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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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
Towner County Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
Highway 281 North Box 688

City or town, state or province, country, and ZIP or foreign postal code
Cando, ND 58324

D Employer identification number
45-0425948

E Telephone number
(701) 968-4411

G Gross receipts $ 9,915,294

F Name and address of principal officer
Ivan Mitchell
Highway 281 North Box 688
Cando, ND 58324

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 tcmedcenter org

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

L Year of formation 1992

M State of legal domicile ND

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To acquire, maintain and further develop hospital, clinical, long term care, and other services in Cando and the surrounding area

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	6
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	6
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	198
6	Total number of volunteers (estimate if necessary)	**6**	6
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	138,877	126,285
9	Program service revenue (Part VIII, line 2g)	9,064,489	10,026,418
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,132	7,491
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-808,637	-258,850
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	8,398,861	9,901,344
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	5,041,722	5,438,786
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	4,922,891	4,503,101
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	9,964,613	9,941,887
19	Revenue less expenses Subtract line 18 from line 12	-1,565,752	-40,543

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	3,240,336	7,057,309
21	Total liabilities (Part X, line 26)	4,683,611	8,541,127
22	Net assets or fund balances Subtract line 21 from line 20	-1,443,275	-1,483,818

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** 2015-02-12
Signature of officer Date

Tammy Larson CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
LISA CHAFFEE CPA		2015-02-10		P00193453

Firm's name ▶ EIDE BAILLY LLP — Firm's EIN ▶ 45-0250958

Firm's address ▶ 4310 17TH AVE S PO BOX 2545
FARGO, ND 581082545 — Phone no (701) 239-8500

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Total quality comprehensive healthcare Caring and compassionate health services for patients, residents, families and healthcare workers Medical care for all life stages delivered by a professional and expert healthcare team Commitment to our communities to maintain and ensure the ongoing provision of quality health services The vision of Towner County Medical Center is to be the healthcare resource of choice for those who seek comprehensive quality health services

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 8,930,536 including grants of $) (Revenue $ 10,026,418)

I IntroductionTowner County Medical Center was aquired from the Sisters of St Francis, a Catholic religious order, in 1992 The community of Cando wanted to ensure itself that there would continue to be health care services available to not only the residents of Cando, but to the areas surrounding the community as well Service to the community and the surrounding area is a hallmark of how we are here The Medical Center provides diagnostic and therapeautic treatment to all, regardless of race, sex, religion, financial ability to pay, or any other area that could be deemed to be discriminatory In addition to the core medical services, we are continually reaching out to surrounding communities assisting them in promoting a healthier community as well II Uncompensated CareTowner County Medical Center provides uncompensated care to those in need of services, who either have limited resources or who may have fallen on hard times and are in need of relief in order to get back on their feet The amount of traditional uncompensated care for the year ended June 30, 2014 was $343,226, which includes charity care and bad debts In many cases, we believe that the bad debt is in fact charity care, but individuals are too proud to come in and request charity New policies and procedures have been developed in an effort to allow us to better identify these individuals, and to be able to classify them as they should be In addition to uncompensated care, Towner County Medical Center also provides discounts to the Medicare and Medicaid programs For the year ended June 30, 2014 those discounts totaled $1,013,024

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** ▶ 8,930,536

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9	Yes	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		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		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or 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? *If "Yes," complete Schedule I, Parts I and II*	**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? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	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? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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	1a	23		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	198		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

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

Check if Schedule O contains a response 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	**1a**	6		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	6		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		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**			No
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**		No
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶Tammy Larson Highway 281 North Box 688
Cando, ND 58324 (701) 968-2560

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

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

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) David Wolsky President	1 00 0 00	X		X				0	0	0
(2) Greg Westlind Vice President	1 00 0 00	X		X				0	0	0
(3) Joann Rodenbiker Secretary/Treasurer	1 00 1 00	X		X				0	0	0
(4) Tom Belzer Director	1 00 50	X						0	0	0
(5) John Peters Director	1 00 0 00	X						0	0	0
(6) Mike Farbo Director	1 00 0 00	X						0	0	0
(7) Ivan Mitchell CEO	45 00 10 00			X				92,032	0	13,218
(8) Tammy Larson CFO	45 00 10 00			X				96,159	0	16,515
(9) Russell Petty MD	45 00 0 00					X		127,221	0	18,120
(10) Basem Fanous Doctor of Podiatry	45 00 0 00					X		227,086	0	17,602
(11) Amy Cox Family Nurse Practitioner	45 00 0 00					X		128,679	0	19,396
(12) Joann Almen Family Nurse Practitioner	45 00 0 00					X		143,408	0	6,609
(13) Jessica Larson Family Nurse Practitioner	45 00 0 00					X		131,308	0	22,809

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								945,893	0	114,269

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 5

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Aurora Clinic 1451 44th Ave S Unit F Grand Forks ND 58201	Physician Locum Coverage	157,003
Rose Hutchison MD, 302 Horner St Belen NM 87002	Physician Locum Coverage	104,983

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 ▶ 2

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				
	e	Government grants (contributions)	1e	65,924			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	60,361			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		126,285			
Program Service Revenue			Business Code				
	2a	Net Patient Revenue	622110	6,861,471	6,861,471		
	b	Nursing Home Revenue	623000	2,623,816	2,623,816		
	c	Miscellaneous Revenue	900099	450,613	450,613		
	d	Contracted Serv -R/P	900099	51,600	51,600		
	e	Misc Medical Services and Supplie	900099	38,918	38,918		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		10,026,418			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		82			82
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	5,100				
	b	Less rental expenses	13,950				
	c	Rental income or (loss)	-8,850				
	d	Net rental income or (loss) . . . . . ▶		-8,850			-8,850
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	7,409				
	b	Less cost or other basis and sales expenses	0				
	c	Gain or (loss)	7,409				
	d	Net gain or (loss) . . . . . ▶		7,409			7,409
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	Impairment Loss	900099	-250,000			-250,000
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		-250,000			
	12	**Total revenue.** See Instructions . . . . . ▶		9,901,344	10,026,418	0	-251,359

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	288,513	14,426	274,087	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	4,468,734	4,258,243	210,491	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	94,691	89,344	5,347	
9 Other employee benefits	263,919	247,440	16,479	
10 Payroll taxes	322,929	290,963	31,966	
11 Fees for services (non-employees)				
a Management				
b Legal	17,882		17,882	
c Accounting	228,560		228,560	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	1,097,300	1,047,358	49,942	
12 Advertising and promotion	24,035		24,035	
13 Office expenses	486,720	377,714	109,006	
14 Information technology	72,497	42,644	29,853	
15 Royalties . .				
16 Occupancy	841,894	841,894		
17 Travel	41,145	36,633	4,512	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	10,660	10,391	269	
20 Interest	96,611	96,611		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	328,703	328,703		
23 Insurance	107,785	107,785		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a Medical Supplies	662,096	662,096		
b Bad Debt Expense	320,748	320,748		
c Food	122,554	122,554		
d Subscriptions and Dues	43,798	33,284	10,514	
e All other expenses	113	1,705	-1,592	
25 **Total functional expenses.** Add lines 1 through 24e	9,941,887	8,930,536	1,011,351	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 ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing			1	
	2	Savings and temporary cash investments		77,808	2	73,505
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,429,598	4	1,764,356
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		148,800	7	148,800
	8	Inventories for sale or use		103,990	8	112,546
	9	Prepaid expenses and deferred charges		52,039	9	44,852
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 6,642,125			
	b	Less accumulated depreciation	10b 2,158,505	1,410,182	10c	4,483,620
	11	Investments—publicly traded securities		17,919	11	302,930
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		0	15	126,700
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		3,240,336	16	7,057,309
Liabilities	17	Accounts payable and accrued expenses		1,465,746	17	1,672,850
	18	Grants payable			18	
	19	Deferred revenue		265,476	19	145,307
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		6,362	21	5,695
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		2,430,202	23	5,946,357
	24	Unsecured notes and loans payable to unrelated third parties		154,427	24	154,427
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		361,398	25	616,491
	26	**Total liabilities.** Add lines 17 through 25		4,683,611	26	8,541,127
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		-1,443,275	27	-1,483,818
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		-1,443,275	33	-1,483,818
	34	Total liabilities and net assets/fund balances		3,240,336	34	7,057,309

Part XI Reconcilliation 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	9,901,344
2	Total expenses (must equal Part IX, column (A), line 25)	2	9,941,887
3	Revenue less expenses Subtract line 2 from line 1	3	-40,543
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-1,443,275
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	-1,483,818

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Towner County Medical Center Inc

Employer identification number
45-0425948

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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 III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Towner County Medical Center Inc

Employer identification number
45-0425948

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☑ No

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

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

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

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

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

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

Part VI Land, Buildings, and Equipment. 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	16,000			16,000
b Buildings	356,453	3,182,401	298,710	3,240,144
c Leasehold improvements				
d Equipment	16,259	2,966,616	1,858,055	1,124,820
e Other		104,396	1,740	102,656
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				4,483,620

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

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

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
Related Party Payable	616,491
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	616,491

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return 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	9,562,793
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	-352,501		
e	Add lines **2a** through **2d**			2e	-352,501
3	Subtract line **2e** from line **1**			3	9,915,294
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	-13,950		
c	Add lines **4a** and **4b**			4c	-13,950
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	9,901,344

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	9,603,336
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	13,950		
e	Add lines **2a** through **2d**			2e	13,950
3	Subtract line **2e** from line **1**			3	9,589,386
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	352,501		
c	Add lines **4a** and **4b**			4c	352,501
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	9,941,887

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 IV, Line 2b	The Organization holds funds under an agency relationship for the residents of the long-term nursing care facility These funds are included in cash with a corresponding liability in accounts payable Funds held totaled $5,695 and $6,362 as of June 30, 2014 and 2013
Part X, Line 2	The Medical Center is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) The Medical Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, the Medical Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose The Medical Center has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS The Medical Center believes it has appropriate support for any tax positions taken affecting the annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements The Medical Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred
Part XI, Line 2d - Other Adjustments	Provision for Bad Debts Reported in Revenue on Financial Statements -321,748 Interest Expense Reported in Revenue on Financial Statements -30,753
Part XI, Line 4b - Other Adjustments	Rental Expenses Reported in Expenses on Financial Statements -13,950
Part XII, Line 2d - Other Adjustments	Rental Expenses Reported in Expenses on Financial Statements 13,950
Part XII, Line 4b - Other Adjustments	Provision for Bad Debts Reported in Revenue on Financial Statements 321,748 Interest Expense Reported in Revenue on Financial Statements 30,753

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493043018155

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
Towner County Medical Center Inc

Employer identification number
45-0425948

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			18,526		18,526	0 190 %
b Medicaid (from Worksheet 3, column a)			1,735,875	1,725,298	10,577	0 110 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			1,754,401	1,725,298	29,103	0 300 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			52,805	23,825	28,980	0 300 %
f Health professions education (from Worksheet 5)			29,400		29,400	0 310 %
g Subsidized health services (from Worksheet 6)			1,654,024	1,145,524	508,500	5 290 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			1,736,229	1,169,349	566,880	5 900 %
k **Total.** Add lines 7d and 7j			3,490,630	2,894,647	595,983	6 200 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 321,748		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3 623		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5 2,282,084		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 2,331,984		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7 -49,900		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, 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)

Name of hospital facility or facility reporting group Towner County Medical Center

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 begining on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from 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**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) www.tcmedcenter.org			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ 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	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☐ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in 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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☑ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible 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?	**21**		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?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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
See Additional Data Table	

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? 1

	Name and address	Type of Facility (describe)
1	Towner County Living Center Highway 281 North Box 688 Cando, ND 58324	Licensed Nursing Home
2		
3		
4		
5		
6		
7		
8		
9		
10		

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

Form and Line Reference	Explanation
Part I, Line 7	Charity care expense was converted to cost on Line 7a based on an overall cost-to-charge ratio addressing all patient segments Part I, Line 7b The Medicaid cost report was used to calculate the amount of unreimbursed Medicaid Part I, Line 7e The amount includes the cost of wellness screenings There were 600 screenings completed at an estimated cost of $55 per screening There were 233 sports physicals at an estimated cost of $85 per physical Part I, Line 7f The amount represents a portion of the salary expense for employees related to working with medical students

Form and Line Reference	Explanation
Part I, Line 7g	Towner County Medical Center operates the only emergency room in their service area The cost for subsidizing health services was determined using the Medicare Cost Report

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	For the purpose of calculating the percentage on Part I, Question 7, Line k, the amount of bad debt expense removed from total expenses to determine the community benefit percentage was $321,748

Form and Line Reference	Explanation
Part III, Line 4	The methodology for determining the amount of the Organization's bad debt expense attributable to patients that would be eligible under the Organization's charity care policy was calculated by taking charity care as a percentage of total revenues for the hospital and clinics Footnote from organization's financial statements The footnote that describes bad debt expense is found on page 8 of the attached audit report

Form and Line Reference	Explanation
Part III, Line 8	Medicare allowable cost is based on the Medicare cost report The Medicare Cost Report is completed based on the rules and regulations set forth by Centers for Medicare and Medicaid Services Towner County Medical Center provides services to patients under the Medicare program knowing they will not recover all the costs associated with providing these services Providing these services is essential to these patients and the community and increases their access to healthcare services Therefore, the Medicare shortfall is considered a community benefit

Form and Line Reference	Explanation
Part III, Line 9b	After a patient receives two statements without making a payment, TCMC will call the patient to discuss their past due account After the third statement is sent out the patient also receives a written notice saying they are being sent to collections This notice also provides a number for them to contact TCMC about their past due account If the patient does get in contact with TCMC they will offer the patient charity care at that time and the patient will need to complete the steps to see if they qualify for charity care There is not a separate policy or any additional provisions on the collection practices for patients who are known to qualify for financial assistance If an individual submits an incomplete financial assistance application, they are contacted regarding the missing information They are not sent to collections until all of the information has been received and it is determined they do not meet the qualifications for financial assistance If a person submits a financial assistance application after they have been sent to collections, and it is determined they are eligible for financial assistance, the accounts that qualify will be removed from collections It is documented on the application submitted if a patient is eligible or ineligible for financial assistance

Form and Line Reference	Explanation
Part VI, Line 2	Administration and the board have a strategic plan in place that addresses the needs that have been brought to them by individuals We held an open house in January giving a tour of the hospital showing those that attended the new services we offer and asked for their feedback on other services that are needed The organization also conducted a CHNA in 2012 to help assess the health needs of the communities the organization serves

Form and Line Reference	Explanation
Part VI, Line 3	Towner County Medical Center posts its charity care policy, or a summary thereof, and financial assistance contact information in admissions areas, includes the policy, or a summary thereof, along with financial assistance contact information in the patient's third billing invoice, and/or discusses with the patient the availability of various government benefits, such as Medicaid or state programs, and assists the patient with qualification for such programs, where applicable

Form and Line Reference	Explanation
Part VI, Line 4	The community Towner County Medical Center (TCMC) serves is rural with an estimated population of 2,318 people, 25% of this is senior population aged 65 and older The median household income is $53,594 and the average household size is 2 18 Of this population, 6 2% live below the poverty level 13% of the patients who received services in 2012 were uninsured or Medicaid recipients There are two hospitals within 40-55 miles of Towner County Medical Center One is in Rolla, which is within 10 miles from the Turtle Mountain Indian Reservation The other is in Devils Lake which is within 10 miles from the Spirit Lake Indian Reservation

Form and Line Reference	Explanation
Part VI, Line 5	Towner County Medical Center's Board of Directors is comprised of volunteers that reside in the community TCMC would extend medical privileges to all qualified physicians in the hospital to practice, although there are currently no other physicians in the community Any surplus funds, if available, are used to improve patient care and add additional patient services Recent additional services added have been sleep studies, E-Emergency, Telepharmacy TCMC provides specialty cardiac rehab, cancer outpatient services, and operates an emergency room regardless of ability to pay TCMC is the sole community provider of healthcare services in this community Community outreach with Public Entities Towner County was the last county in the state of North Dakota to not have a county public health office In conjunction with the county, Towner County Medical Center took on the responsibility of starting up the public health office The program, which is funded by Towner County and through grants, provides many services such as immunizations, baby checks, car seats and other services to those in need It is through cooperation, such as this, that Towner County Medical Center is able to reach out and provide services to those most in need, who may not otherwise be able to receive these types of preventative services Community Outreach for the Broader Community Towner County Medical Center offers a number of services to individuals in the region aimed at providing preventative services, educational services and chronic care management services Foot Care - Towner County Medical Center routinely provides foot care clinics for the elderly, both here in Cando and in the outlying areas upon request Senior Meals/Senior Center - Towner County Medical Center provides senior meals Seniors either come to the medical center to eat their lunches or they are taken out to them through the use of volunteers In addition to the meals, Towner County Medical Center also offers its conference room as a gathering place for the seniors in the community and area to come socialize, play cards or to have other events The use of the space is weekly and there is no cost to the seniors for the use of this space Medical Education - Towner County Medical Center serves as an active participant in the University of North Dakota Medical School training program Serving as a site for various medical students, we also serve as a clinical site for nurses in training, certified nursing assistant in training, and for other fields in which we have appropriately trained staff and facilities to assist in the training process Lab Wellness Screenings - Towner County Medical Center holds lab wellness screenings twice a year Other - We encourage physicians and other staff to be active participants in the community We have staff actively involved in economic development, in youth sports, in the fine arts, and in community leadership positions It is through this active partnership that Towner County Medical Center is able to contribute to the community to make it a better place to live and an area that people desire to move to

Additional Data

Software ID:
Software Version:
EIN: 45-0425948
Name: Towner County Medical Center Inc

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
Towner County Medical Center	
Towner County Medical Center	Part V, Section B, Line 6i Towner County Medical Center has adopted an implementation strategy to address the community health needs identified in its Community Health Needs Assessment The implementation strategy is posted to the Medical Center's website at www tcmedcenter org
Towner County Medical Center	Part V, Section B, Line 14g The financial assistance policy is provided in summary form with the third billing invoice Towner County Medical Center also has a credit collection policy brochure posted at the clinic reception desk where patients check in

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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*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Towner County Medical Center Inc

Employer identification number
45-0425948

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate 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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	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	**1b**		
2	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?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☑ Written employment contract ☐ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured 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	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)Russell Petty MD	(i)	118,881	8,340	0	5,525	19,038	151,784	0
	(ii)	0	0	0	0	0	0	0
(2)Basem Fanous Doctor of Podiatry	(i)	75,005	152,081	0	9,263	9,574	245,923	0
	(ii)	0	0	0	0	0	0	0
(3)Joann Almen Family Nurse Practitioner	(i)	74,959	68,449	0	0	8,135	151,543	0
	(ii)	0	0	0	0	0	0	0
(4)Jessica Larson Family Nurse Practitioner	(i)	64,168	67,140	0	5,457	18,745	155,510	0
	(ii)	0	0	0	0	0	0	0

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 7	The doctors earn production pay based on what is stated in each of their contracts They are either paid on a work RVU or on a percentage of production after a certain minimum dollar amount is met

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Towner County Medical Center Inc

Employer identification number
45-0425948

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, line 2	CT services were brought on site starting January 1, 2014
Form 990, Part VI, Section A, line 6	The hospital is a membership corporation The membership is made up of Class A members of the Towner County Hospital Authority
Form 990, Part VI, Section A, line 7a	The Board of Directors is elected by the membership at its annual meeting
Form 990, Part VI, Section A, line 7b	Amendments to the bylaws by a majority of the Board of Directors must be ratified by the C lass A membership at the next succeeding annual meeting
Form 990, Part VI, Section A, line 8b	There were no committees with authority to act on behalf of the full board
Form 990, Part VI, Section B, line 11	The CEO will review a draft of the 990 The 990 will be presented to the Board of Director s for their approval prior to filing with the Internal Revenue Service
Form 990, Part VI, Section B, line 12c	The CEO, CFO and board members annually disclose any interests that could give rise to con flicts The CEO reviews the responses Any member of the Board of Directors having a confl ict of interest on any matter should not vote or use his/her personal influence on the mat ter The CEO and the CFO do not vote If they have a conflict of interest they would be as ked to leave the room when discussions were held related to the conflict Any conflict of interest is disclosed and made a matter of record through an annual procedure approved by the Board of Directors
Form 990, Part VI, Section B, line 15a	A review and evaluation are performed annually by the Board of Directors and an outside co nsultant for the CEO Comparable compensation data are used for compensation and benefits The CFO's compensation is approved by the CEO
Form 990, Part VI, Section C, line 19	The Organization makes its governing documents, conflict of interest policy and financial statements available to the public upon request
Form 990, Part IX, line 11g	Contracted Services Program service expenses 453,265 Management and general expenses 46, 484 Fundraising expenses 0 Total expenses 499,749 Medical-Related Fees Program service expenses 532,121 Management and general expenses 0 Fundraising expenses 0 Total expens es 532,121 Other Fees Program service expenses 61,972 Management and general expenses 0 Fundraising expenses 0 Total expenses 61,972 Collection Fees Program service expenses 0 Management and general expenses 3,458 Fundraising expenses 0 Total expenses 3,458

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Towner County Medical Center Inc

Employer identification number
45-0425948

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	(g) No
(1) Towner County Living Center Highway 281 North PO Box 688 Cando, ND 58324 45-0422204	Leasing of congregate care and long term care facilities	ND	501(c)(3)	Line 11a, I	Towner County Medical Center Inc	Yes	
(2) Towner County Hospital Authority Highway 281 North PO Box 688 Cando, ND 58324 45-0423303	Furnishing of health care facilities and equipment	ND	501(c)(3)	Line 7	N/A		No

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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" 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

Part V **Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Towner County Living Center	K	256,500	General Ledger

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

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

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

Part VII Supplemental Information

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

Return Reference	Explanation

Consolidated Financial Statements
June 30, 2014 and 2013

Towner County Medical Center, Inc. and Subsidiary
Cando, North Dakota

Towner County Medical Center, Inc. and Subsidiary

Table of Contents

June 30, 2014 and 2013

Independent Auditor's Report

The Board of Directors
Towner County Medical Center, Inc and Subsidiary
Cando, North Dakota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Towner County Medical Center, Inc and Subsidiary, which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of operations and changes in net deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Consolidated 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 Towner County Medical Center, Inc and Subsidiary'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 Towner County Medical Center, Inc and Subsidiary'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 Towner County Medical Center, Inc and Subsidiary as of June 30, 2014 and 2013, and the results of its operations, changes in net deficit, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Eide Bailly LLP

Fargo, North Dakota
October 31, 2014

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 75,212	$ 142,318
Assets limited as to use	64,884	239,278
Patient and resident receivables, net of estimated uncollectibles of $453,000 in 2014 and $492,000 in 2013	1,764,356	1,429,598
Estimated third-party payor settlements	126,700	-
Supplies	112,546	103,990
Prepaid expenses	44,852	52,039
Total current assets	2,188,550	1,967,223
Assets Limited as to Use, Under Indenture Agreements	661,357	350,000
Property and Equipment, Net	2,305,742	2,197,739
Other Assets		
Note receivable	148,800	148,800
Property held for sale	250,000	500,000
Deferred financing costs, net of accumulated amortization of $2,239 in 2014 and $76,652 in 2013	132,075	26,355
Total other assets	530,875	675,155
Total assets	$ 5,686,524	$ 5,190,117
Liabilities and Net Deficit		
Current Liabilities		
Checks issued in excess of deposits	$ 79,461	$ 65,834
Notes payable	1,025,000	800,000
Current maturities of long-term debt	313,382	393,780
Accounts payable		
Trade	1,091,744	935,460
Towner County Hospital Authority	269,700	216,774
Estimated third-party payor settlements	-	125,300
Accrued expenses		
Salaries and wages	177,809	149,494
Vacation	268,199	254,791
Payroll taxes and other	46,500	72,469
Interest	20,536	70,567
Deferred revenue	96,871	120,169
Total current liabilities	3,389,202	3,204,638
Long-Term Debt, Less Current Maturities	4,200,799	3,790,278
Deferred Revenue, Less Current Portion	48,436	145,307
Total liabilities	7,638,437	7,140,223
Net Deficit - Unrestricted	(1,951,913)	(1,950,106)
Total liabilities and net deficit	$ 5,686,524	$ 5,190,117

Towner County Medical Center, Inc. and Subsidiary

Consolidated Statements of Operations and Changes in Net Deficit

Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted Revenues, Gains, and Other Support		
Net patient and resident service revenue	$ 9,485,287	$ 8,810,250
Provision for bad debts	(321,748)	(258,321)
Net patient and resident service revenue less provision for bad debts	9,163,539	8,551,929
Independent living revenue	129,968	120,486
Other revenue	421,861	288,432
Total revenues, gains, and other support	9,715,368	8,960,847
Expenses		
Nursing services	2,462,588	2,761,599
Other professional services	3,472,283	3,394,919
General services	1,492,747	1,493,886
Administrative and fiscal services	1,549,482	1,415,273
Depreciation and amortization	474,833	446,961
Interest	201,872	215,132
Provision for (recovery of) bad debts	(1,000)	28,040
Total expenses	9,652,805	9,755,810
Operating Income (Loss)	62,563	(794,963)
Other Income (Loss)		
Investment income	114	107
Unrestricted gifts and other	94,966	41,391
Rental income	-	34,200
Property held for sale interest expense	(30,753)	(40,789)
Rental property depreciation	-	(78,858)
Gain on forgiveness of debt	103,594	-
Gain from sale of bed licenses	45,000	-
Loss on refunding of bonds	(35,195)	-
Loss on impairment of property held for sale	(250,000)	(713,741)
Other income (loss), net	(72,274)	(757,690)
Expenses in Excess of Revenues	(9,711)	(1,552,653)
Contributions and Grants for Long-Lived Assets	7,904	22,818
Increase in Unrestricted Net Deficit	(1,807)	(1,529,835)
Net Deficit, Beginning of Year	(1,950,106)	(420,271)
Net Deficit, End of Year	$ (1,951,913)	$ (1,950,106)

	2014	2013
Operating Activities		
Change in net deficit	$ (1,807)	$ (1,529,835)
Adjustments to reconcile change in net deficit to net cash from operating activities		
Depreciation	469,871	443,331
Depreciation on rental property	-	78,858
Amortization of deferred financing costs	4,962	3,630
Amortization of original issue discount	1,332	1,777
Gain on disposal of equipment	(7,409)	(4,025)
Provision for bad debts	320,748	286,361
Loss on impairment of rental property	250,000	713,741
Gain on forgiveness of debt	(103,594)	-
Loss on refunding of debt	35,195	-
Gain from sale of bed licenses	(45,000)	-
Contributions and grants for long-lived assets	(7,904)	(22,818)
Changes in assets and liabilities		
Receivables	(655,506)	(131,718)
Supplies	(8,556)	14,960
Prepaid expenses	7,187	816
Accounts payable	209,210	306,539
Estimated third-party payor	(252,000)	248,800
Accrued expenses	(34,277)	58,716
Deferred revenue	(120,169)	(123,278)
Net Cash From Operating Activities	62,283	345,855
Investing Activities		
Construction and purchase of property and equipment	(233,974)	(74,203)
Proceeds from sale of property and equipment	7,409	4,025
Increase in assets limited as to use	(136,963)	(6,507)
Net Cash Used For Investing Activities	(363,528)	(76,685)
Financing Activities		
Proceeds from issuance of long-term debt	2,585,000	4,124
Repayment of long-term debt	(2,508,078)	(277,394)
Net change on notes payable	225,000	80,000
Net change on checks issued in excess of deposits	13,627	65,837
Payment for deferred financing costs	(134,314)	-
Proceeds from bed license sales	45,000	-
Contributions for long-lived assets	7,904	22,818
Payment of construction payable	-	(103,205)
Net Cash From (Used For) Financing Activities	234,139	(207,820)
Net Increase (Decrease) in Cash and Cash Equivalents	(67,106)	61,350
Cash and Cash Equivalents, Beginning of Year	142,318	80,968
Cash and Cash Equivalents, End of Year	$ 75,212	$ 142,318

	2014	2013
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 281,324	$ 260,989
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Equipment financed through capital lease arrangement	$ 343,900	$ -

Note 1 - Organization and Significant Accounting Policies

Organization

Towner County Medical Center, Inc. and Subsidiary (Medical Center) operates a 20-bed acute care hospital, a 33-bed long-term care facility, a 5-bed basic care facility, and physician clinics in Cando and Devils Lake, North Dakota. The purpose of the Medical Center is to acquire, maintain, and further develop hospital, long-term care, clinical, and other services as appropriate within its service area.

Towner County Living Center, Inc. (Living Center), operates a 10-unit congregate housing complex, located in Cando, North Dakota, primarily for the aged, and owns the 33-bed long-term care facility, which is leased to the Medical Center. The Medical Center is the sole member of the Living Center.

The Medical Center is affiliated with Towner County Hospital Authority (Authority) as the members of the Medical Center are the members of the Authority. The Authority was organized to promote health care services in the Cando, North Dakota area.

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center and Living Center (collectively referred to as the Organization). All significant intercompany accounts and transactions have been eliminated in the consolidation.

Income Taxes

The Medical Center and Living Center are organized as North Dakota nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Medical Center and Living Center are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Medical Center and Living Center are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Medical Center and Living Center have determined they are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Medical Center and Living Center believe they have appropriate support for any tax positions taken affecting the annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Medical Center and Living Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect 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 highly liquid investments with an original maturity of three months or less, excluding assets limited as to use

Assets Limited as to Use

Assets limited as to use consist of assets held by a trustee under bond indenture agreements and held by the Board for self-funded unemployment insurance Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident, and third-party payor obligations Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim

Patient and resident accounts receivables are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwillingly 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 doubtful accounts

The Organization`s process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2013 to June 30, 2014 The Organization does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors The Organization has not significantly changed its charity care or uninsured discount policies during fiscal years 2013 or 2014

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market

Property and Equipment

Property and equipment acquisitions in excess of $1,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. The estimated useful lives are as follows:

Land improvements	8-20 years
Buildings	10-40 years
Equipment	5-15 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets and are excluded from expenses in excess of revenues unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Note Receivable

Note receivable is stated at principal amount, is non-interest bearing and is uncollateralized. Management reviews the note receivable periodically and estimates a portion, if any, of the balance that may not be collected.

Deferred Financing Costs and Original Issue Discount

Deferred financing costs and original issue discount are amortized over the life of the related bonds using the straight line method. Amortization of deferred financing costs is included in depreciation and amortization and amortization of original issue discount is included in interest expense in the accompanying financing statements.

Resident Trust Funds

The Organization holds funds under an agency relationship for the residents of the long-term nursing care facility. These funds are included in cash with a corresponding liability in accounts payable. Funds held totaled $5,695 and $6,362 as of June 30, 2014 and 2013.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity At June 30, 2014 and 2013, the Organization did not have temporarily or permanently restricted net assets

Net Patient and Resident Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, 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

The Organization recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party coverage on the basis of contractual rates for the services rendered, as noted above For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy) On the basis of historical experience, a significant portion of the Organization's uninsured patients and residents will be unable or unwilling to pay for the services provided Thus, the Organization records a significant provision for bad debts related to uninsured and other self-pay patients and residents in the period the services are provided Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended June 30, 2014 and 2013 from these major payor sources, is as follows

	2014	2013
Net patient and resident service revenue		
Third-party payors	$ 8,631,848	$ 8,077,522
Self-pay	853,439	732,728
Total all payors	$ 9,485,287	$ 8,810,250

Charity Care

The Medical Center provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less than established rates Since the Medical Center does not pursue collection of these amounts, they are not reported as patient service revenue The estimated cost of providing these services was $18,526 and $29,883 for the years ended June 30, 2014 and 2013, calculated by multiplying the ratio of cost to gross charges for the Medical Center by the gross uncompensated charges associated with providing charity care to its patients

Independent Living Revenue

Tenant rental revenue consists of rents from tenants of the congregate housing facility under rental agreements at rates set by the Board

Advertising Costs

Advertising costs are expensed as incurred

Donor-restricted Gifts

Unconditional promises to give cash and other assets 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 donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted gifts and donations in the statement of operations

Impairment of Property Held for Sale

Property held for sale consists of the Center for Solutions building Property held for sale is no longer depreciated, but instead analyzed for impairment The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate Impairment losses of $250,000 and $713,741 have been recorded on the property held for sale for the years ended June 30, 2014 and 2013

Expenses in Excess of Revenues

Expenses in excess of revenues excludes contributions and grants for long-lived assets, including assets acquired using contributions which were restricted by donors

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) amended the Social Security Act to establish incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that meaningfully use certified Electronic Health Records (EHR) technology

To qualify for the EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria In addition, hospitals must attest that they have used certified EHR technology, satisfied the meaningful use objectives, and specify the EHR reporting period This attestation is subject to audit by the federal government or its designee The EHR incentive payment to hospitals for each payment year is calculated as a product of (1) allowable costs as defined by the Centers for Medicare & Medicaid Services (CMS) and (2) the Medicare share Once the initial attestation of meaningful use is completed, critical access hospitals receive the entire EHR incentive payment for submitted allowable costs of the respective periods in a lump sum, subject to a final adjustment on the cost report

The Organization recognizes EHR incentive payments as revenue when there is reasonable assurance that the Organization will comply with the conditions attached to the incentive payments As the entire EHR incentive payment is received in a lump sum for critical access hospitals and the Organization must annually attest to increasingly stringent meaningful use criteria, the EHR incentive payment is first recognized as a deferred revenue with a ratable recognition of revenue over a specified time period EHR incentive payments are included in other operating revenue in the accompanying consolidated financial statements The amount of EHR incentive payments recognized are based on management's best estimate and those amounts are subject to change with such changes impacting the period in which they occur

Reclassifications

Reclassifications have been made to the June 30, 2013 financial information to make it conform to the current year presentation The reclassifications had no effect on previously reported operating results or changes in net assets

Note 2 - Net Patient and Resident Service Revenue

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

Medicare. The Medical Center is licensed as a Critical Access Hospital (CAH) The Medical Center is reimbursed for most acute care services at cost plus one percent, less sequestration, with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare intermediary Certain services are subject to cost limits or fee schedules The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2012 The Medical Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Medical Center Clinic services are paid on a fixed fee schedule or on a cost related basis

Medicaid Inpatient and outpatient services provided to Medicaid program beneficiaries are paid on a cost related basis Inpatient services are reimbursed using Medicare interim per diem rates, decreased by one percent, and outpatient services are paid at the Medicare interim payment rates Final cost settlements are determined based on the audited Medicare cost report Clinical services are paid on a fixed fee schedule or on a cost related basis

Blue Cross Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount The prospectively determined discount is not subject to retroactive adjustment Clinical services are paid on a fixed fee schedule

The Medical Center is reimbursed for resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by North Dakota Department of Human Services regulations These rates are subject to retroactive adjustment by field audit The Medical Center participates in the Medicare program for which payment for services is made on a prospectively determined per diem rate which varies based on a case-mix adjusted resident classification system

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

Revenue from the Medicare, Blue Cross, and Medicaid programs accounted for approximately 45%, 19%, and 15% of the Medical Center's net patient and resident service revenue for the year ended June 30, 2014 and 46%, 19%, and 15% for the year ended June 30, 2013 Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The net patient service revenue for the years ended June 30, 2014 and 2013 increased $138,800 and $98,800 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations

A summary of patient and resident service revenue and contractual adjustments for the years ended June 30, 2014 and 2013 is as follows

	2014	2013
Hospital patient service revenue	$ 5,923,302	$ 5,351,050
Cando Clinic patient service revenue	1,792,115	1,890,078
Devils Lake Clinic patient service revenue	1,657,030	1,431,942
Chiropractic patient service revenue	285,744	237,884
Long-term care resident service revenue	2,695,715	2,748,995
Total patient and resident service revenue	12,353,906	11,659,949
Contractual adjustments		
Hospital		
Medicare	(983,323)	(971,799)
Medicaid	(29,701)	(187,580)
Other	(575,236)	(561,557)
Clinic	(1,209,071)	(1,001,938)
Chiropractic	611	2,475
Long-term care	(71,899)	(129,300)
Total contractual adjustments	(2,868,619)	(2,849,699)
Net patient and resident service revenue	9,485,287	8,810,250
Less provision for bad debts	(321,748)	(258,321)
Net patient and resident service revenue less provision for bad debts	$ 9,163,539	$ 8,551,929

Note 3 - Assets Limited as to Use and Investment Income

The composition of assets limited as to use at June 30, 2014 and 2013 is shown in the following table

	2014	2013
Held by Board for self-funded unemployment insurance		
Cash and cash equivalents	$ 17,937	$ 17,919
Held by trustee under bond indenture agreements		
Cash and cash equivalents	708,304	571,359
Total assets limited as to use	726,241	589,278
Less amount shown as current	(64,884)	(239,278)
	$ 661,357	$ 350,000

Investment Income

Investment income, primarily interest income, on assets limited as to use and cash equivalents for the years ended June 30, 2014 and 2013 was $114 and $107

Note 4 - Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013 follows

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and buildings	$ 4,504,010	$ 3,321,146	$ 4,484,995	$ 3,129,978
Equipment	3,059,785	1,975,407	2,546,268	1,707,998
Construction in progress	38,500	-	4,452	-
	$ 7,602,295	$ 5,296,553	$ 7,035,715	$ 4,837,976
Net property and equipment		$ 2,305,742		$ 2,197,739

Construction in progress at June 30, 2014 relates to land improvements and carpeting projects The estimated cost to complete the projects is expected to be $62,724, funded through the project funds from the 2014 bond issuance The projects are expected to be completed in early fiscal year 2015

Note 5 - Property Held for Sale

A summary of property held for sale at June 30, 2014 and 2013 follows

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Center For Solutions Property				
Land and building	$ 372,453	$ 122,922	$ 744,906	$ 245,844
Capital equipment	16,259	15,790	32,519	31,581
	$ 388,712	$ 138,712	$ 777,425	$ 277,425
Net rental property		$ 250,000		$ 500,000

The Medical Center has entered into an agreement to sell the Center for Solutions Property for approximately $250,000 The fair market value of the rental property was determined to be less than the carrying value An impairment loss of $250,000 and $713,741 was recorded on the property for the years ended June 30, 2014 and 2013

Note 6 - Leases

Capital Leases

The Medical Center leases certain equipment under noncancelable long-term capital lease agreements The capitalized leased assets at June 30, 2014 and 2013 consists of

	2014	2013
Major movable equipment	$ 384,775	$ 111,875
Less accumulated amortization (included as depreciation on the accompanying financial statements)	(47,810)	(40,198)
	$ 336,965	$ 71,677

Minimum future lease payments for the capital leases are as follows

Year Ending June 30,	Amount
2015	$ 91,499
2016	85,191
2017	85,191
2018	53,979
	315,860
Less interest	(4,662)
Present value of minimum lease payments - Note 8	$ 311,198

Rental Property Lease

The Organization had a lease agreement with Center for Solutions, PC, an unrelated party, under which the Organization leased property and equipment for a residential addiction treatment center to Center for Solutions, PC

Rental revenue for the year ended June 30, 2013 was $34,200 Expenses related to the rental property included interest expense of $30,753 and $40,789 for the years ended June 30, 2014 and 2013 and depreciation of $78,858 for the year ended June 30, 2013

The Center for Solutions, PC, did not renew the lease and as such the lease ended effective August 31, 2012 The Medical Center has decided to sell the property (Note 5)

Note 7 - Retirement Plan

The Medical Center has a 401K pension plan covering substantially all qualified employees over 21 years of age and completing one year of service The Medical Center matches employee contributions up to 3% and matches half of employee contributions after 3% and up to 5% of employee contributions The Medical Center also has the discretion to make a profit sharing contribution each year to those employees who have worked at least 1,000 hours and are employed on the last day of the plan year Total retirement plan expense was $99,422 and $100,957 for the years ended June 30, 2014 and 2013

Note 8 - Notes Payable and Long-Term Debt

Notes Payable

	2014	2013
Medical Center		
4 0% line of credit, interest payable monthly with principal due October 2014, secured by inventory and equipment	$ 75,000	$ -
4 0% line of credit, interest payable monthly with principal due February 2015, secured by accounts receivable	950,000	800,000
	$ 1,025,000	$ 800,000

Long-Term Debt

Long-term debt consists of

	2014	2013
Medical Center		
Non-interest bearing note payable to Northern Plains Electric Cooperative (1)	$ -	$ 38,000
Non-interest bearing note payable to Trinity Health, due in monthly installments, commencing when cash flows allow, unsecured	154,427	154,427
3 0% note payable with bank, due in monthly installments of $9,627, including interest, to February 2022, secured by real estate mortgage related to the Center for Solutions Property (3)	852,480	852,480
3 0% note payable with bank, due in monthly installments of $825, including interest, to March 2014, secured by real estate mortgage on Center for Solutions Property (7)	14,991	14,991
Non-interest bearing note payable to Northern Plains Electric, Cooperative (2)	-	65,594
5 0% note payable to North Central Planning Council, due in monthly installments of $1,216 to February 2016 at which time the remaining principal is due, secured by real estate mortgage (4)(7)	142,721	142,721
1 0% note payable with bank, due in monthly installments of $6,089, including interest, to November 2020, secured by real estate mortgage, inventory, accounts, and equipment	453,364	516,416
0 0% to 5 95% capital lease obligations, due in monthly installments of $8,036, including interest, with various maturity dates through January 2018	311,198	19,324
	1,929,181	1,803,953

	2014	2013
Living Center		
2.00% to 5.50% Healthcare and Housing Revenue Refunding Bonds, Series 2014A, due in varying installments to April 2029, secured by assignment of all leases and rents of the nursing facility (5)	$ 2,410,000	$ -
2.25% Taxable Healthcare and Housing Revenue Bonds, Series 2014B, due in varying installments to April 2016, secured by property and equipment (5)	175,000	-
Long-term debt refinanced (6)	-	2,380,105
	2,585,000	2,380,105
Total long-term debt	4,514,181	4,184,058
Less current maturities	(313,382)	(393,780)
Long-term debt, less current maturities	$ 4,200,799	$ 3,790,278

(1) Effective July 1, 2012, Northern Plains Electric allowed the Medical Center to cease making payments until further notified by the lender. Northern Plains Electric has forgiven this debt.

(2) Effective July 1, 2012, Northern Plains Electric allowed the Medical Center to cease making payment until further notified by the lender. During the year ending June 30, 2014, Northern Plains Electric forgave $65,594 of the long-term debt.

(3) Effective July 1, 2012, the bank reduced the interest on the notes payable to 3% and allowed the Medical Center to make interest only payments. The Medical Center has an agreement to sell the underlining mortgaged property, Center for Solutions Property, for an approximate price of $250,000. Upon completion of this transaction, the remainder of this note payable will be unsecured.

(4) Effective July 1, 2012, North Central Planning Council allowed the Medical Center to cease making payments until further notified by the lender.

(5) Under the terms of the 2014 Revenue Refunding Bonds, the Living Center is required to maintain certain deposits with a trustee, including a debt service reserve fund of $235,903 and an operating reserve fund of $50,000. These funds are included in assets limited as to use. The loan agreement also places limits on the occurrence of additional borrowings and requires that the Living Center satisfy certain measures of financial performance, including a covenant that income available for debt service must equal 110 percent of the debt service requirement in the current fiscal period and maintain a days cash on hand of 165 days commencing with the fiscal year ending June 30, 2015.

(6) The Living Center refunded the 1995 and 1997 Bonds in 2014, from proceeds of the 2014 Bonds and reserves held by the Bond trustee. As part of the refunding, the Living Center recognized a loss on refunding of long-term debt of $35,195.

(7) The Medical Center has an agreement to sell the underlining mortgaged property, Center for Solutions Property, for an approximate price of $250,000. Upon completion of this transaction, this note payable will be unsecured.

Long-term debt maturities are as follows

Year Ending June 30,	Amount
2015	$ 313,382
2016	441,164
2017	403,066
2018	255,158
2019	208,446
Thereafter	2,892,965
Total	$ 4,514,181

Note 9 - Related Party Transactions

As discussed in Note 1, the Organization is affiliated with the Authority The Organization rents the hospital and clinic facilities and equipment under a 25-year lease agreement from the Authority The terms of this lease agreement can be modified on a year-to-year basis Rental expense related to this lease amounted to $195,600 for the years ended June 30, 2014 and 2013 The Organization has a payable of $258,700 and $216,774 due to the Authority at June 30, 2014 and 2013 relating to past due rent expense

At June 30, 2014 and 2013 the Organization had a note receivable of $148,800 from the Authority This receivable is non-interest bearing and will be repaid as funds become available

Note 10 - Concentrations of Credit Risk

The Organization grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements The mix of receivables from patients, residents, and third-party payors at June 30, 2014 and 2013 was as follows

	2014	2013
Medicare	33%	31%
Medicaid	12%	10%
Blue Cross	17%	14%
Commercial	12%	9%
Self pay and other	26%	36%
	100%	100%

The Organization's cash balances are maintained in various bank deposit accounts At various times during the year, the balance of these deposits may exceed federally insured limits

Note 11 - Functional Expenses

The Organization provides health care services and independent living facilities to residents within its geographic location Expenses relating to providing these services, by functional class, for the years ended June 30, 2014 and 2013 are as follows

	2014	2013
Patient and resident health care services	$ 8,407,593	$ 8,585,113
General and administrative	1,245,212	1,170,697
	$ 9,652,805	$ 9,755,810

Note 12 - Electronic Health Record Incentive Payments

During the year ended June 30, 2012, the Medical Center received $490,497 as a lump sum incentive payment related to EHR At the time the lump sum payment was received, the Medical Center recorded deferred revenue for the entire amount

The Medical Center is recognizing revenue ratably over four years As a result, the Medical Center recognized revenue of $96,871 for the years ended June 30, 2014 and 2013 by amortizing the deferred revenue into other revenue The Medical Center has deferred revenue related to the EHR incentive payments of $145,307 and $265,476 remaining at June 30, 2014 and 2013

Note 13 - Contingencies

Malpractice Insurance

The Medical Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1,000,000 per claim and an annual aggregate limit of $5,000,000 Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured

Litigation, Claims, and Disputes

The Medical Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the financial position of the Medical Center

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

Note 14 - Subsequent Events

The Medical Center has entered into an agreement to sell the Center for Solutions Property at an approximate price of $250,000

The Organization has evaluated subsequent events through October 31, 2014, the date which the consolidated financial statements were available to be issued

Consolidating and Supplementary Information
June 30, 2014 and 2013

Towner County Medical Center, Inc. and Subsidiary

Independent Auditor's Report on Consolidating and Supplementary Information

The Board of Directors
Towner County Medical Center, Inc and Subsidiary
Cando, North Dakota

We have audited the consolidated financial statements of Towner County Medical Center, Inc and Subsidiary as of and for the years ended June 30, 2014 and 2013, and our report thereon dated October 31, 2014, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1 and 2 Our audits were performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole The consolidating information on pages 23 through 26 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements The supplementary information on pages 27 through 36 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Eide Bailly LLP

Fargo, North Dakota
October 31, 2014

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	Medical Center	Living Center	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 73,505	$ 1,707	$ 75,212
Assets limited as to use	17,937	46,947	64,884
Receivables			
Patient and resident receivables, net	1,764,356	-	1,764,356
Related party	-	47,184	47,184
Net investment in direct financing lease	-	65,800	65,800
Estimated third-party payor	126,700	-	126,700
Supplies	112,546	-	112,546
Prepaid expenses	44,852	-	44,852
Total current assets	2,139,896	161,638	2,301,534
Assets Limited as to Use, Under Indenture Agreements	284,993	650,357	935,350
Property and Equipment, Net	4,233,620	251,203	4,484,823
Net Investment in Direct Financing Lease, Less Current Maturities	-	873,743	873,743
Other Assets			
Notes receivable	148,800	-	148,800
Property held for sale	250,000	-	250,000
Deferred financing costs, net	-	132,075	132,075
Total other assets	398,800	132,075	530,875
Total assets	$ 7,057,309	$ 2,069,016	$ 9,126,325
Liabilities and Net Deficit			
Current Liabilities			
Checks issued in excess of deposits	$ 79,461	$ -	$ 79,461
Notes payable	1,025,000	-	1,025,000
Current maturities of long-term debt	368,545	125,000	493,545
Accounts payable			
Trade	1,084,594	7,150	1,091,744
Related party	616,491	-	616,491
Accrued expenses			
Salaries and wages	177,809	-	177,809
Vacation	268,199	-	268,199
Payroll taxes and other	46,500	-	46,500
Interest	21,982	20,536	42,518
Deferred revenue	96,871	-	96,871
Total current liabilities	3,785,452	152,686	3,938,138
Long-Term Debt, Less Current Maturities	4,707,239	2,460,000	7,167,239
Deferred Revenue, Less Current Portion	48,436	-	48,436
Total liabilities	8,541,127	2,612,686	11,153,813
Net Deficit - Unrestricted	(1,483,818)	(543,670)	(2,027,488)
Total liabilities and net deficit	$ 7,057,309	$ 2,069,016	$ 9,126,325

Eliminations	Consolidated
$ -	$ 75,212
-	64,884
-	1,764,356
(47,184)	-
(65,800)	-
-	126,700
-	112,546
-	44,852
(112,984)	2,188,550
(273,993)	661,357
(2,179,081)	2,305,742
(873,743)	-
-	148,800
-	250,000
-	132,075
-	530,875
$ (3,439,801)	$ 5,686,524
$ -	$ 79,461
-	1,025,000
(180,163)	313,382
-	1,091,744
(346,791)	269,700
-	177,809
-	268,199
-	46,500
(21,982)	20,536
-	96,871
(548,936)	3,389,202
(2,966,440)	4,200,799
-	48,436
(3,515,376)	7,638,437
75,575	(1,951,913)
$ (3,439,801)	$ 5,686,524

	Medical Center	Living Center	Total
Unrestricted Revenues, Gains, and Other Support			
Net patient and resident service revenue	$ 9,485,287	$ -	$ 9,485,287
Provision for bad debts	(321,748)	-	(321,748)
Net patient and resident service revenue less provision for bad debts	9,163,539	-	9,163,539
Related party rental revenue	-	256,500	256,500
Independent living revenue	-	129,968	129,968
Direct financing lease revenue	-	36,217	36,217
Other revenue	473,461	-	473,461
Total revenues, gains, and other support	9,637,000	422,685	10,059,685
Expenses			
Nursing services	2,462,588	-	2,462,588
Other professional services	3,472,283	-	3,472,283
General services	1,749,247	-	1,749,247
Administrative and fiscal services	1,511,707	89,375	1,601,082
Depreciation and amortization	342,653	149,192	491,845
Interest	65,858	157,996	223,854
Provision for (recovery of) bad debts	(1,000)	72,798	71,798
Total expenses	9,603,336	469,361	10,072,697
Operating Income (Loss)	33,664	(46,676)	(13,012)
Other Income (Loss)			
Investment income	82	32	114
Unrestricted gifts and other	94,966	-	94,966
Rental property interest expense	(30,753)	-	(30,753)
Gain on forgiveness of debt	103,594	-	103,594
Loss on impairment of property held for sale	(250,000)	-	(250,000)
Gain from sale of bed licenses	-	45,000	45,000
Loss on refunding of bonds	-	(35,195)	(35,195)
Other income (loss), net	(82,111)	9,837	(72,274)
Expenses in Excess of Revenues	(48,447)	(36,839)	(85,286)
Contributions and Grants for Long-Lived Assets	7,904	-	7,904
Increase in Unrestricted Net Deficit	(40,543)	(36,839)	(77,382)
Net Deficit, Beginning of Year	(1,443,275)	(506,831)	(1,950,106)
Net Deficit, End of Year	$ (1,483,818)	$ (543,670)	$ (2,027,488)

Eliminations	Consolidated
$ -	$ 9,485,287
-	(321,748)
-	9,163,539
(256,500)	-
-	129,968
(36,217)	-
(51,600)	421,861
(344,317)	9,715,368
-	2,462,588
-	3,472,283
(256,500)	1,492,747
(51,600)	1,549,482
(17,012)	474,833
(21,982)	201,872
(72,798)	(1,000)
(419,892)	9,652,805
75,575	62,563
-	114
-	94,966
-	(30,753)
-	103,594
-	(250,000)
-	45,000
-	(35,195)
-	(72,274)
75,575	(9,711)
-	7,904
75,575	(1,807)
-	(1,950,106)
$ 75,575	$ (1,951,913)

	Medical Center	Living Center	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 77,808	$ 64,510	$ 142,318
Assets limited as to use	17,919	221,359	239,278
Patient and resident receivables, net	1,429,598	-	1,429,598
Supplies	103,990	-	103,990
Prepaid expenses	52,039	-	52,039
Total current assets	1,681,354	285,869	1,967,223
Assets Limited as to Use, Under Indenture Agreements	-	350,000	350,000
Property and Equipment, Net	910,182	1,287,557	2,197,739
Other Assets			
Notes receivable	148,800	-	148,800
Rental property, net	500,000	-	500,000
Deferred financing costs, net	-	26,355	26,355
Total other assets	648,800	26,355	675,155
Total assets	$ 3,240,336	$ 1,949,781	$ 5,190,117
Liabilities and Net Deficit			
Current Liabilities			
Checks issued in excess of deposits	$ 65,834	$ -	$ 65,834
Note payable	800,000	-	800,000
Current maturities of long-term debt	198,780	195,000	393,780
Accounts payable			
Trade	929,520	5,940	935,460
Related party	216,774	-	216,774
Estimated third party payor settlements	125,300	-	125,300
Accrued expenses			
Salaries and wages	149,494	-	149,494
Vacation	254,791	-	254,791
Payroll taxes and other	72,469	-	72,469
Interest	-	70,567	70,567
Deferred revenue	120,169	-	120,169
Total current liabilities	2,933,131	271,507	3,204,638
Long-Term Debt, Less Current Maturities	1,605,173	2,185,105	3,790,278
Deferred Revenue, Less Current Portion	145,307	-	145,307
Total liabilities	4,683,611	2,456,612	7,140,223
Net Deficit - Unrestricted	(1,443,275)	(506,831)	(1,950,106)
Total liabilities and net deficit	$ 3,240,336	$ 1,949,781	$ 5,190,117

Eliminations	Consolidated
$ -	$ 142,318
-	239,278
-	1,429,598
-	103,990
-	52,039
-	1,967,223
-	350,000
-	2,197,739
-	148,800
-	500,000
-	26,355
-	675,155
$ -	$ 5,190,117
$ -	$ 65,834
-	800,000
-	393,780
-	935,460
-	216,774
-	125,300
-	149,494
-	254,791
-	72,469
-	70,567
-	120,169
-	3,204,638
-	3,790,278
-	145,307
-	7,140,223
-	(1,950,106)
$ -	$ 5,190,117

	Medical Center	Living Center	Total
Unrestricted Revenues, Gains, and Other Support			
Net patient and resident service revenue	$ 8,810,250	$ -	$ 8,810,250
Provision for bad debts	(258,321)	-	(258,321)
Net patient and resident service revenue less provision for bad debts	8,551,929	-	8,551,929
Related party rental revenue	-	360,950	360,950
Tenant rental revenue	-	120,486	120,486
Other revenue	336,182	3,850	340,032
Total revenues, gains, and other support	8,888,111	485,286	9,373,397
Expenses			
Nursing services	2,761,599	-	2,761,599
Other professional services	3,394,919	-	3,394,919
General services	1,854,836	-	1,854,836
Administrative and fiscal services	1,378,871	88,002	1,466,873
Depreciation and amortization	257,831	189,130	446,961
Interest	42,895	172,237	215,132
Provision of bad debts	28,040	-	28,040
Total expenses	9,718,991	449,369	10,168,360
Operating Income (Loss)	(830,880)	35,917	(794,963)
Other Income (Expense)			
Investment income	107	-	107
Unrestricted gifts and other	41,391	-	41,391
Rental revenue	34,200	-	34,200
Rental property interest expense	(40,789)	-	(40,789)
Rental property depreciation	(78,858)	-	(78,858)
Loss on impairment of rental property	(713,741)	-	(713,741)
Other income (expense), net	(757,690)	-	(757,690)
Revenues in Excess of (Less Than) Expenses	(1,588,570)	35,917	(1,552,653)
Contributions and Grants for Long-Lived Assets	22,818	-	22,818
Decrease (Increase) in Unrestricted Net Assets (Deficit)	(1,565,752)	35,917	(1,529,835)
Net Assets (Deficit), Beginning of Year	122,477	(542,748)	(420,271)
Net Deficit, End of Year	$ (1,443,275)	$ (506,831)	$ (1,950,106)

Eliminations	Consolidated
$ -	$ 8,810,250
-	(258,321)
-	8,551,929
(360,950)	-
-	120,486
(51,600)	288,432
(412,550)	8,960,847
-	2,761,599
-	3,394,919
(360,950)	1,493,886
(51,600)	1,415,273
-	446,961
-	215,132
-	28,040
(412,550)	9,755,810
-	(794,963)
-	107
-	41,391
-	34,200
-	(40,789)
-	(78,858)
-	(713,741)
-	(757,690)
-	(1,552,653)
-	22,818
-	(1,529,835)
-	(420,271)
$ -	$ (1,950,106)

	2014		
	Inpatient	Outpatient	Total
Routine Care			
Medical/surgical	$ 355,850	$ -	$ 355,850
Resident care	2,695,715	-	2,695,715
Respite care	4,750	-	4,750
Swing bed	107,000	-	107,000
Basic care	158,166	-	158,166
Total routine care	3,321,481	-	3,321,481
Ancillary Services			
Clinic	-	1,792,115	1,792,115
Devils Lake clinic	-	1,657,030	1,657,030
Chiropractic clinic	-	285,744	285,744
Observation/holding bed	10,536	462,452	472,988
Operating room	-	261,655	261,655
Anesthesiology	-	100,199	100,199
Radiology	22,850	199,097	221,947
Mobile diagnostic services	56,449	673,335	729,784
Laboratory	112,791	1,012,359	1,125,150
Electrocardiography	6,900	44,936	51,836
Electroencephalography	-	1,460	1,460
Medical and surgical supplies	32,291	142,633	174,924
Pharmacy	148,554	835,247	983,801
Emergency room	5,700	269,514	275,214
Blood bank	16,940	30,887	47,827
Magnetic resonance imaging	3,200	102,025	105,225
Physical therapy	18,430	412,100	430,530
Gastro/colonoscopy	-	138,600	138,600
Sleep study	-	39,450	39,450
Cardiac rehab	-	-	-
Wellness	-	51,985	51,985
Day care	-	106,439	106,439
Total ancillary services	434,641	8,619,262	9,053,903
	$ 3,756,122	$ 8,619,262	12,375,384
Charity Care			(21,478)
Total patient service revenue			$ 12,353,906

2013		
Inpatient	Outpatient	Total
$ 416,850	$ -	$ 416,850
2,748,995	-	2,748,995
4,850	-	4,850
105,590	-	105,590
40,944	-	40,944
3,317,229	-	3,317,229
-	1,890,078	1,890,078
-	1,431,942	1,431,942
-	237,884	237,884
20,754	488,829	509,583
-	269,587	269,587
-	94,024	94,024
21,873	164,480	186,353
17,940	506,486	524,426
126,845	963,091	1,089,936
6,164	37,993	44,157
-	478	478
39,584	184,178	223,762
165,581	540,305	705,886
5,235	251,732	256,967
18,831	48,936	67,767
5,878	96,480	102,358
13,337	380,552	393,889
-	144,940	144,940
-	56,175	56,175
-	9,237	9,237
-	50,760	50,760
-	87,175	87,175
442,022	7,935,342	8,377,364
$ 3,759,251	$ 7,935,342	11,694,593
		(34,644)
		$ 11,659,949

Towner County Medical Center, Inc. and Subsidiary
Schedule of Unrestricted Revenues, Gains, and Other Support – Medical Center
Years Ended June 30, 2014 and 2013

	2014	2013
Contractual Adjustments		
Hospital		
Medicare	$ (983,323)	$ (971,799)
Medicaid	(29,701)	(187,580)
Other	(575,236)	(561,557)
Clinic	(1,209,071)	(1,001,938)
Chiropractic	611	2,475
Long-term care	(71,899)	(129,300)
Total contractual adjustments	(2,868,619)	(2,849,699)
Net patient and resident service revenue	9,485,287	8,810,250
Provision for bad debts	(321,748)	(258,321)
Net patient and resident service revenue less provision for bad debts	9,163,539	8,551,929
Other Revenue		
Contracted services	62,556	53,979
Meals	17,560	19,832
Sale of supplies	9,081	11,292
Lab revenue	23,380	28,768
Grant revenue	65,924	81,943
Medical transcripts	2,492	2,608
Electronic Medical Records incentive payments	96,871	96,871
Dietician Consulting Services	3,965	-
340B Program	175,608	-
Other	16,024	40,889
Total other revenue	473,461	336,182
Total revenues, gains, and other support	$ 9,637,000	$ 8,888,111

	2014	2013
Nursing Services		
Nursing administration - Hospital		
Salaries	$ 22,033	$ 102,304
FICA	1,371	7,494
Health insurance	1,399	4,094
Supplies and other	1,261	2,604
Education	-	440
	26,064	116,936
Nursing administration - Home		
Salaries	60,320	49,441
FICA	7,306	6,303
Supplies	14,229	18,201
Professional fees	2,941	59,066
Education	1,099	860
	85,895	133,871
Nursing service - Hospital		
Salaries	474,971	459,919
FICA	32,179	31,049
Health insurance	30,881	33,092
Supplies	45,125	41,364
Contracted services	30,894	3,040
Repairs and maintenance	5,812	6,864
	619,862	575,328
Nursing service - Home		
Salaries	881,912	658,387
FICA	63,341	47,103
Health insurance	34,402	32,776
Supplies	71,537	96,059
Contracted services	180,674	424,292
Education	43,081	35,608
	1,274,947	1,294,225
Operating room		
Salaries	15,221	12,478
FICA	1,037	878
Health insurance	776	543
Supplies	20,890	20,721
Contracted services	56,587	66,000
Repairs and maintenance	-	678
	94,511	101,298

	2014	2013
Emergency room		
Salaries	$ 210,220	$ 142,142
FICA	13,491	8,814
Health insurance	4,239	3,340
Supplies and other	30,353	14,659
Contracted services	28,665	287,234
	286,968	456,189
Central service		
Salaries	13,755	10,381
FICA	919	786
Health insurance	120	12
Medical and surgical supplies	44,527	59,334
Rental	6,547	-
Other	6,355	12,529
	72,223	83,042
Basic care		
Salaries	1,292	112
FICA	85	8
Health insurance	91	14
Other	650	576
	2,118	710
Total nursing services	2,462,588	2,761,599
Other Professional Services		
Cando Clinic		
Salaries	496,313	371,061
FICA	32,580	38,631
Health insurance	12,756	15,654
Supplies and other	100,469	94,559
Contracted services	23,895	169,515
	666,013	689,420
Devils Lake Clinic		
Salaries	535,148	615,494
FICA	31,098	20,915
Health insurance	10,220	9,501
Supplies	72,125	67,506
Contracted services	60,741	61,301
Other	37,472	43,409
	746,804	818,126

	2014	2013
Chiropractic clinic		
Salaries	$ 177,384	$ 150,821
FICA	3,909	3,690
Health insurance	12,058	10,222
Supplies	5,943	5,661
Other	2,965	2,855
	202,259	173,249
Pharmacy - Hospital		
Salaries	73,778	80,363
FICA	5,867	5,607
Health insurance	6,574	6,627
Supplies and other	31,158	33,456
Drugs	306,912	97,163
Contracted pharmacist	20,903	11,105
	445,192	234,321
Pharmacy - Home		
Salaries	9,791	20,761
FICA	717	1,467
Health insurance	630	1,391
	11,138	23,619
Medical records		
Salaries	111,084	105,669
FICA	7,895	7,249
Contracted transcript	65,536	95,166
Health insurance	14,824	14,811
Supplies and other	4,951	7,363
Education	476	1,249
Repairs and maintenance	21,420	21,482
Lease	-	1,498
	226,186	254,487
Anesthesiology		
Professional fees	44,094	53,990
Rental	11,512	9,741
Repairs and maintenance	2,155	380
Supplies	1,540	378
	59,301	64,489

	2014	2013
Radiology		
Salaries	$ 77,189	$ 71,194
FICA	5,155	4,465
Health insurance	2,822	2,926
Supplies and other	4,613	4,039
Repairs and Maintenance	11,995	8,204
	101,774	90,828
Mobile diagnostic services		
Salaries	13,368	7,460
FICA	911	460
Health insurance	468	348
Supplies and Other	3,984	-
Technical equipment	165,955	189,680
	184,686	197,948
Laboratory		
Salaries	149,918	136,598
FICA	10,752	9,836
Health insurance	7,723	11,419
Supplies	75,444	89,874
Professional fees	72,067	67,887
Repairs and maintenance	28,887	23,334
	344,791	338,948
Electrocardiography		
Salaries	3,809	4,032
FICA	260	295
Health insurance	115	128
	4,184	4,455
Electroencephalography		
Salaries	181	164
FICA	13	11
Health insurance	2	4
Technical fees	103	205
	299	384
Blood bank - purchases	22,463	27,887
Sleep Study	15,000	21,750

	2014	2013
Physical therapy - Hospital		
Supplies and other	$ 4,514	$ 1,726
Professional fees	123,194	118,260
	127,708	119,986
Physical therapy - Home		
Salaries	26,538	28,975
FICA	1,728	2,655
Health insurance	1,431	5,226
Supplies	47	4,352
Contracted services	15,442	29,808
Other	-	1,680
	45,186	72,696
Wellness		
Salaries	35,714	36,517
FICA	2,762	2,743
Health insurance	36	205
Supplies	471	270
Mileage	3,314	3,636
	42,297	43,371
Activities - Home		
Salaries	45,583	55,495
FICA	3,362	3,992
Health insurance	3,313	5,035
Supplies	502	592
Contracted services	1,662	1,632
Dues and subscriptions	430	455
Travel and education	-	780
	54,852	67,981
Social services - Home		
Salaries	35,489	33,305
FICA	1,772	1,612
Health insurance	3,564	3,446
Supplies	156	78
Travel and education	-	612
	40,981	39,053

	2014	2013
Day care		
Salaries	$ 109,925	$ 96,141
FICA	8,210	7,264
Health insurance	10,750	2,225
Supplies and other	2,284	6,291
	131,169	111,921
Total other professional services	3,472,283	3,394,919
General Services		
Dietary		
Salaries	196,731	244,156
FICA	13,999	15,974
Health insurance	16,033	23,111
Food	122,554	134,129
Supplies	13,387	16,746
Education	-	204
Leased equipment	900	1,441
Repairs and maintenance	867	1,404
	364,471	437,165
Housekeeping - Hospital		
Salaries	94,658	82,141
FICA	6,922	6,030
Health insurance	8,851	7,197
Supplies and other	24,196	26,148
	134,627	121,516
Housekeeping - Home		
Salaries	65,407	52,591
FICA	4,797	3,669
Health insurance	5,797	5,530
Supplies and other	10,819	9,719
	86,820	71,509
Laundry		
Salaries	73,628	63,399
FICA	5,785	4,792
Health insurance	2,450	2,456
Supplies and other	14,325	11,413
Repairs and maintenance	1,546	585
	97,734	82,645

	2014	2013
Motor service supplies - Hospital	$ 6,256	$ 8,393
Repairs and Maintenance - Hospital		
Salaries	102,786	81,492
FICA	7,373	6,483
Health insurance	3,319	1,669
Supplies and other	2,056	8,228
Equipment repairs	14,756	23,797
Professional fees	12,925	15,122
	143,215	136,791
Maintenance of grounds - Hospital		
Supplies	2,711	2,230
Repairs and maintenance	13,964	9,551
	16,675	11,781
Operation of plant - Hospital		
Supplies	7,286	1,597
Utilities	193,724	191,234
Rental	195,600	195,600
Repairs and maintenance	4,098	11,281
Cable television	3,817	3,585
	404,525	403,297
Operation of plant - Home		
Salaries	48,893	31,353
FICA	3,561	2,338
Supplies	1,722	3,349
Utilities	102,237	105,575
Rental	256,500	360,950
Repairs and maintenance	20,708	20,591
Professional fees	3,713	1,860
Health insurance	2,377	847
Other	3,669	4,344
	443,380	531,207
Environmental and other services - Devils Lake Clinic		
Rental	39,493	40,740
Supplies	-	238
Repairs and maintenance	2,243	735
Utilities	9,808	8,819
	51,544	50,532
Total general services	1,749,247	1,854,836

	2014	2013
Administrative and Fiscal Services		
Administrative		
Salaries	$ 542,614	$ 512,610
FICA	38,681	35,734
Health insurance	25,164	29,893
Supplies	24,426	22,429
Insurance and bonding	107,785	123,073
Employee health and welfare	148,723	150,692
Telephone	60,846	49,308
Collection fees	7,680	23,819
Computer fees	29,853	34,460
Postage	19,736	18,593
Education	21,804	11,870
Membership dues and subscriptions	10,682	15,372
Accounting and legal fees	246,442	73,612
Repairs and maintenance	6,240	3,609
Personnel advertising	6,653	11,678
Professional fees	134,529	169,470
Other	43,506	54,957
	1,475,364	1,341,179
Purchasing		
Salaries	23,392	22,072
FICA	1,759	1,474
Supplies and other	11,192	14,146
	36,343	37,692
Total administrative and fiscal services	1,511,707	1,378,871
Interest	65,858	42,895
Depreciation and Amortization	342,653	257,831
Provision for (Recovery of) Bad Debts	(1,000)	28,040
Total Expenses	$ 9,603,336	$ 9,718,991