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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
NORTH VALLEY HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1600 HOSPITAL WAY

City or town, state or province, country, and ZIP or foreign postal code
WHITEFISH, MT 59937

D Employer identification number
81-0247969

E Telephone number
(406) 863-3500

G Gross receipts $ 48,387,546

F Name and address of principal officer
JASON SPRING
1600 HOSPITAL WAY
WHITEFISH, MT 59937

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 NVHOSP ORG

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

L Year of formation 1955

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
NORTH VALLEY HOSPITAL PROVIDES HOSPITAL AND REHABILITATIVE SERVICES, OTHER HEALTH CARE SERVICES AS NECESSARY AND ADVISABLE, AND SERVES AS A STIMULUS FOR THE PROVISION OF HEALTH CARE SERVICES IN THE AREA

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	452
6	Total number of volunteers (estimate if necessary)	**6**	70
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	502,522	3,451,693
9	Program service revenue (Part VIII, line 2g)	41,347,037	42,941,428
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	88,941	1,506,460
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	401,256	468,937
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	42,339,756	48,368,518
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	18,757,736	21,295,376
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶188,464		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	22,124,015	25,973,220
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	40,881,751	47,268,596
19	Revenue less expenses Subtract line 18 from line 12	1,458,005	1,099,922

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	52,033,551	52,740,944
21	Total liabilities (Part X, line 26)	29,409,117	28,866,642
22	Net assets or fund balances Subtract line 21 from line 20	22,624,434	23,874,302

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

****** | 2015-05-04
Signature of officer | Date

JASON SPRING 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
THOMAS DINGUS		2015-05-05		P00951009

Firm's name ▶ DINGUS ZARECOR & ASSOCIATES PLLC | Firm's EIN ▶ 20-0079326

Firm's address ▶ 12015 E MAIN AVE
SPOKANE VALLEY, WA 992066130 | Phone no (509) 242-0874

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

NORTH VALLEY HOSPITAL PROVIDES HOSPITAL AND REHABILITATIVE SERVICES, OTHER HEALTH CARE SERVICES AS NECESSARY AND ADVISABLE, AND SERVES AS A STIMULUS FOR THE PROVISION OF HEALTH CARE SERVICES IN THE AREA

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 $ 37,879,418 including grants of $) (Revenue $ 42,941,428)

NORTH VALLEY HOSPITAL OPERATES A 25-BED ACUTE CARE HOSPITAL WHICH PROVIDES EMERGENCY, INPATIENT, OUTPATIENT, ACUTE CARE AND SUBACUTE SERVICES IN HOSPITAL AND CLINIC SETTINGS THE HOSPITAL PROVIDED 7,375 ER VISITS, 4,609 DAYS OF PATIENT SERVICES, 69,242 OUTPATIENT VISITS WHICH INCLUDES 19,892 CLINIC VISITS, AND 498 BIRTHS FOR THE YEAR ENDED JUNE 30, 2014 THE HOSPITAL PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS 2,570,409 FOR CHARITY CARE, 2,544,306 FOR MEDICAID, 8,129,633 FOR MEDICARE, AND 6,016,138 FOR OTHER THIRD PARTY PAYORS FOR THE YEAR ENDED JUNE 30, 2014

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 ▶** 37,879,418

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		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		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**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**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**	Yes	
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**	Yes	
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	94		
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	452		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

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

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		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 ▶ MT

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

▶ WESLEY WHITE 1600 HOSPITAL WAY
WHITEFISH, MT 59937 (406) 863-9826

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) PENNI CHISHOLM CHAIR	1 00	X		X				0	0	0
(2) STEVE STAHLBERG VICE CHAIR	1 00	X		X				0	0	0
(3) DEBBIE MELBY SECRETARY	1 00	X		X				0	0	0
(4) MARK JOHNSON BOARD MEMBER	1 00	X						0	0	0
(5) MATT BAILEY MD BOARD MEMBER	1 00	X						0	0	0
(6) HAP HASELDEN BOARD MEMBER	1 00	X						0	0	0
(7) SUZANNE DANIELL MD BOARD MEMBER	1 00	X						0	0	0
(8) RANDY BEACH MD BOARD MEMBER	1 00	X						0	0	0
(9) LIZ MARCHI BOARD MEMBER	1 00	X						0	0	0
(10) TODD BERGLAND MD BOARD MEMBER	1 00	X						0	0	0
(11) TROY BOWMAN BOARD MEMBER	1 00	X						0	0	0
(12) JANE KARAS BOARD MEMBER	1 00	X						0	0	0
(13) JASON SPRING CEO	40 00			X				307,050	0	70,731
(14) RANDY NIGHTENGALE CFO THRU DEC	40 00			X				124,506	0	27,081
(15) WESLEY WHITE CFO AS OF DE	40 00			X				10,884	0	2,808
(16) ELIZABETH WHITE PHYSICIAN	40 00					X		222,366	0	9,720
(17) CAMERON GARDNER PHYSICIAN	40 00					X		189,851	0	17,044

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) MICHELLE MARTIN-THOMPSON PHYSICIAN	40 00					X		172,964	0	17,814
(19) MAURA FIELDS CCO	40 00					X		153,928	0	23,194
(20) MARGARET BUMGARNER PHY SERVICES	40 00					X		141,640	0	8,881

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	1,323,189		177,273

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 ▶ 15

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

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
KALISPELL REGIONAL MEDICAL CENTER, 310 SUNNYVIEW LANE KALISPELL MT 59901	HEALTH CARE SVS	1,235,524
NORTHERN ROCKIES ANESTHESIA, 1075 MARTIN CREEK LANE WHITEFISH MT 59937	PHYSICIAN SVS	1,153,800
QUORUM HEALTH RESOURCES, 105 CONTINENTAL PLACE BRENTWOOD TN 37027	MANAGEMENT SVS	1,144,289
XTEND HEALTHCARE LLC, 500 WEST MAIN STREET STE 14 HENDERSONVILLE TN 37075	BUSINESS SVS	1,006,740
EMERGENCY PHYSICIANS INTEGRATED CAR, PO BOX 96348 OKLAHOMA CITY OK 73143	ER PHYSICIANS	902,848

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 ▶ 21

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	52,851			
	e	Government grants (contributions)	1e	3,290,030			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	108,812			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		3,451,693			
Program Service Revenue			Business Code				
	2a	NET HEALTHCARE SERVICES	624100	42,917,769	42,917,769		
	b	RENTAL INCOME	621110	23,659	23,659		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		42,941,428			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		17,966			17,966
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		1,507,522			
	b	Less cost or other basis and sales expenses		19,028			
	c	Gain or (loss)		1,488,494			
	d	Net gain or (loss) . . . . . ▶			1,488,494	1,507,522	-19,028
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	CAFETERIA	722210	231,705			231,705
	b	OTHER REVENUE	900099	120,529			120,529
	c	REBATES	900099	116,703			116,703
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		468,937			
	12	**Total revenue.** See Instructions . . . . . ▶		48,368,518	44,448,950		467,875

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	573,598		573,598	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	16,898,099	13,399,667	3,397,011	101,421
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	635,356	503,818	127,725	3,813
9 Other employee benefits	1,744,259	1,383,143	350,647	10,469
10 Payroll taxes	1,444,064	1,145,098	290,299	8,667
11 Fees for services (non-employees)				
a Management	351,344		351,344	
b Legal	124,545		124,545	
c Accounting	52,200		52,200	
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)	8,948,822	7,216,697	1,692,768	39,357
12 Advertising and promotion	174,164	3,649	170,515	
13 Office expenses	2,649,869	2,192,093	450,135	7,641
14 Information technology	1,753,587	817,759	935,828	
15 Royalties . .				
16 Occupancy	1,278,888	1,128,100	146,707	4,081
17 Travel	81,550	47,275	32,761	1,514
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	162,066	63,706	96,802	1,558
20 Interest	185,882	185,882		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,020,065	3,367,201	649,520	3,344
23 Insurance	497,508	241,196	256,312	
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 & DRUGS	3,799,844	3,799,844		
b REPAIRS AND MAINTENANCE	1,219,723	987,224	232,499	
c OTHER EXPENSES	673,163	492,886	177,359	2,918
d INDIRECT COST CTR ALLOCAT		904,180	-907,861	3,681
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	47,268,596	37,879,418	9,200,714	188,464
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		1,407,720	1	
	2	Savings and temporary cash investments		11,702,269	2	5,251,322
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		6,517,431	4	6,662,491
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		2,774	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		1,306,538	8	951,111
	9	Prepaid expenses and deferred charges		680,708	9	897,243
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 58,409,487			
	b	Less accumulated depreciation	10b 27,148,923	29,727,240	10c	31,260,564
	11	Investments—publicly traded securities		48,567	11	1,756,853
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		640,304	15	5,961,360
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		52,033,551	16	52,740,944
Liabilities	17	Accounts payable and accrued expenses		5,421,300	17	5,351,626
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		23,330,873	20	22,009,849
	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			23	
	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		656,944	25	1,505,167
	26	**Total liabilities.** Add lines 17 through 25		29,409,117	26	28,866,642
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		22,624,434	27	23,874,302
	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		22,624,434	33	23,874,302
	34	Total liabilities and net assets/fund balances		52,033,551	34	52,740,944

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	48,368,518
2	Total expenses (must equal Part IX, column (A), line 25)	2	47,268,596
3	Revenue less expenses Subtract line 2 from line 1	3	1,099,922
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	22,624,434
5	Net unrealized gains (losses) on investments	5	149,946
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	23,874,302

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
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,923,340		1,923,340
b Buildings		27,005,886	11,526,852	15,479,034
c Leasehold improvements				
d Equipment		24,959,158	14,046,412	10,912,746
e Other		4,521,103	1,575,659	2,945,444
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				31,260,564

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) EHR INCENTIVE	3,290,030
(2) THIRD-PARTY SETTLEMENTS	1,222,291
(3) DUE FROM SALE OF MUTUAL INSURANCE CO	1,006,566
(4) OTHER RECEIVABLES, NET	255,439
(5) UNAMORTIZED BOND ISSUE COSTS	187,034
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	5,961,360

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	
DSH PROGRAM PAYABLE	1,442,038
COLLATERALIZED AR	63,129
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	1,505,167

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	
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			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
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			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

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	
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			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
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			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

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
SCHEDULE D, PAGE 3, PART X	THE HOSPITAL IS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ACCORDINGLY, NO PROVISION FOR INCOME TAX IS NECESSARY THE HOSPITAL EVALUATES UNCERTAIN TAX POSITIONS WHEREBY THE EFFECT OF THE UNCERTAINTY WOULD BE RECORDED IF THE OUTCOME WAS CONSIDERED PROBABLE AND REASONABLY ESTIMABLE AS OF JUNE 30, 2014 AND 2013, THE HOSPITAL HAS NO UNCERTAIN TAX POSITIONS REQUIRING ACCRUAL

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
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			2,628,901		2,628,901	5 560 %
b Medicaid (from Worksheet 3, column a)			5,728,236	5,728,236		
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			8,357,137	5,728,236	2,628,901	5 560 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	7	4,466	75,985	1,835	74,150	0 160 %
f Health professions education (from Worksheet 5)	4	52	142,484	800	141,684	0 300 %
g Subsidized health services (from Worksheet 6)	2	528	13,375		13,375	0 030 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	3	195,203	118,282	12,370	105,912	0 220 %
j **Total.** Other Benefits	16	200,249	350,126	15,005	335,121	0 710 %
k **Total.** Add lines 7d and 7j	16	200,249	8,707,263	5,743,241	2,964,022	6 270 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development	1	8,000	4,982		4,982	0 010 %
3 Community support	3	321,280	38,320		38,320	0 080 %
4 Environmental improvements						
5 Leadership development and training for community members	1		5,009		5,009	0 010 %
6 Coalition building	1		30,424		30,424	0 060 %
7 Community health improvement advocacy						
8 Workforce development	2	817	2,294		2,294	
9 Other						
10 **Total**	8	330,097	81,029		81,029	0 170 %

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	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount 2 2,128,384			
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			
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	11,091,992	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	11,173,774	
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-81,782	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 ALPINE WOMENS CENTER	PHYSICIAN GROUP		33 000 %	
2 GLACIER MEDICAL ASSO	PHYSICIAN GROUP		25 000 %	
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 NORTH VALLEY 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 2013			
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.NVHOSP.ORG			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☐ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☐ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 6

	Name and address	Type of Facility (describe)
1	NORTH COUNTRY MEDICAL CLINIC 1343 HWY 93 NORTH EUREKA, MT 59917	OUTPATIENT CLINIC
2	THE BASE LODGE CLINIC 3840 BIG MOUNTAIN ROAD WHITEFISH, MT 59937	OUTPATIENT CLINIC
3	COLUMBIA FALLS CLINIC PROFESSIONAL 2165 9TH STREET WEST COLUMBIA FALLS, MT 59912	OUTPATIENT CLINIC
4	INTERNAL MEDICINE CLINIC 711 13TH STREET EAST WHITEFISH, MT 59937	OUTPATIENT CLINIC
5	GLACIER MATERNITY & WOMENS CENTER 195 COMMONS LOOP ROAD SUITE D KALISPELL, MT 59901	OUTPATIENT CLINIC
6	WEST GLACIER CLINIC 100 REA ROAD WEST GLACIER, MT 59936	OUTPATIENT CLINIC
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 7G - SUBSIDIZED HEALTH SERVICES EXPLANATION	THE HOSPITAL HAS NOT INCLUDED ANY COSTS ASSOCIATED WITH PHYSICIAN CLINICS AS SUBSIDIZED HEALTH SERVICES IN PART I, LINE 7G

Form and Line Reference	Explanation
PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION	THE HOSPITAL APPLIES THE RATIO OF PATIENT CARE COST-TO-CHARGES FOR AMOUNTS REPORTED IN THE TABLE (TOTAL OPERATING EXPENSES LESS NON-PATIENT CARE ACTIVITIES, MEDICAID PROVIDER TAXES, TOTAL COMMUNITY BENEFIT AND TOTAL COMMUNITY BUILDING EXPENSES)

Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES	LEADERSHIP AT THE HOSPITAL ARE ACTIVE MEMBERS OF AREA CHAMBERS OF COMMERCE, MONTANA WEST ECONOMIC DEVELOPMENT, WHITEFISH CONVENTION AND VISITORS BUREAU, UNITED WAY, EMERGENCY MEDICAL SERVICES BOARD, AERO BOARD AND MORE IN ADDITION, HOSPITAL SPONSORS A STAFF MEMBER EACH YEAR TO ATTEND LEADERSHIP FLATHEAD A TWO-YEAR LEADERSHIP TRAINING AND COMMUNITY COLLABORATION PROGRAM IN THE FLATHEAD VALLEY INCORPORATING LEADERSHIP IN A PROJECT THAT FULFILLS A NEED IN THE COMMUNITY THE HOSPITAL MANAGEMENT AND STAFF HAVE DEVELOPED RELATIONSHIPS WITH AREA HIGH SCHOOLS, COLLEGES AND UNIVERSITIES TO PROMOTE HEALTHCARE RELATED FIELDS AND HOSTING INTERNS AND JOB SHADOWS THE HOSPITAL HUMAN RESOURCES STAFF CONTRIBUTE TIME TO CAREER COUNSELING AND ARE ACTIVE PARTICIPANTS IN THE LOCAL CHAPTERS OF HOSA (HEALTHCARE OCCUPATION STUDENTS OF AMERICA) AND GRADUATION MATTERS HOSPTIAL STAFF PROVIDE A FORUM FOR THE PERFORMANCE IMPROVEMENT NETWORK, WHICH PROVIDES QUALITY ASSURANCE FOR FUTURE HEALTH CARE WE PARTICIPATED IN ED TRANSFER COMMUNICATIONS STUDY, HOSPITAL ACQUIRED INFECTION LEARNING AREA NETWORK THROUGH THE MOUNTAIN PACIFIC QUALITY IMPROVEMENT ORGANIZATION, AHA HOSPITAL ENGAGEMENT NETWORK, FRONTIER MEDICINE HOSPITAL IMPROVEMENT PROGRAM WORKING TO ACHIEVE THE "TRIPLE AIM" OF POPULATION HEALTH, COST EFFECTIVENESS AND QUALITY AN INCIDENT MANAGEMENT SYSTEM WITH HOSPITAL COMMAND CENTER IS ESTABLISHED AT THE HOSPITAL FOR EMERGENCY PREPAREDNESS INTERNALLY, THE MEMBERS REGULARLY EXECUTE DRILLS AND REVIEW EMERGENCY MEASURES FOR IMPROVEMENT AS WELL AS ASSESS RESOURCE NEEDS HOSPITAL REPRESENTATIVES PARTICIPATE IN A COALITION INCLUDING OTHER EMERGENCY, MEDICAL AND CITY/COUNTY SERVICES WHO MEET REGULARLY TO PREPARE FOR FLATHEAD VALLEY'S LARGER POTENTIAL DISASTERS MANAGEMENT STAFF HAS OBTAINED ADVANCED TRAINING IN EMERGENCY COMMUNICATIONS EFFECTIVENESS, RESPONSE AND COORDINATION QUALIFIED COMMUNITY BENEFITS UNDER THIS QUESTION COMMUNITY SUPPORT DONATIONS (ACCOUNTED FOR IN CBISA UNDER CASH DONATIONS) - TO TAMARACK GRIEF RESOURCE CENTER, MARCH OF DIMES, WHITEFISH WINTER CLASSIC, DRUG-FREE GRADUATION PARTY SPONSORSHIPS, SHEPHERD'S HAND CLINIC, BOYS AND GIRLS CLUB, SCHOOL SPORTS AND BOOSTER CLUB ASSOCIATIONS, WINGS FINANCIAL SUPPORT, UNITED WAY, SAVE A SISTER MAMMOGRAM INITIATIVE, RELAY FOR LIFE, SPECIAL OLYMPICS, ALS FOUNDATION, PROSTATE CANCER AWARENESS FOUNDATION, FLATHEAD CANCER AID, FLATHEAD BREASTFEEDING COALITION, K9 MT FOR WOUNDED WARRIORS, ROCKY MOUNTAIN RURAL HEALTH, PROJECT WHITEFISH AND LOUISE BURKE BREAST CANCER FOUNDATION ECONOMIC DEVELOPMENT - MONTANA WEST ECONOMIC DEVELOPMENT, CHAMBER OF COMMERCE BOARDS, LEADERSHIP FLATHEAD, WHITEFISH CONVENTION AND VISITOR BUREAU, AERO (AIRLINE ENHANCEMENT AND RETENTION ORGANIZATION) WORKFORCE DEVELOPMENT - MENTORING AND JOB SHADOWING, CAREER COUNSELING, HEALTH OCCUPATIONS STUDENT ORGANIZATION, FLATHEAD VALLEY COMMUNITY COLLEGE NURSING PROGRAM, MONTANA STATE UNIVERSITY NURSING PROGRAM COALITION BUILDING - PERFORMANCE IMPROVEMENT NETWORK, HEALTH OCCUPATIONS STUDENT ASSOCIATION, SUICIDE PREVENTION/INTERVENTION/POSTVENTION, COLLEGES FOR NURSING PROGRAMS, HEALTH PROVIDER PRECEPTORS AND MEETINGS, STUDENT RECRUITMENT, CRITICAL ACCESS NETWORK, CARE TRANSITIONS COALITION, HEALTHY COMMUNITIES COALITION, BEST BEGINNINGS EARLY CHILD DEVELOPMENT COALITION, FRONTIER MEDICINE BETTER HEALTH PARTNERSHIP, AND DISASTER PREPAREDNESS THE HOSPITAL CONTINUES ITS SENIOR MENTAL HEALTH PROGRAM (NORTH VALLEY EMBRACE HEALTH) TARGETED AT ADULTS 55 YEARS OLD AND OLDER TO ADDRESS ISSUES OF DEPRESSION, LOSS, WITHDRAWAL, ETC IT IS THE FIRST STRUCTURED OUTPATIENT PROGRAM OF ITS KIND IN NORTHWEST MONTANA IT ALSO LAUNCHED NORTH VALLEY BEHAVIORAL HEALTH, PROVIDING PSYCHIATRY FOR CHILDREN, ADOLESCENTS AND ADULTS NORTH VALLEY GERIATRIC SPECIALTIY SERVICES WAS ESTABLISHED IN 2013 TO PROVIDE GERIATRIC MEDICINE AND ASSESSMENT THE CLINIC COORDINATES CARE FOR SENIORS IN THE AREA AND INCLUDES A TEAM APPROACH INVOLVING A GERIATRIC PHYSICIAN, PHARMACIST, NUTRITIONIST, MENTAL HEALTH SPECIALISTS AND PHYSICAL THERAPISTS WHO CREATE CARE PLANS FOR THE PATIENTS WITH THE GOAL OF INCREASED OVERALL WELL BEING AND REDUCTION OF HOSPITAL READMISSIONS

Form and Line Reference	Explanation
PART III, LINE 2 - BAD DEBT EXPENSE METHODOLOGY	THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNTS REPORTED ON SCHEDULE H, PART III, LINE 2 INCLUDES THE COST TO CHARGE RATIO OF PATIENT CARE

Form and Line Reference	Explanation
PART III, LINE 3 BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE	THE HOSPITAL IDENTIFIES PATIENTS ELGIBLE FOR CHARITY CARE UP FRONT PRIOR TO TURNING THE BALANCE OVER TO THE COLLECTIONS AGENCY THE COLLECTION AGENCY ATTEMPTS TO COLLECT FROM THE PATIENT UNTIL DEEMED UNCOLLECTIBLE OR ELGIBLE FOR FINANCIAL ASSISTANCE AT WHICH POINT THE ACCOUNT IS CLOSED AND RETURNED TO THE HOSPITAL PATIENTS ARE ELIGIBLE TO APPLY FOR FINANCIAL ASSISTANCE FOR A PERIOD OF 240 DAYS DURING WHICH TIME EXTRAORDINARY COLLECTION ACTIVITY WILL CEASE IF THE PATIENT ACCOUNT IS DEEMED ELIGIBLE FOR FINANCIAL ASSISTANCE THE BAD DEBT ACCOUNT IS RETURNED TO THE HOSPITAL AND THE ACCOUNT IS WRITTEN OFF ACCORDING TO THE HOSPITAL FINANCIAL ASSISTANCE POLICY HOSPITAL FINANCIAL COUNSELORS AND OR THE EXTENDED BUSINESS OFFICE WILL ATTEMPT OTHER COLLECTION ACTIONS, SUCH AS SUBSEQUENT BILLINGS/MONTHLY STATEMENTS, AND TELEPHONE CALLS A SUMMARY BILL IS SENT TO THE PATIENT 3 DAYS AFTER DISCHARGE OR WHEN ALL APPLICABLE CRITERIA IS MET STATEMENTS WITH FINANCIAL ASSISTANCE MESSAGES ARE SENT 30, 60, 90, AND 120 DAYS AN ACCOUNT IS CONSIDERED FOR BAD DEBT DETERMINATION ONCE THE DEBT REMAINS UNPAID MORE THAN 120 DAYS AND IF A PAYMENT PLAN IS ESTABLISHED WITH THE PATIENT AND THE PATIENT MISSES TWO PAYMENTS, THE REMAINING BALANCE WILL BE PLACED TO BAD DEBT ONCE AN ACCOUNT IS DETERMINED TO BE BAD DEBT, IT IS SUBMITTED TO THE PATIENT FINANCIAL SERVICES SUPERVISOR WHO REVIEWS, APPROVES, AND RECORDS THE BAD DEBT AMOUNT ANY WRITE-OFF EXCEEDING 3,000 IS ALSO REVIEWED BY THE CFO THE HOSPITAL DOES NOT HAVE ANY BAD DEBT EXPENSE THAT COULD REASONABLY BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY THE HOSPITAL IDENTIFIES ALL THOSE ELIGIBLE FOR CHARITY CARE UPFRONT OR THROUGH THE EXTENDED BUSINESS OFFICE BEFORE ANY AMOUNTS ARE WRITTEN OFF TO BAD DEBT

Form and Line Reference	Explanation
BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS	THE PATIENT ACCOUNTS RECEIVABLE FOOTNOTE OF THE FY2014 AUDITED FINANCIAL STATEMENTS IS FOUND IN FOOTNOTE 3, ON PAGE 13, OF THE AUDITED FINANCIAL STATEMENTS THE PROVISION FOR BAD DEBTS IS ALSO INCLUDED IN FOOTNOTE 3 OF THE AUDITED FINANCIAL STATEMENTS

Form and Line Reference	Explanation
PART III, LINE 8 - MEDICARE EXPLANATION	ANY MEDICARE ALLOWABLE COSTS OF PATIENT CARE SHORTFALLS ARE NOT COUNTED AS COMMUNITY BENEFIT THESE ALLOWABLE COSTS ARE OBTAINED FROM THE MEDICARE COST REPORT FOR THE YEAR

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	SEE SCHEDULE H, PART III, LINE 3

Form and Line Reference	Explanation
PART VI, LINE 2 - NEEDS ASSESSMENT	BOTH ON-GOING QUALITATIVE AND QUANTITATIVE FEEDBACK IS TAKEN INTO ACCOUNT TO ASSESS COMMUNITY HEALTH CARE NEEDS A QUANTITATIVE AND QUALITATIVE NEEDS ASSESSMENT WAS CONDUCTED IN 2012, WITH ANALYSIS AND PUBLICATION COMPLETED IN 2013, TO GAIN INSIGHTS FROM AREA RESIDENTS AND COMMUNITY LEADERS AS TO THEIR HEALTHCARE ISSUES AND THEIR PERCEPTIONS REGARDING NEEDS IN THE COMMUNITY HARD COPIES OF THE REPORT ARE AVAILABLE AND ALSO POSTED ON THE HOSPITAL WEBSITE AT THE FOLLOWING URL HTTP //WWW NVHOSP ORG/ABOUT-US/COMMUNITY-HEALTH-NEEDS-ASSESSMENT/ QUALITATIVE INFORMATION IS GAINED REGULARLY THROUGH PARTNERSHIPS WITH THE CITY GOVERNMENT, AREA SCHOOL DISTRICTS, FEDERAL AND LOCAL LEGISLATORS AND FLATHEAD CITY/COUNTY HEALTH DEPARTMENT ADDITIONALLY, THE HOSPITAL'S COMMUNITY NURSE, PHYSICIANS AND EMPLOYEES PROVIDE FEEDBACK FROM THEIR EXPERIENCE ON THE JOB AND WITHIN THE COMMUNITY WRITTEN FEEDBACK FROM THE COMMUNITY IS REQUESTED TO BE SENT TO THE COMMUNITY RELATIONS DEPARTMENT THE HOSPITAL SPONSORED COMMUNITY EDUCATION PRESENTATIONS ARE FOLLOWED BY A REQUEST FOR FEEDBACK FROM ATTENDEES ON THE VALUE OF THE PRESENTATION AND THEIR INTEREST IN OTHER HEALTH TOPICS THE HOSPITAL HAS PARTICIPATED IN THE AVATAR INTERNATIONAL, A THIRD-PARTY PATIENT FEEDBACK SYSTEM, SINCE 2002 THE COMMENTS MADE WITHIN THIS PROCESS ARE REVIEWED AND CONSIDERED FOR NEW PROGRAMS BOTH IN THE COMMUNITY AND AT THE HOSPITAL LIKEWISE, INFORMATION GAINED FROM THE HOSPITAL CONSUMER ASSESSMENT OF HEALTHCARE PROVIDERS AND SYSTEMS (HCAHPS) IS REVIEWED FOR OPPORTUNITIES TO ADDRESS COMMUNITY HEALTHCARE NEEDS

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE IS PRESENTED WHEN PATIENTS REGISTER AT THE HOSPITAL AND THEY ARE COUNSELED ON THE CHARITY PROGRAMS AVAILABLE TO THEM THROUGH THE REGISTRATION PROCESS, EVERY PATIENT IS OFFERED A PRINTED HANDBOOK THAT DESCRIBES PATIENT RIGHTS AND OPTIONS THE HANDBOOK ALSO IS AVAILABLE IN A PDF FORMAT ON THE HOSPITAL WEBSITE A 'GUIDE TO YOUR BILL' IS AVAILABLE AT EACH REGISTRATION AREA, AS WELL AS DISTRIBUTED THROUGHOUT THE YEAR AT THE HOSPITAL CLINICS, LOCAL CHAMBER OF COMMERCE, AND SHEPHERD'S HAND IN ADDITION, PUBLIC NOTICE WILL BE POSTED SEMI-ANNUALLY IN THE LOCAL NEWSPAPERS AND ALL MONTHLY STATEMENTS CONTAIN LANGUAGE RELATED TO FINANCIAL ASSISTANCE AND APPLICABLE PHONE NUMBERS FOR ASSISTANCE THE HOSPITAL ALSO HAS SEVERAL FINANCIAL COUNSELORS AND AS OF MARCH 2015, CERTIFIED APPLICATON COUNSELORS, WHO ASSIST PATIENTS DURING AND AFTER THEIR VISIT TO HELP GUIDE THEM THROUGH THE PROCESS OF OBTAINING CHARITY CARE PATIENTS ARE OFTEN REFERRED TO APPLICABLE NON- PROFITS AND STATE CHARITY CARE SERVICES SUCH AS SAVE A SISTER ORGANIZATION (AN ORGANIZATION THAT ASSISTS LOW INCOME WOMEN WITH FREE MAMMOGRAM SCREENINGS), CHIPS, MONTANA BREAST PROGRAM, SHEPHERD'S HAND FREE CLINIC AND FLATHEAD CITY/COUNTY HEALTH DEPARTMENT

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	THE HOSPITAL SERVES A WIDE VARIETY OF PATIENTS, MANY OF WHOM ARE SELF-EMPLOYED, YOUNG FAMILIES, UNEMPLOYED, SEASONAL WORKERS OR HAVE MINIMUM-WAGE JOBS AND CAN'T AFFORD INSURANCE SELF PAY AND COMMERCIAL INSURANCE INDIVIDUALS MAKE UP 47 PERCENT OF THE HOSPITAL'S PAYERS, MAKING THEM THE MAJORITY MEDICARE CONSTITUTES 32 PERCENT OF THE HOSPITAL'S PAYERS AND MEDICAID/PHS IS 11 PERCENT THE HOSPITAL HAS BEEN INSTRUMENTAL IN PROVIDING RURAL AREAS WITH PRIMARY, WELLNESS AND WALK-IN CARE THROUGH CLINICS IN EUREKA AND COLUMBIA FALLS YEAR-ROUND AND SEASONALLY WHEN TOURISM DEFINES THE EXTRA NEED AT WHITEFISH MOUNTAIN RESORT AND WEST GLACIER THE EUREKA CLINIC ALSO PROVIDES A LOCATION FOR SPECIALISTS IN WOMEN'S HEALTH, HEARING, PHYSICAL THERAPY, CARDIOLOGY, ORTHOPEDICS AND UROLOGY TO MEET WITH PATIENTS ON REGULAR SCHEDULES WITHOUT THE PATIENTS HAVING TO TRAVEL FAR FOR SERVICES THE EUREKA CLINIC PROVIDES DIGITAL X-RAYS, CLIA-CERTIFIED LAB SERVICES AND ULTRASOUND, COLUMBIA FALLS OFFERS X-RAY AND LAB SERVICES THE EUREKA AND COLUMBIA FALLS CLINICS ARE DESIGNATED RURAL HEALTH CLINICS PROVIDING A SLIDING FEE SCALE FOR THOSE FINANCIALLY QUALIFIED THE SEASONAL CLINICS ARE OPEN DAILY IN THEIR RESPECTIVE LOCATIONS TO PROVIDE WELLNESS AND URGENT CARE TO AREA RESIDENTS AND VISITORS AVAILABLE ARE PHARMACEUTICALS, DIGITAL X-RAYS AND CLIA-CERTIFIED LABS IN HOSPITAL CLINICS, AS WELL AS THE HOSPITAL, THE PICTURE ARCHIVING COMPUTER SYSTEM (PACS) IS USED TO QUICKLY SHARE DATA WITH OTHER MEDICAL FACILITIES ELECTRONIC MEDICAL RECORDS SYSTEM WAS LAUNCHED ON DECEMBER 9, 2013 WITH PATIENT PORTAL ACCESSIBLE VIA THE HOSPITAL WEBSITE IN MARCH 2014 INPATIENTS AND OUTPATIENTS RECEIVE A BROCHURE AND INSTRUCTIONS REGARDING THE PATIENT PORTAL WITH EACH ADMISSION THE BROCHURE IS ALSO AVAILABLE ON THE WEBSITE THE HOSPITAL PROVIDES SERVICES TO RESIDENTS FROM EUREKA IN THE NORTH, TO WEST GLACIER IN THE EAST, AND LAKESIDE/SOMERS TO THE SOUTH THE DEMOGRAPHICS OF THE HOSPITAL'S PRIMARY SERVICE AREAS OF WHITEFISH, COLUMBIA FALLS AND KALISPELL ARE AS FOLLOWS (SOURCES US CENSUS 2010 AND ESRI FORECAST FOR 2011) WHITEFISH POPULATION 6,357, MEDIAN AGE 40 1, AVERAGE HOUSEHOLD 2 1 PEOPLE, PER CAPITA INCOME 26,711 (2011 DOLLARS) WITH MEDIAN HOUSEHOLD INCOME 41,957, LARGELY WHITE POPULATION 95 8%, HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25,000 29% COLUMBIA FALLS POPULATION 4,688, MEDIAN AGE 35 6, AVERAGE HOUSEHOLD 2 47 PEOPLE, PER CAPITA INCOME 18,923 (2011 DOLLARS) WITH MEDIAN HOUSEHOLD INCOME 44,491, LARGELY WHITE POPULATION 94 4%, NEXT IS AMERICAN INDIAN 1 8%, HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25,000 25 7% KALISPELL POPULATION 16,065, MEDIAN AGE 39 9, AVERAGE HOUSEHOLD 2 27 PEOPLE, PER CAPITA INCOME 19,801 (2011 DOLLARS) WITH MEDIAN HOUSEHOLD INCOME 37,752, LARGELY WHITE POPULATION 94 5%, NEXT IS HISPANIC 3 4%, HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25,000 31 8% FLATHEAD COUNTY TOTAL POPULATION 90,959, MEDIAN AGE 41 7, PER CAPITA INCOME 19,885 (2011 DOLLARS) WITH MEDIAN HOUSEHOLD INCOME 41,027, LARGELY WHITE POPULATION 95 0%, NEXT IS HISPANIC 3 2%, HOUSEHOLDS WITH INCOME LESS THAN OR EQUAL TO 25,000 27 3%

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	THE HOSPITAL PROVIDES RESOURCES AND FINANCIAL ASSISTANCE TO OTHER NON-PROFITS AND HEALTH-RELATED ENTITIES TO IMPROVE THE WELL-BEING OF THE COMMUNITY THE HOSPITAL HELPS SUPPORT THE SHEPHERD'S HAND FREE CLINIC IN WHITEFISH WITH FREE TESTING AND SERVICES THAT THE CLINIC IS UNABLE TO PROVIDE ON ITS OWN MANY OF THE HOSPITAL PHYSICIANS AND NURSING STAFF VOLUNTEER THEIR OWN TIME CONTRIBUTING TO THIS CLINIC THE HOSPITAL ALSO PROVIDES FINANCIAL AND PERSONNEL RESOURCES FOR RESIDENTS WHO NEED TO TRAVEL OUTSIDE OF THE AREA FOR MEDICAL SERVICES WHITEFISH WINTER CLASSIC (FAMILIES OF SICK CHILDREN), AND WINGS (CANCER PATIENTS) THE HOSPITAL ALSO ASSISTS WITH SUPPORTING THE ALERT MEDICAL HELICOPTER THE HOSPITAL DONATES TO PROGRAMS THAT ENCOURAGE CHILDREN TO LEAD POSITIVE LIVES, STAY IN SCHOOL, AND PARTICIPATE IN CONSTRUCTIVE ACTIVITIES THAT ARE DRUG AND ALCOHOL FREE THESE INCLUDE CHILDREN'S SPORTS ASSOCIATIONS, SCHOOL BOOSTER CLUBS, BOYS AND GIRLS CLUB OF GLACIER COUNTRY, HEALTH OCCUPATION STUDENT ASSOCIATION AND CIVIC ORGANIZATIONS THAT PROMOTE THESE SAME IDEALS SUCH AS ROTARY STAFF IS ACTIVE ON MANY BOARDS SUCH AS UNITED WAY, AREA AGENCY ON AGING/EAGLE TRANSIT TO PROVIDE A VOICE FOR SUBSIDIZED RIDES TO MEDICAL FACILITIES, FLATHEAD VALLEY COMMUNITY COLLEGE FOUNDATION FOR FUNDRAISING TOWARD THE NURSING PROGRAM, AMERICAN CANCER SOCIETY AND RELAY FOR LIFE TO RAISE AWARENESS AND MONEY FOR RESEARCH, EMS TO STREAMLINE SERVICES, MARCH OF DIMES TO PROVIDE PRE AND POST-NATAL EDUCATION AND SUPPORT, AND MORE OTHER ACTIVE MEMBERSHIPS INCLUDE ROTARY, WHITEFISH AND COLUMBIA CHAMBER OF COMMERCE BOARDS, WHITEFISH CONVENTION AND VISITORS BUREAU AND MONTANA WEST ECONOMIC DEVELOPMENT THE HOSPITAL FOCUSES ON HEALTH EDUCATION, EARLY DETECTION AND PREVENTION THE HOSPITAL HAS A COMMUNITY HEALTH LIBRARY HOUSING HEALTH- RELATED BOOKS AND PUBLIC ACCESS TO THE INTERNET STAFF AND PHYSICIANS PROVIDE HEALTH-RELATED COMMUNITY EDUCATION PROGRAMS ON TOPICS SUCH AS NUTRITION, PRE AND POSTNATAL HEALTH, DIABETES PREVENTION, ORTHOPEDICS, OSTEOPOROSIS, MEN'S AND WOMEN'S HEALTH THE HOSPITAL COMMUNITY HEALTH NURSE TEACHES A MONTHLY CPR AND CPR/FIRST AID CLASS THE HOSPITAL HAS AN EMPHASIS ON EXERCISE BY SUPPORTING ATHLETIC TRAINERS IN WHITEFISH AND COLUMBIA FALLS SCHOOLS THE HOSPITAL PARTICIPATES IN EVENTS THROUGHOUT THE YEAR PROVIDING FREE OR REDUCED HEALTH SCREENINGS, AND CONTRIBUTES RESOURCES FOR FUNDRAISERS, SUCH AS SAVE A SISTER, WHICH PROVIDES FREE MAMMOGRAMS TO QUALIFIED WOMEN IN THE FLATHEAD VALLEY THE HOSPITAL OFFERS FREE SUPPORT GROUPS THOSE WHO HAVE HAD A MISCARRIAGE, STILLBIRTH OR NEONATAL LOSS A FREE MOM/BABY SUPPORT GROUP FACILITATED BY A REGISTERED NURSE IS OFFERED WEEKLY TO HELP NEW PARENTS ADJUST TO THEIR NEW FAMILY DYNAMICS AND TO WEIGH THEIR BABIES TO MONITOR GROWTH THE HOSPITAL ALSO PROVIDES A LOCATION FOR AARP CLASSES IN-KIND GOODS TO AREA NON- PROFITS ARE DONATED TO FOOD BANKS, ALPINE THEATER'S CHILDREN'S GROUPS, AND HEALTH-RELATED ORGANIZATIONS QUALIFIED COMMUNITY BENEFITS UNDER THIS QUESTION BOARD POSITIONS INCLUDE AREA AGENCY ON AGING/EAGLE TRANSIT, UNITED WAY, WHITEFISH AND COLUMBIA FALLS CHAMBER OF COMMERCE, AERO BOARD, EMS BOARD, SHEPHERDS HAND CLINIC BOARD ACTIVE MEMBERSHIPS INCLUDE WHITEFISH AND KALISPELL ROTARY, CHAMBERS OF COMMERCE, WHITEFISH CONVENTION AND VISITOR BUREAU, BEST BEGINNINGS, CARE TRANSITIONS COALITION, HEALTHY COMMUNITIES COALITION, FRONTIER MEDICINE BETTER HEALTH IMPROVEMENT PARTNERSHIP PREVENTION PROGRAMS SAVE A SISTER MAMMOGRAMS, SCHOOL ATHLETIC TRAINERS, EDUCATION (PROVIDER HEALTH RELATED COMMUNITY EDUCATION, PRE AND POST-NATAL, CPR/FIRST AID, SCREENINGS, NUTRITION, SUPPORT GROUPS, DIABETES PREVENTION PROGRAMS, COMMUNITY HEALTH LIBRARY IN-KIND DONATIONS TO FOOD BANK, AARP, EUREKA BREAST CANCER LUNCHEON, LOCAL FAMILIES THANKSGIVING BASKETS, SHEPHERD'S HAND CLINIC

Form and Line Reference	Explanation
PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM	N/A

Form and Line Reference	Explanation
PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT	MONTANA

Additional Data

Software ID:
Software Version:
EIN: 81-0247969
Name: NORTH VALLEY HOSPITAL INC

990 Schedule H, Supplemental Information

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

Form and Line Reference	Explanation
FACILITY 1, NORTH VALLEY HOSPITAL - PART V, LINE 3	
FACILITY 1, NORTH VALLEY HOSPITAL - PART V, LINE 4	THE HOSPITAL PARTNERED WITH KALISPELL REGIONAL HEALTHCARE AND THE FLATHEAD CITY-COUNTY HEA LTH DEPARTMENT TO CONDUCT A JOINT COMMUNITY HEALTH NEEDS ASSESSMENT
FACILITY 1, NORTH VALLEY HOSPITAL - PART V, LINE 7	THE HOSPITAL DID NOT ADDRESS AREAS IDENTIFIED AS LOW PRIORITY/RESPONSIBILITY, SUCH MOTOR V EHICLE ACCIDENTS AND PROVIDING PREVENTATIVE DENTAL CARE BECAUSE THEY ARE VIEWED AS BEYOND THE MISSION OF THE HOSPITAL, AND OTHER GROUPS ARE BETTER SUITED TO ADDRESS THESE NEEDS
FACILITY 1, NORTH VALLEY HOSPITAL - PART V, LINE 12I	PATIENTS ARE BILLED THE GROSS CHARGE FOR ALL SERVICES RECEIVED IF THE PATIENT QUALIFIES F OR FINANCIAL ASSISTANCE, THE BILL IS ADJUSTED AS DETERMINED BY OUR CHARITY CARE POLICY GUI DELINES
FACILITY 1, NORTH VALLEY HOSPITAL - PART V, LINE 20D	THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO FAP ELIGIBLE INDIVIDUALS IS THE HOSPITAL'S USUAL AND CUSTOMARY RATES THAT APPLY TO ALL PATIENTS REGARDLESS OF PAYOR CLASS THE HOSPITAL DE FINES COLLECTION PRACTICES AS AMOUNTS GENERALLY BILLED, USING A LOOK BACK DETERMINATION F AP ELIGIBLE INDIVIDUALS THEN HAVE THE CHARGES REDUCED BASED ON INCOME CRITERIA PATIENTS A T 400% OF THE FPG ARE ELIGIBLE FOR A 44% REDUCTION WHILE PATIENTS AT 100% OF THE FPG ARE E LIGIBLE FOR A 100% REDUCTION

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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
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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**	Yes	
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**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☐ Compensation committee	☑ Written employment contract		
	☐ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**	Yes	
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				
(1)JASON SPRING CEO	(i)	238,750	68,300			70,731	377,781	
	(ii)							
(2)RANDY NIGHTENGALE CFO THRU DEC 2013	(i)	104,964	19,542			27,081	151,587	
	(ii)							
(3)WESLEY WHITE CFO AS OF DEC 2013	(i)	10,884				2,808	13,692	
	(ii)							
(4)ELIZABETH WHITE PHYSICIAN	(i)	222,366				9,720	232,086	
	(ii)							
(5)CAMERON GARDNER PHYSICIAN	(i)	189,851				17,044	206,895	
	(ii)							
(6)MICHELLE MARTIN-THOMPSON PHYSICIAN	(i)	172,964				17,814	190,778	
	(ii)							
(7)MAURA FIELDS CCO	(i)	153,928				23,194	177,122	
	(ii)							
(8)MARGARET BUMGARNER PHY SERVICES DIR	(i)	141,640				8,881	150,521	
	(ii)							

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
SCHEDULE J, PAGE 1, PART I, LINE 1A	THE BOARD OF DIRECTORS AUTHORIZES NORTH VALLEY HOSPITAL TO PAY FOR THE CEO'S MEMBERSHIP IN THE WHITEFISH ROTARY CLUB ROTARY INTERNATIONAL IS A VOLUNTEER ORGANIZATION OF BUSINESS AND PROFESSIONAL LEADERS WHO PROVIDE HUMANITARIAN SERVICE, AND HELP TO BUILD GOODWILL AND PEACE IN THE WORLD ROTARY CLUBS EXIST TO IMPROVE COMMUNITIES THROUGH A RANGE OF HUMANITARIAN, INTERCULTURAL, AND EDUCATIONAL ACTIVITIES
SCHEDULE J, PAGE 1, PART I, LINE 6A	THE CEO AND CFO ARE PAID A BONUS THROUGH THE MANAGEMENT COMPANY BASED ON QUALITATIVE RESULTS, BUT CONTINGENT ON POSITIVE FINANCIAL RESULTS OF THE HOSPITAL

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	MONTANA FACILITY FINANCE AUTHORITY	36-4615155		01-30-2012	25,000,000	REFINANCING NEW HOSPITAL		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	25,000,000			
4	Gross proceeds in reserve funds	2,015,008			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	22,984,992			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2007			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		2 000 %						
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5		2 000 %						
7	Does the bond issue meet the private security or payment test?	X							
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) RANDY BEACH MD	BOARD MEMBER	58,955	PHYS GROUP PARTNER		No
(2) SUZANNE DANIELL MD	BOARD MEMBER	273,361	PHYS GROUP PARTNER		No
(3) MATT BAILEY MD	BOARD MEMBER	242,945	PHYS GROUP PARTNER		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

Employer identification number
81-0247969

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 3	
FORM 990, PAGE 6, PART VI, LINE 7B	GLACIER BANK HAS THE AUTHORITY TO VETO ANY MAJOR PURCHASE OR SERVICE AGREEMENT DECISIONS M ADE BY THE BOARD, REGARDLESS OF WHETHER IT RELATES TO THE USE OF THE HOSPITAL'S REAL ESTAT E LOAN
FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE 990 IS PROVIDED TO THE CFO WHO REVIEWS THE FORM, SCHEDULES AND RELATED ATTAC HMENTS ANY COMMENTS OR QUESTIONS ARE ADDRESSED WITH THE PREPARER AND A FINAL DRAFT IS PRE SENTED TO THE BOARD OF DIRECTORS WHO THEN APPROVE THE 990 ONCE MANAGEMENT IS SATISFIED WI TH THE 990, THE CEO SIGNS THE FORM 8879-EO AUTHORIZING THE PREPARER TO E-FILE THE RETURN
FORM 990, PAGE 6, PART VI, LINE 12C	A CONFLICT OF INTEREST STATEMENT IS COMPLETED ANNUALLY BY THE BOARD OF DIRECTORS DISCLOSIN G ANY POSSIBLE CONFLICTS OF INTEREST THE BOARD REVIEWS ALL MEMBERS' STATEMENTS AND IF POT ENTIAL ISSUES ARISE, THE MEMBER IN QUESTION MAY BE ASKED TO LEAVE THE ROOM WHILE THE REST OF THE BOARD DISCUSSES AND VOTES ON THE MATTER BOARD MEMBERS WITH A POTENTIAL CONFLICT OF INTEREST WHO ARE PRESENT FOR A VOTE WILL CAST AN ABSTAINING VOTE ALL BOARD MEMBERS ANNUA LLY REVIEW AND SIGN A CONFLICT OF INTEREST POLICY UNDER THE HOSPITAL'S COMPLIANCE STANDARD S ALL EMPLOYEES ARE REQUIRED TO REPORT TO THEIR SUPERVISOR OR THE COMPLIANCE OFFICER ANY POTENTIAL INSTANCES THAT CREATE A CONFLICT OF INTEREST SITUATION
FORM 990, PAGE 6, PART VI, LINE 15A	THE BOARD OF DIRECTORS REVIEW AND APPROVE MANAGEMENT WAGES EACH YEAR DURING THE BUDGET PRO CESS SOURCES UTILIZED BY THE BOARD WHEN REVIEWING FAIR MARKET VALUE IN COMPENSATION INCLU DE MARKET SURVEYS AND SALARY RANGES PROVIDED BY THE MANAGEMENT COMPANY
FORM 990, PAGE 6, PART VI, LINE 15B	THE BOARD OF DIRECTORS REVIEW AND APPROVE OFFICERS WAGES EACH YEAR DURING THE BUDGET PROCE SS SOURCES UTILIZED BY THE BOARD WHEN REVIEWING FAIR MARKET VALUE IN COMPENSATION INCLUDE MARKET SURVEYS AND SALARY RANGES PROVIDED BY THE MANAGEMENT COMPANY
FORM 990, PAGE 6, PART VI, LINE 19	NORTH VALLEY HOSPITAL MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINA NCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
FORM 990, PART IX, LINE 11G	7,216,697 1,692,768 39,357

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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
NORTH VALLEY HOSPITAL INC

Employer identification number
81-0247969

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 VALLEY HOSPITAL FOUNDATION 1600 HOSPITAL WAY WHITEFISH, MT 59937 81-0526541	SUPPORT	MT	501C3	11C	NA N/A		No

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

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

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

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	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		No
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	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) NORTH VALLEY HOSPITAL FOUNDATION	C	52,851	ACTUAL
(2) NORTH VALLEY HOSPITAL FOUNDATION	O	101,421	ACTUAL

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

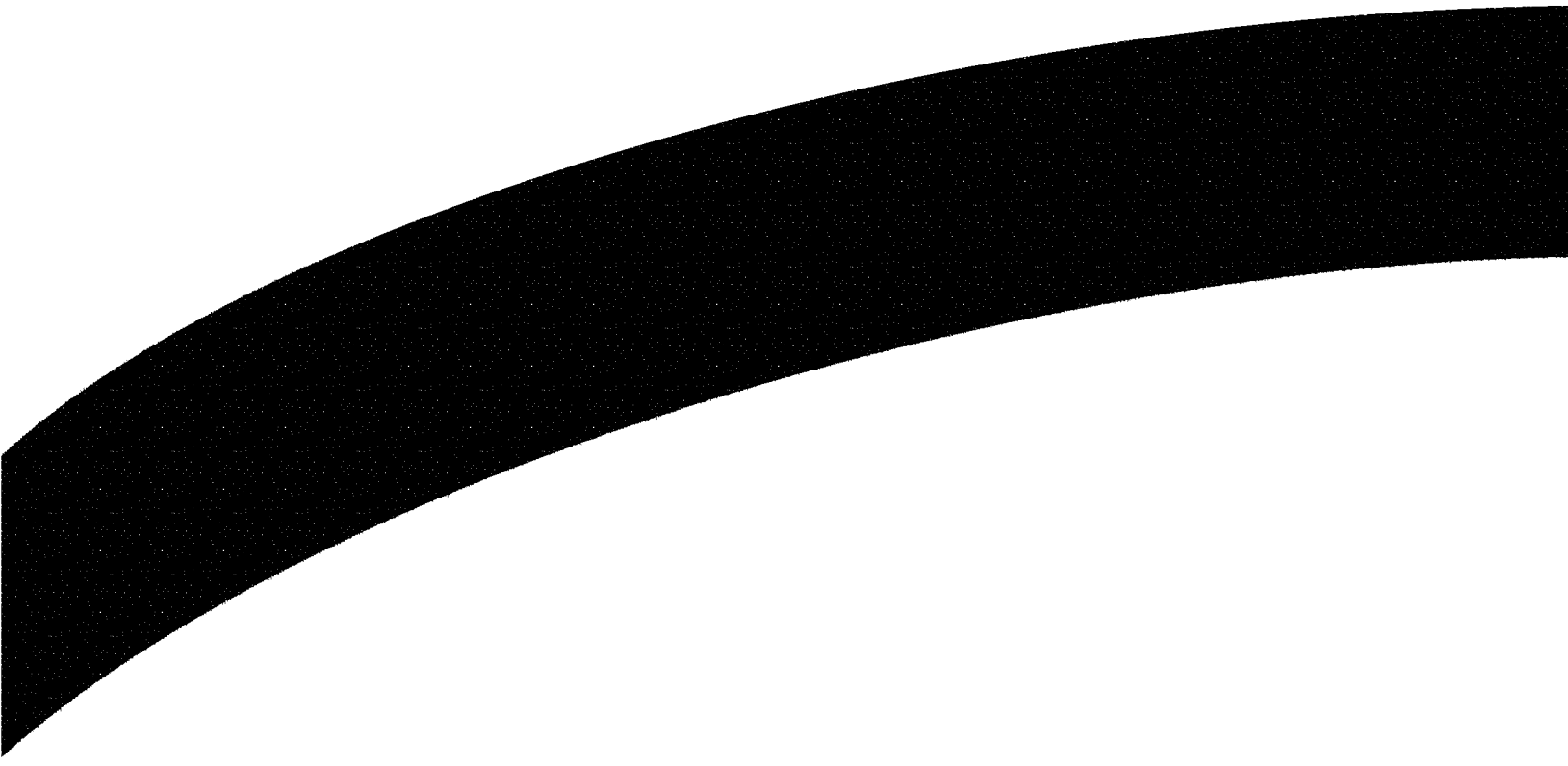
Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

North Valley Hospital

Financial Statements and
Independent Auditors' Report

June 30, 2014 and 2013



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

North Valley Hospital
Table of Contents

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
North Valley Hospital
Whitefish, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of North Valley Hospital (the Hospital) (a nonprofit healthcare entity), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

1005 East Main Suite 4 | Spokane Valley, WA 99206 | 509.241.0044 | www.dza.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital 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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
December 11, 2014

North Valley Hospital
Statements of Financial Position
June 30, 2014 and 2013

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	**$ 2,634,384**	$ 6,760,698
Receivables		
Patient accounts, net of allowance for uncollectible accounts of approximately $2,104,000 and $2,634,000, respectively	**6,496,030**	6,234,569
Collateralized patient accounts, net of allowance for uncollectibles of approximately $19,000 and $44,000, respectively	**43,916**	100,799
Patient accounts on payment plans, net of allowance for uncollectible accounts of approximately $190,000 and $340,000, respectively	**122,545**	182,063
Mutual insurance company	**1,006,566**	-
Other	**255,439**	181,004
Estimated third-party payor settlements	**1,222,291**	260,177
Electronic health records incentive	**3,290,030**	-
Inventories	**951,111**	1,306,538
Prepaid expenses	**684,151**	680,708
Current portion of assets limited as to use	**54,015**	48,567
Total current assets	**16,760,478**	15,755,123
Interest in net assets of North Valley Hospital Foundation	**1,628,786**	1,446,327
Assets limited as to use	**4,319,776**	6,349,291
Property and equipment, net	**31,260,564**	29,727,240
Other assets		
Deferred financing costs	**187,034**	201,897
Prepaid expenses and other assets	**213,092**	-
Total other assets	**400,126**	201,897
Total assets	**$ 54,369,730**	$ 53,479,878

See accompanying notes to financial statements

North Valley Hospital
Statements of Financial Position (Continued)
June 30, 2014 and 2013

LIABILITIES AND NET ASSETS	2014	2013
Current liabilities		
Current portion of long-term debt	**$ 1,372,327**	$ 1,318,605
Construction accounts payable	**-**	551,034
Accounts payable	**2,628,028**	2,338,316
Accrued payroll and related liabilities	**2,194,064**	1,918,770
Accrued interest payable	**69,939**	71,591
Accrued health insurance claims and pension plan payable	**459,595**	541,589
Estimated third-party payor settlements	**-**	512,045
Disproportionate Share Hospital program payable	**1,442,038**	-
Collateralized patient accounts receivable liability	**63,129**	144,899
Total current liabilities	**8,229,120**	7,396,849
Long-term debt, net of current portion	**20,637,522**	22,012,268
Total liabilities	**28,866,642**	29,409,117
Net assets		
Unrestricted	**23,874,302**	22,624,434
Temporarily restricted	**1,392,455**	1,211,646
Permanently restricted	**236,331**	234,681
Total net assets	**25,503,088**	24,070,761
Total liabilities and net assets	**$ 54,369,730**	$ 53,479,878

See accompanying notes to financial statements

North Valley Hospital
Statements of Operations and Changes in Net Assets
Years Ended June 30, 2014 and 2013

	2014	2013
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	$ **45,915,493**	$ 44,331,151
Provision for bad debts	**(2,997,724)**	(3,011,437)
Net patient service revenue less provision for bad debts	**42,917,769**	41,319,714
Electronic health records incentive	**3,290,030**	436,036
Other revenue	**473,568**	431,315
Investment income	**167,912**	86,202
Insurance recovery	**-**	401,788
Total unrestricted revenues, gains, and other support	**46,849,279**	42,675,055
Expenses		
Salaries and wages	**16,897,890**	14,278,123
Employee benefits	**3,823,679**	3,935,776
Purchased services	**10,991,102**	8,839,021
Supplies	**6,117,405**	6,046,462
Repairs and maintenance	**2,087,700**	1,528,125
Utilities	**541,531**	465,405
Insurance	**546,814**	485,525
Interest	**931,273**	983,748
Depreciation	**4,020,065**	3,105,061
Rents and leases	**288,111**	239,851
Other	**1,023,026**	974,654
Total expenses	**47,268,596**	40,881,751
Excess of revenues, gains, and other support over (under) expenses	**(419,317)**	1,793,304
Contributions	**161,663**	66,486
Gain on sale of mutual insurance company	**1,507,522**	-
Change in unrestricted net assets	**1,249,868**	1,859,790
Change in temporarily restricted net assets		
Change in interest in temporarily restricted net assets of North Valley Hospital Foundation	**180,809**	608,979
Change in permanently restricted net assets		
Change in interest in permanently restricted net assets of North Valley Hospital Foundation	**1,650**	6,324
Change in net assets	**1,432,327**	2,475,093
Net assets, beginning of year	**24,070,761**	21,595,668
Net assets, end of year	**$ 25,503,088**	$ **24,070,761**

See accompanying notes to financial statements

North Valley Hospital
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Cash received from and on behalf of patients	**$ 41,216,780**	$ 40,115,718
Cash received from investments	**167,912**	86,202
Cash received from sale of mutual insurance company	**500,956**	-
Cash received from contributions and grants	**161,663**	66,486
Cash received from other revenue	**418,161**	829,632
Cash received from electronic health record incentive payments	**-**	436,036
Cash received from disproportionate share hospital program payments	**1,442,038**	-
Cash paid for employee salaries and benefits	**(20,528,269)**	(17,958,019)
Cash paid for interest expense	**(918,062)**	(970,084)
Cash paid for other expenses	**(21,167,081)**	(18,077,471)
Net cash provided by operating activities	**1,294,098**	4,528,500
Cash flows from investing activities		
Acquisition of property and equipment	**(6,123,455)**	(4,805,041)
Transfer to assets limited as to use	**(304,007)**	(565,652)
Transfer from assets limited as to use	**2,328,074**	498,314
Net cash used in investing activities	**(4,099,388)**	(4,872,379)
Cash flows from financing activities		
Repayment of long-term debt	**(1,321,024)**	(1,269,649)
Net decrease in cash and cash equivalents	**(4,126,314)**	(1,613,528)
Cash and cash equivalents, beginning of year	**6,760,698**	8,374,226
Cash and cash equivalents, end of year	**$ 2,634,384**	$ 6,760,698

See accompanying notes to financial statements

North Valley Hospital
Statements of Cash Flows (Continued)
Years Ended June 30, 2014 and 2013

	2014	2013
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	**$ 1,432,327**	$ 2,475,093
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	**4,020,065**	3,105,061
Provision for bad debts	**2,997,724**	3,011,437
Amortization of deferred financing costs	**14,863**	14,864
Undistributed portion of change in interest in net assets of North Valley Hospital Foundation	**(182,459)**	(615,303)
(Increase) decrease in assets		
Patient accounts receivable	**(3,259,185)**	(4,067,874)
Collateralized patient accounts receivable	**56,883**	222,967
Payment plan patient accounts receivable	**59,518**	(182,063)
Electronic health records incentive payments receivable	**(3,290,030)**	-
Mutual insurance company	**(1,006,566)**	-
Other receivables	**(55,407)**	(3,471)
Estimated third-party payor settlements	**(962,114)**	(63,350)
Disproportionate share hospital program settlement	**1,442,038**	-
Inventories	**355,427**	(22,808)
Prepaid expenses	**(216,531)**	5,540
Increase (decrease) in liabilities		
Accounts payable	**289,712**	518,840
Accrued payroll and related liabilities	**275,296**	149,951
Accrued interest payable	**(1,652)**	(1,200)
Accrued health insurance claims and pension plan payable	**(81,996)**	105,929
Estimated third-party payor settlements	**(512,045)**	195,402
Collateralized patient accounts receivable liability	**(81,770)**	(320,515)
Net cash provided by operating activities	**$ 1,294,098**	$ 4,528,500

See accompanying notes to financial statements

1. Organization and Summary of Significant Accounting Policies:

a. Organization

North Valley Hospital (the Hospital) and its predecessors have operated a hospital facility in Whitefish, Montana since 1955. The Hospital presently operates a 25-bed acute care general hospital. The Hospital also operates clinics in Whitefish, Columbia Falls, Kalispell, and Eureka, Montana. Substantially all of the patients of the Hospital are from the immediate geographic area surrounding Whitefish, Columbia Falls, Kalispell, and Eureka, Montana.

North Valley Hospital Foundation (the Foundation) was established to solicit contributions for the Hospital and to support healthcare services in the north Flathead Valley area. The Hospital records its interest in the net assets of the Foundation that have been collected by the Foundation for the Hospital but not yet distributed to the Hospital.

The Foundation's condensed statements of net assets are summarized as follows:

	2014	2013
Current assets		
Cash and cash equivalents	$ **54,123**	$ 56,674
Investments	**1,262,026**	981,092
Pledges receivable	**65,404**	74,580
Inventory	**34,143**	26,455
Total current assets	**1,415,696**	1,138,801
Noncurrent assets		
Capital assets, net of accumulated depreciation	**18,069**	22,068
Charitable remainder trust	**305,700**	285,888
Total noncurrent assets	**323,769**	307,956
Total assets	$ **1,739,465**	$ 1,446,757
Current liabilities		
Accounts payable	$ **110,679**	$ 430
Net assets		
Permanently restricted	**236,331**	234,681
Temporarily restricted	**1,392,455**	1,211,646
Total net assets	**1,628,786**	1,446,327
Total liabilities and net assets	$ **1,739,465**	$ 1,446,757

1. Organization and Summary of Significant Accounting Policies (continued):

a. Organization (continued)

The Foundation's condensed statements of operations and changes in net assets are summarized as follows:

	2014	2013
Revenues		
Investment income	**$ 120,293**	$ 54,889
Gift shop sales	**40,557**	38,579
Contributions	**212,374**	711,335
Total revenues	**373,224**	804,803
Expenses		
Program services	**184,185**	145,317
Support services	**6,580**	44,183
Total expenses	**190,765**	189,500
Change in net assets	**182,459**	615,303
Net assets, beginning of year	**1,446,327**	831,024
Net assets, end of year	**$ 1,628,786**	$ 1,446,327

b. Summary of Significant Accounting Policies

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

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of expenses unless the investments are trading securities.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The Hospital classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Hospital's investments held as of June 30, 2014 and 2013, are all valued based on Level 1 inputs.

Level 2: Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly. The Hospital did not have any Level 2 investments in the years ended June 30, 2014 and 2013.

Level 3: Prices or valuations that require inputs are both significant to the fair value measurement and unobservable. The Hospital did not have any Level 3 investments in the years ended June 30, 2014 and 2013.

Prepaid expenses – Prepaid expenses are expenses paid during the fiscal year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense. Prepaid expenses include physician income guarantees, prepaid insurance, and prepaid maintenance contracts.

Inventories – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the Hospital's operations.

Assets limited as to use – Such assets include assets set aside by the Board of Directors for future capital improvements, and to fund the Hospital's medical self-insurance plan over which the Board retains control and may, at its discretion, subsequently use for other purposes. It also includes assets set aside to meet the reserve requirements of the Hospital's loan with the Montana Facilities Finance Authority.

Property and equipment – Property, buildings, and equipment acquisitions in excess of $5,000 have been capitalized and are recorded at cost. Contributed assets are reported at their estimated fair value at the time of their donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method over the following estimated useful service lives:

Land improvements	2 to 40 years
Buildings	3 to 40 years
Furniture and equipment	3 to 25 years

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

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

Deferred financing costs – Deferred financing costs are amortized over the remaining term of the mortgage note.

Excess of revenues over expenses, gains, and other support – The statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, gains, and other support consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Temporarily and permanently restricted net assets – Temporarily restricted net assets are those whose use by the Hospital 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 Hospital in perpetuity.

Employee welfare benefit plan – The Hospital has a self-insured health insurance plan available to its employees. Employees pay premiums to the Hospital and the Hospital pays the providers. The Hospital accrues a liability for the estimated claims incurred but not yet reported to the Hospital.

Federal income tax – The Hospital is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is necessary. The Hospital evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of June 30, 2014 and 2013, the Hospital had no uncertain tax positions requiring accrual.

Reclassifications – Certain items included in the accompanying 2013 financial statements have been reclassified to conform to the 2014 presentation, with no effect on the previously reported change in net assets.

Subsequent events – Subsequent events have been reviewed through December 11, 2014, the date on which the financial statements were available to be issued.

2. Assets Limited as to Use:

A summary of assets limited as to use follows:

	2014	2013
Internally designated by Board for capital additions and replacements (funded depreciation)		
Cash and cash equivalents	**$ 89,712**	$ 473,483
Mutual funds - inflation protected bond	**-**	458,355
Equities	**271,669**	499,923
U.S. government bonds:		
1-5 year terms	**267,601**	486,540
5-10 year terms	**259,675**	256,032
>10 year terms	**96,748**	185,708
Total U.S. government bonds	**624,024**	928,280
Corporate bonds:		
1-5 year terms	**375,786**	917,926
5-10 year terms	**388,917**	806,900
>10 year terms	**42,442**	41,205
Total corporate bonds	**807,145**	1,766,031
Certificates of deposit:		
6-9 month terms	**-**	34,118
9-12 month terms	**10,023**	17,211
1-2 year terms	**190,560**	96,301
>2 year terms	**311,635**	66,616
Total certificates of deposit	**512,218**	214,246
Health plan assets held in trust		
Mutual funds, large blend	**54,015**	48,567
Under mortgage agreements - held by trustee		
Cash and cash equivalents	**2,015,008**	2,008,973
	4,373,791	6,397,858
Less current portion	**(54,015)**	(48,567)
Assets limited as to use	**$ 4,319,776**	$ 6,349,291

3. Patient Accounts Receivable:

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

The Hospital's allowance for uncollectible accounts for self-pay patients has decreased from the prior year due to a significant amount of older self-pay accounts being collected or written off during 2014. The Hospital's provisions for bad debts and writeoffs decreased from the prior year due to changes in third-party collection agency agreements. In order to provide more charity care to the community, the Hospital increased the basis for charity care from 250% to 400% of the Federal Poverty Level, effective July 1, 2014. The Hospital does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by the Hospital consisted of these amounts:

		2014		2013
Receivables from patients and their insurance carriers	$	**6,768,064**	$	6,470,896
Receivables from Medicare		**1,489,407**		1,697,269
Receivables from Medicaid		**342,956**		700,217
Total patient accounts receivable		**8,600,427**		8,868,382
Less allowance for uncollectible accounts		**2,104,397**		2,633,813
Patient accounts receivable, net	$	**6,496,030**	$	6,234,569

4. Patient Accounts Receivable on Payment Plan:

The Hospital has arranged payment plans for certain patient accounts receivable with Patient Business Services (PBS). PBS charges the Hospital a servicer fee of 8% of the amount of the receivables. Receivables which remain uncollected by PBS after certain time periods are transferred back to the Hospital and subsequently written off. The Hospital has accrued a separate allowance for uncollectible patient accounts receivable on these accounts.

5. Mutual Insurance Company Payout:

The Hospital's malpractice insurance carrier Utah Medical Insurance Association (UMIA) was sold to a for-profit company during fiscal year 2013. UMIA was participant-owned, and as a result of the sale the Hospital was notified of a long-term capital payout plan. The Hospital received capital disbursement checks totaling approximately $501,000 during 2014. The Hospital expects to receive similar payments through 2018, with a total estimated receivable of approximately $1,007,000.

6. Property and Equipment:

A summary of property and equipment follows:

	2014	2013
Land	$ **1,923,340**	$ 1,923,348
Land improvements	**4,199,824**	4,120,358
Buildings	**27,005,886**	26,310,214
Furniture and equipment	**24,959,158**	16,450,811
	58,088,208	48,804,731
Less accumulated depreciation and amortization	**(27,148,923)**	(23,412,245)
	30,939,285	25,392,486
Construction in progress	**321,279**	4,334,754
Property and equipment, net	$ **31,260,564**	$ 29,727,240

As of June 30, 2014, the significant constructions in progress projects were:

- The infusion services and chemotherapy department are being remodeled. The total estimated project cost is $156,000 with an estimated completion date of November 2014.
- A new analyzer and Paragon interface were installed in the Hospital's lab department. Installation was substantially complete at year end, with no additional costs expected. This equipment is expected to be put into service at the end of August 2014.
- The imaging department is remodeling a room to accommodate a dexascan machine. The total estimated project cost is $24,350 with an estimated completion date at the end of October 2014.
- Initial work for the design and layout of the north medical campus are underway. Due to the preliminary nature of this project the date and cost of completion are not known at this time.

7. Line of Credit:

The Hospital obtained a $1,000,000 line of credit from American Express. The Hospital borrowed approximately $641,000 on the line of credit as of June 30, 2014. The line requires payment in full each month and bears no interest and is therefore included with trade accounts payable.

8. Long-term Debt:

The cost of the new hospital building was financed by a mortgage note in the amount of $27,000,000 from Prudential Huntoon Paige Associates, Ltd. (Prudential). The mortgage note was refinanced during 2012, with a commercial mortgage in the amount of $25,000,000 from the Montana Facility Finance Authority (MFFA).

A summary of long-term debt follows:

	2014	2013
Mortgage payable in the amount of $25,000,000 from Montana Facility Finance Authority, that bears interest at 4% Monthly principal and interest payments in the amount of $185,650 are required through February 2027, collateralized by substantially all of the Hospital's assets The interest rate on the mortgage adjusts to a new fixed rate on March 2, 2022 The new interest rate will be the Federal Home Loan Bank of Seattle fixed five-year intermediate/long-term rate plus 2 75 percentage points	**$ 22,009,849**	$ 23,330,873
Total long-term debt	**22,009,849**	23,330,873
Less current portion	**(1,372,327)**	(1,318,605)
Long-term debt, net of current portion	**$ 20,637,522**	$ 22,012,268

Scheduled repayments on long-term debt are as follows:

Years Ending June 30,	Amount
2015	$ 1,372,327
2016	1,428,231
2017	1,486,419
2018	1,546,978
2019	1,610,005
Thereafter	14,565,889
	$ 22,009,849

9. Net Patient Service Revenue:

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

	2014	2013
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	$ 14,510,951	$ 10,613,320
Medicaid	4,727,662	4,090,383
Other third-party payors	21,529,705	22,392,416
Disproportionate share hospital program and bed tax payments	395,196	2,097,493
Patients	7,322,388	7,542,590
	48,485,902	46,736,202
Less:		
Charity care	2,570,409	2,405,051
Provision for bad debts	2,997,724	3,011,437
Net patient service revenue	$ 42,917,769	$ 41,319,714

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

- *Medicare* – The Hospital has been designated a critical access hospital by Medicare. The Hospital also operates two rural health clinics. The Hospital is reimbursed by Medicare for substantially all hospital and rural health clinic services on a cost basis as defined and limited by the Medicare program. The Medicare program's administrative procedures preclude final determination of amounts due to the Hospital for such services until three years after the Hospital's cost reports are audited or otherwise reviewed and settled upon by the Medicare administrative contractor. Nonrural health clinic physician services are reimbursed on a fee schedule.
- *Medicaid* – The Hospital is reimbursed for cost reimbursable items and rural health clinic visits at a tentative rate with final settlement determined after submission of annual cost reports. Nonrural health clinic physician services are reimbursed on a fee schedule.

The Hospital receives an allotment from the State of Montana's Bed Tax program to promote access to healthcare in rural and low income Montana communities.

9. Net Patient Service Revenue (continued):

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements is discounts from established charges and fee schedule.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Net patient service revenue increased approximately $111,000 and $156,000 for the years ended June 30, 2014 and 2013, respectively, due to final and preliminary cost report settlements differing from original estimates.

The Hospital provides charity care to patients who are financially unable to pay for the healthcare services they receive. The Hospital's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Hospital does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2014 and 2013, were approximately $1,864,000 and $1,552,000, respectively. The Hospital received disproportionate share payments net of the bed tax of approximately $646,000 and $586,000 for the years ended June 30, 2014 and 2013, respectively to offset some of the cost of providing charity care.

10. Electronic Health Records Incentive Payment:

The Hospital recognized Medicare and Medicaid electronic health records (EHR) incentive payments during the years ended June 30, 2014 and 2013. The EHR incentive payments are provided to incent hospitals to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

The Hospital recognizes Medicare incentive payments on the date that the Hospital has successfully complied with meaningful use criteria during the entire EHR reporting period. The Hospital attested to meaningful use with the Centers for Medicare and Medicaid Services (CMS) on June 20, 2014.

The Medicare incentive payment recognized is an estimate and subject to audit by CMS. The Medicare EHR incentive payment is based on patient days reported on the Medicare cost report and the underappreciated cost of the EHR equipment submitted to CMS. The final payment will be based on the patient days reported in the current Medicare cost report. Medicare incentive revenue of $3,290,031 was recognized in 2014.

The Hospital recognizes the first of its four Medicaid incentive payments in the year that certified EHR technology is adopted, implemented, or upgraded or when such technology is meaningfully used under the Medicare EHR incentive program. The subsequent three payments will be issued when meaningful use is demonstrated under Medicare. Medicaid incentive payments of $250,822 and $418,036 were recognized as revenue in 2014 and 2013, respectively. Subsequent payments of $83,607 will be recognized in both 2015 and 2016. The Hospital also received $18,000 in Medicaid eligible provider payments in 2013.

11. Defined Contribution Plan:

The Hospital provides pension benefits for all employees through the North Valley Hospital 403(b) Plan (the Plan), a defined contribution plan. The Plan is administered by the Hospital. In a defined contribution plan, benefits depend solely on amounts contributed by the employee and the Hospital to the Plan plus investment earnings. All employees are eligible to contribute to the Plan upon employment. After two consecutive years of service, the Hospital will contribute 2% of employee earnings. After three consecutive years of service, the Hospital will match 30% of employee contributions with annual increases of 10% until the Hospital's match reaches 7% of employee gross pay or the matching percentage reaches 100% of employee contribution. Hospital contributions are 100% vested at the time of contribution. The Hospital made contributions of approximately $635,000 and $531,000 for the years ended June 30, 2014 and 2013, respectively.

12. Health and Dental Self-insurance:

The Hospital offers a health and dental insurance plan to all employees following 90 days of employment. The Hospital self-insures for the cost of the plan. The plan is administered by BlueCross BlueShield of Montana (BCBS). The Hospital records plan expenses as incurred. Plan expenses were approximately $1,489,000 and $1,963,000 for the years ended June 30, 2014 and 2013, respectively. The Hospital accrues an incurred but not reported liability for plan claims that had been incurred but that have not yet been reported to BCBS. The Hospital's liability for claims that had been incurred but not reported was approximately $209,000 and $183,000 at June 30, 2014 and 2013, respectively. For claims exceeding $60,000 per covered participant, the Hospital has purchased a stop-loss policy through BCBS.

13. Functional Expenses:

The Hospital provides the following healthcare services to residents within its geographic location:

- Acute, intensive, cardiac, and pediatric care
- Emergency services
- Outpatient surgery
- Other outpatient procedures

Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows:

	2014	2013
Healthcare services	**$ 37,879,418**	$ 33,646,826
General and administrative	**9,200,714**	6,998,098
Fundraising	**188,464**	236,827
	$ 47,268,596	$ 40,881,751

14. Commitment:

The Hospital entered into a contract with QHR dated September 28, 2012, effective October 1, 2012, for management and advisory services through October 1, 2017. Compensation for services performed beginning October 1, 2012, is $320,688 annually and is increased annually by 2.5%. Management fees for the years ended June 30, 2014 and 2013, were approximately $351,000 and $319,000, respectively.

The aggregated future commitment for management fees is approximately $2,940,000.

15. Contingencies:

Medical malpractice claims – The Hospital purchases malpractice liability insurance through UMIA. UMIA provides protection on a "claims-made" basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policy.

If there are unreported incidents which result in a malpractice claim for the current year, these will only be covered in the year the claim is reported to the insurance carrier if the Hospital purchases claims-made insurance in that year or if the Hospital purchases extended coverage (tail) insurance to cover claims incurred before but reported after cancellation or expiration of a claims-made policy.

UMIA's present liability limit is $1,000,000 per claim with an annual aggregate limit of $3,000,000. The Hospital also purchases excess malpractice liability insurance through UMIA. UMIA provides protection on an "excess" basis whereby claims reported to the insurance carrier are only covered in excess of primary malpractice liability coverage. The UMIA excess liability limit is $5,000,000 per claim with an annual aggregate limit of $5,000,000. No liability has been accrued for future coverage for acts occurring in this or prior years. Also, it is possible that claims may exceed coverage obtained in any given year. Neither policy has a deductible payable by the Hospital.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions known or unasserted at this time.

Healthcare reform – As a result of recently enacted federal healthcare reform legislation, substantial changes are anticipated in the United States of America's healthcare system. Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers, and the legal obligations of health insurers, providers, and employers. These provisions are currently slated to take effect at specified times over approximately the next decade. The federal healthcare reform legislation does not affect the 2014 financial statements.

16. Concentration of Credit Risk:

Patient accounts receivable – The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	2014	2013
Medicare	**25 %**	27 %
Medicaid	**6**	13
Other third-party payors	**31**	24
Patients	**38**	36
	100 %	100 %

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

17. North Valley Hospital Foundation:

The Hospital's administrator serves as an ex-officio member of the Foundation's Board. The Hospital also appoints three of the thirteen members of the Board. The Hospital does not exercise control over the operations of the Foundation. The Hospital provides operating support to the Foundation. The Hospital provided support totaling approximately $165,000 and $186,000 in 2014 and 2013, respectively, to the Foundation. The Foundation contributed approximately $160,000 and $66,000 in 2014 and 2013, respectively, to the Hospital.

The Hospital's interest in the net assets of the Foundation that have been collected by the Foundation for the Hospital but not yet distributed to the Hospital are as follows:

	2014	2013
Temporarily restricted net assets are available for various Hospital support needs	**$ 1,392,455**	$ 1,211,646
Permanently restricted net assets, the income from which is expendable to support healthcare services	**$ 236,331**	$ 234,681

18. Insurance Recovery Receivable:

The Hospital received notice in June 2011 that it would receive an insurance recovery payment related to a malpractice settlement paid by the Hospital during the year ended June 30, 2007. The notice indicated the insurance company would pay approximately 40% of the approved claim amount as an interim payment and is expected to make additional distributions thereafter. The insurance company is in receivership and has not yet determined the total amount it will be able to collect. The Hospital received an additional $401,788 from this settlement in 2013 and did not receive any payments in 2014.

19. Disproportionate Share Hospital Program Payable:

The Hospital received notice that it would be required to repay funds to Medicaid due to overpayments from the Disproportionate Share Hospital program (DSH) received in 2011, 2012, and 2013. In 2014, the Hospital recorded a payable of $1,442,038 to repay these DSH funds.

20. Subsequent event – building/land purchase

In September 2014, the Hospital secured financing for the Columbia Falls Clinic. This project will be funded with $500,000 from the Hospital's cash reserves and a $1,500,000 loan with the Montana Facility Finance Authority. The loan will have a sixteen-year term and a 4% tax-exempt rate for the first 11 years, adjusted for the remainder of the loan to the current Federal Home Loan Bank rate plus 2.75%.

In December 2014, the Hospital obtained a line of credit of $2,500,000, at the United States prime interest rate plus 0.5%.