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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
Northern Montana Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
PO Box 1231

City or town, state or province, country, and ZIP or foreign postal code
Havre, MT 595011231

D Employer identification number
81-0231787

E Telephone number
(406) 265-2211

G Gross receipts $ 62,062,585

F Name and address of principal officer
David Henry
PO Box 1231
Havre, MT 595011231

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 nmhcare org

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

L Year of formation 1921

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provision of healthcare services

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	724
6	Total number of volunteers (estimate if necessary)	6	135
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	145,628
b	Net unrelated business taxable income from Form 990-T, line 34	7b	14,020

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	92,137	172,875
9	Program service revenue (Part VIII, line 2g)	55,155,647	60,851,380
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	867,779	1,028,293
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,056	1,033
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	56,122,619	62,053,581
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	14,711	27,810
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)	30,961,654	31,989,382
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)	20,872,733	25,300,390
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	51,849,098	57,317,582
19	Revenue less expenses Subtract line 18 from line 12	4,273,521	4,735,999

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	60,313,312	65,371,501
21	Total liabilities (Part X, line 26)	13,670,900	12,472,270
22	Net assets or fund balances Subtract line 21 from line 20	46,642,412	52,899,231

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

****** 2015-05-14
Signature of officer Date

David Henry President/CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Kim C Hunwardsen		2015-05-12		P00484560

Firm's name ▶ Eide Bailly LLP — Firm's EIN ▶ 45-0250958

Firm's address ▶ 800 Nicollet Mall Ste 1300 Minneapolis, MN 554027033 — Phone no (612) 253-6500

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

To deliver high quality comprehensive healthcare services to the Hi-Line communities

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 $ 43,354,949 including grants of $ 27,810) (Revenue $ 60,851,380)

Northern Montana Hospital (Hospital) provides quality healthcare regardless of race, creed, sex, national origin, handicap, age, or ability to pay Although reimbursement for services rendered is critical to the operation of the Hospital, it is recognized that not all individuals possess the ability to purchase these essential services It is the Hospital's mission to serve the surrounding area by providing healthcare services and healthcare education to all community members During the year ended June 30, 2014, the Hospital provided $1,411,381 of medical services, based on charges, to individuals who were determined unable to purchase such services under the Hospital's charity care policy and guidelines In addition to free care and/or subsidized care, care is also provided at below cost rates to persons covered by governmental programs Recognizing its mission to the community, services are provided to both Medicare and Medicaid patients The unreimbursed value of providing care to these patients was $28,737,428 for the year ended June 30, 2014 During the fiscal year ended June 30, 2014 the Hospital provided almost 4,000 days of hospital services The nursing home provided over 38,800 resident days during the year The Hospital also provides community care and services through many healthcare activities and programs provided to support the community These activities include wellness programs, community education programs, senior services, healthcare screening, special programs for specific groups, published articles, radio programs, and a variety of community supported activities The Hospital also received many hours of volunteer help from the community residents

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** ▶ 43,354,949

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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or 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**	Yes	
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	102		
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	724		
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		Yes	
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		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	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** 13		
	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** 8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		No
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**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		

Section C. Disclosure

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

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

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

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

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

▶Kim Lucke VP of Finance PO Box 1231
Havre, MT 59501 (406) 265-2211

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 C Henry President/CEO	40 00 5 00	X		X				0	0	0
(2) Miles Hamilton Chairman	1 00 1 00	X		X				0	0	0
(3) Tom Patrick Vice Chair (Nov-June)	1 00 1 00	X		X				0	0	0
(4) Bruce Richardson MD Vice Chair (thru Oct 2013)	1 00 1 00	X		X				245,426	0	8,366
(5) David Leeds Treasurer	1 00 1 00	X		X				0	0	0
(6) Judy Greenwood Secretary	1 00 1 00	X		X				0	0	0
(7) Paul Tuss Trustee	1 00 1 00	X						0	0	0
(8) Stephen Bechdolt MD Medical Director of IPD	1 00 1 00	X						303,320	0	15,835
(9) Julie Holt Trustee	1 00 1 00	X						0	0	0
(10) Andrew Carlson Trustee	1 00 1 00	X						0	0	0
(11) Rick Stevens Trustee	1 00 1 00	X						0	0	0
(12) Michael Nolan MD Trustee - IPD Member	1 00 1 00	X						309,139	0	8,687
(13) Karrie Lien MD Trustee - IPD Member	1 00 1 00	X						396,010	0	31,650
(14) Steven Liston MD Chief of Medical Staff	40 00 1 00	X						605,500	0	0
(15) Kim Lucke VP of Finance	40 00 5 00			X				79,873	0	20,746
(16) Julie Mariani Vice President	40 00 1 00			X				109,336	0	25,639
(17) Michelle Donaldson MD Orthopedic Surgeon	40 00 0 00					X		489,831	0	14,069

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			
(18) Damian Ymzon MD General Surgeon	40 00 0 00					X		335,739	0	31,682
(19) Allen Rebchook MD General Surgeon	40 00 0 00					X		345,376	0	18,244
(20) Marc Whitacre MD Opthamalogist	40 00 0 00					X		300,824	0	34,222
(21) Terence Hankins MD Internal Medicine	40 00 0 00					X		215,708	0	17,310
(22) Karen Pollington Former Vice President	40 00 0 00						X	109,633	0	17,883

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	3,845,715	0	244,333

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 ▶ 12

			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**	Yes	
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
Clausen & Sons Inc 2480 2nd St West Havre MT 59501	Construction	5,082,435
Fundamental Financial Groups PO Box 1231 Havre MT 59501	Management Services	396,000
A&E Architects PC 608 N 29th St Billings MT 59101	Architect Services	262,967
Med Assets Inc PO Box 405652 Atlanta GA 303845652	Revenue Cycle Re-Engineering	252,725
PAML PO Box 2720 Spokane WA 992204002	Reference Lab Testing	202,015

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 ▶ 14

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	112,360			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	60,515			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		172,875			
Program Service Revenue			Business Code				
	2a	Net Patient Service Revenue	622110	52,160,546	52,160,546		
	b	Pharmacy	446110	6,896,060	6,750,432	145,628	
	c	Supporting Revenue	900099	1,057,003	1,057,003		
	d	Healthcare Consulting	900099	448,427	448,427		
	e	Cafeteria Revenue	722210	289,344	289,344		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		60,851,380			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		698,271			698,271
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	10,037				
	b	Less rental expenses	9,004				
	c	Rental income or (loss)	1,033				
	d	Net rental income or (loss) . . . . . ▶		1,033			1,033
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	328,712 / 1,310				
	b	Less cost or other basis and sales expenses	0 / 0				
	c	Gain or (loss)	328,712 / 1,310				
	d	Net gain or (loss) . . . . . ▶		330,022			330,022
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						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶					
	12	**Total revenue.** See Instructions . . . . . ▶		62,053,581	60,705,752	145,628	1,029,326

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	16,650	16,650		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	11,160	11,160		
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	2,251,308	2,036,202	215,106	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	80,962	80,962		
7 Other salaries and wages	24,748,303	17,323,812	7,424,491	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	561,784	393,249	168,535	
9 Other employee benefits	1,903,005	1,046,653	856,352	
10 Payroll taxes	2,444,020	1,710,814	733,206	
11 Fees for services (non-employees)				
a Management	396,000	79,200	316,800	
b Legal	95,009		95,009	
c Accounting	74,360		74,360	
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)	3,416,426	3,076,130	340,296	
12 Advertising and promotion	253,584		253,584	
13 Office expenses	2,025,738	780,674	1,245,064	
14 Information technology	606,970	485,576	121,394	
15 Royalties . .				
16 Occupancy	1,790,193	1,250,434	539,759	
17 Travel	210,469	73,664	136,805	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	47,229		47,229	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,167,596	1,517,317	650,279	
23 Insurance	1,053,627	842,902	210,725	
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	6,033,368	6,033,368		
b Bad Debt Expense	4,835,339	4,835,339		
c Equipment Rental and Ma	817,366	449,551	367,815	
d Bed Tax	555,056	555,056		
e All other expenses	922,060	756,236	165,824	
25 **Total functional expenses.** Add lines 1 through 24e	57,317,582	43,354,949	13,962,633	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		64,652	1	
	2	Savings and temporary cash investments		7,037,642	2	6,037,894
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		12,167,524	4	13,138,861
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,551,648	8	1,738,728
	9	Prepaid expenses and deferred charges		503,985	9	765,443
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 49,386,512			
	b	Less accumulated depreciation	10b 39,285,072	10,769,738	10c	10,101,440
	11	Investments—publicly traded securities		26,284,073	11	27,731,143
	12	Investments—other securities See Part IV, line 11		79,781	12	104,721
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,854,269	15	5,753,271
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		60,313,312	16	65,371,501
Liabilities	17	Accounts payable and accrued expenses		4,860,951	17	6,495,595
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		2,107,553	23	1,661,618
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		6,702,396	25	4,315,057
	26	**Total liabilities.** Add lines 17 through 25		13,670,900	26	12,472,270
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		46,642,412	27	52,899,231
	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		46,642,412	33	52,899,231
	34	Total liabilities and net assets/fund balances		60,313,312	34	65,371,501

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	62,053,581
2	Total expenses (must equal Part IX, column (A), line 25)	2	57,317,582
3	Revenue less expenses Subtract line 2 from line 1	3	4,735,999
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	46,642,412
5	Net unrealized gains (losses) on investments	5	469,918
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	1,050,902
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	52,899,231

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	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

Employer identification number
81-0231787

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
Northern Montana Hospital

Employer identification number
81-0231787

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	32,418
d Additions during the year	1d	113,358
e Distributions during the year	1e	112,608
f Ending balance	1f	33,168

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		75,272		75,272
b Buildings		21,191,367	17,379,373	3,811,994
c Leasehold improvements				
d Equipment		26,794,289	21,112,175	5,682,114
e Other		1,325,584	793,524	532,060
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				10,101,440

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
(1) Due from Affiliates	5,679,566
(2) Accrued interest receivable	73,705
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	5,753,271

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	
Liability for pension benefits	3,702,512
Third-party payor settlements	600,000
Due to Affiliates	12,545
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	4,315,057

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	57,468,566
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	-4,835,339		
e	Add lines **2a** through **2d**			2e	-4,835,339
3	Subtract line **2e** from line **1**			3	62,303,905
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	-250,324		
c	Add lines **4a** and **4b**			4c	-250,324
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	62,053,581

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	52,732,567
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	250,324		
e	Add lines **2a** through **2d**			2e	250,324
3	Subtract line **2e** from line **1**			3	52,482,243
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	4,835,339		
c	Add lines **4a** and **4b**			4c	4,835,339
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	57,317,582

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 1b	The custodial funds are not reported on the balance sheet of NMH as they are the personal resource funds of the residents to be used only for their personal needs If the resident passes, the funds either go to the family or back to the state They are in no way an asset of the organization
Part X, Line 2	The Organization is organized as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose The Organization files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements The Organization 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 The Organization's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2011
Part XI, Line 2d - Other Adjustments	Provision for bad debts included in revenue on financial statements -4,835,339
Part XI, Line 4b - Other Adjustments	Rental expenses included in expenses on financial statements -9,004 Cost of goods sold included in expenses on financial statements -241,320
Part XII, Line 2d - Other Adjustments	Rental expenses included in expenses on financial statements 9,004 Cost of goods sold included in expenses on financial statements 241,320
Part XII, Line 4b - Other Adjustments	Provision for bad debts included in revenue on financial statements 4,835,339

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

Employer identification number
81-0231787

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 12500 0000000000 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 22500 0000000000 %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			729,000		729,000	1 390 %
b Medicaid (from Worksheet 3, column a)			9,018,602	8,276,455	742,147	1 410 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			9,747,602	8,276,455	1,471,147	2 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			4,423		4,423	0 010 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			7,574,286	6,283,346	1,290,940	2 460 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			21,189		21,189	0 040 %
j **Total.** Other Benefits			7,599,898	6,283,346	1,316,552	2 510 %
k **Total.** Add lines 7d and 7j			17,347,500	14,559,801	2,787,699	5 310 %

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			163,479	99,391	64,088	0 120 %
2	Economic development						
3	Community support			9,290	1,725	7,565	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			230		230	0 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			172,999	101,116	71,883	0 130 %

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	4,835,339		
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	68,200		
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	9,685,834
6	Enter Medicare allowable costs of care relating to payments on line 5	6	10,590,255
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-904,421
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, 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 Northern Montana Hospital

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**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 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**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 nmhcare org			
b	☑ Other website (list url) www bullhook com and www hillcountyhealth com			
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 125 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 225 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**	Yes	
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	Northern Montana Care Center 24 13th Street Havre, MT 59501	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 6a	The Organization's community benefit report was published as a 1/2 page ad in the local newspaper In addition, a statement about the amount of community benefit the organization provided can be found on our web-site at www nmhcare org

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 Unreimbursed Medicaid, line 7b, was calculated using the cost-to-charge ratio derived from Worksheet 2 Community health improvement services, line 7e, and cash and in-kind donations, line 7i, are actual costs reported in the general ledger The cost for subsidized health services reported on line 7g was determined using the cost-to-charge ratio derived from worksheet 2

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	The amount of bad debt expense removed from the denominator of the calculation was $4,835,339

Form and Line Reference	Explanation
Part II, Community Building Activities	Reported under community building activities is the maintenance of our fitness park which is open to the public and has both a softball field and soccer field, as well as a paved walking path It also includes an employee's time for being a member of the Hill County Health Consortium, which collaboratively conducted a Community Health Needs Assessment with several other local public health entities and works to implement the identified unmet needs of the community Another community building activity is community forums at which employed physicians give educational presentations to the community on various health topics

Form and Line Reference	Explanation
Part III, Line 2	Bad debt expense is reported as charges net of discounts and contractual allowances A payment on an account previously written off reduces bad debt expense in the current year

Form and Line Reference	Explanation
Part III, Line 3	The estimated amount of bad debt expense attributable to patients eligible under the Organization's charity care policy is calculated by using charity care as a percentage of gross patient service revenue As a portion of revenue is considered charity care, it is assumed that a percentage of bad debt expense would also be considered charity care

Form and Line Reference	Explanation
Part III, Line 4	The footnote to the Organization's financial statements can be found on page 7 of the attached audited financial statements

Form and Line Reference	Explanation
Part III, Line 8	The expenses represent an overall shortfall of the Medicare patient population The costs themselves are a community benefit as the community would not receive these services if we did not provide them Total revenue received from Medicare and the Medicare allowable costs are reported from 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

Form and Line Reference	Explanation
Part III, Line 9b	The Organization's financial assistance policy provides information on collection practices for those known to qualify for financial assistance The policy states "During the patient registration or collection process, the Hospital will make an initial determination of eligibility based on verbal or written application for charity care Pending final eligibility determination, the Hospital will not initiate collection efforts or requests for deposits, provided that the responsible party is cooperative with the Hospital's efforts to reach a determination of status, including return of applications and documentation required by the Hospital within fourteen (14) days of receipt "

Form and Line Reference	Explanation
Part VI, Line 2	In FY 2011 Northern Montana Hospital became a member of the Hill County Health Consortium The Consortium is composed of many important stakeholders in the community who have joined together to identify the current health needs impacting the community Partnerships were formed by members of the Consortium to help gather the data needed in the discussions The CHANGE (Community Health Assessment and Group Evaluation) tool from the CDC website was chosen to help us through the process of our community health assessment mainly because it would walk us through each step in the process CHANGE can be used to gain a picture of the policy, systems, and environmental change strategies currently in place throughout the community, develop a community action plan for improving policies, systems, and the environment to support healthy lifestyles, and assist with prioritizing community needs and allocating available resources The CHANGE tool involves dividing our community into 5 different sectors and choosing a few sites within those sectors to collect responses from The 5 Sectors include (1) Community-At-Large(2) Community-Institutions-Organizations(3) Worksite(4) Health Care(5) SchoolsAlong with the CHANGE tool, a written survey was created using an example from Wilkes Healthy Carolinians Council (wilkeshealth com) This survey seemed to fit closely with our needs, with only minor adjustments being made to fit Hill County This written survey was available throughout Hill County at various waiting areas so people would have adequate time to complete them Out of the Community Health Needs Assessment (CHNA) the Community Health Improvement Plan (CHIP) was developed The plan identifies several health related issues that adversely impact the health of the community This plan not only provides us with a deeper look into the current health status of the community, it leads us into providing solutions for improving the health status of our community These improvements are spearheaded by subcommittees chosen through the Hill County Consortium and other local agencies The Community Health Improvement Plan is an ongoing process The Community Health Assessment will be repeated in 2014 and will form the basis by which improvement will be measured Northern Montana Hospital takes an active role in the Hill County Health Consortium In FY 2014, NMH again partnered with the Hill County Health Consortium to engage multiple segments of the community in collaboration, assessment and planning of the health needs of Hill County Multiple assessments were used along with county and facility statistical data The collaborative assessments relied upon included * The Hill County Community Health Needs Assessment Report, a collaborative development of the regional North Central Montana Healthy Communities group This health needs assessment identified the "ten most serious health concerns" in the County * The Early Childhood Investment Team (ECIT) needs assessment, which looked at issues specifically facing young children in Hill County* A review of the previous CHIP completed in 2011 which identified obesity, awareness of Health Care resources and unsafe sex * Facility statistical data which indicates the top diagnosis in the population are consistently Diabetes, Hypertension and Depression As a result of the assessments, the new areas of focus chosen for 2014-2017 are Alcohol abuse, Mental Health and Teen Pregnancy

Form and Line Reference	Explanation
Part VI, Line 3	Northern Montana Hospital informs and educates patients about their eligibility for assistance through a sign posted at our admissions desk, noted in the brochure we give patients at our clinics, and signs posted at our clinic registration desks In addition, our collection staff offers charity care as an option when they are discussing the patient's balance as well as the availability of various government benefits, such as Medicaid or state programs As of Oct 2010, NMH has contracted with a company to assist the patient with qualification for programs such as Medicaid and disability determination We also publish a community benefit report annually which states how much financial assistance we have given away, and we post our community benefit report on our website noting that we provide financial assistance

Form and Line Reference	Explanation
Part VI, Line 4	Northern Montana Hospital is a 49 bed hospital including 5 swing beds, a 5 bed intensive care unit, 24-hour staffed emergency room, same day surgery, and a 6 chair dialysis unit Northern Montana Care Center is a 136 bed skilled and intermediate care facility of which 20 beds are designated for residents with Alzheimer's disease and other related dementias Northern Montana Assisted Living is a 10 bed facility Northern Montana Medical Group - East and Northern Montana Medical Group - West are both provider based rural health clinics Other services include Northern Montana Vision Center, an ophthalmology office, Bear Paw Hospice, and the Hi-Line Sleep Center The Hospital's service area consists of Hill, Blaine, Liberty, Philips and the Big Sandy census district of Choteau counties The population of this service area is approximately 30,000 The median household income is about $42,000 Approximately 45% of the population has a household income below 200% of the federal poverty guidelines Approximately 24% of the population is covered by Medicaid, 30% by Medicare, 2 5% by CHIP and about 27% uninsured Additionally, another 6% of the population is covered by Indian Health Services The entire service area is considered rural and has been designated a health professional shortage area for all primary medical care, mental health and dental In addition, the entire service area is designated as a medically underserved area Northern Montana Hospital is the only local hospital in its service area, however there are 3 critical access hospitals, 4 rural health clinics, 3 community health clinics and 3 IHS-Tribal clinics within its service area The nearest hospital is a critical access hospital and is 35 miles away

Form and Line Reference	Explanation
Part VI, Line 5	More than 50% of Northern Montana Hospital's governing board consists of various local business people who reside within our service area and are not employed or contracted by the organization Northern Montana Hospital extends medical staff privileges to all qualified physicians in its community The organization applies surplus funds to improvements in patient care by keeping its medical equipment up to date, sending its employed physicians for further continuing education, supporting nursing education through a loan re-payment assistance program and supporting health care education through an education assistance program In addition, the hospital subsidizes its emergency department by offering 24/7 emergent care coverage to all, regardless of their ability to pay Northern Montana Hospital offers Dialysis services to patients in our service area, despite the fact that this service is provided at a loss to NMH Without this service, patients would have to travel well over 100 miles each way, 3 times per week to receive this service Northern Montana Hospital has Sole Community Designation The nearest PPS hospital is located 110 miles from Havre Northern Montana Hospital also participates in all government sponsored health programs, such as CHIP, Healthy Montana Kids and the Montana Cervical and Breast Cancer Program, where it accepts payments for services at greatly discounted rates Several members of Northern Montana Hospital's leadership team serve on other community boards, such as Havre Chamber of Commerce, Hill County Health Consortium, Local Emergency Planning, Fetal/Infant/Child Mortality Review Board, Havre/Hill County Planning Board, Hill and Blaine County Adult Protective Services Committee, Hill County United Way, HRDC Medical Advisory Board, MSU-N Nursing Advisory Board and the Safe Kids Safe Communities Committee

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	MT

Additional Data

Software ID:
Software Version:
EIN: 81-0231787
Name: Northern Montana Hospital

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
Northern Montana Hospital	
Northern Montana Hospital	Part V, Section B, Line 4 Benefis Health System, Marias Medical Center, Liberty Medical Center, Northern Rockies Medical Center, Phillips County Hospital, Big Sandy Medical Center, Missouri River Medical Center, Mountainview Medical Center, Central Montana Medical Center, Teton Medical Center, Pondera Medical Center
Northern Montana Hospital	Part V, Section B, Line 5d The CHNA is electronically delivered to every member of the Consortium and NMH Bullhook Community Health Center and the Hill County Health Department all received hard copies available for distribution
Northern Montana Hospital	Part V, Section B, Line 6i MH hosts Consortium meetings and provide lunch free of charge NMH also paid half of the consulting fee for the development of initiative, action objective and strategy language The implementation strategy may be found at www nmhcare org
Northern Montana Hospital	Part V, Section B, Line 14g In addition, a summary of the financial assistance policy is posted in the facility's emergency room and waiting rooms as well as admissions offices The hospital's "Conditions of Treatment" also includes information regarding the financial assistance policy
Northern Montana Hospital	Part V, Section B, Line 22 All individuals eligible under the hospital financial assistance policy are provided a discount for emergency and other medically necessary care The financial assistance policy does not apply to elective procedures Therefore, FAP-eligible patients without insurance may be charged gross charges on elective procedures

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Northern Montana Hospital

Employer identification number
81-0231787

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

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

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Education Assistance	5	11,160			

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Part I, Line 2	The organization provides education assistance to qualified employees The organization monitors the use of the assistance by disbursing the funds directly to the institution
Schedule I, Part III	Per our education assistance policy, we will only assist for degrees that will fulfill our staffing needs We will pay up to $5,250 per employee per year, however not every applicant requests the full amount Therefore, we anticipate 3-6 recipients per year

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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
Northern Montana Hospital

Employer identification number
81-0231787

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**	Yes	
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**		No
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				
See Additional Data Table							

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 3	President/CEO is compensated by an unrelated management company A related organization and the management company have a process in place to determine the CEO's compensation using the Form 990 of other organizations, a written employment contract, a compensation survey or study, and the approval by the board or compensation committee
Part I, Line 5	Karrie Lien and Michael Nolan are compensated as a percentage of the prior three months' average gross revenue earned for the hospital by the physician, with the percentage being based on their specialty

Additional Data

Software ID:
Software Version:
EIN: 81-0231787
Name: Northern Montana Hospital

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Bruce Richardson MD Vice Chair (thru Oct 2013)	(I) (II)	243,711 0	0 0	1,715 0	0 0	10,289 0	255,715 0	0 0
Stephen Bechdolt MD Medical Director of IPD	(I) (II)	302,132 0	0 0	1,188 0	6,120 0	12,089 0	321,529 0	0 0
Michael Nolan MD Trustee - IPD Member	(I) (II)	306,853 0	0 0	2,286 0	6,187 0	4,900 0	320,226 0	0 0
Karrie Lien MD Trustee - IPD Member	(I) (II)	395,740 0	0 0	270 0	8,101 0	26,686 0	430,797 0	0 0
Steven Liston MD Chief of Medical Staff	(I) (II)	605,500 0	0 0	0 0	0 0	0 0	605,500 0	0 0
Michelle Donaldson MD Orthopedic Surgeon	(I) (II)	489,628 0	0 0	203 0	0 0	17,898 0	507,729 0	0 0
Damian Ymzon MD General Surgeon	(I) (II)	335,577 0	0 0	162 0	7,000 0	27,395 0	370,134 0	0 0
Allen Rebchook MD General Surgeon	(I) (II)	344,602 0	0 0	774 0	7,000 0	13,957 0	366,333 0	0 0
Marc Whitacre MD Opthamalogist	(I) (II)	299,739 0	0 0	1,085 0	6,333 0	30,345 0	337,502 0	0 0
Terence Hankins MD Internal Medicine	(I) (II)	215,354 0	0 0	354 0	4,400 0	14,622 0	234,730 0	0 0
Karen Pollington Former Vice President	(I) (II)	108,823 0	0 0	810 0	0 0	18,804 0	128,437 0	0 0

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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
Northern Montana Hospital

Employer identification number
81-0231787

Return Reference	Explanation
Form 990, Part III, line 2	Cancer care services became available May 1, 2014, through a joint venture with Benefis Healthcare, Inc The cancer center in Havre was re-opened and residents of Havre and the surrounding hi-line can now get cancer treatment in Havre

Return Reference	Explanation
Form 990, Part VI, Section A, line 2	Kim Lucke, Julie Mariani, Bruce Richardson, David C Henry, David Leeds, Judy Greenwood, Miles Hamilton, Paul Tuss, Julie Holt, Andrew Carlson, Tom Patrick, Michael Nolan, Steven Liston, Karrie Lien and Stephen Bechdolt have business relationships with each other

Return Reference	Explanation
Form 990, Part VI, Section A, line 3	David C Henry, President/CEO is employed by Fundamental Financial Group, an unrelated management company Northern Montana Hospital (NMH), pays the unrelated management company for David's services provided to the Hospital, Northern Montana Health Care, Inc and Northern Montana Health Care Foundation The President/CEO's responsibilities include implemeting decisions and supervising the management, administration and operation of the Hospital and the related, exempt organizations The amount of compensation paid during fiscal year 2014 was $396,000

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	The sole member of the organization is Northern Montana Health Care, Inc

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	The sole member of the organization shall have such rights and powers as are provided for in the Articles of Incorporation, the Bylaws of the organization and the laws of the State of Montana, including but not limited to, the exclusive power (a) to remove any trustee from any office at any time, with or without cause, (b) to propose and approve (i) a plan of dissolution or liquidation of the organization or (ii) a plan of merger or consolidation of the organization with another corporation, (c) to propose and approve amendments to the articles of incorporation and or the bylaws,(d) to adopt any annual or long-term capital or operational budget or any changes therein exceeding $75,000,(e) to authorize the organization to enter into any contract or engage in any transaction which is not provided for in an annual or long-term capital or operational budget approved by the sole member of the organization where the amount involved exceeds $50,000,(f) to adopt substantive changes to existing long-term or master institutional plans of the organization, (g) to authorize the organization to engage in, or enter into, any transaction providing for the sale, mortgage or other disposition of all or substantially all of the assets of the organization, (h) to organize or acquire, or authorize the organization or acquisition of, any subsidiary or affiliate of the organization, (i) to authorize the organization to enter into any shared service agreement, (j) to approve long-term borrowing of money by the organization or authorize the organization to incur indebtedness involving a mortgage or lien on assets, or (k) to approve the trustees or the President of the organization from a slate prepared by the Nominating Committee of the organization

Return Reference	Explanation
Form 990, Part VI, Section A, line 8b	No committee has the authority to act on behalf of the board

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	The Board of Directors receives a copy of the Form 990 via e-mail before it is filed The VP of Finance reviews the form

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	The conflict of interest policy covers all trustees, directors, officers, and key employees The board identifies potential conflicts from annual disclosures Disclosures are reviewed by administration after all are gathered A second conflict disclosure letter is sent out annually to all current and former officers, directors, trustees, and key employees to ensure all potential conflicts are identified The results of this disclosure form are reviewed by the VP of Finance The board discusses the potential conflicts and determines if voting on related items would be a conflict of interest If a conflict is determined to exist, the conflicted individual is excluded from voting on the conflicted item

Return Reference	Explanation
Form 990, Part VI, Section B, line 15a	The President/CEO is compensated by an unrelated management company The Executive Committee of the board meets and reviews Northern Montana Hospital(NMH)/Northern Montana Health Care, Inc (NMHC) financial results, the CEO's current year priorities, discusses evaluation tools to be used for CEO evaluation, how comparative salaries will be obtained and discusses the history of compensation to the CEO At a second Executive Committee meeting they review non-financial activity of NMH/NMHC and the results of the CEO evaluations completed by the board members Then they review and discuss a compensation comparative summary of Montana CEO's compensation and a Guidestar CEO Compensation Checkpoint that is prepared specifically for NMH They agree upon a list of the coming year's priorities for the CEO and proposed compensation, with the compensation set by board vote This annual process was last completed during fiscal year 2014

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	The organization's governing documents, conflict of interest policy, and financial statements are made available to the public upon request The financial statements are attached to the Form 990 per the IRS instructions

Return Reference	Explanation
Form 990, Part XI, line 9	Minimum Pension Liability Adjustment 1,550,902 Equity Transfer to Related Organization -500,000

Return Reference	Explanation
Form 990, Part XII, Line 2c	The controlling organization, Northern Montana Health Care, Inc 's Board has a committee that assumes responsibility for oversight of the audit of the financial statements and selection of an independent auditor

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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
Northern Montana Hospital

Employer identification number
81-0231787

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) North Care Corporation 30 13th Street Havre, MT 59501 81-0447638	Health Care Services	MT	501(c)(3)	Line 3	Northern Montana Health Care Inc		No
(2) Northern Montana Health Care Inc PO Box 1231 Havre, MT 59501 81-0428854	Supporting Organization	MT	501(c)(3)	Line 11b, II	N/A		No
(3) Northern Montana Health Care Foundation Inc PO Box 1231 Havre, MT 59501 36-3464641	Fundraising	MT	501(c)(3)	Line 7	Northern Montana Health Care Inc		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
(1) Paramount Health Care Inc PO Box 1231 Havre, MT 59501 81-0393353	Health Care Services	MT	N/A	C					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	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
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	Yes	
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	Yes	

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Northern Montana Healthcare Foundation Inc	O	65,784	Actual Cost
(2) Northern Montana Healthcare Foundation Inc	C	112,360	Actual Cost

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

Northern Montana Health Care, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Northern Montana Health Care, Inc. and Affiliates
Havre, Montana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Northern Montana Health Care, Inc. and Affiliates, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northern Montana Health Care, Inc. and Affiliates as of June 30, 2014 and 2013, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Billings, Montana
September 30, 2014

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 7,624,675	$ 8,538,417
Investments	2,346,271	1,006,722
Assets limited as to use	1,066,751	1,037,726
Receivables		
Patient and resident, net of estimated uncollectibles of $11,870,000 in 2014 and $13,135,000 in 2013	12,337,741	11,617,565
Interest	108,869	104,724
Note	244,112	244,112
Other	807,951	629,482
Supplies	1,738,728	1,551,648
Prepaid expenses and other current assets	817,130	550,164
Total current assets	27,092,228	25,280,560
Assets Limited as to Use		
By board for capital improvements	12,551,044	12,231,407
Under indenture agreements - held by trustee	1,547,224	1,527,823
By board for self-insurance programs	175,009	173,897
By board for other restricted purposes	135,339	135,339
	14,408,616	14,068,466
Less current portion	(1,066,751)	(1,037,726)
Total noncurrent assets limited as to use	13,341,865	13,030,740
Property and Equipment	22,512,894	20,120,670
Other Assets		
Investments	20,302,401	20,010,889
Note receivable, less current portion	1,464,669	1,708,781
Other receivables	87,500	-
Deferred financing costs, net of accumulated amortization of $400,802 in 2014 and $353,142 in 2013	35,176	82,836
Total other assets	21,889,746	21,802,506
Total assets	$ 84,836,733	$ 80,234,476

See Notes to Consolidated Financial Statements

	2014	2013
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,752,213	$ 1,689,147
Accounts payable		
Trade	2,497,360	1,829,187
Construction	929,434	-
Estimated third-party payor settlements	600,000	720,000
Accrued expenses	3,610,135	3,432,954
Total current liabilities	9,389,142	7,671,288
Liability for Pension Benefits	3,702,512	5,975,190
Long-Term Debt, Less Current Maturities	4,907,571	6,641,377
Total liabilities	17,999,225	20,287,855
Net Assets		
Unrestricted	66,135,855	59,170,101
Temporarily restricted	590,621	666,800
Permanently restricted	111,032	109,720
Total net assets	66,837,508	59,946,621
Total liabilities and net assets	$ 84,836,733	$ 80,234,476

	2014	2013
Unrestricted Revenues, Gains, and Other Support		
Net patient and resident service revenue	$ 59,297,925	$ 52,737,791
Provision for bad debts	(4,835,339)	(3,763,047)
Net patient and resident service revenue less provision for bad debts	54,462,586	48,974,744
Other revenue	1,843,837	2,484,178
Total unrestricted revenues, gains, and other support	56,306,423	51,458,922
Expenses		
Salaries and benefits	33,644,655	30,961,653
Cost of drugs, food, supplies and other	13,606,785	12,477,391
Purchased services	2,784,912	2,140,755
Depreciation and amortization	2,879,458	2,737,530
Interest	296,116	333,114
Total expenses	53,211,926	48,650,443
Operating Income	3,094,497	2,808,479
Other Income		
Investment income	882,534	848,775
Gain on sale of investments, net	486,376	303,746
Unrestricted gifts and bequests	83,560	127,382
Gain (loss) on sale of property and equipment, net	1,310	(54)
Gain of sale of investment in New West Health Services	-	642,688
Other	44,986	39,922
Total other income, net	1,498,766	1,962,459
Revenues in Excess of Expenses	4,593,263	4,770,938
Changes in Unrealized Gains and Losses on Investments	654,380	(101,448)
Net Assets Released from Donor Restrictions	167,209	87,783
Minimum Pension Liability Adjustment	1,550,902	2,800,796
Change in Unrestricted Net Assets	6,965,754	7,558,069
Temporarily Restricted Net Assets		
Contributions	91,030	52,818
Net assets released from donor restrictions	(167,209)	(87,783)
Change in Temporarily Restricted Net Assets	(76,179)	(34,965)
Permanently Restricted Net Assets		
Contributions	1,312	2,055
Change in Net Assets	6,890,887	7,525,159
Net Assets, Beginning of Year	59,946,621	52,421,462
Net Assets, End of Year	$ 66,837,508	$ 59,946,621

	2014	2013
Operating Activities		
Change in net assets	$ 6,890,887	$ 7,525,159
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	2,879,458	2,737,530
Gain on sale of investments, net	(486,376)	(303,746)
(Gain) loss on sale of equipment, net	(1,310)	54
Gain of sale of investment in New West Health Services	-	(642,688)
Changes in unrealized gains and losses on investments	(654,380)	101,448
Contributions restricted by donors	(92,342)	(54,873)
Changes in assets and liabilities		
Receivables	(990,290)	1,735,334
Supplies	(187,080)	(252,305)
Prepaid expenses and other current assets	(266,966)	(71,428)
Accounts payable	548,173	191,247
Accrued expenses	177,181	894,943
Pension liability	(2,272,678)	(4,910,767)
Net Cash from Operating Activities	5,544,277	6,949,908
Investing Activities		
Net proceeds from New West Health Services	-	19,795
Proceeds from note receivable	244,112	-
Purchase of investments	(4,421,262)	(5,803,234)
Proceeds from maturities and sales of investments	3,895,196	4,853,142
Purchase of property and equipment	(4,298,158)	(2,548,134)
Proceeds from sale of equipment	4,880	-
Change in assets limited as to use:		
Purchase of investments	(854,389)	(3,186,847)
Proceeds from maturities and sales of investments	550,000	2,914,650
Net Cash used for Investing Activities	(4,879,621)	(3,750,628)
Financing Activities		
Contributions restricted by donors	92,342	54,873
Principal payments on long-term debt	(1,670,740)	(1,463,763)
Net Cash used for Financing Activities	(1,578,398)	(1,408,890)
Net Change in Cash and Cash Equivalents	(913,742)	1,790,390
Cash and Cash Equivalents, Beginning of Year	8,538,417	6,748,027
Cash and Cash Equivalents, End of Year	$ 7,624,675	$ 8,538,417

	2014	2013
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 305,457	$ 350,278
Supplemental Schedule of Noncash Investing and Financing Activities		
Accounts payable for construction	$ 929,434	$ -
Equipment acquired through capital leases	$ -	$ 2,404,380
Note receivable from sale of investment in New West Health Services	$ -	$ 1,952,893

Note 1 - Organization and Significant Accounting Policies

Organization and Principles of Consolidation

The consolidated financial statements include the accounts of the holding company, Northern Montana Health Care, Inc. and its three nonprofit affiliates: Northern Montana Hospital, Northern Montana Health Care Foundation, Inc., North Care Corporation and its for-profit affiliate: Paramount Health Care, Inc. All significant intercompany balances and transactions have been eliminated in consolidation. Northern Montana Health Care, Inc. includes 49 acute care hospital beds, 135 skilled nursing beds, 10 assisted living beds and 2 medical clinics located in Havre, Montana.

Income Taxes

The Organization and its three nonprofit affiliates are entities organized as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization also has a taxable affiliate, which is inactive and had no taxable income in 2014 and 2013. The Organization and its affiliates are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization 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. The Organization's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2011.

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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

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.

Patient and Resident Receivables and Credit Policy

Patient and resident receivables are uncollateralized patient, resident and third party payor obligations. The Organization does not charge interest on past due accounts. Payments of patient and resident receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient and resident receivables are reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. In evaluating the collectability of patient and resident receivables, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for estimated uncollectible accounts. Management regularly reviews data of its major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts.

For receivables associated with services provided to patients and residents who have third party coverage, the Organization analyzes amounts due under the applicable contracts and applies percentages to determine estimated amounts that will not be collected from third parties and provides an allowance for estimated uncollectible accounts and a provision for bad debts, if necessary.

For receivables associated with private pay patients and residents, which includes both patients and residents without insurance and patients and residents with deductible and copayment balances due for which third-party coverage exists for part of the invoice, 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 and residents are unwilling or unable to pay the portion of their invoice 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 against the allowance for estimated uncollectible accounts.

The Organization's process for calculating the allowance for estimated uncollectible accounts for self-pay patients and residents has not significantly changed from June 30, 2013 to June 30, 2014. The Organization has not significantly changed its charity care or uninsured discount policies during 2014 or 2013.

Supplies

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

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated balance sheet. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments that are deemed to be temporary in nature are excluded from revenues in excess of expenses. In the periods in which it is determined that an investment's decline in fair value below its cost basis is other than temporary, the other than temporary impairment is recognized in revenues in excess of expenses.

Property and Equipment

Property and equipment acquisitions in excess of $1,000 are capitalized and recorded at cost, or if donated, at fair value at the date of receipt. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is included in the consolidated statements of operations and changes in net assets.

Depreciation and amortization is provided using the straight-line method, based on useful lives of the assets, which range from three to 40 years. 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. Amortization is included in depreciation and amortization in the consolidated financial statements.

Gifts of long-lived assets such as land, buildings or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of expenses, 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 net assets. 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. The Organization did not receive gifts of long-lived assets in 2014 and 2013.

Impairment of Long-Lived Assets

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended June 30, 2014 and 2013.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and other purposes, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held by trustees under indenture agreements; and assets set aside for self-insurance trust arrangements. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the effective interest method. The estimated future annual amortization of deferred financing costs is $35,000 for the fiscal year 2015.

Note Receivable

The note receivable represents a 1 % note receivable from sale of the Organization's investment in New West Health Services. The note receivable is due in annual installments of $244,112 plus interest, beginning in July 2013 through July 1, 2020.

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.

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 per discharge, 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 payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients and residents 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 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	$ 51,362,040	$ 44,561,175
Private pay	7,935,885	8,176,616
Total all payors	$ 59,297,925	$ 52,737,791

Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Charity Care

The Organization provides health care services to patients and residents who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Organization does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was approximately $729,000 and $627,000 for the years ended June 30, 2014 and 2013, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing charity care to its patients.

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 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, restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as net assets released from restrictions. Gifts restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the gifts are recognized.

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 ("ARRA") established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified electronic health record ("EHR") technology. The Medicare incentive payments are paid out to qualifying hospitals over four consecutive years on a transitional schedule. To qualify for Medicare incentives, hospitals and physicians must meet EHR "meaningful use" criteria that become more stringent over three stages as determined by the Centers for Medicare & Medicaid Services ("CMS").

During the years ended June 30, 2014 and 2013, the Organization recognized $656,652 and $1,407,167, respectively, related to the Medicare and Medicaid programs in other operating revenue for meaningful use incentives. These incentives have been recognized into income ratably over the applicable reporting period as management becomes reasonably assured of meeting the required criteria. The Organization demonstrated meaningful use and attested to the compliance requirements for the Medicare and Medicaid programs during 2013.

Amounts recognized represent management's best estimates for payments ultimately expected to be received based on estimated discharges, charity care, and other input data. Subsequent changes to these estimates will be recognized in other operating revenue in the period in which additional information is available. Such estimates are subject to audit by the federal government or its designee.

Subsequent Events

The Organization evaluated subsequent events through September 30, 2014, the date which the consolidated financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the 2013 consolidated financial statements to conform to the 2014 presentation. These reclassifications had no effect on the change in net assets.

Note 2 - Community Benefit Expense

The following is a summary of the Organization's community service, based upon charges, provided to the indigent and benefits for the broader community:

	2014	2013
Benefits for the indigent		
Traditional charity care	$ 1,411,381	$ 1,200,243
Unpaid amounts of Medicaid program	12,963,786	10,285,874
	14,375,167	11,486,117
Benefits for the broader community		
Unpaid amounts of Medicare program	15,773,642	14,725,583
	$ 30,148,809	$ 26,211,700

Benefits for the indigent include services provided to persons who cannot afford health care because of inadequate resources or who are uninsured. This includes traditional charity care and the unpaid amounts for treating Medicaid beneficiaries at charges that exceed the related government payments. Benefits for the broader community are unpaid amounts for treating Medicare beneficiaries at charges that exceed the related government payments.

Note 3 - 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: Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. The majority of outpatient services are paid under a prospective payment methodology. These rates varied according to a patient classification system that is based on clinical, diagnostic and other factors. The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare fiscal intermediary. The Organization's Medicare cost reports have been settled by the Medicare fiscal intermediary through June 30, 2012.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Other inpatient services, outpatient services and outpatient capital costs related to Medicaid program beneficiaries are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and settlements thereof by the Medicaid fiscal intermediary. The Organization's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2012.

Blue Cross: Inpatient services rendered to Blue Cross subscribers are reimbursed at charges less a prospectively determined discount. 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.

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

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

Revenue from the Medicare, Medicaid and Blue Cross programs accounted for approximately 23 %, 19 % and 22%, respectively, of the Organization's net patient and resident revenue for the year ended June 30, 2014, and 22 %, 17 % and 21 %, respectively, of the Organization's net patient and resident revenue for the year ended June 30, 2013.

Laws and regulations governing 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 and resident service revenue for the years ended June 30, 2014 and 2013 increased approximately $802,000 and $385,000, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews and investigations.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims are reviewed by contractors for validity, accuracy and proper documentation. The potential exists that the Organization may incur a liability for a claims overpayment. The Organization has recorded a liability of $360,000 as of June 30, 2014 and 2013. The liability is included in the third-party payor settlements payable on the consolidated balance sheets.

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

	2014	2013
Total patient and resident service revenue	$ 98,657,673	$ 87,378,865
Contractual adjustments	(39,359,748)	(34,641,074)
Net patient and resident service revenue	59,297,925	52,737,791
Less provision for bad debts	(4,835,339)	(3,763,047)
	$ 54,462,586	$ 48,974,744

Note 4 - Investments and Assets Limited as to Use

The composition of investments and assets limited as to use at June 30, 2014 and 2013 is shown in the following table. Cash and cash equivalents and accrued interest are stated at historical cost and all other investments are stated at fair value.

Investments

	2014	2013
U.S. Treasury obligations	$ 4,697,875	$ 4,565,066
Corporate bonds and notes	9,480,092	8,249,668
Common stock	5,901,598	5,366,952
Certificates of deposit	2,569,107	2,835,925
	22,648,672	21,017,611
Less current portion	(2,346,271)	(1,006,722)
	$ 20,302,401	$ 20,010,889

Assets Limited as to Use

	2014	2013
By Board for Capital Improvements		
U.S. Treasury obligations	$ 3,165,850	$ 2,920,360
Corporate bonds and notes	7,244,926	4,790,226
Cash and cash equivalents	752,815	2,856,591
Certificates of deposit	1,282,732	1,584,640
Interest receivable	104,721	79,590
	$ 12,551,044	$ 12,231,407
Under Indenture Agreements - Held by Trustee		
Money market deposit fund	$ 1,547,224	$ 1,527,823
By Board for Self-insurance Programs		
Cash and certificates of deposit	$ 175,009	$ 173,706
Interest receivable	-	191
	$ 175,009	$ 173,897
By Board for Other Restricted Purposes		
Certificates of deposit	$ 135,339	$ 135,339

Investments in an Unrealized Loss Position

The fair values and gross unrealized losses of investments and assets limited as to use for individual securities that have been in a continuous unrealized loss position as of June 30, 2014 and 2013 are as follows:

	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
2014				
U.S. Treasury obligations	$ (25,167)	$ 1,529,039	$ (55,406)	$ 1,215,550
Corporate bonds and notes	(32,735)	2,047,448	(75,183)	3,082,481
Certificates of deposit	(4,584)	505,417	(283)	349,717
Common stock	(9,020)	278,688	(8,021)	527,754
	$ (71,506)	$ 4,360,592	$ (138,893)	$ 5,175,502
2013				
U.S. Treasury obligations	$ (92,761)	$ 1,876,566	$ -	$ -
Corporate bonds and notes	(131,708)	4,026,641	(15,982)	540,615
Certificates of deposit	(13,689)	750,311	(1,577)	798,424
Common stock	(22,051)	312,990	(23,948)	151,732
	$ (260,209)	$ 6,966,508	$ (41,507)	$ 1,490,771

The gross unrealized losses on these investments were primarily due to interest rate fluctuations and market-price movements consistent with the cyclical nature of the financial markets. The Organization has a diversified portfolio. Based on its evaluation and the Organization's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, management does not consider these investments to be other-than-temporarily impaired at June 30, 2014 and 2013.

As of June 30, 2014 and 2013, the fair value of investments and assets limited as to use exceeded cost by approximately $1,975,000 and $1,321,000, respectively.

Note 5 - Investment in New West Health Services

The Organization had an investment ownership of 10.78 % in New West Health Services (New West), a mutual benefit corporation that provides health insurance. New West was accounted for by the Organization using the equity method. On August 2, 2012, the Organization sold its investment in New West in exchange for a note receivable of $1,952,893 resulting in a gain of $642,688 during the year ended June 30, 2013.

Note 6 - Property and Equipment

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and improvements	$ 1,497,502	$ 983,217	$ 1,496,326	$ 931,859
Buildings	39,394,034	27,233,560	39,226,415	26,108,205
Furniture, fixtures and equipment	26,934,753	21,247,480	25,877,816	19,966,562
Construction in progress	4,150,862	-	526,739	-
	$ 71,977,151	$ 49,464,257	$ 67,127,296	$ 47,006,626
Net property and equipment		$ 22,512,894		$ 20,120,670

Construction in progress consists principally of a remodel of a medical office building. The estimated cost to complete the remodel project is approximately $1,300,000. The Organization has a $3,500,000 line of credit, with interest at 4.375%, available to finance a portion of the project. As of June 30, 2014, there are no borrowings on the line of credit.

Note 7 - Accrued Expenses

Accrued expenses at June 30, 2014 and 2013 consist of the following:

	2014	2013
Vacation	$ 1,153,657	$ 1,124,988
Malpractice liability	940,000	800,000
Salaries	546,923	510,507
Defined contribution pension	500,000	500,000
Payroll taxes	175,505	185,615
Interest	27,840	37,181
Other	266,210	274,663
	$ 3,610,135	$ 3,432,954

Note 8 - Leases

The Organization leases certain equipment under noncancelable long-term capital lease agreements. The Organization also leases equipment under short-term operating leases. Total lease expense for the years ended June 30, 2014 and 2013 for all operating leases was $55,372 and $38,815.

The capital leased assets consist of:

	2014	2013
Equipment	$ 2,404,380	$ 2,404,380
Less accumulated amortization	(754,579)	(273,703)
	$ 1,649,801	$ 2,130,677

Future minimum lease payments on capital lease obligations are as follows:

Years Ending June 30,	Amount
2015	$ 512,713
2016	512,713
2017	512,713
2018	198,126
Total minimum lease payments	1,736,265
Less portion representing interest	(74,647)
Present value of minimum lease payments- Note 9	$ 1,661,618

Note 9 - Long-term Debt

	2014	2013
5.28%, $3,125,000 Hospital Revenue Note, Series 2007A, due in semi-annual interest only payments of $82,500 through May 30, 2013; semi-annual principal and interest installments of $155,571 from November 30, 2013 through November 30, 2027, secured by real estate, certain equipment, and income from mortgaged property (A)	$ 2,976,928	$ 3,125,000
$6,670,000 Montana Facility Finance Authority loan, supporting Health Care Facilities Revenue Refunding Bonds, Series 2006A, including unamortized bond premium of $12,528, due in annual principal installments through October 1, 2015, at increasing principal amounts of $800,000 to $870,000; interest is due in semi-annual installments at interest rates ranging from 4.0% to 4.5%, secured by property and equipment and receivables (A)	1,357,528	2,210,001
4.75% Rural Housing Service loan, due in monthly installments of $2,177, including interest to September 2038, secured by building	374,900	383,006
5.93% Montana Facility Finance Authority Trust Fund loan, due in monthly installments of $20,025, including interest to September 2015, secured by property and equipment and receivables	288,810	504,964
Capital lease obligations, with imputed interest at 2.55%, due in monthly installments of $42,725, including interest to December 2017, secured by leased equipment- Note 8	1,661,618	2,107,553
	6,659,784	8,330,524
Less current maturities	(1,752,213)	(1,689,147)
Total long-term debt, less current maturities	$ 4,907,571	$ 6,641,377

(A) - Under the terms of the Mortgage and Master Trust Indenture between the Organization and the Master Trustee related to the Series 2006A Health Care Facilities Revenue Bonds and the 2007A and 2007B Hospital Revenue Notes, the Organization and its affiliates are required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the consolidated financial statements (Note 4). The Mortgage and Master Trust Indenture also places limits on the incurrence of additional borrowings and requires the Organization and its affiliates to satisfy certain measures of operational and financial performance, including a covenant that income available for debt service must equal at least 125 % of the debt service requirement in any future year. For the years ended June 30, 2014 and 2013, management believes the debt service requirement covenants and all other financial covenants were met.

Long-term debt maturities are as follows:

Years Ending June 30,	Amount
2015	$ 1,752,213
2016	1,195,883
2017	683,228
2018	389,041
2019	202,423
Thereafter	2,436,996
	$ 6,659,784

Note 10 - Pension Plan

Defined Benefit Plan

The Organization has a defined benefit pension plan covering substantially all of its employees who, have completed one year of employment and attained age 21. The plan provides pension benefits based on the employee's compensation. The Organization as the plan sponsor of the defined benefit pension plan recognizes the overfunded or underfunded status of their pension plan in the consolidated balance sheets, and measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end balance sheets, and provides additional disclosures. On December 31, 2012, the Organization enacted a freeze of benefits for the plan. The effect of the curtailment of benefits is reflected in the actuarial computations for the years ended June 30, 2014 and 2013.

The weighted average assumptions used in the accounting for the Organization's defined benefit pension plan as of June 30, 2014 and 2013 are as follows:

	2014	2013
Weighted-average Actuarial Assumptions used to Determine Benefit Obligations at June 30:		
Discount rate	4.25%	4.50%
Rate of compensation increase	N/A	N/A
Weighted-average Actuarial Assumptions used to Determine Net periodic benefit cost at June 30:		
Discount rate	4.50%	4.00%
Expected long-term return on plan assets	6.75%	6.75%
Rate of compensation increase	N/A	2.20%

The expected long-term return on plan assets was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yields` models, expected economic growth outlook, and market yields analysis.

Calculation of the items below is based on a measurement date and plan asset information as of June 30, 2014 and 2013 and employee census data as of January 1, 2014 and 2013:

	2014	2013
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 29,983,678	$ 32,441,223
Service cost	-	297,299
Interest cost	1,326,766	1,258,347
Actuarial (gain) loss	620,676	(3,193,277)
Benefits paid	(979,211)	(818,197)
Effect of curtailment	-	(1,717)
Benefit obligation at end of year	$ 30,951,909	$ 29,983,678
Accumulated benefit obligation end of year	$ 30,951,909	$ 29,983,678
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	$ 24,008,488	$ 21,555,266
Actual return on plan assets	3,138,364	1,947,033
Employer contribution	1,081,756	1,324,386
Benefits paid	(979,211)	(818,197)
Fair value of plan assets at end of year	$ 27,249,397	$ 24,008,488
Funded status (underfunded)	$ (3,702,512)	$ (5,975,190)
Amounts recognized in consolidated balance sheets		
Liability for pension benefits-long-term liability	$ (3,702,512)	$ (5,975,190)
Components of net periodic benefit cost:		
Service cost	$ -	$ 297,299
Interest cost	1,326,766	1,258,347
Expected return on plan assets	(1,439,157)	(1,551,641)
Amortization of prior service cost	-	(104,740)
Amortization of loss	472,371	821,000
Effect of curtailment	-	(1,505,850)
Net periodic benefit cost	$ 359,980	$ (785,585)

Investment Objectives

The investment objectives reflect the long-term nature of the investment program of the plan. This program is expected to produce a rate of return that at least matches the actuarial rate of return utilized in the annual actuarial valuation.

Plan Assets

The plan had the following asset allocation as of the two most recent measurement dates of June 30:

	2014	2013
Asset Category		
Mutual funds		
Large U.S. Equity	$ 6,732,538	$ 5,277,397
Small/ Mid U.S Equity	1,979,865	1,536,147
International Equities	2,069,601	1,683,614
Fixed income	16,467,393	15,511,330
	$ 27,249,397	$ 24,008,488

Cash Flows-Contributions

The Organization expects to contribute approximately $850,000 to the plan in fiscal year 2015.

Estimated Future Benefit Payments

The following benefit payments are expected to be paid in future years:

Years Ending June 30,	Benefits
2015	$ 1,160,000
2016	1,190,000
2017	1,260,000
2018	1,350,000
2019	1,460,000
2020-2024	8,620,000
	$ 15,040,000

Defined Contribution Plan

The Organization has a 403(b) savings plan covering eligible employees that have completed one year of service and are 21 years of age. The Organization may contribute, at the discretion of the board of trustees, a matching contribution and an additional discretionary contribution. Total pension plan expense for this plan for the years ended June 30, 2014 and 2013 was $392,000 and $500,000, respectively.

Note 11 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013:

	2014	2013
Health care services	$ 578,720	$ 654,758
Health education	10,825	10,966
Planned giving development	1,076	1,076
	$ 590,621	$ 666,800

Permanently restricted net assets at June 30, 2014 and 2013 consist of:

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support health care services	$ 111,032	$ 109,720

Note 12 - 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 third-party payors and patients and residents at June 30, 2014 and 2013 was as follows:

	2014	2013
Medicare	16%	14%
Medicaid	9%	8%
Commercial insurances	17%	14%
Other third-party payors and patients	58%	64%
	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 be in excess of federally insured limits.

Note 13 - Lease Revenue

The Organization leases medical office space to local clinics under operating leases. The net book value of the buildings, which are leased, was approximately $3,691,000 and $3,789,000 at June 30, 2014 and 2013, respectively. The Organization recorded approximately $477,000 and $480,000 of rental income during the years ended June 30, 2014 and 2013, respectively, which is included in other revenue on the consolidated statements of operations and changes in net assets. Future rental income under the non-cancelable operating leases is as follows:

Years Ending June 30,	Amount
2015	$ 375,143
2016	322,829
2017	311,025
2018	299,870
2019	284,016
Thereafter	2,579,812
	$ 4,172,695

Note 14 - Functional Expenses

The Organization provides health care services to residents within its geographic location. Expenses related 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	$ 39,059,806	$ 35,795,333
Supporting services	14,037,216	12,737,796
Fundraising	114,904	117,314
	$ 53,211,926	$ 48,650,443

Note 15 - Fair Value of Assets

Fair Value Measurement

Assets measured at fair value on a recurring basis and the related fair values of these assets June 30, 2014 and 2013 are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2014			
U.S. Treasury obligations	$ -	$ 7,863,725	$ -
Money market deposit funds	-	1,547,224	-
Corporate bonds and notes	-	16,725,018	-
Certificates of deposit	-	4,162,187	-
Common stock:			
Large market capitalization	3,437,040	-	-
Middle market capitalization	581,049	-	-
Small market capitalization	261,355	-	-
International	1,622,154	-	-
	$ 5,901,598	$ 30,298,154	$ -
2013			
U.S. Treasury obligations	$ -	$ 7,485,426	$ -
Money market deposit funds	-	1,527,823	-
Corporate bonds and notes	-	13,039,894	-
Certificates of deposit	-	4,729,610	-
Common stock:			
Large market capitalization	3,185,086	-	-
Middle market capitalization	588,280	-	-
Small market capitalization	222,380	-	-
International	1,371,206	-	-
	$ 5,366,952	$ 26,782,753	$ -

The valuation of common stock is based on quoted prices in principal active markets for identical assets (Level 1). The valuation of U.S. Treasury obligations, corporate bonds and notes and certificates of deposits is based on quoted prices in principal active markets and other observable inputs (Level 2).

Note 16 - Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Financial Assets: Due to the liquid nature of the instruments, the carrying value of cash and cash equivalents approximates fair value. For all investments and assets limited as to use, the fair value is based upon quoted market prices. The fair value of accounts receivable and other receivables approximates book value since the Organization expects receipt in the near-term.

Financial Liabilities: The fair value of accounts payable and estimated settlements with third party payors approximates book value due to expected payment in the near term. The fair value of long-term debt approximates book value since the interest rates on the debt approximates the Organization's current long-term borrowing rate.

Note 17 - Contingencies

Malpractice Insurance

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and $3 million annual aggregate limit. 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.

The Organization has recorded a liability, as of June 30, 2014 and 2013 of $940,000 and $800,000, respectively, for an estimate to be paid on outstanding claims. In addition, the Hospital has recorded a receivable, as of June 30, 2014 and 2013, of $655,000 and $440,000 respectively, for estimated insurance proceeds on the outstanding claims for which a liability has been recorded.

Litigations, Claims and Disputes

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

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 has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Consolidating Financial Statements
June 30, 2014

Northern Montana Health Care, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Consolidating Information

The Board of Trustees
Northern Montana Health Care, Inc. and Affiliates
Havre, Montana

We have audited the consolidated financial statements of Northern Montana Health Care, Inc. and Affiliates as of and for the years ended June 30, 2014 and 2013, and our report thereon dated September 30, 2014, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management, was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Billings, Montana
September 30, 2014

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Northern Montana Health Care, Inc. and Affiliates

Consolidating Schedules of Assets

June 30, 2014

	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Assets							
Current Assets							
Cash and cash equivalents	$ 1,443,349	$ 6,037,894	$ 143,432	$ -	$ -	$ -	$ 7,624,675
Investments	407,640	1,828,552	110,079	-	-	-	2,346,271
Assets limited as to use	1,066,751	-	-	-	-	-	1,066,751
Receivables							
Patient and resident, net of estimated uncollectibles	-	12,337,741	-	-	-	-	12,337,741
Affiliates	839	5,679,566	22,590	-	-	(5,702,995)	-
Interest	26,807	73,705	8,357	-	-	-	108,869
Note	244,112	-	-	-	-	-	244,112
Other	88,092	713,620	6,239	-	-	-	807,951
Supplies	-	1,738,728	-	-	-	-	1,738,728
Prepaid expenses and other assets	29,904	765,443	21,783	-	-	-	817,130
Total current assets	3,307,494	29,175,249	312,480	-	-	(5,702,995)	27,092,228
Assets Limited as to Use							
By board for capital improvements	-	12,551,044	-	-	-	-	12,551,044
Under indenture agreements - held by trustee	1,547,224	-	-	-	-	-	1,547,224
By board for self-insurance programs	-	175,009	-	-	-	-	175,009
By board for other restricted purposes	-	-	135,339	-	-	-	135,339
	1,547,224	12,726,053	135,339	-	-	-	14,408,616
Less current portion	(1,066,751)	-	-	-	-	-	(1,066,751)
Total noncurrent assets limited as to use	480,473	12,726,053	135,339	-	-	-	13,341,865
Property and Equipment	12,408,064	10,101,440	3,390	-	-	-	22,512,894
Other Assets							
Investment in affiliates	54,619,876	-	-	-	-	(54,619,876)	-
Investments	5,685,560	13,281,259	1,335,582	-	-	-	20,302,401
Note receivable, less current portion	1,464,669	-	-	-	-	-	1,464,669
Other receivables	-	87,500	-	-	-	-	87,500
Deferred financing costs, net of accumulated amortization	35,176	-	-	-	-	-	35,176
Total other assets	61,805,281	13,368,759	1,335,582	-	-	(54,619,876)	21,889,746
Total assets	$ 78,001,312	$ 65,371,501	$ 1,786,791	$ -	$ -	$ (60,322,871)	$ 84,836,733

Northern Montana Health Care, Inc. and Affiliates

Consolidating Schedules of Liabilities and Net Assets

June 30, 2014

Liabilities and Net Assets	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Current Liabilities							
Current maturities of long-term debt	$ 1,276,347	$ 475,866	$ -	$ -	$ -	$ -	$ 1,752,213
Accounts payable							
Trade	293,721	2,170,018	33,621	-	-	-	2,497,360
Construction	164,839	764,595	-	-	-	-	929,434
Affiliates	5,657,925	12,545	31,686	311	528	(5,702,995)	-
Estimated third-party payor settlements	-	600,000	-	-	-	-	600,000
Accrued expenses	49,153	3,560,982	-	-	-	-	3,610,135
Total current liabilities	7,441,985	7,584,006	65,307	311	528	(5,702,995)	9,389,142
Liability for Pension Benefits	-	3,702,512	-	-	-	-	3,702,512
Long-Term Debt, Less Current Maturities	3,721,819	1,185,752	-	-	-	-	4,907,571
Total liabilities	11,163,804	12,472,270	65,307	311	528	(5,702,995)	17,999,225
Net Assets							
Unrestricted	66,837,508	52,899,231	1,019,831	(311)	(528)	(54,619,876)	66,135,855
Temporarily restricted	-	-	590,621	-	-	-	590,621
Permanently restricted	-	-	111,032	-	-	-	111,032
Total net assets	66,837,508	52,899,231	1,721,484	(311)	(528)	(54,619,876)	66,837,508
Total liabilities and net assets	$ 78,001,312	$ 65,371,501	$ 1,786,791	$ -	$ -	$ (60,322,871)	$ 84,836,733

Northern Montana Health Care, Inc. and Affiliates

Consolidating Schedules of Operations

Year Ended June 30, 2014

	Northern Montana Health Care, Inc	Northern Montana Hospital	Northern Montana Health Care Foundation, Inc	North Care Corporation	Paramount Health Care, Inc	Eliminations	Consolidated
Unrestricted Revenues							
Net patient and resident service revenue	$ -	$ 59,297,925	$ -	$ -	$ -	$ -	$ 59,297,925
Provision for bad debts	-	(4,835,339)	-	-	-	-	(4,835,339)
Net patient service and resident revenue less provision for bad debt	-	54,462,586	-	-	-	-	54,462,586
Equity in earnings of affiliates	6,699,357	-	-	-	-	(6,699,357)	-
Other revenue	1,360,780	1,804,812	-	-	-	(1,321,755)	1,843,837
Total unrestricted revenues	8,060,137	56,267,398	-	-	-	(8,021,112)	56,306,423
Expenses							
Salaries and benefits	-	33,644,655	-	-	-	-	33,644,655
Cost of drugs, food, supplies and other	253,051	14,190,291	214,917	-	-	(1,051,474)	13,606,785
Purchased services	408,677	2,683,118	75,760	-	-	(382,643)	2,784,912
Depreciation and amortization	711,370	2,167,274	814	-	-	-	2,879,458
Interest	248,887	47,229	-	-	-	-	296,116
Total expenses	1,621,985	52,732,567	291,491	-	-	(1,434,117)	53,211,926
Operating Income (Loss)	6,438,152	3,534,831	(291,491)	-	-	(6,586,995)	3,094,497
Other Income							
Investment income	154,464	698,271	29,799	-	-	-	882,534
Gain on sale of investments, net	156,066	328,712	1,598	-	-	-	486,376
Unrestricted gifts and bequests	-	125,375	70,545	-	-	(112,360)	83,560
Gain on sale of property and equipment, net	-	1,310	-	-	-	-	1,310
Other	-	47,500	(2,514)	-	-	-	44,986
Total other income, net	310,530	1,201,168	99,428	-	-	(112,360)	1,498,766
Revenues in Excess of (Less Than) Expenses	6,748,682	4,735,999	(192,063)	-	-	(6,699,355)	4,593,263
Changes in Unrealized Gains and Losses on Investments	142,205	469,918	42,257	-	-	-	654,380
Net Assets Released from Donor Restrictions	-	-	167,209	-	-	-	167,209
Transfers from (to) Affiliate	-	(500,000)	91,484	-	-	408,516	-
Minimum Pension Liability Adjustment	-	1,550,902	-	-	-	-	1,550,902
Change in Unrestricted Net Assets	6,890,887	6,256,819	108,887	-	-	(6,290,839)	6,965,754
Temporarily Restricted Net Assets							
Contributions	-	-	91,030	-	-	-	91,030
Net assets released from donor restrictions	-	-	(167,209)	-	-	-	(167,209)
Change in Temporarily Restricted Net Assets	-	-	(76,179)	-	-	-	(76,179)
Permanently Restricted Net Assets							
Contributions	-	-	1,312	-	-	-	1,312
Change in Net Assets	$ 6,890,887	$ 6,256,819	$ 34,020	$ -	$ -	$ (6,290,839)	$ 6,890,887

Supplementary Information
June 30, 2014, 2013, 2012, 2011, 2010 and 2009

Northern Montana Health Care, Inc. and Affiliates

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Trustees
Northern Montana Health Care, Inc. and Affiliates
Havre, Montana

We have audited the consolidated financial statements of Northern Montana Health Care, Inc. and Affiliates as of and for the year ended June 30, 2014 and 2013, and our report thereon dated September 30, 2014 which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Operational and Financial Highlights – Northern Montana Hospital on page 32 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Statistical Highlights-Northern Montana Hospital, on page 33, which is the responsibility of management, has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Montana Health Care, Inc. and Affiliates as of and for the years ended June 30, 2012, 2011, 2010 and 2009, none of which is presented herein, and we expressed unmodified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The Operational and Financial Highlights – Northern Montana Hospital for the years ended June 30, 2012, 2011, 2010 and 2009 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management, was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2012, 2011, 2010 and 2009 financial statements. The information has been subjected to 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2012, 2011, 2010 and 2009 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Billings, Montana
September 30, 2014

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Northern Montana Health Care, Inc. and Affiliates

Operational and Financial Highlights – Northern Montana Hospital

Years Ended June 30:

	2014	2013	2012	2011	2010	2009
Operational						
Patient and Resident Service Revenue						
Inpatient	$ 24,254,669	$ 20,703,887	$ 19,520,022	$ 21,258,001	$ 25,721,626	$ 33,544,290
Outpatient	42,529,890	36,716,895	33,391,891	30,993,820	28,057,980	28,611,403
Long-term care	14,007,533	13,774,247	12,603,277	13,186,053	11,584,569	11,338,379
Clinic revenue	19,276,962	17,384,079	16,045,284	15,545,132	13,276,089	14,083,097
Charity care	(1,411,381)	(1,200,243)	(1,047,714)	(1,262,053)	(1,245,351)	(1,144,050)
Contractual adjustments	(39,359,748)	(34,641,074)	(29,879,651)	(27,645,331)	(25,848,573)	(31,012,039)
Provision for bad debts	(4,835,339)	(3,763,047)	(3,012,421)	(2,903,633)	(3,766,940)	(4,325,315)
Net patient and resident service revenue	54,462,586	48,974,744	47,620,688	49,171,989	47,779,400	51,095,765
Other Revenue	1,804,812	2,433,897	952,832	910,427	882,678	976,884
Total revenue	56,267,398	51,408,641	48,573,520	50,082,416	48,662,078	52,072,649
Expenses						
Salaries and benefits	33,644,655	30,961,653	31,157,084	31,213,829	30,489,409	31,564,375
Cost of drugs, food, supplies and other	14,190,291	13,021,739	12,177,306	13,111,968	13,442,000	15,405,347
Purchased services	2,683,118	2,049,356	2,020,407	1,918,056	1,875,782	1,977,160
Depreciation and amortization	2,167,274	2,024,567	1,869,347	1,845,555	1,958,489	1,892,421
Interest	47,229	37,721	-	103	-	-
Total expenses	52,732,567	48,095,036	47,224,144	48,089,511	47,765,680	50,839,303
Operating Income	$ 3,534,831	$ 3,313,605	$ 1,349,376	$ 1,992,905	$ 896,398	$ 1,233,346
Financial						
Percentages of contractual adjustments to total patient and resident service revenue	39.9%	39 6%	37 1%	34 7%	33 4%	35 9%
Percentage of salaries and benefits to total revenue	60%	60%	64%	62%	63%	61%
Number of days revenue in net patient and resident receivables	82.69	86 58	101 78	83 83	80 37	73 77
Current ratio	3.85	3 91	5 18	4 72	4 55	4 60

	2014	2013	2012	2011	2010	2009
Statistical-unaudited						
Hospital						
Number of acute beds at end of year	49	49	49	49	49	49
Available bed days	17,885	17,885	17,934	17,885	17,885	17,885
Patient days, excluding swing bed days	3,879	3,759	4,091	4,897	5,894	8,422
Swing bed days	120	126	236	225	420	711
Percent of occupancy	21.7%	21.0%	22.8%	27.4%	33.0%	47.1%
Discharges	1,459	1,427	1,455	1,699	2,092	2,691
Average acute length of stay (days)	2.66	2.63	2.81	2.88	2.82	3.13
Care Center						
Number of beds	135	135	135	136	136	136
Available bed days	49,275	49,275	49,410	49,640	49,640	49,640
Resident days	38,821	36,302	36,570	39,746	37,088	39,804
Percent of occupancy	78.8%	73.7%	74.0%	80.1%	74.7%	80.2%