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

- 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.

Form **990** (2013)

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9 Yes	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? 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	46			
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	556			
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? <i>If "No" to line 3b, provide an explanation in Schedule O.</i>	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? <i>If "No," provide an explanation in Schedule O.</i>	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		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	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	No
b	Other officers or key employees of the organization	15b	No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶Joy Coulston Controller 777 Avenue H Powell, WY 82435 (307) 754-7722

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) Mark Wurzel MD President/Physician	40 00 0 00	X		X				158,213	0	30,300
(2) Jim Beukelman Vice President	1 00 1 00	X		X				0	0	0
(3) Larry Parker Treasurer	1 00 1 00	X		X				0	0	0
(4) Jim Carlson Secretary	1 00 1 00	X		X				0	0	0
(5) Sandra Ehman Director/CFO(thru 12/2013)	1 00 1 00	X		X				147,878	0	0
(6) Bonita Katz Director	1 00 1 00	X						0	0	0
(7) Valerie Lengfelder MD Director, Chief of Staff	40 00 0 00	X						169,589	0	34,968
(8) RJ Kost Director	1 00 1 00	X						0	0	0
(9) Deb Kleinfeldt Director	1 00 1 00	X						0	0	0
(10) Mike Tracy MD Director	40 00 0 00	X						302,641	0	63,918
(11) Bill Patten CEO	40 00 0 00			X				0	0	0
(12) Mike Long CFO (Starting March 2014)	40 00 0 00			X				0	0	0
(13) Jeffrey Hansen Physician-Orthopedic Surge	40 00 0 00					X		1,406,706	0	78,343
(14) Kelly Christensen Physician-Family Practice	40 00 0 00					X		410,926	0	70,676
(15) Sarah Durney Physician-Family Practice	40 00 0 00					X		337,147	0	40,019
(16) Paul Laveau Physician-Cardiology	40 00 0 00					X		440,033	0	28,537
(17) Michael Bohlman Physician-Family Practice	40 00					X		300,237	0	72,857

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	3,673,370	0	419,618

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 32

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
North Platte Physical Therapy PO Box 1790 Douglas WY 82633	Physical Therapy Services	1,249,701
HealthTech Management Services Inc 5110 Maryland Way Brentwood TN 37027	Management Services	711,124
Delta Locum PO Box 202940 Dallas TX 753202940	Locum Physician Services	479,580
Soliant Health Group PO Box 1024640 Atlanta GA 303684640	Temporary Contract Labor	460,000
Alliance Recruiting PO BOX 670416 Dallas TX 752670416	Locum Physician Services	238,309

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶9

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d	549,848				
	e	Government grants (contributions) 1e	242,202				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	782,757				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	1,574,807				
Program Service Revenue	2a	Patient Service Revenue	622110	44,563,892	44,563,892		
	b	Other Income	900099	678,443	678,443		
	c	Pharmacy Contract Revenue	446110	155,804	155,804		
	d	Cafetena	722210	120,152	120,152		
	e	Auxiliary Income	900099	70,990	70,990		
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	45,589,281				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	57,236			57,236
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		(i) Real		20,552			20,552
		(ii) Personal					
		Gross rents					
		Less rental expenses					
b		0					
c		20,552					
d		Net rental income or (loss)		20,552			20,552
7a		(i) Securities					
		(ii) Other					
		Gross amount from sales of assets other than inventory					
		Less cost or other basis and sales expenses					
b		1,021,833					
c		-21,833					
d		Net gain or (loss)		-21,833			-21,833
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						
	Less cost of goods sold b						
c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See Instructions		47,220,043	45,589,281	0	55,955	

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

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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.	25,769	25,769		
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.	947,356	722,797	224,559	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	235,255	235,255		
7	Other salaries and wages.	21,982,238	19,678,925	2,243,527	59,786
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	328,789	284,368	42,767	1,654
9	Other employee benefits.	3,093,450	2,754,531	338,413	506
10	Payroll taxes.	1,465,943	1,368,676	92,828	4,439
11	Fees for services (non-employees):				
a	Management.	247,284		247,284	
b	Legal.	715,726		715,726	
c	Accounting.	98,280		98,280	
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).	5,468,718	4,395,360	1,073,358	
12	Advertising and promotion.	135,960	3,281	132,679	
13	Office expenses.	1,387,957	1,202,521	182,898	2,538
14	Information technology.	686,907	121,580	564,502	825
15	Royalties.				
16	Occupancy.	1,540,024	1,459,327	80,697	
17	Travel.	444,807	311,536	130,011	3,260
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	101,152	101,152		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	1,072,089	474,189	597,900	
23	Insurance.	662,089		662,089	
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	Provisions for bad debt.	4,092,925	4,092,925		
b	Medical Supplies.	3,069,980	3,069,980		
c	Food.	455,826	455,826		
d	Books, dues and subscri	162,342	89,088	72,654	600
e	All other expenses.	165,944	68,185	97,759	
25	Total functional expenses. Add lines 1 through 24e.	48,586,810	40,915,271	7,597,931	73,608
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		2,021,333	2	3,669,425
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		9,882,247	4	9,259,437
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		43,750	5	10,833
	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		156,496	7	243,322
	8	Inventories for sale or use		891,167	8	868,026
	9	Prepaid expenses and deferred charges		175,279	9	207,739
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a10,260,665			
	b	Less accumulated depreciation	10b6,061,057	4,148,848	10c	4,199,608
	11	Investments—publicly traded securities		661,876	11	481,779
	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		751,695	15	0
	16	Total assets. Add lines 1 through 15 (must equal line 34)		18,732,691	16	18,940,169
Liabilities	17	Accounts payable and accrued expenses		5,635,266	17	4,844,389
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		12,387	21	17,106
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		1,729,692	23	3,570,993
	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		0	25	520,000
	26	Total liabilities. Add lines 17 through 25		7,377,345	26	8,952,488
Net Assets or Fund Balances		Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets		8,936,190	27	8,359,066
	28	Temporarily restricted net assets		2,419,156	28	1,628,615
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		11,355,346	33	9,987,681
	34	Total liabilities and net assets/fund balances		18,732,691	34	18,940,169

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	47,220,043
2	Total expenses (must equal Part IX, column (A), line 25)	2	48,586,810
3	Revenue less expenses Subtract line 2 from line 1	3	-1,366,767
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,355,346
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-898
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	9,987,681

Part XII Financial Statements and Reporting

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

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

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 Powell Valley Health Care Inc	Employer identification number 83-0300467
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Part I

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

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	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	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? (ii) A family member of a person described in (i) above? (iii) A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶						
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶						
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶						

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

Part IV **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation	
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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 Powell Valley Health Care Inc	Employer identification number 83-0300467
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Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

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

- 1a

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

☒ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table
- | | |
|----|--------|
| | Amount |
| 1c | 27,339 |
| 1d | 70,990 |
| 1e | 70,092 |
| 1f | 28,237 |
- 2a

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

☒ Yes

☐ No
- b

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

☒

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

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

- 2

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

Board designated or quasi-endowment
- b

Permanent endowment
- c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

	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				
b Buildings				
c Leasehold improvements		677,372	330,875	346,497
d Equipment		9,429,755	5,730,182	3,699,573
e Other		153,538		153,538
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				4,199,608

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	42,954,976
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	-4,194,077
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-4,194,077
e	Add lines 2a through 2d	2e	-4,194,077
3	Subtract line 2e from line 1	3	47,149,053
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	70,990
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	47,220,043

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	44,322,641
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	0
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	0
3	Subtract line 2e from line 1	3	44,322,641
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :	4c	4,264,169
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	48,586,810

Part XIII Supplemental Information

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

Return Reference	Explanation
Part IV, Line 1b	The organization is acting as agent for the PVHC Auxiliary
Part IV, Line 2b	Organization holds funds in trust on behalf of nursing home residents
Part X, Line 2	The Hospital is organized and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Hospital files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Hospital would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Hospital is no longer subject to federal or state tax examinations by tax authorities for years before 2011.
Part XI, Line 2d - Other Adjustments	Provision for bad debts reported in revenue on financial statements -4,092,925. Interest Expense reported in revenue on financial statements -101,152.
Part XI, Line 4b - Other Adjustments	Auxiliary income not recorded for financial statements 70,990.
Part XII, Line 4b - Other Adjustments	Auxiliary expenses not recorded for financial statements 70,092. Provision for bad debts reported in revenue on financial statements 4,092,925. Interest Expense reported in revenue for financial statements 101,152.

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
► Attach to Form 990. ► See separate instructions.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Powell Valley Health Care Inc

Employer identification number
83-0300467

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			612,000		612,000	1 380 %
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			612,000		612,000	1 380 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			11,510	5,218	6,292	0 010 %
f Health professions education (from Worksheet 5)			240,324	14,200	226,124	0 510 %
g Subsidized health services (from Worksheet 6)			10,232,862	6,281,077	3,951,785	8 880 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			15,000		15,000	0 030 %
j Total Other Benefits			10,499,696	6,300,495	4,199,201	9 430 %
k Total. Add lines 7d and 7j			11,111,696	6,300,495	4,811,201	10 810 %

Part IICommunity Building Activities

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

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

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

4,092,925

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

564,824

4

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

Section B. Medicare

5

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

5

9,026,414

6

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

6

9,130,916

7

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

7

-104,502

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>http //www.pvhc.org/about-us/community-he</u>		
b <input type="checkbox"/> Other website (list url)		
c <input type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a <input checked="" type="checkbox"/> Income level					
b <input checked="" type="checkbox"/> Asset level					
c <input checked="" type="checkbox"/> Medical indigency					
d <input type="checkbox"/> Insurance status					
e <input type="checkbox"/> Uninsured discount					
f <input type="checkbox"/> Medicaid/Medicare					
g <input type="checkbox"/> State regulation					
h <input type="checkbox"/> Residency					
i <input checked="" type="checkbox"/> 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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a <input type="checkbox"/> The policy was posted on the hospital facility's website					
b <input type="checkbox"/> The policy was attached to billing invoices					
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input checked="" type="checkbox"/> The policy was available upon request					
g <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency					
b <input type="checkbox"/> Lawsuits					
c <input type="checkbox"/> Liens on residences					
d <input type="checkbox"/> Body attachments					
e <input type="checkbox"/> Other similar actions (describe in Section C)					

Part V

Facility Information *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** ☒ Notified individuals of the financial assistance policy on admission

b ☒ Notified individuals of the financial assistance policy prior to discharge

c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills

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

e ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

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	Powell Valley Clinic 777 Avenue H Powell, WY 82435	Outpatient physician clinic
2	Powell Valley Care Center 777 Avenue H Powell, WY 82435	Nursing home
3	Heartland Assisted Living 777 Avenue H Powell, WY 82435	Assisted living facility
4	Powell Valley Home Health 777 Avenue H Powell, WY 82435	Home health agency
5	Powell Valley Hospice 777 Avenue H Powell, WY 82435	Hospice
6	Express Care Clinic 777 Avenue H Powell, WY 82435	Immediate care 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 3c	In addition to providing free or discounted care based on Federal Poverty Guidelines, we review income tax returns and pay stubs This information helps us more accurately determine a patient's ability to pay Part I, line 6b The community benefit report is posted on the Organization's website

Form and Line Reference	Explanation
Part I, Line 7	Charity care expense was converted to cost on line 7a based on an overall cost to charge ratio addressing all patient segments. The expenses associated with community health improvement services, line 7e, and health professions education, line 7f were determined using an average hourly rate for staff time, space use, and ambulances. Cash and in-kind contributions to community groups, line 7i, were reported based on actual expenses recorded in the organization's general ledger. The cost for subsidized health services reported on line 7g was determined using the Medicare Cost Report.

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	The amount of bad debt expense removed from the denominator of the calculation on Part 1, Line 7, column f was \$4,092,925

Form and Line Reference	Explanation
Part III, Line 4	The organization's bad debt is reported as charges incurred during the year The estimated amount of bad debt expense attributable to patients eligible under the organization's financial assistance policy is 13.8% (based upon US Census Bureau Quickfacts for percent of citizens below the poverty level in the city of Powell) This represents a reasonable percentage of individuals who potentially qualify for charity care but may not have applied and and therefore were written off to bad debt Footnote from organization's financial statements The footnote that describes bad debt expense is found on page 10 of the attached audit report

Form and Line Reference	Explanation
Part III, Line 8	Medicare allowable costs of care are based on the Medicare cost report. The Medicare cost report is completed based on the rules and regulations set forth by Centers for Medicare and Medicaid Services. Powell Valley Health Care provides services to patients under the Medicare program knowing they will not recover all the costs associated with providing these services. Providing these services is essential to these patients and the community and increases their access to healthcare services. Therefore, the Medicare shortfall should be considered a community benefit.

Form and Line Reference	Explanation
Part III, Line 9b	Powell Valley Health Care, Inc tries to determine if a patient needs financial assistance before services are rendered, except in emergency situations No patient is denied acute care in an emergency situation The Health Center will pursue all possible forms of third-party payments such as insurance, state Medicaid programs, and county indigent care programs before granting financial assistance Collection efforts are not pursued during this time Collection efforts are not pursued while a completed charity care application is under review Decisions on charity care applications are made within 30 days of the completed application Once a decision is made, any personal portion due will follow the same collection procedures as other accounts If a determination for financial assistance is made on an account or further insurance processing is needed after an account is sent to collections, all collection efforts will cease and any negative reporting will be reversed

Form and Line Reference	Explanation
Part VI, Line 2	Powell Valley Health Care is served by a publicly elected District Board. The Board members actively provide information relative to the health care needs of the community. Additionally, we survey patients, residents, and their families and in doing so, look for trends and/or suggestions for improvements/ expansion/or initiation of services. Our guest relations process also assists us in identifying any unmet community health needs. Administration, Providers, and the Board Trustees also review county-wide market/utilization data annually.

Form and Line Reference	Explanation
Part VI, Line 3	Powell Valley Health Care is committed to providing financial assistance to persons who have health care needs and are unable to pay for medically necessary care. We strive to ensure that people who are uninsured, underinsured, ineligible for a government program, or otherwise unable to pay are still able to receive care. Notifications about charity care are included in patient bills, posted in emergency rooms, admitting and registration departments, the Business Office, and waiting rooms. Information is also included in patient information packets. Staff also discusses financial assistance upon admitting and discharge.

Form and Line Reference	Explanation
Part VI, Line 4	Powell Valley Health Care is a 25 bed critical access hospital, 100 bed intermediate care nursing facility, a 24 apartment assisted living facility, and a doctor's clinic located in the northwest corner of Wyoming, 75 miles east of Yellowstone National Park, and 98 miles south of Billings, MT Powell has a diverse commercial, industrial, educational, and agricultural/ranching based economy In 2011, 10.7% of the residents lived in poverty The median household income was \$49,309 and the population was 6,393 The nearest city with a population of 50,000+ is Billings, MT The nearest hospitals are North Big Horn Hospital District, a critical access hospital located approximately 22 miles Northeast and West Park Hospital, a critical access hospital located approximately 25 miles Southwest Net revenue from Medicare and Medicaid account for approximately 32% and 16% respectively

Form and Line Reference	Explanation
Part VI, Line 5	At Powell Valley Health Care, we understand that healthcare is evolving. The advancement in medicine and strides in technology are providing local communities access to better healthcare. Our Board of Trustees is comprised primarily of local business leaders who reside in our primary service area. To meet the needs of our community, the hospital extends privileges to medical staff that are qualified through licensure. Our emergency room is available 7 days a week and is available to all regardless of a patient's ability to pay. Excess funds are reinvested and used for patient care and facility upgrades.

Additional Data

Software ID:

Software Version:

EIN: 83-0300467

Name: Powell Valley Health Care 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
Powell Valley Hospital	
Powell Valley Hospital	Part V, Section B, Line 7 The needs identified in the most recently conducted CHNA have been addressed in the following ways 1 Access to primary care services In 2014 PVHC recruited family practitioner, Adam Childers, D O PA, Jana Keeler, also began working in the clinic in primary care in 2014 and PA, Lisa Jarvis, was hired in Sept 2013 to work in primary care in the clinic 2 Access to mental health services The social worker at PVHC, coordinates a "mental health professionals" resource pamphlet and shares copies with health care providers in Powell, Cody, Lovell, Greybull and Basin They also coordinate a mental health provider networking lunch every other month The meeting alternates between Powell and Cody locations 3 Public transportation Powell Economic Partnership and Forward Cody have secured a public transportation feasibility study grant to look into public transportation for Park County, which is scheduled to take place in 2015 The Powell Medical Foundation had previously started building funds in 2014 for exploring possible solutions in public transportation for Powell and PVHC, but held off after learning about the feasibility study coming into play PVHC and the Foundation will wait to see what comes out of the study before making further decisions 4 Access to preventive services PVHC continues to offer flu shot clinics during flu season In 2014, PVHC ran an advertising campaign to inform the community of its four providers who offer endoscopy services for colonoscopy and gastroscopy care For 2015, PVHC will be offering "health fair" blood screening at a discounted price during the month of March On-line registration is available for this service to make it more convenient for people to register and get their blood drawn No progress has been made at this point to address the need of Access to Dental Health Services
Powell Valley Hospital	Part V, Section B, Line 12i In addition to providing free or discounted care based on Federal Poverty Guidelines, we review income tax returns and pay stubs This information helps us more accurately determine a patient's ability to pay
Powell Valley Hospital	Part V, Section B, Line 14g A summary of the Financial Assistance Policy is made available to the community on the hospital's website, attached to billing invoices, posted in the hospital emergency rooms or waiting rooms, posted in the hospital admissions offices, and provided, in writing, to patients on admission to the hospital

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Powell Valley Health Care Inc

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number
83-0300467

Part I

General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

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

2

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

3

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

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) Scholarships	5	6,400			
(2) Tuition Reimbursements	11	19,369			

Part IV

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

Return Reference	Explanation
Part I, Line 2	The Organization provided scholarships to individuals and required the individual to provide information to support the purpose of the scholarship Tuition reimbursements are paid out at 50% of tuition after employees show passing grades

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
Powell Valley Health Care Inc

Employer identification number
83-0300467

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.</div></div>	1b	
<div><div>2</div><div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div></div>	2	
<div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</div><div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4a	No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4b	No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</div>	4c	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III.</div>	5b	No
<div><div>6</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	Yes
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III.</div>	6b	No
<div><div>7</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.</div></div>	7	No
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</div></div>	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)Mark Wurzel MD President/Physician	(i)	158,213	0	0	30,300	0	188,513	0
	(ii)	0	0	0	0	0	0	0
(2)Valerie Lengfelder MD Director, Chief of Staff	(i)	169,589	0	0	5,308	29,660	204,557	0
	(ii)	0	0	0	0	0	0	0
(3)Mike Tracy MD Director	(i)	156,243	146,398	0	28,108	35,810	366,559	0
	(ii)	0	0	0	0	0	0	0
(4)Jeffrey Hansen Physician-Orthopedic Surge	(i)	400,893	1,005,813	0	34,083	44,260	1,485,049	0
	(ii)	0	0	0	0	0	0	0
(5)Kelly Christensen Physician-Family Practice	(i)	142,119	268,807	0	28,767	41,909	481,602	0
	(ii)	0	0	0	0	0	0	0
(6)Sarah Durney Physician-Family Practice	(i)	167,178	169,969	0	10,359	29,660	377,166	0
	(ii)	0	0	0	0	0	0	0
(7)Paul Laveau Physician-Cardiology	(i)	440,033	0	0	28,537	0	468,570	0
	(ii)	0	0	0	0	0	0	0
(8)Michael Bohlman Physician-Family Practice	(i)	156,474	143,763	0	34,000	38,857	373,094	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 3	The Organization does not pay compensation to the CEO directly. The CEO is compensated by an unrelated management company, HealthTech Management Services, Inc. The Board of Directors approves the compensation paid by HealthTech Management Services, Inc.
Part I, Line 6	Bonuses are calculated as a percentage of net revenue per quarter per contract for each individual based on billed charges for that quarter.

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

► 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.

Name of the organization
Powell Valley Health Care Inc

Employer identification number
83-0300467

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

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

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

2

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

► \$

3

Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

► \$

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) Sarah Durney	Employee	Relocation Expenses		X	45,000	8,333		No	Yes		Yes	
(2) Mike Long	Employee	Relocation Expenses		X	2,500	2,500		No	Yes		Yes	
Total						10,833						

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) Steve Katz	Husband of board member Boni Katz	235,255	Compensation		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
Powell Valley Health Care Inc

Employer identification number

83-0300467

Return Reference	Explanation
Form 990, Part VI, Section A, line 1	The Executive Committee shall consist of the officers of the Board The Executive Committee shall take action on behalf of the Board as may be necessary and prudent between regular Board meetings The committee shall meet as often as needed

Return Reference	Explanation
Form 990, Part VI, Section A, line 3	<p>The CEO, Bill Patten, is an employee of HealthTech Management Services, Inc, a healthcare management company. As this position is held outside the organization, the control over management duties customarily performed by and under direct supervision of officers, directors or trustees, or key employees has effectively been delegated outside of the organization. Bill Patten is compensated by HealthTech Management Services, Inc. His compensation for services provided to the organization for calendar year 2013 was \$240,000.</p>

Return Reference	Explanation
Form 990, Part VI, Section A, line 7a	Seven Board members from the Hospital District Board of Trustees shall be appointed by virtue of their election to the Hospital District Board of Directors

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	A Board member who is from the Hospital District Board of Trustees may only be removed by action of the District Board of Directors

Return Reference	Explanation
Form 990, Part VI, Section A, line 8b	The Executive Committee did not meet during the year. Had they met during the year, their meeting would have been documented in the same manner as the governing body.

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	A copy of Form 990 is provided to the CEO and CFO to review. The CEO or CFO will either make changes or approve the Form 990. After the Form 990 is finalized, but prior to being filed, a copy will be provided to the Board of Directors at a Board meeting.

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	<p>Individuals covered by the conflict of interest policy include members of the Board of Directors, officers and key employees (if applicable) The process used to determine if any conflicts of interest exist, consists of sending the Members a document for them to complete prior to the Board of Directors meeting Each individual completes the document which entails disclosing any possible conflicts and returns for review to the President of the Board If a member has a conflict they are not allowed to vote on the conflicted issues In addition, employees have access to October Odyssey which is a program for employees to disclose conflicts Administration tracks the employee conflicts and brings to the next Board meeting</p>

Return Reference	Explanation
Form 990, Part VI, Section B, line 15	<p>Compensation for the CEO is determined by HealthTech Management Services, Inc. which is the management company that employs the CEO. Once HealthTech Management Services, Inc. has determined the compensation, they present the compensation to the Board of Directors for them to approve. This process occurs yearly and was last completed during fiscal year end 2014. The compensation of the CFO and Physicians is not within the Board of Directors administrative powers, therefore a Senior Management Team determines compensation for the physicians. The steps taken include comparing to other hospitals similar in size and experience, budget constraints, market, HealthTech Management Services, Inc. professional recruiting resources and salary surveys. The Management Team discusses and comes to an agreement for compensation and reports it to the Human Resources Department.</p>

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	The organization makes its governing documents, conflict of interest policy, and financials statements available to the public by request. The public may request a copy by calling, via mail, or walk-in.

Return Reference	Explanation
Form 990, Part IX, line 11g	Contract Labor Program service expenses 2,603,504 Management and general expenses 724,523 Fundraising expenses 0 Total expenses 3,328,027 Purchased Services Program service expenses 6,270 Management and general expenses 11,400 Fundraising expenses 0 Total expenses 17,670 Repairs & Maintenance Program service expenses 537,523 Management and general expenses 40,429 Fundraising expenses 0 Total expenses 577,952 Physicians Fees Program service expenses 883,622 Management and general expenses 0 Fundraising expenses 0 Total expenses 883,622 Recruitment Program service expenses 328,670 Management and general expenses 18,652 Fundraising expenses 0 Total expenses 347,322 Collection Fees Program service expenses 35,771 Management and general expenses 278,354 Fundraising expenses 0 Total expenses 314,125

Return Reference	Explanation
Form 990, Part XI, line 9	Changes in current year auxiliary activity not reported for audit purposes -898

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Powell Valley Health Care Inc

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

Employer identification number

83-0300467

Part I

Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II

Identification of Related Tax-Exempt Organizations

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Powell Hospital District #1 777 Avenue H Powell, WY 82435 83-0200759	Related - Provision of health care services	WY	Government	N/A	N/A		No
(2) Powell Medical Foundation PO Box 801 Powell, WY 82435 74-2275540	Promote public health and improve facilities around the city of Powell, WY	WY	501(c)(3)	Line 8	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) Dispropportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Powell Valley Integrated Health Services Inc 777 Avenue H Powell, WY 82435 83-0319855	Public Benefit Corporation/Health Care Contract	WY	Powell Valley Health Care Inc	C	866,294	658,076	100.000 %	Yes	

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l	Yes	
1m		No
1n		No
1o		No
1p	Yes	
1q	Yes	
1r		No
1s	Yes	

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Financial Statements
June 30, 2014 and 2013

Powell Valley Health Care, Inc.

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Section II

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Section I



Independent Auditor's Report

The Board of Directors
Powell Valley Health Care, Inc.
Powell, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of Powell Valley Health Care, Inc., which comprise the statement of net position as of June 30, 2014, and the related statements of revenues and expenses, changes in net position, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 auditor considers 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.

Opinion

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

Report on Summarized Comparative Information

We have previously audited Powell Valley Health Care, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Other Matters***Required Supplementary Information***

Powell Valley Health Care, Inc. has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 5, 2015 on our consideration of Powell Valley Health Care, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Powell Valley Health Care, Inc.'s internal control over financial reporting and compliance.

Handwritten signature of Eric Bailly LLP in cursive script.

Billings, Montana
February 5, 2015

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	2014			2013	
	Powell Valley Health Care, Inc	Foundation	Eliminations	Reporting Entity Total	Reporting Entity Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 3,669,425	\$ 56,566	-	\$ 3,725,991	\$ 2,074,116
Short-term investments	481,779	-	-	481,779	-
Receivables					
Patient and resident, net of estimated uncollectibles of \$10,522,000 in 2014 and \$7,424,000 in 2013	8,569,672	-	-	8,569,672	8,844,827
Estimated third-party payor settlements	-	-	-	-	750,000
Other	689,765	9,150	-	698,915	1,052,008
Supplies	868,026	-	-	868,026	891,167
Prepaid expenses	207,739	-	-	207,739	175,279
Total current assets	14,486,406	65,716	-	14,552,122	13,787,397
Noncurrent Cash and Investments					
Certificates of deposit held as collateral for long-term debt	-	-	-	-	661,876
Cash and investments, restricted for endowment by donor	-	882,186	-	882,186	782,733
Long-term investments, unrestricted	-	-	-	-	39,901
	-	882,186	-	882,186	1,484,510
Capital Assets					
Capital assets not being depreciated	153,538	-	-	153,538	-
Depreciable capital assets, net of accumulated depreciation	4,046,070	-	-	4,046,070	4,148,848
	4,199,608	-	-	4,199,608	4,148,848
Other Assets					
Deposits	-	-	-	-	1,695
Employee notes receivable	254,155	-	-	254,155	200,246
	254,155	-	-	254,155	201,941
Total assets	\$ 18,940,169	\$ 947,902	\$ -	\$ 19,888,071	\$ 19,622,696

See Notes to Financial Statements

Powell Valley Health Care, Inc.
Statements of Net Position
June 30, 2014 and 2013

	2014			2013	
	Powell Valley Health Care, Inc	Foundation	Eliminations	Reporting Entity Total	Reporting Entity Total
Liabilities and Net Position					
Current Liabilities					
Current maturities of long-term debt	\$ 616,533	\$ -	\$ -	\$ 616,533	\$ 1,079,555
Line of credit	1,000,000	-	-	1,000,000	-
Accounts payable					
Trade	831,642	-	-	831,642	1,674,919
Estimated third-party payor settlements	520,000	-	-	520,000	-
Accrued expenses					
Compensated absences	1,231,751	-	-	1,231,751	1,076,120
Salaries and wages	1,524,247	-	-	1,524,247	2,026,780
Payroll taxes and other	683,141	-	-	683,141	364,035
Employee benefit plans	590,714	-	-	590,714	505,799
Total current liabilities	6,998,028	-	-	6,998,028	6,727,208
Long-term Debt, Less Current Maturities					
	1,954,460	-	-	1,954,460	650,137
Total liabilities	8,952,488	-	-	8,952,488	7,377,345
Net Position					
Net investment in capital assets	1,628,615	-	-	1,628,615	2,419,156
Restricted					
Expendable	-	184,079	-	184,079	138,971
Nonexpendable, restricted for endowments	-	717,466	-	717,466	699,347
Unrestricted	8,359,066	46,357	-	8,405,423	8,987,877
Total net position	9,987,681	947,902	-	10,935,583	12,245,351
Total liabilities and net position	\$ 18,940,169	\$ 947,902	\$ -	\$ 19,888,071	\$ 19,622,696

Powell Valley Health Care, Inc.
Statements of Revenues and Expenses
Years Ended June 30, 2014 and 2013

	2014			2013	
	Powell Valley Health Care, Inc	Foundation	Eliminations	Reporting Entity Total	Reporting Entity Total
Operating Revenues					
Net patient and resident service revenue (net of provision for bad debts of \$4,092,925 in 2014 and \$4,531,810 in 2013)	\$ 40,470,967	\$ -	\$ -	\$ 40,470,967	\$ 44,506,458
Other revenue	1,981,368	-	-	1,981,368	854,880
Total operating revenues	42,452,335	-	-	42,452,335	45,361,338
Expenses					
Salaries	23,043,519	-	-	23,043,519	23,012,198
Employee benefits	5,028,880	-	-	5,028,880	5,092,284
Supplies	4,617,081	30,978	-	4,648,059	7,348,736
Purchased services	2,440,873	-	-	2,440,873	2,170,196
Repairs and maintenance	1,193,714	-	-	1,193,714	1,172,941
Rental and leases	1,109,639	-	-	1,109,639	1,088,105
Depreciation	1,072,089	-	-	1,072,089	1,078,259
Contract labor	1,040,784	950	-	1,041,734	1,641,976
Professional fees	1,128,132	-	-	1,128,132	467,353
Physicians fees	883,622	-	-	883,622	474,246
Utilities	737,759	-	-	737,759	626,168
Insurance	662,089	-	-	662,089	562,743
Management contract	247,284	-	-	247,284	41,274
Licenses and taxes	17,081	-	-	17,081	15,666
Grants and contributions	-	46,297	(44,923)	1,374	33,085
Other operating expenses	1,100,095	118,701	(114,543)	1,104,253	987,424
Total operating expenses	44,322,641	196,926	(159,466)	44,360,101	45,812,654
Operating Loss	(1,870,306)	(196,926)	159,466	(1,907,766)	(451,316)
Nonoperating Revenues (Expenses)					
Unrestricted contributions	-	17,817	-	17,817	49,671
Investment income	57,236	4,157	-	61,393	50,117
Interest expense	(101,152)	-	-	(101,152)	(63,546)
Other, net	(27,356)	-	-	(27,356)	(146,907)
Non-operating revenues, net	(71,272)	21,974	-	(49,298)	(110,665)
Revenues in Excess of (Less than) Expenses Before Restricted Investment Income, Capital Grants, Contributions and Transfers	\$ (1,941,578)	\$ (174,952)	\$ 159,466	\$ (1,957,064)	\$ (561,981)

Powell Valley Health Care, Inc.
Statements of Changes in Net Position
Years Ended June 30, 2014 and 2013

	2014			2013	
	Powell Valley Health Care, Inc	Foundation	Eliminations	Reporting Entity Total	Reporting Entity Total
Revenues in Excess of (Less than) Expenses Before Restricted Investment Income, Capital Grants, Contributions and Transfers	\$ (1,941,578)	\$ (174,952)	\$ 159,466	\$ (1,957,064)	\$ (561,981)
Restricted Investment Income	-	147,156	-	147,156	102,420
Capital Grants and Contributions	197,934	85,693	(159,466)	124,161	251,696
Transfers from Powell Hospital District	375,979	-	-	375,979	-
Change in Net Position	(1,367,665)	57,897	-	(1,309,768)	(207,865)
Net Position, Beginning of Year	11,355,346	890,005	-	12,245,351	12,453,216
Net Position, End of Year	\$ 9,987,681	\$ 947,902	\$ -	\$ 10,935,583	\$ 12,245,351

Powell Valley Health Care, Inc.
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014			2013	
	Powell Valley Health Care Inc	Foundation	Eliminations	Reporting Entity Total	Reporting Entity Total
Operating Activities					
Receipts from and on behalf of patients and residents	\$ 42 016 122	\$ -	\$ -	\$ 42 016 122	\$ 42 491 322
Payments to and on behalf of employees	(28 015 280)	-	-	(28 015 280)	(27 380 399)
Payments to suppliers and contractors	(15 531 040)	(196 926)	159 466	(15 568 500)	(16 029 773)
Other receipts and payments net	2 329 023	-	-	2 329 023	1 085 158
Net Cash from (used for) Operating Activities	798 825	(196 926)	159 466	761 365	166 308
Noncapital Financing Activities					
Noncapital grants and contributions	-	23 255	-	23 255	286 779
Transfers from Powell Hospital District	375 979	-	-	375 979	-
Other income (expense)	(5 437)	-	-	(5 437)	(146 907)
Net Cash from Noncapital Financing Activities	370 542	23 255	-	393 797	139 872
Capital and Capital Related Financing Activities					
Net proceeds from line of credit	1 000 000	-	-	1 000 000	-
Proceeds from sale of property	1 000 000	-	-	1 000 000	-
Capital grants and contributions	197 934	85 693	(159 466)	124 161	-
Principal payments on long-term debt	(1 360 988)	-	-	(1 360 988)	(367 521)
Purchase of capital assets	(440 493)	-	-	(440 493)	(1 564 857)
Interest paid	(101 152)	-	-	(101 152)	(63 546)
Proceeds from long-term debt	-	-	-	-	400 000
Net Cash from (used for) Capital and Capital Related Financing Activities	295 301	85 693	(159 466)	221 528	(1 595 924)
Investing Activities					
Redemption of certificate of deposit	180 097	-	-	180 097	523 913
Purchases of investments	-	(183 060)	-	(183 060)	(168 548)
Proceeds from sale of investments	-	164 690	-	164 690	44 530
Notes receivable issued	(225 889)	-	-	(225 889)	(75 500)
Cash received on notes receivable	171 980	-	-	171 980	73 802
Investment income	57 236	25 658	-	82 894	70 406
Net Cash from Investing Activities	183 424	7 288	-	190 712	468 603
Net Change in Cash and Cash Equivalents	1 648 092	(80 690)	-	1 567 402	(821 141)
Cash and Cash Equivalents Beginning of Year	2 021 333	151 647	-	2 172 980	2 994 121
Cash and Cash Equivalents End of Year	\$ 3 669 425	\$ 70 957	\$ -	\$ 3 740 382	\$ 2 172 980

Powell Valley Health Care, Inc.
Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014			2013	
	Powell Valley Health Care Inc	Foundation	Eliminations	Reporting Entity Total	Reporting Entity Total
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and cash equivalents	\$ 3 669 425	\$ 56 566	\$ -	\$ 3 725 991	\$ 2 074 116
Non-current cash and investments	-	14 391	-	14 391	98 864
	<u>\$ 3 669 425</u>	<u>\$ 70 957</u>	<u>\$ -</u>	<u>\$ 3 740 382</u>	<u>\$ 2 172 980</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities					
Operating loss	\$ (1 870 306)	\$ (196 926)	\$ 159 466	\$ (1 907 766)	\$ (451 316)
Adjustments to reconcile operating loss to net cash from operating activities					
Depreciation	1 072 089	-	-	1 072 089	1 078 259
Provision for bad debts	4 092 925	-	-	4 092 925	4 531 810
Changes in assets and liabilities					
Receivables	(2 720 115)	-	-	(2 720 115)	(6 044 179)
Supplies	23 141	-	-	23 141	7 221
Prepaid expenses	(32 460)	-	-	(32 460)	(36 243)
Deposits	1 695	-	-	1 695	180
Accounts payable	174 737	-	-	174 737	356 493
Accrued expenses	57 119	-	-	57 119	724 083
	<u>\$ 798 825</u>	<u>\$ (196 926)</u>	<u>\$ 159 466</u>	<u>\$ 761 365</u>	<u>\$ 166 308</u>
Net Cash from (used for) Operating Activities					
	<u>\$ 798 825</u>	<u>\$ (196 926)</u>	<u>\$ 159 466</u>	<u>\$ 761 365</u>	<u>\$ 166 308</u>
Supplemental Disclosure of Cash Flow Information					
Cash paid during the year for interest net of amounts capitalized of \$-0- in 2014 and \$33 869 in 2013	\$ 101 152	\$ -	\$ -	\$ 101 152	\$ 63 546
Supplemental Disclosure of Non-cash Capital and Capital Related Financing Activity					
Equipment financed through capital lease arrangements	\$ 2 202 289	\$ -	\$ -	\$ 2 202 289	\$ -
Decrease in equipment due to forgiveness of accounts payable	\$ 498 014	\$ -	\$ -	\$ 498 014	\$ -

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

The financial statements of the Powell Valley Health Care, Inc. (Hospital) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Hospital are described below.

Reporting Entity

Powell Valley Health Care, Inc. is a nonprofit corporation formed on August 1, 1992 for the purpose of operating and managing a 25 bed critical access hospital, 100 bed intermediate care nursing facility, a 24 apartment assisted living facility, and a doctor's clinic. The Hospital is a component unit of Powell Hospital District (District), a political subdivision of Park County, Wyoming. The Hospital is controlled by the District and is accounted for as an enterprise fund of the District. The Hospital is governed by a Board of Directors, which is appointed by the District. The Board of Directors exercises governing oversight responsibility for the Hospital. The assets and liabilities of the District are not included in the financial statements of the Hospital. See Note 12 for a description of the related party transactions.

For financial reporting purposes, the Hospital has included all funds, organizations, agencies, boards, commissions, and authorities. The Hospital has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Hospital are such that the exclusion would cause the Hospital's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Hospital to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Hospital.

Discretely Presented Component Unit

The financial statements also include the financial data of Powell Medical Foundation (Foundation), a legally separate entity. The Foundation is organized as a Wyoming nonprofit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was established to assist the Powell Hospital District and community in providing quality health care services through the solicitation and administration of gifts and donations. The Foundation has been determined to be a component unit and is presented as a discretely presented component unit in the Hospital's financial statements.

Tax Exempt Status

The Hospital and Foundation are organized and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital and Foundation are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Hospital files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income. The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Hospital and Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Hospital and Foundation are no longer subject to federal or state tax examinations by tax authorities for years before 2011.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statement of net position displays the Hospital's assets and liabilities, with the difference reported as net position. Net position is reported in the following categories/components:

Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any related debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted net position:

Restricted – expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Restricted – nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Hospital or the Foundation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Hospital's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Hospital considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Short-Term Investments

Short-term investments include certificates of deposit with an original maturity of three to twelve months, excluding internally designated or restricted cash and investments. Certificates of deposit are recorded at historical cost plus accrued interest.

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident, and third party obligations. Patient and resident receivables are stated at the amount billed to the patient or resident. Unless the patient or resident has signed an approved payment agreement to extend the payment period, account balances with invoices dated over 60 days old are considered delinquent and are remitted to a collection agency after 180 days. Accounts with extended payment schedules are considered delinquent and are remitted to a collection agency after 60 days of non-payment. Payments of receivables are allocated to the specific invoices identified on the remittance advice or, if unspecified, applied to the earliest unpaid invoices.

The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients, residents and third-party payors. Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients and residents due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision.

For receivables associated with services provided to patients and residents 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 and residents (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 and residents 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 process for calculating the allowance for uncollectible accounts for self-pay patients and residents has not significantly changed from June 30, 2013 to June 30, 2014. The Hospital has not significantly changed its charity care or uninsured discount policies during fiscal years June 30, 2014 or June 30, 2013.

Employee Notes Receivable

The Hospital issues notes to employees and physicians as part of its recruitment process. Notes are repayable over a minimum of a one year period to a maximum of a five year period and are issued at current interest rates ranging from prime plus 1% to 8%. The notes are issued with forgiveness provisions over the life of the note to encourage retention. Based on historical analysis, it is anticipated that the balance of the notes will be forgiven.

Supplies

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

Noncurrent Cash and Investments

Noncurrent cash and investments are set aside as restricted by donors. Investments in marketable securities with readily determinable fair values, and all investments in debt securities, are valued at fair values in the statement of net position.

Investment Income

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Gains or losses on the sale of securities are determined using the specific-identification method.

Capital Assets

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the financial statements. The estimated useful lives of capital assets are as follows:

Buildings	15 - 35 years
Major movable equipment	3 - 15 years
Leasehold improvements	10 - 25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position, and are excluded from revenues in excess of (less than) expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

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

Compensated Absences

The Hospital has a paid time off (PTO) policy, which incorporates PTO for holidays, vacations, and sick leave. Employees earn PTO at varying rates depending on years of service and may accumulate PTO up to a specified maximum. Accrued PTO is paid upon termination of employment, death, or retirement. Employees are not paid for accumulated sick leave upon termination. The amount is recorded as a current liability based on pay rates that are in effect at June 30, 2014 and 2013.

Self-Insurance Reserves of Employee Benefit Plans

The Hospital provides for self-insurance reserves for estimated incurred but not paid claims for its employee health plan. These reserves, which are included in current liabilities on the statement of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Operating Revenues and Expenses

The Hospital's statement of revenues and expenses distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from the exchange transactions associated with providing health care services – the Hospital's principal activity, and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Net Patient and Resident Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Hospital recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients 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 and other self-pay patients and residents will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured and other self-pay patients and residents in the period the services are provided.

Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended June 30, 2014 and 2013 from these major payor sources, is as follows:

	<u>2014</u>	<u>2013</u>
Net patient and resident service revenue		
Third-party payors	\$ 37,628,499	\$ 41,484,035
Self-pay	<u>6,935,393</u>	<u>7,554,233</u>
Total all payors	<u>\$ 44,563,892</u>	<u>\$ 49,038,268</u>

Charity Care

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient and resident service revenue.

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amounts of charges foregone, based on established rates, were \$928,245 and \$1,122,308 for the years ended June 30, 2014 and 2013, respectively.

The estimated cost of providing these services was approximately \$612,000 and \$735,000 for the years ended June 30, 2014 and 2013, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

Grants and Contributions

From time to time, the Hospital receives contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after revenues in excess of (less than) expenses.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified electronic health record (EHR) technology. To qualify for Medicare incentives, hospitals and physicians must meet EHR “meaningful use” criteria that become more stringent over three stages as determined by the Centers for Medicare and Medicaid Services (CMS).

During the years ended June 30, 2014 and 2013, respectively, the Hospital recorded \$380,943 and \$-0- related to the Medicaid program, and \$1,157,125 and \$137,836 related to the Medicare program, in other operating revenue for meaningful use incentives. Amounts recognized represent management’s best estimates for payments ultimately expected to be received from Medicare and Medicaid based on estimated discharges, charity care, and other input data. Subsequent changes to these estimates will be recognized in other operating revenue in the period in which additional information is available. Such estimates are subject to audit by the federal government or its designee.

Cost of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Advertising Costs

The Hospital expenses advertising costs as they are incurred.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation. These reclassifications had no effect on previously reported operating results or changes in net position.

Note 2 - Net Patient And Resident Service Revenue

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

Medicare: – The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended June 30, 2012. Clinical services are paid on a cost basis or fixed fee schedule.

Medicaid: – Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicaid beneficiaries are paid based on the lower of customary charges, allowable cost as determined through the Hospital's Medicare cost report, or rates as established by the Medicaid program. The Hospital is reimbursed at a tentative rate with final settlement determined by the program based on the Hospital's final Medicaid cost report.

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

Medicaid Resident Services: – The Hospital is reimbursed for Medicaid resident services at established billing rates, which are determined on a cost-related basis subject to certain limitations as prescribed by the Wyoming Division of Health and Medical Services regulations. These rates are subject to retroactive adjustment by field audit.

Clinical Services: – Clinical services rendered to Medicare program beneficiaries are reimbursed based on a fee schedule.

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

Revenue from the Medicare and Medicaid programs accounted for approximately 25% and 14%, respectively, of the Hospital's net patient and resident revenue for the year ended June 30, 2014 and 25% and 12%, respectively, of the Hospital's net patient and resident revenue for the year ended June 30, 2013.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient and resident service revenue increased approximately \$44,000 for the year ended June 30, 2014 and approximately \$75,000 for the year ended June 30, 2013, due to the removal of allowances previously estimated as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007 are reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. If selected for audit, the potential exists that the Hospital may incur a liability for a claims overpayment at a future date. The Hospital is unable to determine if it will be audited and, if so, the extent of liability of overpayments, if any. As the outcome of such potential reviews are unknown and cannot be reasonably estimated, it is the Hospital's policy is to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between the Hospital and CMS.

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

	2014	2013
Total patient and resident service revenue	<u>\$ 63,244,410</u>	<u>\$ 67,494,332</u>
Contractual adjustments		
Medicare	(10,777,608)	(10,208,165)
Medicaid	(3,883,348)	(3,460,767)
Other	<u>(4,019,562)</u>	<u>(4,787,132)</u>
Total contractual adjustments	<u>(18,680,518)</u>	<u>(18,456,064)</u>
Provision for bad debts	<u>(4,092,925)</u>	<u>(4,531,810)</u>
Net patient and resident service revenue	<u><u>\$ 40,470,967</u></u>	<u><u>\$ 44,506,458</u></u>

Note 3 - Other Receivables

Other receivables at June 30, 2014 and 2013 consist of:

	2014	2013
Related party - PVIHS - Note 12	\$ 453,958	\$ 607,858
Rate adjustment payment - State of Wyoming	143,651	297,286
Related party - Hospital District - Note 12	10,795	61,851
Other	<u>90,511</u>	<u>85,013</u>
	<u><u>\$ 698,915</u></u>	<u><u>\$ 1,052,008</u></u>

Note 4 - Deposits, Investments and Investment Income

Deposits consist of bank checking, savings accounts, and certificates of deposit and are recorded at historical cost plus accrued interest. The Hospital's investments in mutual funds, common stock, corporate bonds, and exchange-traded limited partnerships are recorded at fair value. The carrying amounts of deposits and investments are included in the Hospital's statements of net position as follows:

	2014	2013
Carrying Amount		
Deposits	\$ 3,740,382	\$ 2,174,987
Certificate of deposit	481,779	661,876
Mutual funds	477,042	385,815
Common stock	339,212	281,187
Corporate bonds	-	10,047
Exchange-traded limited partnership	51,541	44,714
Total carrying value	<u>\$ 5,089,956</u>	<u>\$ 3,558,626</u>
Included in the Following Statement of Net Position Captions:		
Cash and cash equivalents	\$ 3,725,991	\$ 2,074,116
Short-term investments	481,779	-
Certificates of deposit held as collateral for long-term debt	-	661,876
Non-current cash and investments, designated for endowments	882,186	782,733
Non-current investments, unrestricted	-	39,901
	<u>\$ 5,089,956</u>	<u>\$ 3,558,626</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

In accordance with state statutes, the Hospital is allowed to deposit uninvested funds with federal banks, state banks, and federal and state savings and loan institutions. They are also required to ensure all deposits in each financial institution are properly insured by FDIC, or a pledge of assets described in the statutes. Statutes allow for investments in bonds or obligations issued by or guaranteed by the United States of America, mortgage backed securities that are obligations guaranteed or insured by the United States of America, bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System, guaranteed investment contracts issued and guaranteed by a United States commercial bank or insurance company, certificates of deposit, a commingled fund of securities listed in this paragraph held by a bank authority, and shares of diversified money market funds that invest their funds as prescribed by law. The Hospital has investments only in certificates of deposit.

The Foundation's investment policy requires management of its equity investment portfolio in accordance with the prudent man rule. Fixed income investments may be made in high quality securities of moderate duration with the safety of principal and current return paramount. Short-term investments may be made in direct obligations of the United States of America, money-market funds, commercial paper, United States Treasury or federal agency funds, federally insured demand deposit accounts, certificates of deposit, American Depository Receipts, and certain alternative investments.

Concentration of Credit Risk

The Hospital currently does not place a limit on the amount it may invest with any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Hospital's deposits may not be returned to it. State law requires that all of the Hospital's deposits are made in qualified public depositories, and that the depositories maintain eligible collateral having a value equal or greater than the amount of the deposits, which exceed deposit insurance. The Foundation's deposits are not subject to the same state law.

As of June 30, 2014 and 2013, the Hospital's (excluding the Foundation) deposits were not in compliance with this requirement. At June 30, 2014 and 2013, the Hospital's collateralized position was as follows:

	2014	2013
Insured by FDIC	\$ 317,598	\$ 313,790
Collateralized by securities held by the pledging financial institution's trust department in the Hospital's name	3,931,338	2,573,860
Uncollateralized	613,415	486,741
Total	<u>\$ 4,862,351</u>	<u>\$ 3,374,391</u>

Investment Income

Investment income and gains and losses on cash equivalents, investments, and receivables consist of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Unrestricted Investment Income		
Interest and dividend income	\$ 57,236	\$ 47,476
Investment gains and losses, net	4,157	2,641
	<u>\$ 61,393</u>	<u>\$ 50,117</u>
Restricted Investment Income		
Interest and dividend income	\$ 29,077	\$ 20,141
Investment gains and losses, net	118,079	82,279
	<u>\$ 147,156</u>	<u>\$ 102,420</u>

Note 5 - Capital Assets

Capital assets additions, retirements, and balances for the years ended June 30, 2014 and 2013 are as follows:

	Balance June 30, 2013	Additions	Transfers and Retirements	Balance June 30, 2014
Capital Assets not Being Depreciated				
Construction in progress	\$ -	\$ 153,538	\$ -	\$ 153,538
Capital Assets Being Depreciated				
Buildings	2,107,490	-	(2,107,490)	-
Major movable equipment	7,529,208	2,489,244	(588,697)	9,429,755
Leasehold improvements	677,372	-	-	677,372
Total capital assets being depreciated	10,314,070	2,489,244	(2,696,187)	10,107,127
Less Accumulated Depreciation for				
Buildings	1,057,356	28,215	(1,085,571)	-
Major movable equipment	4,804,193	1,016,672	(90,683)	5,730,182
Leasehold improvements	303,673	27,202	-	330,875
Total accumulated depreciation	6,165,222	1,072,089	(1,176,254)	6,061,057
Net capital assets being depreciated	4,148,848			4,046,070
Total capital assets, net	\$ 4,148,848	\$ 1,570,693	\$ (1,519,933)	\$ 4,199,608
	Balance June 30, 2012	Additions	Transfers and Retirements	Balance June 30, 2013
Capital Assets not Being Depreciated				
Construction in progress	\$ 784,250	\$ 1,384,484	\$ (2,168,734)	\$ -
Capital Assets Being Depreciated				
Buildings	2,107,490	-	-	2,107,490
Major movable equipment	5,188,719	180,373	2,160,116	7,529,208
Leasehold improvements	677,372	-	-	677,372
Total capital assets being depreciated	7,973,581	180,373	2,160,116	10,314,070
Less Accumulated Depreciation for				
Buildings	972,708	84,648	-	1,057,356
Major movable equipment	3,853,760	959,051	(8,618)	4,804,193
Leasehold improvements	269,113	34,560	-	303,673
Total accumulated depreciation	5,095,581	1,078,259	(8,618)	6,165,222
Net capital assets being depreciated	2,878,000			4,148,848
Total capital assets, net	\$ 3,662,250	\$ 486,598	\$ -	\$ 4,148,848

Construction in progress consists of equipment and software not yet placed in service. The estimated cost to place the assets in service is \$-0-.

Note 6 - Lease Obligations

The Hospital leases the buildings it occupies and certain equipment under noncancelable long-term agreements. Certain leases have been recorded as capitalized leases and others as operating leases. Total lease expense for the years ended June 30, 2014 and 2013 for all operating leases was \$1,109,639 and \$1,088,105, respectively. The capitalized leased assets consist of:

	2014	2013
Major movable equipment	\$ 2,202,289	\$ -
Less accumulated amortization (included with depreciation in the accompanying financial statements)	(203,633)	-
	<u>\$ 1,998,656</u>	<u>\$ -</u>

Minimum future lease payments for capital and operating leases are as follows:

Years Ending June 30,	Capital Leases	Operating Leases
2015	\$ 504,914	\$ 48,000
2016	540,276	48,000
2017	540,276	32,000
2018	328,104	-
2019	75,234	-
Total minimum lease payments	1,988,804	\$ 128,000
Less interest	(60,738)	
Present value of lease payments - Note 7	<u>\$ 1,928,066</u>	

Note 7 - Long-term Debt and Line of Credit

A schedule of changes in the Hospital's long-term debt for 2014 and 2013 is as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Capital leases (Note 6)	\$ -	\$ 2,202,289	\$ (274,223)	\$ 1,928,066	\$ 478,788
Notes Payable	1,729,692	-	(1,086,765)	642,927	137,745
Total long-term debt	<u>\$ 1,729,692</u>	<u>\$ 2,202,289</u>	<u>\$ (1,360,988)</u>	<u>\$ 2,570,993</u>	<u>\$ 616,533</u>
	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Notes Payable	<u>\$ 1,697,213</u>	<u>\$ 400,000</u>	<u>\$ (367,521)</u>	<u>\$ 1,729,692</u>	<u>\$ 1,079,555</u>

Powell Valley Health Care, Inc.

Notes to Financial Statements

June 30, 2014 and 2013

The terms and due dates of the Hospital's long-term debt at June 30, 2014 and 2013 are as follows:

	2014	2013
Capitalized lease obligations - Note 6	\$ 1,928,066	\$ -
5.24% note payable to bank, due in monthly installments of \$12,207 including interest, to May 2019, secured by resident revenue	620,859	737,773
\$1,000,002, 6.59% note payable to financing company, due in varying monthly payments, including interest to August 2014, secured by equipment	22,068	896,629
2.85% note payable to bank	-	95,290
	2,570,993	1,729,692
Less current maturities	(616,533)	(1,079,555)
	<u>\$ 1,954,460</u>	<u>\$ 650,137</u>

Scheduled debt service requirements for the Hospital's long-term debt are as follows:

Years Ending June 30,	Principal	Interest	Total
2015	\$ 616,533	\$ 57,117	\$ 673,650
2016	642,557	44,206	686,763
2017	657,703	29,060	686,763
2018	460,465	14,126	474,591
2019	193,735	15,779	209,514
	<u>\$ 2,570,993</u>	<u>\$ 160,288</u>	<u>\$ 2,731,281</u>

The line of credit consists of:

	2014	2013
\$1,000,000 line of credit, with a variable rate, (3.3% at June 30, 2014), expiring July 15, 2015, secured by accounts receivable	<u>\$ 1,000,000</u>	<u>\$ -</u>

Note 8 - Management Services Agreement

The Hospital has a management services agreement with Health Tech Management Services, a hospital management corporation (Manager). The agreement gives the Manager the right to supervise and direct the management and operations of the Hospital. The Manager is also responsible for selecting and employing the Chief Executive Officer of the Hospital. The Manager also provides other consulting and purchasing services. Total payments to the Manager for the years ended June 30, 2014 and 2013 were \$686,664 and \$588,303, respectively. Total expense under the management service agreement for the years ended June 30, 2014 and 2013 was \$247,284 and \$41,274, respectively. During the year ended June 30, 2013, the Hospital received \$200,000 in settlement proceeds from a fidelity bond returned by the Manager. The settlement proceeds are reported in other operating revenue.

Note 9 - Restricted Net Position

Restricted net position, expendable, is available for the following purposes:

	2014	2013
Hospital services	\$ 154,108	\$ 108,886
Employee assistance	16,730	14,758
Hospice	6,294	6,199
Care Center	3,620	3,700
Diabetes education	3,132	3,233
Scholarships	195	2,195
	<u>\$ 184,079</u>	<u>\$ 138,971</u>

Note 10 - Other Revenue

Other revenue consists of the following:

	2014	2013
Electronic health record incentive - Medicare	\$ 1,157,125	\$ 137,836
Electronic health record incentive - Medicaid	380,943	-
Pharmacy contract service	155,804	154,762
Cafeteria	120,152	108,686
Wellness screening	76,029	78,867
Education grants	41,703	63,806
Rent	20,552	23,338
Clinic - rent and other	10,247	8,094
Medical records	9,585	6,458
Settlement proceeds	-	200,000
Other	9,228	73,033
Total other revenue	<u>\$ 1,981,368</u>	<u>\$ 854,880</u>

Note 11 - Pension Plan

The Hospital has a tax deferred annuity pension plan under which employees may elect to become participants upon reaching age 21 and completion of one year of service. Employees may contribute up to the annual maximum as limited by the Internal Revenue Code. The Hospital will match contributions up to 4% of employees' compensation. All contributions are deposited with the plan trustee who invests the plan assets. Total employer pension plan expense for the years ended June 30, 2014, 2013 and 2012 was \$342,015, \$471,233 and 433,678, respectively.

Note 12 - Related Party Transactions

The Hospital rents its buildings, land, an MRI scanner, and other equipment from the District for use in operating and managing the facilities for a monthly fee of \$67,500. The lease agreement allows for annual adjustment of the monthly fee made by mutual agreement of the Hospital and the District. Total rent paid to the District was \$810,000, for the years ended June 30, 2014 and 2013. The Hospital also received transfers from the District of \$375,979 and \$-0-, for the years ended June 30, 2014 and 2013, respectively, which were used to make payments on lease obligations. At June 30, 2014 and 2013, the Hospital recorded a receivable of \$10,795 and \$61,851, respectively, for the District's share of property insurance and other expenses.

In November 2013, the Hospital sold the building, which contains its assisted living facility to the District for \$1,000,000. The Hospital recognized a loss on the sale of approximately \$22,000.

The Hospital and employees of its medical staff are members in a nonprofit public benefit corporation known as Powell Valley Integrated Health Services, Inc. (PVIHS) which administers managed care contracts. The Hospital's other receivables at June 30, 2014 and 2013 included receivables from PVIHS of \$453,958 and \$607,858, respectively.

Note 13 - Concentrations of Credit Risk

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

	2014	2013
Medicare	25%	40%
Medicaid	9%	10%
Insurance and other third-party payors	25%	30%
Patients	41%	20%
	<u>100%</u>	<u>100%</u>

Note 14 - Commitments and Contingencies**Risk Management**

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses, and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Should the claims-made policies not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Malpractice Insurance

The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis, subject to a limit of \$1 million per claim with an annual aggregate limit of \$3 million and a deductible of \$100,000 (\$50,000 as of August 1, 2013) per claim. The Hospital also has an umbrella liability insurance policy that provides additional protection on a claims-made basis subject to a limit of \$10,000,000. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured without the purchase of prior incident or tail coverage. The Hospital has recognized a liability for estimated malpractice losses of \$500,000 and \$150,000 for the years ended June 30, 2014, and 2013, respectively.

Self-Funded Health Insurance Plan

The Hospital provides health benefits for its employees under a self-funded insurance plan. The Hospital makes payments to the self-insurance plan based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. The estimated liability of approximately \$509,000 and \$460,000 is included in accrued employee benefit plans payable in the statements of net position as of June 30, 2014 and 2013, respectively.

Litigation, Claims, and Disputes

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

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

Note 15 - Subsequent Events

The Hospital has evaluated subsequent events through February 5, 2015, the date which the financial statements were available to be issued.



Supplementary Information
June 30, 2014 and 2013

Powell Valley Health Care, Inc.



Independent Auditor's Report on Supplementary Information

The Board of Directors
Powell Valley Health Care, Inc.
Powell, Wyoming

We have audited the financial statements of Powell Valley Health Care, Inc. as of and for the year ended June 30, 2014, and our report thereon dated February 5, 2015, which expressed an unmodified opinion on those basic financial statements, appears on page 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedules of Net Patient and Resident Service Revenue and Schedules of Operational and Financial Highlights are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedules of Statistical Highlights, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Statistical Highlights has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the statements of net position of June 30, 2013, 2012, 2011, and 2010 and the related statements of revenues and expenses, changes in net position, and cash flows for each of the years then ended, and we expressed unmodified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the basic financial statements as a whole. The Schedules of Net Patient and Resident Service Revenue and Schedules of Operational and Financial Highlights are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the June 30, 2013, 2012, 2011, and 2010 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement from which it has been derived.

A handwritten signature in cursive script that reads 'Eide Bailly LLP'.

Billings, Montana
February 5, 2015

Powell Valley Health Care, Inc.
Schedules of Net Patient and Resident Service Revenue
Years Ended June 30, 2014 and 2013

	2014			2013		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patient and Resident Service Revenue						
Routine services						
Nursing home	\$ 6 597 177	\$ -	\$ 6 597 177	\$ 6 567 393	\$ -	\$ 6 567 393
Adults and pediatrics	1 676 339	917 417	2 593 756	2 173 969	1 180 239	3 354 208
Obstetrics	1 037 960	294 617	1 332 577	1 320 576	260 659	1 581 235
Assisted living facility	850 696	-	850 696	833 375	-	833 375
Swing bed	678 387	-	678 387	619 108	-	619 108
Nursery	377 512	-	377 512	426 654	-	426 654
Intensive care unit	147 359	-	147 359	195 066	-	195 066
	<u>11 365 430</u>	<u>1 212 034</u>	<u>12 577 464</u>	<u>12 136 141</u>	<u>1 440 898</u>	<u>13 577 039</u>
Ancillary services						
Clinic	-	13 946 131	13 946 131	-	14 848 474	14 848 474
Surgery	2 256 439	5 411 918	7 668 357	4 216 390	7 729 207	11 945 597
Laboratory	616 506	4 307 332	4 923 838	799 736	4 153 951	4 953 687
Pharmacy	1 070 926	2 102 066	3 172 992	977 867	2 072 716	3 050 583
Emergency room	260 375	2 706 730	2 967 105	107 233	2 451 038	2 558 271
CT	83 391	2 528 032	2 611 423	136 156	2 176 822	2 312 978
Ultrasound	132 724	2 256 840	2 389 564	133 017	2 101 292	2 234 309
Physical therapy	181 246	2 026 718	2 207 964	170 144	1 567 913	1 738 057
MRI	46 946	2 013 845	2 060 791	31 644	1 581 970	1 613 614
Radiology	112 303	1 752 898	1 865 201	189 452	1 672 773	1 862 225
Anesthesiology	407 199	1 242 547	1 649 746	585 355	1 524 988	2 110 343
Observation	152 528	948 657	1 101 185	41 189	430 457	471 646
Ambulance	-	1 055 627	1 055 627	-	886 226	886 226
Occupational therapy	22 654	722 025	744 679	14 388	756 436	770 824
Recovery room	110 305	597 969	708 274	179 503	704 082	883 585
Electrocardiography	33 353	527 936	561 289	27 994	521 761	549 755
Durable medical equipment	-	555 513	555 513	-	520 548	520 548
Home health	-	493 003	493 003	-	419 653	419 653
Respiratory therapy	288 112	188 298	476 410	359 873	210 982	570 855
Hospice	-	202 552	202 552	-	258 092	258 092
Cardiac rehabilitation	-	136 593	136 593	-	150 795	150 795
Blood bank	46 516	35 744	82 260	56 100	28 899	84 999
Intravenous solutions	6 946	7 291	14 237	32 929	43 421	76 350
Dietary consults	-	457	457	-	3 281	3 281
Central service supplies	-	-	-	24 368	91 941	116 309
Speech therapy	-	-	-	1 330	47 215	48 545
	<u>5 828 469</u>	<u>45 766 722</u>	<u>51 595 191</u>	<u>8 084 668</u>	<u>46 954 933</u>	<u>55 039 601</u>
	<u>\$ 17 193 899</u>	<u>\$ 46 978 756</u>	<u>64 172 655</u>	<u>\$ 20 220 809</u>	<u>\$ 48 395 831</u>	<u>68 616 640</u>
Charity care			(928 245)			(1 122 308)
Total patient and resident service revenue			<u>63 244 410</u>			<u>67 494 332</u>
Contractual Adjustments						
Medicare			(10 777 608)			(10 208 165)
Medicaid			(3 883 348)			(3 460 767)
Other			(4 019 562)			(4 787 132)
Total contractual adjustments			<u>(18 680 518)</u>			<u>(18 456 064)</u>
Provision for Bad Debts			<u>(4 092 925)</u>			<u>(4 531 810)</u>
Net Patient and Resident Service Revenue			<u>\$ 40 470 967</u>			<u>\$ 44 506 458</u>

Powell Valley Health Care, Inc.
Operational and Financial Highlights for the Hospital Only
Years Ended June 30, 2014, 2013, 2012, 2011, and 2010

	2014	2013	2012	2011	2010
Operational					
Patient and Resident Service Revenue					
Routine services	\$ 12,577,464	\$ 13,577,039	\$ 13,889,270	\$ 12,921,730	\$ 13,328,636
Ancillary services					
Inpatient	5,828,469	8,084,668	7,636,091	6,990,264	7,418,743
Outpatient	45,766,722	46,954,933	43,607,537	38,223,079	35,347,059
Charity care	(928,245)	(1,122,308)	(1,594,994)	(1,252,951)	(739,046)
Contractual adjustments	(18,680,518)	(18,456,064)	(17,587,188)	(14,545,511)	(13,358,429)
Provision for bad debts	(4,092,925)	(4,531,810)	(2,884,255)	(2,043,720)	(2,107,572)
Net Patient and Resident Service Revenue	40,470,967	44,506,458	43,066,461	40,292,891	39,889,391
Other Revenue	1,981,368	854,880	1,352,008	881,876	652,642
Total Revenue	42,452,335	45,361,338	44,418,469	41,174,767	40,542,033
Expenses					
Professional care of patients and residents	33,136,780	36,490,099	34,364,705	32,836,877	30,514,641
General and administrative	7,072,883	4,895,127	5,043,375	5,411,630	5,462,625
Property and household	1,979,544	1,955,366	1,804,469	1,735,384	1,647,325
Dietary	1,061,345	1,290,761	1,338,178	1,210,108	1,213,734
Depreciation	1,072,089	1,078,259	901,159	915,236	863,399
Total Expenses	44,322,641	45,709,612	43,451,886	42,109,235	39,701,724
Operating Income (Loss)	\$ (1,870,306)	\$ (348,274)	\$ 966,583	\$ (934,468)	\$ 840,309
Financial					
Percentages of Contractual Adjustments to Total					
Patient and Resident Service Revenue	29.5%	27.3%	27.7%	25.6%	24.1%
Percentage of Salaries and Benefits to Total Expenses	63.3%	61.5%	62.9%	67.1%	67.8%
Number of Days Revenue in Patient Accounts Receivable	77.3	72.5	66.5	68.6	68.6
Current Ratio (Current Assets/Current Liabilities)	2.1	2.0	2.7	2.3	2.3

Powell Valley Health Care, Inc.
Statistical Highlights
Years Ended June 30, 2014, 2013, 2012, 2011, and 2010

Unaudited	2014	2013	2012	2011	2010
Hospital					
Number of beds	25	25	25	25	25
Available bed days	9,125	9,125	9,150	9,125	9,125
Patient days					
Acute	1,285	1,726	1,911	2,022	2,379
Swing beds	938	859	1,279	1,063	1,288
Percent of acute occupancy	14.1%	18.9%	20.9%	22.2%	26.5%
Average acute daily census	3.5	4.7	5.2	5.5	6.6
Discharges	762	739	709	772	904
Average acute length of stay (days) excluding swing beds	1.7	2.3	2.7	2.6	2.6
Nursing Home					
Number of beds	100	100	100	100	100
Available bed days	36,500	36,500	36,600	36,500	36,500
Resident days	30,173	30,871	32,480	33,318	34,456
Percent of occupancy	82.7%	84.6%	88.7%	91.3%	95.8%
Assisted Living Facility					
Number of apartments	24	24	24	24	24
Available apartment days	8,760	8,760	8,784	8,760	8,760
Resident days	8,642	8,298	8,691	7,982	8,301
Percent of occupancy	98.7%	94.7%	98.9%	91.1%	94.8%

Section II



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors and Management of
Powell Valley Health Care, Inc.
Powell, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Powell Valley Health Care, Inc. (Hospital), which comprise of the statement of net position as of June 30, 2014, the related statements of revenues and expenses, changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Powell Valley Health Care, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Powell Valley Health Care, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies 2014-01 through 2014-03 described in the accompanying schedule of findings, responses, and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Powell Valley Health Care, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Response to Findings

Powell Valley Health Care, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings, responses, and questioned costs. Powell Valley Health Care, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness Powell Valley Health Care, Inc.'s internal control and compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. Accordingly, this communication is not suitable for any other purpose.

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

Billings, Montana
February 5, 2015

2014-01

Material Weakness – Auditor Preparation of Financial Statements

Statement of Condition: – Powell Valley Health Care, Inc. does not have the necessary staff resources to prepare the full set of financial statements, including related disclosures, and provide an internal control structure to properly prevent and detect related material misstatements.

Criteria: – Internal control over financial reporting was reviewed with AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*.

Effect of Condition: – The design of the internal control over financial reporting could adversely affect the ability to record, process, summarize, and report financial data consistent with the assertions of management, in the financial statements. This deficiency may cause material misstatements to the financial statements, which would not be prevented or detected by Powell Valley Health Care, Inc.'s internal control.

Cause: – The deficiency is due to the time and resource constraints of staff responsible for financial reporting.

Recommendation: – While we recognize that the cost to provide regular continuing accounting education may exceed the benefit of preparing complete financial statements, it is important that you are aware of this deficiency. Under this deficiency, management's and the Board's review of internally prepared financial reports is the best means of preventing and detecting errors and irregularities. Monthly reconciliations of significant accounts may assist in detecting misstatements prior to the year-end audit.

Response: – Given the size of our Hospital, we do not think it would be cost effective to completely eliminate this deficiency at this time. In addition, given the complex and constantly changing nature of financial reporting requirements, we believe that better results can be achieved by continuing to rely on the expertise of the auditors regarding these matters. Hospital management has established numerous improved internal controls, including but not limited to, monthly reconciliations of all statement of net position accounts with approval by the CFO, and complete backup documentation, and approval by signature of CFO, of all adjusting journal entries.

2014-02

Material Weakness – Material Audit Adjustments

Statement of Condition: – We noted several transactions that were not properly recorded in the financial statements of the Hospital, which indicates that the Hospital does not have an internal control system designed to properly identify and record the necessary monthly, quarterly, and annual journal entries.

Criteria: – Internal control over financial reporting was reviewed with AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*.

Effect of Condition: – This deficiency may cause material misstatements to the financial statements, which would not be presented or detected by the Hospital's internal control.

Cause: – The Hospital does not have an internal control system to properly record all necessary journal entries. The Hospital failed to properly reconcile and adjust several statement of net position accounts. For example, cash accounts and the accounts payable account were not reconciled on a timely basis. The June 30, 2014 balance of accounts payable was not reconciled and properly adjusted until October 2014, and the cash balance was not properly reconciled and adjusted until December 2014.

Recommendation: – The Hospital should identify account balances that need to be adjusted manually, establish procedures to determine the appropriate adjustments, and implement a checklist to ensure that all the adjustments are completed on a timely basis.

Response: – Management has developed and implemented process improvements and internal controls that will significantly reduce future material audit adjustments. Process improvements include: full documentation and backup for all adjusting journal entries, CFO oversight and signature on all monthly journal entries, monthly reconciliation of all statement of net position accounts, numerous enhanced internal controls related to the purchase/payment approval process, and increased oversight related to facility payroll adjustments and payment.

2014-03

Material Weakness – Significant Estimates

Statement of Condition: – Estimates related to the allowance for uncollectible patient and resident receivables required significant adjustment, which indicates that the Hospital does not have an internal control system designed to properly analyze past and current events and assumptions about future events to properly estimate significant accounts.

Criteria: – Internal control over financial reporting was reviewed with AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*.

Effect of Condition: – This deficiency may cause material misstatements to the financial statements, which would not be presented or detected by the Hospital's internal control.

Cause: – The Hospital does not have an internal control system to properly compute and review the most significant estimates, which have a material effect on the financial statements.

Recommendation: – Management should use its knowledge and experience about past and current events and assumptions about future events to prepare and adjust these significant estimates on a timely basis.

Response: – The Hospital will consider past collection rates of commercial insurance and self-pay patients and residents in developing its allowance for uncollectible receivables. The same contractual/bad debt allowance system has been in place for many years, while the logic is simple, the detailed data available with NextGen software can be very limited. Changes will be implemented with the results limited by the timing of the adjustments.

2014-04

Compliance with State of Wyoming Statutes

Statement of Condition: – The Hospital has deposits in excess of FDIC limits and the securities pledged by the bank do not fully collateralize the deposits as required under state statutes.

Criteria: – Wyoming Statutes – Article 8 Deposits and Depositories 9-4-805.

Effect of Condition: – The Hospital is not in compliance with the State statutes regarding deposits.

Cause: – The Hospital does not have a process to monitor the bank balances and the corresponding collateral pledged.

Recommendation: – We recommend the Hospital monitor deposits and contact the banks to ensure all deposits are adequately collateralized.

Response: – The repurchase agreement at the bank was only established for the cash sweep account and does not include the EBMS health insurance account and two certificates of deposit. These accounts have never been categorized as public funds by the bank. This will be researched and a recommendation will go to the board.

Questioned Costs:

None