDLESS OF THEIR PAYER IN FLATHEAD COUNTY, 14 2% OF THE RESIDENTS LIVE AT OR BELOW 100% OF FEDERAL POVERTY LEVELS
PART VI, LINE 5	THIS WAS ANSWERED BY QUESTION 2 INFORMATION

Additional Data

Software ID:  
Software Version:  
EIN: 23-7293874  
Name: KALISPELL REGIONAL MEDICAL CENTER

990 Schedule H, Supplemental Information

**Section C. Supplemental Information for Part V, Section B.**Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
KALISPELL REGIONAL MEDICAL CENTER	
KALISPELL REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 4 NORTH VALLEY HOSPITAL, WHITEFISH, MT
KALISPELL REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 6I USE FINANCIAL ASSISTANCE TO FREE DENTAL CLINIC, EXPANSION OF D IABETES EDUCATION AND ASSESSMENT FUNCTIONS, EXPANSION OF MENTAL HEALTH SERVICES, PARTICIPA TION IN FORMATION AND COLLABORTION OF PATIENT ADVOCACY EFFORTS, EXPANDING PRIMARY CARE PRA CTITIONERS
KALISPELL REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 20D KALISPELL REGIONAL MEDICAL CENTER CHARGES THE SAME FOR SERVIC ES REGARDLESS OF AN INDIVIDUAL'S INSURANCE OR NON-INSURED STATUS AN ADJUSTMENT IS THEN MA DE TO THE CHARGE FOR PATIENTS WHO ARE ELIGIBLE INDIVIDUALS UNDER THE FINANCIAL ASSISTANCE POLICY
KALISPELL REGIONAL MEDICAL CENTER	PART V, SECTION B, LINE 22 KALISPELL REGIONAL MEDICAL CENTER CHARGES THE SAME FOR SERVICE S REGARDLESS OF AN INDIVIDUAL'S INSURANCE OR NON-INSURED STATUS AN ADJUSTMENT IS THEN MAD E TO THE CHARGE FOR PATIENTS WHO ARE ELIGIBLE INDIVIDUALS UNDER THE FINANCIAL ASSISTANCE P OLICY

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
KALISPELL REGIONAL MEDICAL CENTER

Employer identification number  
23-7293874

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input checked="" type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</div></div>	<div>1b</div> Yes	
<div><div>2</div><div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div></div>	<div>2</div> Yes	
<div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	<div>4a</div> Yes	
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	<div>4b</div> Yes	
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div><div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div></div>	<div>4c</div>	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</div></div>		
<div><div>a</div><div>The organization?</div></div>	<div>5a</div>	No
<div><div>b</div><div>Any related organization?</div><div>If "Yes," to line 5a or 5b, describe in Part III</div></div>	<div>5b</div>	No
<div><div>6</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</div></div>		
<div><div>a</div><div>The organization?</div></div>	<div>6a</div>	No
<div><div>b</div><div>Any related organization?</div><div>If "Yes," to line 6a or 6b, describe in Part III</div></div>	<div>6b</div>	No
<div><div>7</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</div></div>	<div>7</div> Yes	
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III</div></div>	<div>8</div>	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	<div>9</div>	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								



Part III Supplemental Information

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.

Return Reference	Explanation
PART I, LINE 1A	FIRST CLASS OR CHARTER TRAVEL - KRMC DOES NOT PROVIDE FIRST CLASS TRAVEL. CHARTER TRAVEL IS UTILIZED FOR THESE INDIVIDUALS WHEN A GROUP IS FLYING TOGETHER TO A CONFERENCE OR MEETING AND IT IS LESS EXPENSIVE THAN FLYING COMMERCIAL OR NO COMMERCIAL FLIGHT IS AVAILABLE. THIS WAS NOT INCLUDED AS TAXABLE COMPENSATION AS IT WAS BUSINESS RELATED. TAX INDEMNIFICATION AND GROSS-UP PAYMENTS - THE MEMBERS OF THE EXECUTIVE TEAM RECEIVED A 457 PLAN CONTRIBUTION OF \$23,000 FOR 2013. THIS AMOUNT IS GROSSED-UP TO TAKE CARE OF THE APPLICABLE TAXES. THE EXECUTIVE TEAM INCLUDES: PRESIDENT, CFO, CNO, CMO, COO, CAO, AND THE HEALTHCENTER CEO. HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES - ALL EXECUTIVE TEAM MEMBERS RECEIVE A FREE MEMBERSHIP TO THE SUMMIT.
PART I, LINES 4A-B	MEMBERS OF THE EXECUTIVE TEAM RECEIVED A 457 PLAN CONTRIBUTION OF \$23,000 FOR 2013. THE EXECUTIVE TEAM INCLUDES: PRESIDENT, CFO, CNO, CMO, COO, CAO, AND THE HEALTHCENTER CEO.
PART I, LINE 7	BONUS PLANS ADMIN AND MGMT-BASED ON A NUMBER OF FACTORS INCLUDING BUT NOT LIMITED TO: QUALITY AND FINANCIAL INDICATORS INCLUDING DEPARTMENT SPECIFIC GOALS AND INITIATIVES, PATIENT SATISFACTION, PRODUCTIVITY, EMPLOYEE SATISFACTION, AND EMPLOYEE EVALUATION TIMELINESS. SUCCESSFUL IMPLEMENTATION OF COMPANY FISCAL YEAR ACTION PLANS AND THE OVERALL FINANCIAL HEALTH AND STABILITY OF THE ORGANIZATION.

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 23-7293874  
**Name:** KALISPELL REGIONAL MEDICAL CENTER

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JON JOHNSON MD TRUSTEE - PART YEAR	(i) (ii)	135,096 0	30,000 0	35,919 0	3,000 0	15,782 0	219,797 0	0 0
VELINDA STEVENS PRESIDENT	(i) (ii)	0 444,440	0 125,773	0 117,565	0 15,000	0 19,910	0 722,688	0 0
LOUISE SWANBERG MD TRUSTEE	(i) (ii)	155,106 0	104,893 0	80,571 0	3,000 0	16,283 0	359,853 0	0 0
CHRISTOPHER GILL MD TRUSTEE - PART YEAR	(i) (ii)	290,373 0	0 0	30,797 0	3,000 0	16,868 0	341,038 0	0 0
CHARLES PEARCE CHIEF FINANCIAL & INFORMAT	(i) (ii)	0 324,982	0 90,816	0 95,670	0 15,000	0 19,589	0 546,057	0 0
KAREN LEE CHIEF NURSING OFFICER	(i) (ii)	221,617 0	62,565 0	281,054 0	15,000 0	10,078 0	590,314 0	77,500 0
DEB WILSON CHIEF OPERATION OFFICER	(i) (ii)	251,016 0	67,795 0	43,809 0	37,655 0	16,840 0	417,115 0	0 0
AC EDDY CHIEF MEDICAL OFFICER	(i) (ii)	340,893 0	103,173 0	66,976 0	36,343 0	17,202 0	564,587 0	0 0
TONY PATTERSON CHIEF ADMIN OFFICER & GENE	(i) (ii)	340,169 0	96,152 0	1,257 0	37,275 0	16,929 0	491,782 0	0 0
TATE KREITINGER THE HEALTHCENTER CEO	(i) (ii)	252,162 0	69,262 0	73,264 0	15,000 0	18,447 0	428,135 0	0 0
ROBERT YACAVONE MD PHYSICIAN	(i) (ii)	556,962 0	268,211 0	12,897 0	3,000 0	16,368 0	857,438 0	0 0
FRANK BISHOP MD PHYSICIAN	(i) (ii)	680,847 0	0 0	0 0	3,000 0	17,876 0	701,723 0	0 0
THOMAS ORIGITANO MD PHYSICIAN	(i) (ii)	781,955 0	50,000 0	101,530 0	3,000 0	13,782 0	950,267 0	0 0
HOWARD TICE MD PHYSICIAN	(i) (ii)	449,727 0	179,900 0	0 0	3,000 0	16,368 0	648,995 0	0 0
CRAIG HARRISON MD PHYSICIAN	(i) (ii)	500,011 0	162,532 0	0 0	3,000 0	66 0	665,609 0	0 0

Schedule K  
(Form 990)

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
▶ Attach to Form 990. ▶ See separate instructions.  
▶ Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service  
Name of the organization  
KALISPELL REGIONAL MEDICAL CENTER

Employer identification number  
23-7293874

Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A MONTANA FACILITY FINANCE AUTHORITY	36-4615155	612043XXX	11-01-2010	57,115,000	REFUND 1998 AND 2001 SERIES BONDS AND FUND NEW SURGERY BUILDING PROJECT		X		X		X
B MONTANA FACILITY FINANCE AUTHORITY	36-4615155		08-03-2011	4,174,486	CAPITAL EXPENDITURES		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	57,308,306		4,174,486					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds	3,641,233							
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	891,005		12,486					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	42,004,808		4,162,000					
11	Other spent proceeds	10,771,260							
12	Other unspent proceeds								
13	Year of substantial completion	2013		2012					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X			X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X		X				

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X	X					
c	No rebate due?	X			X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV

Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?							
		X		X				
b	Name of provider							
c	Term of GIC							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?							
6	Were any gross proceeds invested beyond an available temporary period?							
		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?							
	X		X					

Part V

Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								
		X		X				

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME MONTANA FACILITY FINANCE AUTHORITY DATE THE REBATE COMPUTATION WAS PERFORMED 07/01/2013
PART II, LINE 3	THE PROCEEDS OF THE BOND ISSUANCE EXCEED THE ISSUE PRICE OF \$57,115,000 BY \$193,306 THIS AMOUNT IS THE NET ORIGINAL ISSUE PREMIUM
PART II, LINE 11	OF THE TOTAL PROCEEDS, \$10,771,260 WAS USED TO REDEEM BONDS ISSUED IN 1998 AND 2001

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons  
▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.  
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
Open to Public Inspection

Name of the organization  
KALISPELL REGIONAL MEDICAL CENTER

Employer identification number  
23-7293874

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) GLACIER REGIONAL PATHOLOGY	DR FISHER, A CURRENT TRUSTEE, IS A GREATER THAN 5% OWNER	555,242	PATHOLOGY & LAB SERVICES		No
(2) ROCKY MOUNTAIN SUB-SPECIALTY ASSOC	DR JOHNSON, A PART YEAR TRUSTEE, IS A GREATER THAN 5% PARTNER	935,341	RENT AND JANITORIAL SERVICES		No
(3) NORTHWEST IMAGING INC	DR BENEDETTO, A CURRENT TRUSTEE, IS A GREATER THAN 5% OWNER	586,146	RADIOLOGY SERVICES		No
(4) KEN JONAS MD	SPOUSE OF CURRENT TRUSTEE	249,318	SALARY		No
(5) SWANBERG BUILDING INC	DR SWANBERG, A CURRENT TRUSTEE, IS A GREATER THAN 5% OWNER	108,000	RENT		No

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
------------------	-------------

SCHEDULE M  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Noncash Contributions

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.  
► Attach to Form 990.

►Information about Schedule M (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
KALISPELL REGIONAL MEDICAL CENTER

Employer identification number  
23-7293874

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art . . . . .				
2 Art—Historical treasures . . . . .				
3 Art—Fractional interests . . . . .				
4 Books and publications . . . . .				
5 Clothing and household goods . . . . .				
6 Cars and other vehicles . . . . .				
7 Boats and planes . . . . .				
8 Intellectual property . . . . .				
9 Securities—Publicly traded . . . . .				
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .				
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ► ( EQUIPMENT )	X	5	77,006	COST
26 Other ► ( )				
27 Other ► ( )				
28 Other ► ( )				

29

Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . .

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .

30a

Yes

No

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

Yes

No

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .

32a

Yes

No

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2013)



**Part III**

**Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation
------------------	-------------

efile GRAPHIC print - DO NOT PROCESS		As Filed Data -		DLN: 93493044024895	
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. ▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at <a href="http://www.irs.gov/form990">www.irs.gov/form990</a> .				OMB No 1545-0047
					2013 Open to Public Inspection
	Name of the organization KALISPELL REGIONAL MEDICAL CENTER				Employer identification number 23-7293874

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	DENIS SABO AND BOB WHITE HAVE A BUSINESS RELATIONSHIP MARCIA JOHNSON AND PETER LARSON HAVE A BUSINESS RELATIONSHIP
FORM 990, PART VI, SECTION A, LINE 6	KALISPELL REGIONAL MEDICAL CENTER HAS ONE MEMBER, KALISPELL REGIONAL HEALTHCARE SYSTEM
FORM 990, PART VI, SECTION A, LINE 7A	KALISPELL REGIONAL MEDICAL CENTER HAS THE SAME BOARD OF DIRECTORS AS ITS SOLE MEMBER, KALISPELL REGIONAL HEALTHCARE SYSTEM
FORM 990, PART VI, SECTION A, LINE 7B	KALISPELL REGIONAL MEDICAL CENTER HAS THE SAME BOARD OF DIRECTORS AS ITS SOLE MEMBER, KALISPELL REGIONAL HEALTHCARE SYSTEM
FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS MAILED TO ALL BOARD MEMBERS WITH THE FEBRUARY BOARD PACKET THE BOARD MEMBERS HAVE A CHANCE TO REVIEW THE FORM BEFORE THE FINANCE COMMITTEE MEETING WHERE A PRESENTATION ON THE FORM 990 IS DONE QUESTION AND ANSWER SESSIONS ARE HELD AT BOTH THE FINANCE COMMITTEE MEETING AND THE BOARD MEETING CONCERNING THE FORM 990
FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS ALL TRUSTEES, DIRECTORS, OFFICERS, AND KEY EMPLOYEES THE COMPLIANCE OFFICE REVIEWS THEM, IDENTIFIES POTENTIAL CONFLICTS, AND FORWARDS TO THE ADMINISTRATIVE TEAM IF A POTENTIAL CONFLICT EXISTS, AS OUTLINED IN THE ORGANIZATIONAL POLICY
FORM 990, PART VI, SECTION B, LINE 15	KALISPELL REGIONAL HEALTHCARE SYSTEM HAS A CONSISTENT COMPENSATION PHILOSOPHY FOR ALL ITS EMPLOYEES, INCLUDING THE SENIOR EXECUTIVES SALARY AND BENEFITS FOR THE PRESIDENT/CHIEF EXECUTIVE OFFICER ARE DETERMINED BY THE KALISPELL REGIONAL HEALTHCARE SYSTEM BOARD OF DIRECTORS EXECUTIVE COMPENSATION COMMITTEE AND REPORTED TO THE KALISPELL REGIONAL HEALTHCARE SYSTEM BOARD THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD REVIEWS BASE AND TOTAL COMPENSATION DATA FROM AN ARRAY OF COMPENSATION SURVEYS OF HOSPITALS THAT ARE SIMILAR IN SIZE AND COMPLEXITY TO KALISPELL REGIONAL HEALTHCARE SYSTEM THESE REPORTS ARE CONSIDERED BY THE COMMITTEE, AND A DETERMINATION IS MADE AS TO THE STATUS OF THE BASE SALARY, BENEFITS, AND TOTAL COMPENSATION FOR THE PRESIDENT/CEO THE BOARD AND EXECUTIVE COMPENSATION COMMITTEE EMBRACE THE PHILOSOPHY OF MAINTAINING A COMPENSATION LEVEL WHICH WILL FAVOR RETENTION OF KEY LEADERSHIP IN ORDER TO MAINTAIN STABILITY IN KEY INITIATIVES ADDITIONALLY, THE PRESIDENT/CEO UTILIZES THE PERIODIC RETENTION OF A COMPENSATION CONSULTANT AND MARKET INFORMATION PROVIDED TO DETERMINE RECOMMENDATIONS FOR OTHER SENIOR EXECUTIVES AND ENGAGES IN AN ANALYSIS THROUGH USE OF INDEPENDENT SURVEY RESULTS THE BOARD COMMITTEE ALSO INCLUDES A REVIEW OF PERFORMANCE TARGETS WHICH ALLOW EXECUTIVES TO EARN ADDITIONAL COMPENSATION THESE MEASURES INCLUDE ORGANIZATIONAL AND INDIVIDUAL GOALS, EFFORTS TO FURTHER THE MISSION AND VISION OF KALISPELL REGIONAL HEALTHCARE SYSTEM, QUALITY INDICATORS, CUSTOMER/PATIENT SATISFACTION, AND FINANCIAL PERFORMANCE OBJECTIVES THE BOARD COMMITTEE REVIEWS BENEFIT LEVELS AND TOTAL COMPENSATION TO ENSURE APPROPRIATENESS IN THE NOT-FOR-PROFIT HEALTH CARE SECTOR THE BOARD EXECUTIVE COMPENSATION COMMITTEE MAKES ITS REPORT TO THE KALISPELL REGIONAL HEALTHCARE SYSTEM BOARD OF DIRECTORS
FORM 990, PART VI, SECTION C, LINE 19	ONLY FORM 990 IS AVAILABLE
FORM 990, PART XI, LINE 9	FUND BALANCE TRANSFERRED TO AFFILIATES -1,311,024 ADJUSTMENT FOR FOUNDATION ACTIVITY -547,056 NET CHANGE IN RESTRICTED ASSETS 2,416,341 ADJUSTMENT FOR KRMC VOLUNTEERS ACTIVITY -8,237
FORM 990, PART VII, SECTION A, COLUMN (B) - AVERAGE HOURS PER WEEK	THE OFFICERS OF KALISPELL REGIONAL MEDICAL CENTER DIVIDE THEIR TIME AMONG THE OTHER RELATED ENTITIES FOR WHICH THEY ARE ALSO OFFICERS THEIR TOTAL AVERAGE WEEKLY HOURS DEVOTED TO ALL OF THE ENTITIES IS IN EXCESS OF 50 HOURS SEVERAL OF THE TRUSTEES WHO ARE PHYSICIANS RECEIVE COMPENSATION FOR MEDICAL SERVICES RENDERED TO THE HOSPITAL THEIR AVERAGE WEEKLY HOURS DEVOTED TO THE HOSPITAL VARIES TATE KREITINGER DEVOTES APPROXIMATELY 50% OF HIS TIME TO KALISPELL REGIONAL MEDICAL CENTER AND 50% OF HIS TIME TO HEALTHCENTER NORTHWEST, A RELATED ENTITY

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.  
▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
KALISPELL REGIONAL MEDICAL CENTER

Employer identification number  
23-7293874

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) KALISPELL REGIONAL HEALTHCARE SYSTEM  310 SUNNYVIEW LANE  KALISPELL, MT 59901 81-0406485	SUPPORT SUBSIDIARY TAX EXEMPT ORGANIZATIONS	MT	501(C)(3)	11, TYPE II	N/A		No
(2) KALISPELL REGIONAL HEALTHCARE FOUNDATION  310 SUNNYVIEW LANE  KALISPELL, MT 59901 31-1703013	SUPPORTING ORGANIZATION	MT	501(C)(3)	11, TYPE I	KALISPELL REGIONAL MEDICAL CENTER	Yes	
(3) NORTHWEST HORIZONS INC  310 SUNNYVIEW LANE  KALISPELL, MT 59901 81-0420653	OPERATE LONG TERM AMBULATORY FACILITY	MT	501(C)(3)	9	KALISPELL REGIONAL HEALTHCARE SYSTEM	Yes	
(4) THE SUMMIT MEDICAL FITNESS CENTER  310 SUNNYVIEW LANE  KALISPELL, MT 59901 20-3752312	COMMUNITY HEALTH & WELLNESS CENTER	MT	501(C)(3)	9	KALISPELL REGIONAL HEALTHCARE SYSTEM	Yes	
(5) KALISPELL REGIONAL MEDICAL CENTER VOLUNTEERS  310 SUNNYVIEW LANE  KALISPELL, MT 59901 27-3866474	SUPPORTING ORGANIZATION	MT	501(C)(3)	9	KALISPELL REGIONAL MEDICAL CENTER	Yes	

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) MRICT JOINT OPERATING AGREEMENT  310 SUNNYVIEW LANE KALISPELL, MT 59901 20-5010390	DIAGNOSTIC SCREENING	MT	KALISPELL REGIONAL MEDICAL CENTER	RELATED	3,988,407	1,913,473	Yes			Yes		51 000 %
(2) HEALTHCENTER NORTHWEST LLC  310 SUNNYVIEW LANE KALISPELL, MT 59901 81-0540517	ACUTE CARE HOSPITAL	MT	N/A	N/A				No			No	
(3) FLATHEAD HOSPITAL DEVELOPMENT COMPANY LLC  310 SUNNYVIEW LANE KALISPELL, MT 59901 81-0541707	COMMERICAL BUILDING RENTAL	MT	N/A	N/A				No			No	
(4) NORTHWEST ORTHOPEDICS & SPORTS MEDICINE LLC  310 SUNNYVIEW LANE KALISPELL, MT 59901 37-1518772	ORTHOPEDIC MEDICINE	MT	N/A	N/A				No			No	
(5) ORTHOPEDICS ONE LLC  310 SUNNYVIEW LANE KALISPELL, MT 59901 80-0346984	ORTHOPEDIC MEDICINE	MT	N/A	N/A				No			No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) APPLIED HEALTH SERVICES INC  310 SUNNYVIEW LANE KALISPELL, MT 59901 81-0413632	HEALTH RELATED	MT	N/A	C				Yes	

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on 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

<b>1</b> 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?		Yes	No
<b>a</b> Receipt of <b>(i)</b> interest <b>(ii)</b> annuities <b>(iii)</b> royalties or <b>(iv)</b> rent from a controlled entity	<b>1a</b>	Yes	
<b>b</b> Gift, grant, or capital contribution to related organization(s)	<b>1b</b>	Yes	
<b>c</b> Gift, grant, or capital contribution from related organization(s)	<b>1c</b>	Yes	
<b>d</b> Loans or loan guarantees to or for related organization(s)	<b>1d</b>	Yes	
<b>e</b> Loans or loan guarantees by related organization(s)	<b>1e</b>	Yes	
<b>f</b> Dividends from related organization(s)	<b>1f</b>		No
<b>g</b> Sale of assets to related organization(s)	<b>1g</b>		No
<b>h</b> Purchase of assets from related organization(s)	<b>1h</b>		No
<b>i</b> Exchange of assets with related organization(s)	<b>1i</b>		No
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s)	<b>1j</b>	Yes	
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s)	<b>1k</b>	Yes	
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)	<b>1l</b>	Yes	
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)	<b>1m</b>	Yes	
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	<b>1n</b>	Yes	
<b>o</b> Sharing of paid employees with related organization(s)	<b>1o</b>	Yes	
<b>p</b> Reimbursement paid to related organization(s) for expenses	<b>1p</b>	Yes	
<b>q</b> Reimbursement paid by related organization(s) for expenses	<b>1q</b>	Yes	
<b>r</b> Other transfer of cash or property to related organization(s)	<b>1r</b>		No
<b>s</b> Other transfer of cash or property from related organization(s)	<b>1s</b>	Yes	

**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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

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

[illegible]

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
------------------	-------------

Additional Data

Software ID:

Software Version:

EIN: 23-7293874

Name: KALISPELL REGIONAL MEDICAL CENTER

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
FLATHEAD HOSPITAL DEVELOPMENT COMPANY LLC	A	30,764	ACTUAL PAYMENT
HEALTHCENTER NORTHWEST LLC	A	175,549	ACTUAL PAYMENT
KALISPELL REGIONAL HEALTHCARE FOUNDATION	C	782,536	ACTUAL PAYMENT
KALISPELL REGIONAL HEALTHCARE SYSTEM	A	27,804	ACTUAL PAYMENT
KALISPELL REGIONAL HEALTHCARE SYSTEM	B	1,311,024	ACTUAL PAYMENT
HEALTHCENTER NORTHWEST LLC	K	509,859	ACTUAL PAYMENT
APPLIED HEALTH SERVICES INC	K	89,410	ACTUAL PAYMENT
KALISPELL REGIONAL HEALTHCARE SYSTEM	K	1,276,106	ACTUAL PAYMENT
THE SUMMIT MEDICAL FITNESS CENTER INC	K	274,836	ACTUAL PAYMENT
HEALTHCENTER NORTHWEST LLC	L	476,900	ACTUAL PAYMENT
APPLIED HEALTH SERVICES INC	L	127,226	ACTUAL PAYMENT
NORTHWEST HORIZON INC	L	155,073	ACTUAL PAYMENT
HEALTHCENTER NORTHWEST LLC	M	4,335,266	ACTUAL PAYMENT
APPLIED HEALTH SERVICES INC	M	2,878,277	ACTUAL PAYMENT
NORTHWEST ORTHOPEDIC & SPORTS MEDICINE LLC	M	182,500	ACTUAL PAYMENT
THE SUMMIT MEDICAL FITNESS CENTER INC	M	637,511	ACTUAL PAYMENT
NORTHWEST HORIZON INC	M	652,092	ACTUAL PAYMENT
FLATHEAD HOSPITAL DEVELOPMENT COMPANY LLC	K	342,142	ACTUAL PAYMENT
NORTHWEST ORTHOPEDIC & SPORTS MEDICINE LLC	A	2,300	ACTUAL PAYMENT
APPLIED HEALTH SERVICES INC	A	2,248	ACTUAL PAYMENT



# Kalispell Regional Medical Center, Inc.

Consolidated Financial Report  
March 31, 2014

## Contents

Independent Auditor's Report on the Financial Statements and Supplementary Information	1-2
Financial Statements	
Consolidated balance sheets	3-4
Consolidated statements of operations	5
Consolidated statements of changes in net assets	6
Consolidated statements of cash flows	7-8
Notes to consolidated financial statements	9-24
Supplementary Information	
Consolidating balance sheet	25-26
Consolidating statement of operations	27



## Independent Auditor's Report

To the Board of Trustees  
Kalispell Regional Medical Center, Inc  
Kalispell, Montana

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Kalispell Regional Medical Center, Inc (the Hospital), which comprise the consolidated balance sheets as of March 31, 2014 and 2013, and the related consolidated statements of operations, 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Kalispell Regional Medical Center, Inc. as of March 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual companies 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 consolidating information has been subjected to the auditing procedures applied in the audits 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.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota  
June 17, 2014

**Kalispell Regional Medical Center, Inc.**

**Consolidated Balance Sheets**  
**March 31, 2014 and 2013**

<b>Assets</b>	<b>2014</b>	<b>2013</b>
Current Assets		
Cash and cash equivalents	\$ 28,903,197	\$ 23,510,082
Funds held by trustee	1,854,931	951,974
Patient accounts receivable, net of allowance for bad debts of approximately \$10,304,000 and \$10,623,000, respectively	28,378,731	27,068,234
Contributions receivable	908,359	1,004,011
Estimated third-party payor settlements	4,513,106	2,428,293
Receivable from affiliates	889,574	2,224,715
Supplies inventory	6,977,498	6,231,727
Prepaid expenses and other	4,234,598	2,557,126
<b>Total current assets</b>	<b>76,659,994</b>	<b>65,976,162</b>
Assets Limited as to Use		
Board-designated assets	63,263,583	57,190,239
Other	1,261,218	1,082,853
<b>Total assets limited as to use</b>	<b>64,524,801</b>	<b>58,273,092</b>
Land, Buildings and Equipment, net	<b>102,315,677</b>	<b>103,506,333</b>
Other Assets		
Contributions receivable, net of current portion	1,780,839	1,601,057
Financing costs, net	777,653	833,200
Investments in affiliates	462,714	318,708
Estimated insurance recoveries	3,210,500	3,024,000
Investment in risk-reciprocal group	1,981,153	1,820,071
Other	341,036	466,315
<b>Total other assets</b>	<b>8,553,895</b>	<b>8,063,351</b>
<b>Total assets</b>	<b>\$ 252,054,367</b>	<b>\$ 235,818,938</b>

See Notes to Consolidated Financial Statements

<b>Liabilities and Net Assets</b>	<b>2014</b>	<b>2013</b>
Current Liabilities		
Current portion of long-term debt	\$ 3,324,887	\$ 1,860,465
Accounts payable and accrued liabilities	17,291,552	16,499,792
Construction payable	69,567	1,347,857
Accrued salaries, wages and benefits	20,048,957	19,132,208
Estimated third-party payor settlements	1,081,130	3,046,587
Payable to affiliates	5,125,095	3,000,188
<b>Total current liabilities</b>	<b>46,941,188</b>	<b>44,887,097</b>
Long-Term Debt, net of current portion	57,731,914	60,252,427
Estimated Claims Liability	3,452,500	3,317,000
Other	244,082	250,843
<b>Total liabilities</b>	<b>108,369,684</b>	<b>108,707,367</b>
Net Assets		
Unrestricted	134,254,146	120,097,375
Temporarily restricted	7,077,360	4,928,115
Permanently restricted	2,353,177	2,086,081
<b>Total net assets</b>	<b>143,684,683</b>	<b>127,111,571</b>
<b>Total liabilities and net assets</b>	<b>\$ 252,054,367</b>	<b>\$ 235,818,938</b>

**Kalispell Regional Medical Center, Inc.**

**Consolidated Statements of Operations**  
**Years Ended March 31, 2014 and 2013**

	2014	2013
Operating revenues		
Net patient services revenue	\$ 238,185,352	\$ 221,848,827
Other operating revenues	13,250,035	14,040,549
<b>Total operating revenues</b>	<b>251,435,387</b>	<b>235,889,376</b>
Operating expenses		
Salaries, wages and benefits	137,956,020	126,802,859
Supplies and other	90,507,365	86,932,748
Depreciation	12,551,941	9,341,192
Interest and amortization	2,850,529	1,039,281
<b>Total operating expenses</b>	<b>243,865,855</b>	<b>224,116,080</b>
<b>Excess of revenues over expenses from operations</b>	<b>7,569,532</b>	<b>11,773,296</b>
Nonoperating income and gains		
Investment income	6,568,573	6,173,820
Other nonoperating income and gains	1,252,684	1,235,946
<b>Total nonoperating income and gains, net</b>	<b>7,821,257</b>	<b>7,409,766</b>
<b>Excess of revenues over expenses</b>	<b>15,390,789</b>	<b>19,183,062</b>
Transfer to affiliate	(1,311,024)	(4,017,546)
Contributions and other	77,006	291,013
<b>Increase in unrestricted net assets</b>	<b>\$ 14,156,771</b>	<b>\$ 15,456,529</b>

See Notes to Consolidated Financial Statements

**Kalispell Regional Medical Center, Inc.**

**Consolidated Statements of Changes in Net Assets**  
**Years Ended March 31, 2014 and 2013**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balance, March 31, 2012	\$ 104,640,846	\$ 2,097,510	\$ 1,887,006	\$ 108,625,362
Excess of revenues over expenses	19,183,062	-	-	19,183,062
Net change in unrealized gains on investments	-	68,821	41,612	110,433
Transfer to affiliate	(4,017,546)	-	-	(4,017,546)
Contributions and other	291,013	2,761,784	157,463	3,210,260
<b>Changes in net assets</b>	<b>15,456,529</b>	<b>2,830,605</b>	<b>199,075</b>	<b>18,486,209</b>
Balance, March 31, 2013	120,097,375	4,928,115	2,086,081	127,111,571
Excess of revenues over expenses	15,390,789	-	-	15,390,789
Net change in unrealized gains on investments	-	65,331	72,457	137,788
Transfer to affiliate	(1,311,024)	-	-	(1,311,024)
Contributions and other	77,006	2,083,914	194,639	2,355,559
<b>Changes in net assets</b>	<b>14,156,771</b>	<b>2,149,245</b>	<b>267,096</b>	<b>16,573,112</b>
Balance, March 31, 2014	<b>\$ 134,254,146</b>	<b>\$ 7,077,360</b>	<b>\$ 2,353,177</b>	<b>\$ 143,684,683</b>

See Notes to Consolidated Financial Statements



**Kalispell Regional Medical Center, Inc.**

**Consolidated Statements of Cash Flows**  
**Years Ended March 31, 2014 and 2013**

	2014	2013
Cash Flows From Operating Activities		
Change in net assets	\$ 16,573,112	\$ 18,486,209
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,551,941	9,341,192
Amortization	55,547	20,662
Provision for bad debts	10,920,372	12,190,808
Net realized and unrealized gains	(5,398,916)	(4,951,690)
Contributions and other changes in net assets	(2,355,559)	(3,210,260)
Transfer to affiliate	1,311,024	4,017,546
Loss on disposition of assets	135,038	121,127
Changes in assets and liabilities		
Patient accounts receivable	(12,230,869)	(7,365,613)
Contributions receivable	(84,130)	(1,021,882)
Estimated third-party payor settlements	(4,050,270)	659,051
Receivable from affiliates	1,335,141	751,323
Supplies inventory	(745,771)	(60,360)
Prepaid expenses and other	(1,677,472)	510,823
Accounts payable and accrued liabilities	791,760	(68,040)
Accrued salaries, wages and benefits	916,749	3,089,927
Payables to affiliates	2,124,907	1,231,646
Estimated claims liability and other	128,739	(1,219,017)
<b>Net cash provided by operating activities</b>	<b>20,301,343</b>	<b>32,523,452</b>
Cash Flows From Investing Activities		
Acquisition of land, building and equipment	(12,479,837)	(31,858,704)
Proceeds from sale of land, building and equipment	74,069	88,584
Purchases of Board-designated investments	(45,215,555)	(2,657,593)
Sales of Board-designated investments	44,541,127	1,302,969
(Increase) decrease in funds held by trustee	(902,957)	20,084,320
(Increase) decrease in other investments and other, net	(544,674)	1,538,512
<b>Net cash used in investing activities</b>	<b>(14,527,827)</b>	<b>(11,501,912)</b>
Cash Flows From Financing Activities		
Transfer to affiliate	(1,311,024)	(4,017,546)
Proceeds from contributions and other changes in net assets	2,355,559	3,210,260
Proceeds from debt issuance	472,642	682,652
Principal payments on long-term debt	(1,897,578)	(3,832,853)
<b>Net cash used in financing activities</b>	<b>(380,401)</b>	<b>(3,957,487)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,393,115</b>	<b>17,064,053</b>
Cash and Cash Equivalents, beginning of year	23,510,082	6,446,029
Cash and Cash Equivalents, end of year	<b>\$ 28,903,197</b>	<b>\$ 23,510,082</b>

(Continued)

**Kalispell Regional Medical Center, Inc.**

**Consolidated Statements of Cash Flows (Continued)**  
**Years Ended March 31, 2014 and 2013**

	<b>2014</b>	<b>2013</b>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	<b>\$ 2,873,940</b>	<b>\$ 2,858,374</b>
Supplemental Schedule of Noncash Investing and Financing Activities		
Equipment acquired through capital lease	<b>\$ 368,845</b>	<b>\$ 1,006,063</b>
Noncash additions to land, building and equipment	<b>69,567</b>	<b>1,347,857</b>
Interest capitalized, net of earnings, on related bond proceeds	<b>-</b>	<b>1,802,963</b>

See Notes to Consolidated Financial Statements

## Kalispell Regional Medical Center, Inc.

### Notes to Consolidated Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Policies

**Organization:** Kalispell Regional Medical Center, Inc. (the Hospital), located in Kalispell, Montana, is a not-for-profit acute-care hospital. The Hospital has provided inpatient, outpatient and emergency care services for residents of northwestern Montana from the time it was incorporated in Montana in 1973. The Hospital also became the sole corporate member of Kalispell Regional Healthcare Foundation (the Foundation) in May 2011. The Foundation is a not-for-profit corporation located in Kalispell, Montana, whose primary purposes are to manage and administer investments and provide funding in support of the Hospital and similar not-for-profit organizations. The Hospital has obtained a determination letter from the Internal Revenue Service stating that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income.

The Hospital is also an affiliate of Kalispell Regional Healthcare System (KRHS), formerly Northwest Healthcare Corporation. KRHS is a Montana not-for-profit corporation organized in 1982 to act for the benefit of and on behalf of the Hospital and other related affiliates. Other affiliates of KRHS, which are affiliates of the Hospital, are Northwest Horizons, Inc. (NWH), Applied Health Services, Inc. (AHS), Flathead Hospital Development Company, LLC (FHDC), HealthCenter Northwest, LLC (HC), Northwest Orthopedics & Sports Medicine, LLC (NOSM), Peak Orthopedics & Sports Medicine (POSM), and Summit Medical Fitness Center, Inc. (SMFC).

**Principles of consolidation and basis of presentation:** The consolidated financial statements include the accounts of the Hospital and the Foundation, as described above, for the years ended March 31, 2014 and 2013. All significant intercompany accounts and transactions have been eliminated upon consolidation.

**Management 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 disclosures 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.

**Cash and cash equivalents:** Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding amounts whose use is limited by Board designation or other arrangements under trust agreements.

The Hospital and the Foundation each maintain a cash sweep account, the funds of which are held in overnight repurchase agreements. These debt security investments are held overnight, maturing the following day, and are considered cash and cash equivalents. These accounts are not covered within the federally insured limits for bank depository accounts, but rather are fully collateralized at the bank with U.S. government agency securities. The nature of cash and cash equivalents as of March 31, is as follows:

	2014	2013
Daily repurchase agreements	\$ 27,528,549	\$ 19,983,101
Cash balances, including checks outstanding	1,374,648	3,526,981
Cash and cash equivalents	<u>\$ 28,903,197</u>	<u>\$ 23,510,082</u>

Notes to Consolidated Financial Statements

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Investments:** The Hospital invests in a professionally managed portfolio of securities, which includes common stocks, fixed-income securities, mutual funds and money market funds. Investments are measured at fair value, based on quoted market prices.

Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The Hospital has classified its securities as trading securities. Trading securities are measured and carried at fair value, and unrealized holding gains and losses, realized gains and losses, and interest and dividends are included in the excess of revenues over expenses, unless the income or loss is restricted by donor or law.

The Hospital's investments are inherently exposed to various risks, such as interest rate, market and credit risks. Due to the level of risks associated with these investments and the level of uncertainty related to potential changes in the value of such investments, it is at least reasonably possible that changes in risk factors in the near term could affect the carrying value of individual investments and related amounts reported in the Hospital's financial statements, and such amounts could be material.

**Fair value measurements:** The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term borrowings, approximate fair value due to the short maturity of these instruments. The Hospital uses quoted market prices for its long-term debt when available. When quoted market prices are not available, fair value is estimated based on current market interest rates and credit spreads for debt with similar maturities. The fair value of long-term debt incorporates a credit valuation adjustment to appropriately reflect the Hospital's own nonperformance risk.

**Patient accounts receivable:** Accounts receivable for the Hospital are stated at net realizable value. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides contractual allowances based on these amounts. Additionally, the Hospital provides for an allowance against patient accounts receivable for an amount that could become uncollectible. The Hospital estimates this allowance based on the aging of accounts receivable, historical collection experience and other relevant factors.

**Assets limited as to use:** Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets 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. Amounts required to meet current liabilities of the Hospital have been classified as current assets in the consolidated balance sheets at March 31, 2014 and 2013.

**Contributions receivable:** Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for pledges is recorded based primarily on historical collection experience. If it is determined that a contribution receivable will not be collected, the amount is written off to the allowance account. Conditional promises to give are not included as support until the conditions are substantially met.

Notes to Consolidated Financial Statements

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Land, buildings and equipment:** Land, buildings and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Assets acquired under capital leases are amortized based on the straight-line method over the shorter of the period of the lease term or the estimated useful life of the asset. Such amortization is included in depreciation in the consolidated financial statements. Improvements and replacements of land, buildings and equipment are capitalized at cost. Maintenance and repairs are expensed as incurred. The cost of land, buildings and equipment sold or retired and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the period of such retirement.

Interest capitalized on internally generated and borrowed funds expended for construction is a component of the cost of plant additions to be allocated to future periods through the provision of depreciation. Capitalization of interest ceases when the plant addition is placed into service. The Hospital capitalized \$-0- and \$1,803,000 of interest expense in the years ended March 31, 2014 and 2013, respectively.

**Financing costs:** Financing costs incurred in connection with long-term obligations are deferred and amortized over the life of the obligations, using the effective-interest method. Financing costs are presented on the consolidated balance sheet, net of accumulated amortization.

**Professional malpractice liability:** The Hospital has purchased medical malpractice liability insurance coverage to provide protection for professional liability losses on a claims-made basis. If the claims-made policy is not renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, are uninsured. The claims-made medical malpractice liability insurance coverage is through a risk-reciprocal group, of which KRHS owns approximately 4.55 percent and 4.35 percent as of March 31, 2014 and 2013, respectively. The Hospital's investment in the risk-reciprocal group as of March 31, 2014 and 2013, is approximately \$1,981,000 and \$1,820,000, respectively, which is included in investment in risk-reciprocal group in the accompanying consolidated balance sheets.

**Self-insurance workers' compensation:** The Hospital participates in a self-insurance workers' compensation program with KRHS. KRHS has established self-insurance funds for the deductible portion of workers' compensation insurance coverage. KRHS' funding for the estimated deductible portion of self-insured workers' compensation insurance coverage is based on the self-insurance funds' estimate of the ultimate costs for both reported claims and actuarially determined estimates of claims incurred but not yet reported. Self-insured workers' compensation retention in 2014 and 2013 was \$500,000 per occurrence. KRHS has recorded a liability of approximately \$1,460,000 and \$2,037,000 as of March 31, 2014 and 2013, respectively, for those claims that have been incurred but not yet reported, which is included in accounts payable and accrued liabilities in the KRHS consolidated balance sheets. As of March 31, 2014 and 2013, KRHS has a receivable for the estimated amount of recoveries of approximately \$637,000 and \$831,000, respectively, recorded in estimated insurance recoveries in the KRHS consolidated balance sheets. KRHS discounts the ultimate cost of claims at a discount rate of 2.0 percent as of March 31, 2014 and 2013.

**Self-insurance health and dental program:** The Hospital has established self-insured medical and dental plans for its employees. Self-insured health retention in 2014 and 2013 was \$175,000 per covered person. The accrued liabilities for the self-insured components of these plans include estimates of the costs for the incurred but not reported claims. These estimates are included in accrued salaries, wages and benefits in the accompanying consolidated balance sheets and were approximately \$2,253,000 and \$1,324,000 as of March 31, 2014 and 2013, respectively.

Notes to Consolidated Financial Statements

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Temporarily and permanently restricted net assets:** Temporarily restricted net assets are those whose use by the Hospital or the Foundation has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in contributions and other in the consolidated statements of changes in net assets.

Permanently restricted net assets are assets to be maintained permanently by the Hospital or the Foundation. Generally, the donors of these assets permit the Hospital to use all or part of the income earned on related investments for general or specific purposes.

**Excess of revenues over expenses:** The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets that are excluded from excess of revenues over expenses include permanent transfers of net assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets).

**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. Contractual adjustments arising under reimbursement arrangements with third-party payors 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 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. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are provided. This provision for bad debts is presented in the consolidated statements of operations as a component of net patient service revenue.

**Charity care:** The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the Hospital does not pursue collection of amounts, they are not reported as net revenue. The estimated cost of providing these services was \$7,538,000 and \$7,821,000 for the years ended March 31, 2014 and 2013, respectively, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing care to charity patients.

**Incentive revenue:** The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare and Medicaid incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicare and Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicare and Medicaid incentive payments.

Notes to Consolidated Financial Statements

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

The Hospital is entitled to receive Medicare and Medicaid incentive payments for the adoption of certified EHR technology, as the Hospital has satisfied the statutory and regulatory requirements. The Hospital accounts for HITECH incentive payments as a gain contingency. Income from Medicare and Medicaid incentive payments is recognized as revenue after the Hospital has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. The Hospital recognized revenue from Medicare incentive payments totaling approximately, \$1,945,000 and \$2,542,000 for the years ended March 31, 2014 and 2013, respectively. Additionally, the Hospital recognized Medicaid payments totaling approximately \$244,000 and \$408,000 for the years ended March 31, 2014 and 2013, respectively. The incentive payments are included in other operating revenue in the consolidated statements of operations. Income from incentive payments is subject to retrospective adjustment, as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Hospital's compliance with the meaningful use criteria is subject to audit by the federal government.

**Contributions:** Unconditional promises to give cash and other assets to the Hospital or the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated financial statements.

**Income taxes:** The Hospital is operated as a tax-exempt organization under Section 501(c)(3) of the federal Internal Revenue Code and applicable sections of the Montana statutes. However, income from certain activities not directly related to the Hospital's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Hospital qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). No provision for income taxes is reflected in these statements. The Hospital is no longer subject to U.S. federal tax examinations by tax authorities for the fiscal years before 2010.

The Hospital adopted the provisions of *FASB Accounting Standards Codification (ASC) 740, Income Taxes*. ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with the ASC and prescribes a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. The Hospital has reviewed its tax positions for all open tax years and has concluded no reserves are required.

**Comparative data/reclassifications:** Certain amounts presented in the prior year have been reclassified to be consistent with the current-year presentation, with no impact on changes in net assets or net assets as previously reported.

**Notes to Consolidated Financial Statements**

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**Note 1. Organization and Summary of Significant Accounting Policies (Continued)**

**Subsequent events:** All of the effects of subsequent events that provide additional evidence about conditions that existed at the consolidated balance sheet date, including the estimates inherent in the process of preparing the consolidated financial statements, are recognized in the consolidated financial statements. The Hospital and the Foundation do not recognize subsequent events that provide evidence about conditions that did not exist at the consolidated balance sheet date but arose after, but before the consolidated financial statements are available to be issued. In some cases, nonrecognized subsequent events are disclosed to keep the consolidated financial statements from being misleading.

The Hospital and Foundation evaluated events through June 17, 2014 and determined no additional disclosures are required. These consolidated financial statements were issued on that date.

**Note 2. Net Patient Service Revenue, Contractual Arrangements With Third-Party Payors, and Allowance for Bad Debts**

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

**Medicare:** Inpatient acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medicare program reimburses the Hospital for outpatient services on a prospective payment system known as Ambulatory Payment Classifications (APCs). The Hospital is reimbursed for covered services at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The most recent year that the fiscal intermediary has completed an audit of the Hospital's Medicare cost report is 2011. Future changes in the Medicare program and reduction of funding levels could have an adverse effect on the Hospital. Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2014 net patient service revenue increased approximately \$1,203,000 as a result of final settlements and years that are no longer subject to audits, reviews and investigations. The 2013 net patient service revenue decreased approximately \$323,000 as a result of final settlements and years that are no longer subject to audits, reviews and investigations.

**Medicaid:** Inpatient and outpatient services are reimbursed under a prospective payment system, and since October 1, 2008, Medicaid does not prepare cost settlements. A cost settlement summary report is prepared and used to calculate hospital costs and qualifications for disproportionate share payments and hospital utilization fees. Reviews have been completed for each year since 2008, with the last report issued for fiscal year ended March 31, 2013.

Approximately 35 percent of the Hospital's net patient service revenue was derived from the Medicare program, and 6 percent was derived from the Medicaid program in 2014 and 2013, the continuance of which is dependent upon governmental policies.

The Hospital also has entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Hospital under these agreements included discounts from established charges. Approximately 20 percent of the Hospital's net patient service revenue in 2014 and 2013, was derived from Blue Cross and Blue Shield.



**Kalispell Regional Medical Center, Inc.**

**Notes to Consolidated Financial Statements**

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**Note 2. Net Patient Service Revenue, Contractual Arrangements With Third-Party Payors, and Allowance for Bad Debts (Continued)**

Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for bad debts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides contractual allowances based on these amounts. Additionally, an allowance for bad debt and provision for bad debt is provided for expected uncollectible deductibles and copayments on accounts for which the patient is responsible. For receivables associated with self-pay patients, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for bad debt.

The Hospital's allowance for bad debts was 15.8 percent and 17.6 percent of accounts receivable at March 31, 2014 and 2013, respectively. In addition, the Hospital's write-offs were approximately \$12,829,000 and \$15,099,000 for the years ended March 31, 2014 and 2013, respectively.

The following are the components of net patient service revenue for the years ended March 31

	2014	2013
Gross patient service revenue		
Inpatient	\$ 222,536,814	\$ 212,726,539
Outpatient	278,282,729	250,612,025
Charity care	(15,529,646)	(16,219,343)
Total gross patient service revenue	485,289,897	447,119,221
Adjustments to gross patient service revenue		
Contractual discounts	(236,184,173)	(213,079,586)
Provision for bad debts	(10,920,372)	(12,190,808)
Net patient service revenue	<u>\$ 238,185,352</u>	<u>\$ 221,848,827</u>

**Kalispell Regional Medical Center, Inc.**

**Notes to Consolidated Financial Statements**

**Note 2. Net Patient Service Revenue, Contractual Arrangements With Third-Party Payors, and Allowance for Bad Debts (Continued)**

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a portion of the Hospital's patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a provision for bad debts related to patients in the period the services are provided. Patient services revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the year ended March 31, from these major payor sources, and is as follows:

	2014		
	Third-Party Payors	Self-Pay	Total All Payors
Patient services revenue, net of contractual allowances and discounts	\$235,714,856	\$ 13,390,868	\$249,105,724
	2013		
	Third-Party Payors	Self-Pay	Total All Payors
Patient services revenue, net of contractual allowances and discounts	\$221,319,140	\$ 12,720,495	\$234,039,635

**Montana State Bed Tax:** All Montana hospital facilities are subject to a Montana State Bed Tax program by which a utilization fee is assessed based on inpatient bed days. Under this program, the State Department of Revenue is authorized to collect and deposit fees in a state special revenue account for funding increases in Medicaid payments to Montana hospitals. The state special revenue account receives an appropriation from a federal special revenue fund to match the state special revenue collected through the utilization fee, thereby providing increased Medicaid reimbursement for Montana hospitals.

The total utilization fee paid in January by the Hospital for the fiscal years 2014 and 2013 was \$1,806,000 and \$1,764,000, respectively. The increased Medicaid payment received from the state special revenue account by the Hospital for the fiscal years 2014 and 2013 totaled \$5,542,000 and \$5,087,000, respectively. Thus, the net Montana State Bed Tax effect in the accompanying consolidated statements of operations was \$3,736,000 for 2014 and \$3,323,000 for 2013 and is included in net patient revenues in the accompanying consolidated statements of operations.

**Kalispell Regional Medical Center, Inc.**

**Notes to Consolidated Financial Statements**

**Note 3. Contributions Receivable**

Contributions receivable are summarized as follows at March 31, 2014 and 2013

	2014	2013
Amounts due		
Within one year	\$ 1,078,250	\$ 1,147,470
In one to five years	2,266,348	2,152,393
	<u>3,344,598</u>	<u>3,299,863</u>
Less		
Discounts for the time value of money	(220,364)	(246,579)
Allowance for uncollectible contributions	(435,036)	(448,216)
	<u>\$ 2,689,198</u>	<u>\$ 2,605,068</u>

Contributions receivable are presented in the consolidated statements of operations as follows at March 31, 2014 and 2013

	2014	2013
Current receivables	\$ 908,359	\$ 1,004,011
Noncurrent receivables	1,780,839	1,601,057
	<u>\$ 2,689,198</u>	<u>\$ 2,605,068</u>

**Note 4. Assets Limited as to Use**

**Board-designated assets:** The Board of Trustees has designated certain assets for use in future property improvements and replacements. These assets consist primarily of cash and cash equivalents and marketable securities.

Board-designated assets consist of the following as of March 31

	2014	2013
Cash and cash equivalents		
Deposits	\$ 997	\$ 1,054
<b>Cash equivalents—money market mutual funds</b>	<u>2,410,017</u>	<u>161,972</u>
Total cash and cash equivalents	2,411,014	163,026
Equities	21,399,044	21,878,926
Mutual funds	25,382,550	35,148,287
Fixed-income securities	14,070,975	-
Total Board-designated assets	<u>\$ 63,263,583</u>	<u>\$ 57,190,239</u>

**Kalispell Regional Medical Center, Inc.**

**Notes to Consolidated Financial Statements**

**Note 4. Assets Limited as to Use (Continued)**

**Funds held by trustee:** Monthly payments of principal and interest are made to this fund until payments become due. The interest and bond sinking fund balance was approximately \$1,855,000 and \$952,000 as of March 31, 2014 and 2013, respectively.

Other assets limited as to use balances represent the Company's share of charitable remainder trusts and deferred gift annuities.

Investment income for the years ended March 31 consists of, and was reported in the consolidated statements of operations and changes in net assets, as follows:

	2014	2013
Interest and dividend income	\$ 1,169,657	\$ 1,222,130
Realized gains, net	8,919,214	298,211
Change in unrealized gains (losses), net, on trading securities	(3,520,298)	4,653,479
	<u>\$ 6,568,573</u>	<u>\$ 6,173,820</u>

**Note 5. Land, Buildings and Equipment**

At March 31, the Hospital had the following land, buildings and equipment balances:

	2014	2013
Land and land improvements	\$ 4,960,668	\$ 4,867,422
Buildings and fixed equipment	134,894,656	91,544,682
Major movable and minor equipment	64,835,726	55,420,600
Construction in progress	7,922,351	52,211,588
	<u>212,613,401</u>	<u>204,044,292</u>
Less accumulated depreciation	<u>(110,297,724)</u>	<u>(100,537,959)</u>
	<u>\$ 102,315,677</u>	<u>\$ 103,506,333</u>

Construction in progress represents costs related to the expansion and remodeling of the surgical tower and other facilities. The operating room/surgery expansion construction project was completed and placed into use in the amount of \$42 million in April 2013.

The estimated useful lives of the Hospital's facility and equipment are as follows:

	Years
Land improvements	5–25
Buildings	5–40
Fixed equipment	5–20
Major movable and minor equipment	3–20

**Kalispell Regional Medical Center, Inc.****Notes to Consolidated Financial Statements****Note 6. Long-Term Debt**

Long-term debt consists of the following at March 31

	2014	2013
Montana Facility Finance Authority Health Care Facilities Revenue Bonds, Series 2010 (the 2010 Bonds), 3.00% to 5.25%, due serially through 2040	\$ 55,370,000	\$ 55,570,000
Montana Facility Finance Authority, Private Issue Bonds, 2.33% and 2.56%, due serially through 2018	2,415,041	3,215,641
Other, including notes payable and capital leases	3,114,056	3,159,026
	<u>60,899,097</u>	<u>61,944,667</u>
Less		
Current portion	(3,324,887)	(1,860,465)
Plus		
Bond premium	157,704	168,225
Net long-term debt	<u>\$ 57,731,914</u>	<u>\$ 60,252,427</u>

In November 2010, the Hospital issued the Montana Facility Finance Authority Health Care Facilities Revenue Bonds, Series 2010 (the 2010 Bonds), in the principal amount of \$57,115,000, maturing annually through July 1, 2040. The 2010 Bonds bear interest at an effective rate ranging from 3.00 percent to 5.25 percent and are payable in annual installments on July 1 of each year.

The 2010 Bonds are secured by certain gross receipts and receivables of the Hospital, including patient accounts receivable and contract rights. The bond agreement requires, among other restrictions, that the Hospital maintain a minimum debt service coverage ratio. Management believes that the Hospital is in compliance with these requirements.

The Hospital has granted to the Montana Facility Finance Authority an interest in certain equipment as security for the private issue bonds.

Principal maturities of the 2010 Bonds and other long-term obligations are as follows at March 31, 2014:

Years Ending March 31,

2015	\$ 3,324,887
2016	3,861,918
2017	3,364,589
2018	2,474,980
2019	2,257,723
Thereafter	45,615,000
	<u>\$ 60,899,097</u>

**Kalispell Regional Medical Center, Inc.**

**Notes to Consolidated Financial Statements**

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**Note 7. Transactions With Affiliates**

The Hospital transferred \$1,311,000 and \$4,018,000 during the fiscal years 2014 and 2013, respectively, to the parent entity, KRHS, to maintain funds for operations of KRHS and its affiliates

The Hospital has a joint operation agreement (JOA) for certain radiological services with Healthcenter Northwest (HCNW), an affiliate of KRHS. The Hospital's noncontrolling share in the earnings of the JOA was approximately \$4,114,000 and \$3,981,000 during the fiscal years ended March 31, 2014 and 2013, respectively, and is included in other operating revenues in the consolidated statements of operations

The Hospital purchases services and rents building space from various affiliates of KRHS. Services purchased and rent paid were approximately \$6,034,000 and \$6,313,000 for the years ending March 31, 2014 and 2013, respectively

**Note 8. Retirement Plan**

The Hospital has a defined contribution retirement plan with 401(k) provisions covering all eligible employees of the Hospital. Employees may make elective deferrals into the plan up to the maximum allowed by the Internal Revenue Code. In addition to employee contributions, the Hospital may make contributions of up to 6 percent of eligible compensation to all eligible employees

Employees are eligible to make contributions to the plan on the first day of the calendar quarter following their date of hire. Employees are eligible to receive the employer contribution after attaining the age of 21 and completing one year of service in which the employee worked at least 1,000 hours. Employees are immediately 100 percent vested in their contributions and are 100 percent vested in the employer contributions after six years of employment

Contributions to the plan charged to operations were \$3,784,000 and \$3,445,000 in 2014 and 2013, respectively, and are included in salaries, wages and benefits in the consolidated statements of operations. All plan assets are held in trust for payment of future benefits

The Hospital has two additional unfunded deferred compensation plans, the 457(b) Plan and the 457(f) Plan, that are only available to a select group of management and highly compensated employees. The 457(b) Plan liability was \$1,994,000 and \$1,416,000 as of March 31, 2014 and 2013, respectively, and the 457(f) Plan liability was \$1,321,000 and \$1,257,000 for the same time periods, which represent employee contributions and interest earnings

**Note 9. Functional Expenses**

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended March 31

	2014	2013
Health care services	\$ 200,432,370	\$ 188,077,994
Indirect health care costs	16,941,352	11,102,756
General and administrative	26,492,133	24,935,330
	<u>\$ 243,865,855</u>	<u>\$ 224,116,080</u>

**Kalispell Regional Medical Center, Inc.**

**Notes to Consolidated Financial Statements**

**Note 10. Fair Value of Financial Instruments**

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments

**Assets limited as to use:** The Hospital has adopted ASC 820 for financial assets and liabilities. Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The valuation techniques used to measure fair value under the ASC are based upon observable and unobservable inputs. The ASC established a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Input levels, as defined by the ASC, are as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Hospital performs a detailed analysis of the assets and liabilities that are measured and reported at fair value on a recurring basis.

The following tables set forth the Hospital's assets that are measured and recognized at fair value on a recurring basis as of March 31, 2014 and 2013, under the appropriate level of the fair value hierarchy. Financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	March 31, 2014			
	Level 1	Level 2	Level 3	Total Fair Value
<b>Cash equivalents—money market mutual funds</b>	\$ 4,264,948	\$ -	\$ -	\$ 4,264,948
<b>Equities</b>				
Small cap	1,308,779	-	-	1,308,779
Mid cap	6,999,718	-	-	6,999,718
Large cap	13,090,547	-	-	13,090,547
<b>Mutual funds</b>				
Bond fund	7,198,784	-	-	7,198,784
Domestic stocks	6,033,869	-	-	6,033,869
Foreign stocks	12,149,897	-	-	12,149,897
<b>Fixed-income securities</b>				
Government bonds	7,773,101	-	-	7,773,101
Corporate bonds	6,297,874	-	-	6,297,874
	<u>\$ 65,117,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,117,517</u>
Investments measured at fair value				\$ 65,117,517
Deposits				997
Deferred gift annuities and charitable remainder unitrusts				1,261,218
Assets limited as to use				<u>\$ 66,379,732</u>

**Kalispell Regional Medical Center, Inc.**

**Notes to Consolidated Financial Statements**

**Note 10. Fair Value of Financial Instruments (Continued)**

	March 31, 2013			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents—money market mutual funds	\$ 1,113,946	\$ -	\$ -	\$ 1,113,946
Equities				
Large cap	21,878,926	-	-	21,878,926
Mutual funds				
Bond fund	18,356,805	-	-	18,356,805
Domestic stocks	9,406,539	-	-	9,406,539
Foreign stocks	7,384,943	-	-	7,384,943
	<u>\$ 58,141,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,141,159</u>
Investments measured at fair value				\$ 58,141,159
Deposits				1,054
Deferred gift annuities and charitable remainder unitrusts				1,082,853
Assets limited as to use				<u>\$ 59,225,066</u>

**Long-term debt (including current portion):** Fair value of the Hospital's long-term debt is estimated based upon quoted market prices, when available, or on the discounted value of the future cash flows that would theoretically be paid using current rates offered to the Hospital for debt with the same remaining maturities

The carrying amounts and fair values of the Hospital's long-term debt at March 31 are as follows

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	\$ 61,056,801	\$ 60,967,989	\$ 62,112,892	\$ 61,820,589

Certain assets and liabilities are measured at fair value on a nonrecurring basis, that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). There were no assets or liabilities carried on the consolidated balance sheet as of March 31, 2014 or 2013, for which a nonrecurring change in fair value had been recorded during the years ended March 31, 2014 or 2013.

**Note 11. Commitments and Contingencies**

**Future minimum lease commitments:** The Hospital leases certain office space, medical facilities and medical equipment under noncancelable operating lease arrangements. The lease terms vary, as do the Hospital's renewal options. The leases provide for minimum monthly rental payments.

Future minimum lease commitments as of March 31, 2014, are due as follows:

2015	\$ 2,451,508
2016	2,259,417
2017	1,680,985
2018	489,230
2019	18,531
	<u>\$ 6,899,671</u>



Notes to Consolidated Financial Statements

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**Note 11. Commitments and Contingencies (Continued)**

Rent expense totaled \$6,269,000 and \$5,626,000 for the years ended March 31, 2014 and 2013, respectively, and is included in supplies and other in the consolidated statements of operations. Of these amounts, \$2,496,000 and \$2,500,000 of rent expense for the years ended March 31, 2014 and 2013, respectively, were with affiliated entities.

**Litigation and compliance with laws and regulations:** The Hospital is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results of operations.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. After consultation with legal counsel, management believes that the Hospital is in compliance with the fraud and abuse regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**Medical malpractice liability insurance:** As of March 31, 2014 and 2013, the Hospital has recorded a liability of approximately \$2,115,000 and \$1,980,000, respectively, for those claims that have been incurred but not yet reported, which is included in accounts payable and accrued liabilities in the consolidated balance sheets. As of March 31, 2014 and 2013, the Hospital has a receivable for the estimated amount of recovery of approximately \$3,211,000 and \$3,024,000, respectively, recorded in estimated insurance recoveries in the consolidated balance sheets. The related claim liability of \$3,453,000 and \$3,317,000, respectively, is recorded in estimated claims liability. The Hospital discounts the ultimate cost of claims at a discount rate of 2.0 percent as of March 31, 2014 and 2013.

**Recovery audit contractors program:** The U.S. Department of Health & Human Services Centers for Medicare & Medicaid Services (CMS) approved implementing the permanent recovery audit contractors program (RAC) in October 2009. This program uses RACs to search for potentially improper Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. The Company has accrued an estimated receivable for amounts which have been recouped as part of the RAC program which have not yet been resolved, and they believe they will be successful in appealing. The Company has also accrued an estimated liability as a reserve for such audits based on the number of RAC audit requests. Both are based off historical defense rate and the analysis and reviews of a consulting firm. It is reasonably possible that the recorded estimates will change materially in the near term. The net receivable is recorded in estimated third-party payor settlements.

Notes to Consolidated Financial Statements

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**Note 11. Commitments and Contingencies (Continued)**

**Health care reform:** In March 2010, President Obama signed the Patient Protection and Affordable Care Act (PPACA) into law. PPACA will result in sweeping changes across the health care industry, including how care is provided and paid for. A primary goal of this comprehensive reform legislation is to extend health coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. The Hospital is unable to fully predict the impact of PPACA on its operations and financial results. The Hospital's management expects that in the coming years, patients who were previously uninsured and unable to pay for care may have basic insurance coverage, although amounts for reimbursement for services from both public and private payors will be reduced and made conditional on various quality measures. Management of the Hospital is studying and evaluating the anticipated impacts and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other constituents to optimize available reimbursement.

**Kalispell Regional Medical Center, Inc.**

**Consolidating Balance Sheet  
March 31, 2014**

<b>Assets</b>	KRMC	KRHS Foundation	Eliminations	Total
<b>Current Assets</b>				
Cash and cash equivalents	\$ 20,563,356	\$ 8,339,841	\$ -	\$ 28,903,197
Funds held by trustee	1,854,931	-	-	1,854,931
Patient accounts receivable, net of allowance for bad debts of approximately \$10,304,000	28,378,731	-	-	28,378,731
Contributions receivable	-	908,359	-	908,359
Estimated third-party payor settlements	4,513,106	-	-	4,513,106
Receivable from affiliates	589,574	300,689	(689)	889,574
Supplies inventory	6,977,498	-	-	6,977,498
Prepaid expenses and other	4,234,598	-	-	4,234,598
<b>Total current assets</b>	<b>67,111,794</b>	<b>9,548,889</b>	<b>(689)</b>	<b>76,659,994</b>
<b>Assets Limited as to Use</b>				
Board-designated assets	62,509,077	754,506	-	63,263,583
Other	-	1,261,218	-	1,261,218
<b>Total assets limited as to use</b>	<b>62,509,077</b>	<b>2,015,724</b>	<b>-</b>	<b>64,524,801</b>
<b>Land, Buildings and Equipment, net</b>	<b>102,315,677</b>	<b>-</b>	<b>-</b>	<b>102,315,677</b>
<b>Other Assets</b>				
Contributions receivable, net of current portion	-	1,780,839	-	1,780,839
Financing costs, net	777,653	-	-	777,653
Investments in affiliates	13,192,421	-	(12,729,707)	462,714
Estimated insurance recoveries	3,210,500	-	-	3,210,500
Investment in risk-reciprocal group	1,981,153	-	-	1,981,153
Other	341,036	-	-	341,036
<b>Total other assets</b>	<b>19,502,763</b>	<b>1,780,839</b>	<b>(12,729,707)</b>	<b>8,553,895</b>
<b>Total assets</b>	<b>\$ 251,439,311</b>	<b>\$ 13,345,452</b>	<b>\$ (12,730,396)</b>	<b>\$ 252,054,367</b>

<b>Liabilities and Net Assets</b>	KRMC	KRHS Foundation	Eliminations	Total
<b>Current Liabilities</b>				
Current portion of long-term debt	\$ 3,324,887	\$ -	\$ -	\$ 3,324,887
Accounts payable and accrued liabilities	17,238,889	52,663	-	17,291,552
Construction payable	69,567	-	-	69,567
Accrued salaries, wages and benefits	20,048,957	-	-	20,048,957
Estimated third-party payor settlements	1,081,130	-	-	1,081,130
Payable to affiliates	5,125,784	-	(689)	5,125,095
<b>Total current liabilities</b>	<b>46,889,214</b>	<b>52,663</b>	<b>(689)</b>	<b>46,941,188</b>
Long-Term Debt, net of current portion	57,731,914	-	-	57,731,914
Estimated Claims Liability	3,452,500	-	-	3,452,500
Other	-	244,082	-	244,082
<b>Total liabilities</b>	<b>108,073,628</b>	<b>296,745</b>	<b>(689)</b>	<b>108,369,684</b>
<b>Net Assets</b>				
Unrestricted	133,935,146	3,644,378	(3,325,378)	134,254,146
Temporarily restricted	7,077,360	7,051,152	(7,051,152)	7,077,360
Permanently restricted	2,353,177	2,353,177	(2,353,177)	2,353,177
<b>Total net assets</b>	<b>143,365,683</b>	<b>13,048,707</b>	<b>(12,729,707)</b>	<b>143,684,683</b>
<b>Total liabilities and net assets</b>	<b>\$ 251,439,311</b>	<b>\$ 13,345,452</b>	<b>\$ (12,730,396)</b>	<b>\$ 252,054,367</b>

Kalispell Regional Medical Center, Inc.

**Consolidating Statement of Operations**  
**Year Ended March 31, 2014**

	KRMC	KRHS Foundation	Eliminations	Total
Operating revenues				
Net patient services revenue	\$ 238,185,352	\$ -	\$ -	\$ 238,185,352
Other operating revenues	13,250,035	-	-	13,250,035
<b>Total operating revenues</b>	<b>251,435,387</b>	<b>-</b>	<b>-</b>	<b>251,435,387</b>
Operating expenses				
Salaries, wages and benefits	137,956,020	-	-	137,956,020
Supplies and other	89,702,070	805,295	-	90,507,365
Depreciation	12,551,941	-	-	12,551,941
Interest and amortization	2,873,940	-	(23,411)	2,850,529
<b>Total operating expenses</b>	<b>243,083,971</b>	<b>805,295</b>	<b>(23,411)</b>	<b>243,865,855</b>
<b>Excess (deficiency) of revenues over expenses from operations</b>	<b>8,351,416</b>	<b>(805,295)</b>	<b>23,411</b>	<b>7,569,532</b>
Nonoperating income and gains				
Investment income	6,565,024	26,960	(23,411)	6,568,573
Other nonoperating income and gains	474,349	936,808	(158,473)	1,252,684
<b>Total nonoperating income and gains</b>	<b>7,039,373</b>	<b>963,768</b>	<b>(181,884)</b>	<b>7,821,257</b>
<b>Excess of revenues over expenses</b>	<b>15,390,789</b>	<b>158,473</b>	<b>(158,473)</b>	<b>15,390,789</b>
Transfer to affiliate	(1,311,024)	-	-	(1,311,024)
Contributions and other	77,006	-	-	77,006
<b>Increase in unrestricted net assets</b>	<b>\$ 14,156,771</b>	<b>\$ 158,473</b>	<b>\$ (158,473)</b>	<b>\$ 14,156,771</b>