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Part III

Statement of Program Service Accomplishments

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

☐ ☒

1

Briefly describe the organization’s mission

TO PROVIDE A WIDE RANGE OF QUALITY HEALTHCARE SERVICES CLOSE TO HOME AND IMPROVE THE HEALTHCARE OF PEOPLE IN OUR REGION

2

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

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No




















If "Yes," describe these changes on Schedule O

4

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

4a	(Code) (Expenses \$ 1,459,508 including grants of \$) (Revenue \$ 6,109,386)
	NORTH CANYON MEDICAL CENTER (NCMC) IS A 15 BED HOSPITAL THAT PROVIDES SERVICES THAT INCLUDE ACUTE CARE, SWING BED CARE FOR THOSE PATIENTS DISCHARGED FROM ACUTE CARE BUT REQUIRE ADDITIONAL SKILLED CARE, DIAGNOSTIC IMAGING, DIABETIC EDUCATION, EMERGENCY CARE, LABORATORY SERVICES, REHABILITATION SERVICES, RESPIRATORY THERAPY, SLEEP STUDIES, WOUND CARE, AND SURGICAL SERVICES NCMC OFFERS STATE OF THE ART RADIOLOGY EQUIPMENT NOT NORMALLY FOUND IN A RURAL SETTING NCMC EMPLOYS ONLY CERTIFIED RADIOLOGIC TECHNOLOGISTS TO PERFORM EXAMS, EACH HAVING SPECIALIZED TRAINING IN THE TYPE OF EXAM BEING GIVEN ALSO, NCMC RECEIVED GRANT MONEY FROM THE SUSAN B KOMEN FOUNDATION THAT WAS USED TO FURTHER BREAST CANCER AWARENESS BY PROVIDING FREE BREAST IMAGING TO WOMEN WHO ARE UNINSURED OR UNDERINSURED
4b	(Code) (Expenses \$ 1,254,199 including grants of \$) (Revenue \$ 4,795,724)
	NORTH CANYON MEDICAL CENTER'S MEDICAL SURGICAL DEPARTMENT HANDLES ACUTE CARE AS WELL AS SWING BED CARE SWING BED CARE IS FOR THOSE PATIENTS DISCHARGED FROM ACUTE CARE BUT REQUIRE ADDITIONAL SKILLED CARE THE HOSPITAL HAD 456 ADMISSIONS IN 2014, OF WHICH 63 5% WERE MEDICARE THE INPATIENT AVERAGE DAILY CENSUS FOR THE YEAR WAS 4 4 AND THE ACUTE AVERAGE LENGTH OF STAY WAS 2 6 DAYS
4c	(Code) (Expenses \$ 1,159,799 including grants of \$) (Revenue \$ 4,257,682)
	NORTH CANYON MEDICAL CENTER'S EMERGENCY DEPARTMENT IS STAFFED 24 HOURS A DAY ON AVERAGE, AN EMERGENCY SPECIALIST WILL SEE YOU WITHIN 20 MINUTES OUR TEAM OF EMERGENCY SPECIALISTS ARE TRAINED IN ADVANCED CARDIAC LIFE SUPPORT, PEDIATRIC LIFE SUPPORT, AND ADVANCED TRAUMA LIFE SUPPORT IN THE EVENT A PATIENT NEEDS AN EMERGENT TRANSFER TO ANOTHER FACILITY, NCMC UTILIZES A WIDE RANGE OF GROUND AND AIR MEDICAL TRANSPORT PROGRAMS IN 2014, THE HOSPITAL HAD 4,617 VISITS TO ITS EMERGENCY DEPARTMENT
	(Code) (Expenses \$ 11,355,516 including grants of \$ 31,730) (Revenue \$ 1,726,959)
	NCMC PROVIDES A WIDE RANGE OF HEALTHCARE SERVICES IN TECHNOLOGICALLY ADVANCED FACILITIES SERVICES INCLUDE OTOLARYNGOLOGY (ENT), GASTROINTESTINAL (GI), ORTHOPEDICS, GYNECOLOGY, GENERAL SURGERY, PAIN MANAGEMENT, AND UROLOGY NORTH CANYON FITNESS AND REHABILITATION CENTER IS THE REHABILITATION SERVICES DEPARTMENT OF NCMC OUR REHABILITATION SERVICES ARE PROVIDED BY TRAINED, LICENSED PROFESSIONALS WHO SPECIALIZE IN PHYSICAL, AQUATIC, OCCUPATIONAL, AND SPEECH THERAPY WE PROVIDE INPATIENT THERAPY AT NCMC AND OUTPATIENT THERAPY AT THE NCMC FITNESS AND REHABILITATION CENTER ADDITIONAL SERVICES PROVIDED BY NCMC INCLUDE NUTRITION SERVICES, A SPECIALTY CLINIC, AND A DURABLE MEDICAL EQUIPMENT LICENSE SO THE HOSPITAL CAN PROVIDE EQUIPMENT TO PATIENTS FOR THEIR HOME USE NCMC PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS AT BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIMBURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS 259,512 FOR CHARITY CARE, 4,101,427 FOR MEDICARE, 1,066,615 FOR MEDICAID, AND 2,634,871 FOR OTHER THIRD PARTY PAYORS FOR THE YEAR
4d	Other program services (Describe in Schedule O)
	(Expenses \$ 11,355,516 including grants of \$ 31,730) (Revenue \$ 1,726,959)
4e	Total program service expenses ▶ 15,229,022

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9 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	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		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		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <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		No
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		
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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		No
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	12	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	11	
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	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	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		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	Yes

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
10b	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
11b	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
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	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 ▶TIM POWERS 267 NORTH CANYON DRIVE GOODING,ID 83330 (208)934-8765

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID BUTLER CEO/MEMBER T	40 00	X		X				155,765	0	0
(2) TIM POWERS CEO/CFO/MEMB	40 00	X		X				149,966	0	12,250
(3) LUCY OSBORNE CHAIR/VICE C	1 00	X		X				0	0	0
(4) HELEN EDWARDS VICE CHAIR/C	1 00	X		X				0	0	0
(5) CHRISTINE NEUHOFF SECRETARY/ME	1 00	X		X				0	0	0
(6) RICK BASTERRECHEA TREASURER/ME	1 00	X		X				0	0	0
(7) ELAINE BRYANT MEMBER/TREAS	1 00	X		X				0	0	0
(8) KEN RUBY MEMBER	1 00	X						0	0	0
(9) JIM MCCAUGHEY MEMBER	1 00	X						0	0	0
(10) PHIL BECKER MEMBER	1 00	X						0	0	0
(11) JEFF TAYLOR MEMBER	1 00	X						0	0	0
(12) MARK BOLDUC MEMBER	1 00	X						0	0	0
(13) MARK SPENCER MD MEMBER	1 00	X						0	0	0

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	305,731		12,250

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

		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
EMPA 134 4TH AVE WEST GOODING ID 83330	ER COVERAGE	626,218
G RICK ALBERTSON MD PC, 2537 E 3800 N TWIN FALLS ID 83301	DIAGNOSTIC IMAG	346,305
CENTRAL IDAHO ANESTHESIA 85 HORSESHOE CIRCLE JEROME ID 83338	ANESTHESIA	198,000
SAWTOOTH DIAGNOSTIC IMAGING PLLC 115 W MAIN STREET 202 BOISE ID 83702	DIAGNOSTIC IMAG	155,788

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 ►4

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	7,448			
	d	Related organizations 1d				
	e	Government grants (contributions) 1e	452,622			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	91,791			
	g	Noncash contributions included in lines 1a-1f \$	8,800			
	h	Total. Add lines 1a-1f	551,861			
Program Service Revenue	Business Code					
	2a	PATIENT SERVICE REVENUE, NET	624100	16,851,996	16,851,996	
	b	RENTAL INCOME	621110	37,755	37,755	
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	16,889,751			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	77,571			77,571
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	(i) Real (ii) Personal					
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)				
	(i) Securities (ii) Other					
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses	21,689			
	c	Gain or (loss)	-21,689			
	d	Net gain or (loss)	-21,689			-21,689
	8a	Gross income from fundraising events (not including \$ 7,448 of contributions reported on line 1c) See Part IV, line 18				
	a		4,212			
	b	Less direct expenses b	7,447			
	c	Net income or (loss) from fundraising events	-3,235			-3,235
	9a	Gross income from gaming activities See Part IV, line 19				
	a					
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances				
	a					
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory				
	Business Code					
	11a	CAFETERIA	722514	61,934		61,934
	b	FRC MEMERSHIP	900099	51,018		51,018
	c	OTHER REVENUE	900099	30,798		30,798
	d	All other revenue				
	e	Total. Add lines 11a-11d	143,750			
	12	Total revenue. See Instructions	17,638,009	16,889,751		196,397

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	31,730	31,730		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	201,462		201,462	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	5,719,804	4,519,655	1,200,149	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	125,542	95,958	29,584	
9	Other employee benefits.	884,205	682,096	202,109	
10	Payroll taxes.	549,283	419,843	129,440	
11	Fees for services (non-employees):				
a	Management.	92,918		92,918	
b	Legal.	66,802		66,802	
c	Accounting.	89,812		89,812	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	8,970		8,970	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	3,910,957	2,931,816	979,141	
12	Advertising and promotion.	77,701		77,701	
13	Office expenses.	1,056,736	767,725	289,011	
14	Information technology.	38,821		38,821	
15	Royalties.				
16	Occupancy.	1,684,588	1,446,403	238,185	
17	Travel.	111,341	47,884	63,457	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	60,165	38,280	21,885	
20	Interest.	403,552	285,618	117,934	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	2,807,752	2,197,064	610,688	
23	Insurance.	59,566	44,405	15,161	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES & DRUGS	784,112	784,112		
b	PHYSICIAN RECRUITMENT	288,346	288,346		
c	OTHER EXPENSES	265,940	122,021	143,919	
d	HEALTH FAIR EXPENSE	41,308	41,308		
e	All other expenses		484,758	-484,758	
25	Total functional expenses. Add lines 1 through 24e.	19,361,413	15,229,022	4,132,391	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		5,823,323	1	6,321,478
	2	Savings and temporary cash investments		250,915	2	98,943
	3	Pledges and grants receivable, net		1,095	3	
	4	Accounts receivable, net		2,081,293	4	2,167,853
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		495,805	8	387,766
	9	Prepaid expenses and deferred charges		370,673	9	394,328
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a33,048,071			
	b	Less accumulated depreciation	10b13,997,443	21,414,518	10c	19,050,628
	11	Investments—publicly traded securities		1,919,821	11	1,946,139
	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		2,204,159	15	1,136,082
	16	Total assets. Add lines 1 through 15 (must equal line 34)		34,561,602	16	31,503,217
Liabilities	17	Accounts payable and accrued expenses		1,440,147	17	1,610,081
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		24,305,329	23	23,860,226
	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		380,000	25	311,460
	26	Total liabilities. Add lines 17 through 25		26,125,476	26	25,781,767
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		8,436,126	27	4,160,836
	28	Temporarily restricted net assets			28	1,560,614
	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		8,436,126	33	5,721,450
	34	Total liabilities and net assets/fund balances		34,561,602	34	31,503,217

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	17,638,009
2	Total expenses (must equal Part IX, column (A), line 25)	2	19,361,413
3	Revenue less expenses Subtract line 2 from line 1	3	-1,723,404
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	8,436,126
5	Net unrealized gains (losses) on investments	5	-17,717
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-973,555
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	5,721,450

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?	Yes	
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	Yes	

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 PARTNERS IN HEALTHCARE INC	Employer identification number 26-1938641
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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

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

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

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

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

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

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**

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

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2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization PARTNERS IN HEALTHCARE INC	Employer identification number 26-1938641
--	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		3,347
j	Total. Add lines 1c through 1i.			3,347
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1	NCMC DOES NOT DIRECTLY PERFORM ANY LOBBYING ACTIVITIES. NCMC PAYS MEMBERSHIP DUES TO NATIONAL AND STATE HOSPITAL ASSOCIATIONS. THE ASSOCIATIONS USE A PORTION OF SUCH DUES TO CARRY OUT LOBBYING ACTIVITIES.

[illegible]

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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.

Name of the organization PARTNERS IN HEALTHCARE INC	Employer identification number 26-1938641
--	--

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2013

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☒ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- | | Amount |
|----|--------|
| 1c | 19,992 |
| 1d | 35,444 |
| 1e | 38,440 |
| 1f | 16,996 |
- 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
- (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
- 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 | | 439,965 | | 439,965 |
| b Buildings | | 14,090,277 | 3,929,866 | 10,160,411 |
| c Leasehold improvements | | | | |
| d Equipment | | 18,515,833 | 10,067,577 | 8,448,256 |
| e Other | | 1,996 | | 1,996 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 19,050,628 |
- Schedule D (Form 990) 2013

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	17,618,769
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-17,717
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	7,447
e	Add lines 2a through 2d	2e	-10,270
3	Subtract line 2e from line 1	3	17,629,039
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	8,970
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	8,970
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	17,638,009

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	19,359,890
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	7,447
e	Add lines 2a through 2d	2e	7,447
3	Subtract line 2e from line 1	3	19,352,443
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	8,970
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	8,970
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	19,361,413

Part XIII

Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PAGE 2, PART IV, LINE 1B	NCMC HAS AN AUXILIARY THAT OPERATES USING THE EIN OF NCMC. THE INCOME AND EXPENSES OF THE AUXILIARY ARE EXCLUDED FROM THE 990, PART VIII AND IX. THE ASSETS, LIABILITES, AND EQUITIES ARE ALSO EXCLUDED FROM THE 990, PART X.
SCHEDULE D, PAGE 3, PART X	THE ORGANIZATION'S COMPONENT UNIT, PIH, HAS BEEN DETERMINED TO BE EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. ACCORDINGLY, NO PROVISION FOR INCOME TAX IS NECESSARY. THE ORGANIZATION EVALUATES UNCERTAIN TAX POSITIONS WHEREBY THE EFFECT OF THE UNCERTAINTY WOULD BE RECORDED IF THE OUTCOME WAS CONSIDERED PROBABLE AND REASONABLE ESTIMABLE. AS OF SEPTEMBER 30, 2014 AND 2013, THE ORGANIZATION HAD NO UNCERTAIN TAX POSITIONS REQUIRING ACCRUAL.
SCHEDULE D, PAGE 4, PART XI, LINE 2D	SPECIAL EVENT EXPENSES 7,447
SCHEDULE D, PAGE 4, PART XII, LINE 2D	SPECIAL EVENT EXPENSES 7,447

[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
PARTNERS IN HEALTHCARE INC

Employer identification number
26-1938641

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <div><input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities</div>		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year		
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <div><input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %</div>	3a Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 125 0000000000 %</div>	3b Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care		
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4 Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c	
6a	Did the organization prepare a community benefit report during the tax year?	6a Yes	
b	If "Yes," did the organization make it available to the public?	6b Yes	
Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			186,849		186,849	0 970 %
b Medicaid (from Worksheet 3, column a)			2,661,685	2,656,024	5,661	0 030 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs . .			2,848,534	2,656,024	192,510	0 990 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			76,472	15,978	60,494	0 310 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			3,476,918	1,809,170	1,667,748	8 610 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			63,560		63,560	0 330 %
j Total Other Benefits			3,616,950	1,825,148	1,791,802	9 250 %
k Total. Add lines 7d and 7j . .			6,465,484	4,481,172	1,984,312	10 250 %

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

Yes

2

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

2

1,083,417

3

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

3

4

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

Section B. Medicare

5

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

5

7,947,100

6

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

6

8,005,069

7

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

7

-57,969

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)
PARTNERS IN HEALTHCAREINC

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 checked="" type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	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>WWW.NCM-C.ORG</u>		
b <input type="checkbox"/> Other website (list url)		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input 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 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 125 000000000000% 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 type="checkbox"/> Asset level		
c	<input 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 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 checked="" 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 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? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
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	19 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 type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input checked="" type="checkbox"/> Other (describe in Part VI)		
21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	21	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	22 Yes	

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.

[illegible]

Part V

Facility Information *(continued)*

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

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

Name and address	Type of Facility (describe)
1 _____	
2 _____	
3 _____	
4 _____	
5 _____	
6 _____	
7 _____	
8 _____	
9 _____	
10 _____	

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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

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

Form and Line Reference	Explanation
PART III, LINE 3 BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE	THE HOSPITAL DOES NOT OFFER DISCOUNTS FOR PAYMENT ON BAD DEBT THE HOSPITAL APPLIES FUNDS COLLECTED ON BAD DEBT AGAINST THE PATIENT ACCOUNT WE ESTIMATE THAT OF THE CHARITY CARE APPLICATIONS GIVEN OUT, ABOUT HALF OF THEM COME BACK DURING THE YEAR, WE RECORDED 259,512 OF CHARITY CARE AT GROSS PATIENT CHARGES WHICH WAS CONVERTED TO 186,849 UTILIZING THE COST TO CHARGE RATIO OF PATIENT CARE THEREFORE, WE ESTIMATE AN ADDITIONAL 72,663 OF BAD DEBT EXPENSE WHICH COULD BE ATTRIBUTABLE TO PATIENTS UNDER THE CHARITY CARE POLICY

Form and Line Reference	Explanation
BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS	THE PATIENT ACCOUNTS RECEIVABLE FOOTNOTE OF THE AUDITED FINANCIAL STATEMENTS IS FOUND IN FOOTNOTE 3 ON PAGE 19 OF THE AUDITED FINANCIAL STATEMENTS THE PROVISION FOR BAD DEBT IS ALSO INCLUDED IN FOOTNOTE 3 OF THE AUDITED FINANCIAL STATEMENTS

Form and Line Reference	Explanation
PART III, LINE 8 - MEDICARE EXPLANATION	ANY MEDICARE ALLOWABLE COSTS ARE OBTAINED FROM THE MEDICARE COST REPORT FOR THE YEAR

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	THE BILLING DEPARTMENT BILLS PATIENTS WITHIN 4 DAYS FROM THE DATE OF SERVICE ON THE 10TH DAY, SELF PAY OUTSTANDING ACCOUNTS ARE SENT TO OUR THIRD PARTY BILLER, OPTIO THE SAME IS TRUE AFTER INSURANCE PAYMENTS ARE MADE AND THE OPEN ACCOUNT GOES TO SELF PAY STATUS THROUGHOUT A FULL 120 DAYS, VARIOUS PHONE CALLS AND LETTERS ARE USED TO CONTACT THE PATIENT IN ORDER TO FOLLOW THROUGH WITH COLLECTION PROCESSES AND TO TRY TO QUALIFY PATIENTS FOR CHARITY CARE OR FINANCIAL ASSISTANCE AFTER 120 DAYS, OPTIO SENDS A BED DEBT RECOMMENDATION LIST TO THE HOSPITAL TO REVIEW THE DIRECTOR OF PATIENT FINANCIAL SERVICES REVIEWS THIS LIST PRIOR TO SENDING TO AN OUTSIDE COLLECTION AGENCY ANY COLLECTIONS FROM THE OUTSIDE COLLECTION AGENCY ARE APPLIED AS A RECOVERY AGAINST BAD DEBT

Form and Line Reference	Explanation
PART VI, LINE 2 - NEEDS ASSESSMENT	THE HOSPITAL ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITY IT SERVES BY CONSIDERING SERVICES BEYOND THE TYPICAL SCOPE OF A CRITICAL ACCESS HOSPITAL TO DETERMINE WHICH SERVICES TO PROVIDE BASED UPON STATISTICAL ANALYSIS AND SERVICE REQUIREMENTS THAT THE COMMUNITY IS DEMANDING THE MOST RECENTLY ADOPTED IMPLEMENTATION STRATEGY AND COMMUNITY HEALTH NEEDS ASSESSMENT CAN BE FOUND AT THE FOLLOWING URL HTTP //WWW NCM-C ORG/WP-CONTENT/UPLOADS/2013/08/NCMC-COMMUNITY-HEALTH- NEEDS-ASSESSMENT-09302013 PDF

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	THE HOSPITAL HAS A PATIENT FINANCIAL SERVICES (PFS) DEPARTMENT THAT STRIVES TO TREAT ALL PATIENTS EQUITABLY, WITH DIGNITY, RESPECT AND COMPASSION PFS INFORMS PATIENTS ABOUT PROGRAMS AVAILABLE, INCLUDING THE CHARITY CARE PROGRAM IF THE PATIENT IS INTERESTED IN THE PROGRAM, PFS WILL VERBALLY INFORM THE PATIENT ABOUT THE GUIDELINES AND/OR SEND FORMS THAT ARE REQUIRED TO JOIN THE PROGRAM(S)

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	GOODING, IDAHO IS A RURAL COMMUNITY WITH APPROXIMATELY 3,400 RESIDENTS THERE ARE TWO OTHER HOSPITALS IN COMMUNITIES WITHIN 35 MILES THE MARKET PLACE IS PRIMARILY COMPRISED OF MEDICAID AND MEDICARE RESIDENTS, DEMONSTRATED BY THE HOSPITAL'S PAYOR MIX MEDICAID AND MEDICARE MAKE UP APPROXIMATELY 58% OF THIS MIX

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	THE HOSPITAL'S BOARD OF DIRECTORS IS PRIMARILY MADE UP OF RESIDENTS IN THE SURROUNDING COMMUNITY THE HOSPITAL DOES EXTEND MEDICAL STAFF PRIVELEGES TO QUALIFIED PHYSICIANS IN THE COMMUNITY THE MEDICAL STAFF IS RESPONSIBLE FOR PAYING FOR THEIR OWN MEDICAL EDUCATION AND MONEY IS NOT SPENT ON RESEARCH THEREFOR, THE HOSPITAL DOES NOT SPEND SURPLUS FUNDS IN THIS MANNER HOWEVER, IF THERE ARE SURPLUS FUNDS, THE ORGANIZATION WOULD EVALUATE SPENDING ON ADDITIONAL SERVICES TO PATIENTS THE HOSPITAL ALSO PROMOTES HEALTH IN THE COMMUNITY BY OFFERING THE FOLLOWING SERVICES THE HOSPITAL OPERATES AN EMERGENCY ROOM THAT IS AVAILABLE TO ALL REGARDLESS OF ABILITY TO PAY THE HOSPITAL PARTICIPATES IN EDUCATION OF HEALTHCARE PROFESSIONALS THE HOSPITAL PARTICIPATES IN GOVERNMENT SPONSORED HEALTH PROGRAMS SUCH AS MEDICARE AND MEDICAID THE HOSPITAL HAS VOLUNTEER OPPORTUNITIES AVAILABLE THE HOSPITAL SPONSORS AN ANNUAL HEALTH FAIR THAT GIVES COMMUNITY MEMBERS OPPORTUNITIES TO HAVE TESTS PERFORMED

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

Form and Line Reference	Explanation
ADDITIONAL INFORMATION	THE COMMUNITY BENEFIT REPORT IS MADE PUBLIC AT THE REQUEST OF GOODING MEMORIAL HOSPITAL DISTRICT IT IS AVAILABLE UPON REQUEST

Additional Data

Software ID:
Software Version:
EIN: 26-1938641
Name: PARTNERS IN HEALTHCARE INC

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.	
Form and Line Reference	Explanation
FACILITY 1, PARTNERS IN HEALTHCARE, INC - PART V, LINE 3	
FACILITY 1, PARTNERS IN HEALTHCARE, INC - PART V, LINE 20D	SEE RESPONSE TO SCHEDULE H, PART V, LINE 22
FACILITY 1, PARTNERS IN HEALTHCARE, INC - PART V, LINE 22	PATIENTS ARE BILLED THE GROSS CHARGE FOR ALL SERVICES RECEIVED IF THE PATIENT QUALIFIES F OR FINANCIAL ASSISTANCE, THE BILL IS ADJUSTED AS DETERMINED BY OUR CHARITY CARE POLICY GUI DELINES

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
PARTNERS IN HEALTHCARE 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
26-1938641

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
(1) GOODING FAMILY PHYSICIANS 134 WEST 4TH AVENUE GOODING, ID 83330	74-3103719		30,159				EHR IMPLEMENTATION

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

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
SCHEDULE I, PAGE 1, PART I, LINE 2	FUNDS ARE PAID DIRECTLY TO VENDORS OR SUPPLIERS ON BEHALF OF THE DESIGNATED BENEFICIARY OF THE GRANTS OR CONTRIBUTIONS REQUESTS FOR FINANCIAL ASSISTANCE ARE APPROVED BY THE BOARD PRIOR TO DISBURSEMENT

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
PARTNERS IN HEALTHCARE INC

Employer identification number
26-1938641

Part I

Questions Regarding Compensation

		Yes	No
1a	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><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <div><div><input type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
a	Receive a severance payment or change-of-control payment?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III.		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III.		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7	No
8	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.	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)DAVID BUTLER CEO/MEMBER THRU JAN	(i) (ii)	155,765					155,765	
(2)TIM POWERS CEO/CFO/MEMBER	(i) (ii)	149,966			12,250		162,216	

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
------------------	-------------

efile GRAPHIC print - DO NOT PROCESS		As Filed Data -		DLN: 93493092005325	
<div>SCHEDULE O (Form 990 or 990-EZ)</div> <div>Department of the Treasury Internal Revenue Service</div>		<div>Supplemental Information to Form 990 or 990-EZ</div> <div>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.</div>			OMB No 1545-0047
					<div>2013</div> <div>Open to Public Inspection</div>
Name of the organization PARTNERS IN HEALTHCARE INC				Employer identification number 26-1938641	

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 1, PART I, LINE 6	VOLUNTEERS CONTRIBUTE THEIR TIME AND TALENTS TO ENHANCE THE HOSPITAL FOUNDATION, THRIFT STORE, AND INTERNAL VOLUNTEER POSITIONS
FORM 990, PAGE 2, PART III, LINE 4A	IMAGING TO WOMEN WHO ARE UNINSURED OR UNDERINSURED
FORM 990, PAGE 2, PART III, LINE 4D	NCMC PROVIDES A WIDE RANGE OF HEALTHCARE SERVICES IN TECHNOLOGICALLY ADVANCED FACILITIES SERVICES INCLUDE OTOLARYNGOLOGY (ENT), GASTROINTESTINAL (GI), ORTHOPEDICS, GYNECOLOGY, GEN ERAL SURGERY, PAIN MANAGEMENT, AND UROLOGY NORTH CANYON FITNESS AND REHABILITATION CENTER IS THE REHABILITATION SERVICES DEPARTMENT OF NCMC OUR REHABILITATION SERVICES ARE PROVID ED BY TRAINED, LICENSED PROFESSIONALS WHO SPECIALIZE IN PHYSICAL, AQUATIC, OCCUPATIONAL, A ND SPEECH THERAPY WE PROVIDE INPATIENT THERAPY AT NCMC AND OUTPATIENT THERAPY AT THE NCMC FITNESS AND REHABILITATION CENTER ADDITIONAL SERVICES PROVIDED BY NCMC INCLUDE NUTRITION SERVICES, A SPECIALTY CLINIC, AND A DURABLE MEDICAL EQUIPMENT LICENSE SO THE HOSPITAL CAN PROVIDE EQUIPMENT TO PATIENTS FOR THEIR HOME USE NCMC PROVIDES CARE TO PERSONS COVERED B Y GOVERNMENTAL PROGRAMS AT BELOW COST AND TO INDIVIDUALS WHO ARE UNABLE TO PAY THE UNREIM BURSED VALUE OF PROVIDING CARE TO THESE PATIENTS WAS 259,512 FOR CHARITY CARE, 4,101,427 F OR MEDICARE, 1,066,615 FOR MEDICAID, AND 2,634,871 FOR OTHER THIRD PARTY PAYORS FOR THE YE AR
FORM 990, PAGE 6, PART VI, LINE 3	NCMC UTILIZES AN EMPLOYEE OF ST LUKE'S HEALTH SYSTEM FOR ITS CHIEF EXECUTIVE OFFICER
FORM 990, PAGE 6, PART VI, LINE 6	THERE ARE TWO CLASSES OF MEMBERS, CLASS A AND CLASS B THE CLASS A MEMBER IS GOODING COUNT Y MEMORIAL HOSPITAL DISTRICT WHICH HAS 840 VOTING UNITS AND THE CLASS B MEMBER IS ST LUKE 'S HEALTH SYSTEM, LTD WHICH HAS 160 VOTING UNITS
FORM 990, PAGE 6, PART VI, LINE 7A	CLASS A MEMBERS ELECT 84% OF THE DIRECTORS AND CLASS B MEMBERS ELECT 16% OF THE MEMBERS
FORM 990, PAGE 6, PART VI, LINE 7B	THE MAJORITY OF THE CLASS A DIRECTORS AND THE CLASS B DIRECTORS MUST APPROVE THE FOLLOWING 1) AMENDMENT TO THE BYLAWS 2) ANY ACTIVITY OUTSIDE THE CORPORATION'S ORDINARY COURSE OF BUSINESS 3) ANNUAL BUDGET 4) ADOPTION OF THE CORPORATION'S STRATEGIC PLAN AND ANY MODIFICA TIONS 5) CONTRACTING OR INCURRING OF ANY LIABILITY FOR OR ON BEHALF OF THE CORPORATION IN THE ORDINARY COURSE OF BUSINESS IN EXCESS OF 10,000 AT ANY ONE TIME 6) CAPITAL EXPENDITURE S IN EXCESS OF 10,000 IF NOT IN THE BUDGET 7) TRANSFER OF VOTING RIGHTS, MERGERS, CONSOLID ATIONS OF OTHER BUSINESS COMBINATIONS 8) CONTRACTS WITH A MEMBER OR AN AFFILIATE OF A MEMB ER OF WHICH THE MEMBER HAS DIRECT ECONOMIC INTEREST
FORM 990, PAGE 6, PART VI, LINE 9	DAVID BUTLER 1000 THIRD STREET TILLAMOOK, OR 97141
FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE 990 IS PROVIDED TO THE CEO/CFO AND DIRECTOR OF FINANCE WHO REVIEW THE FORM, SCHEDULES AND RELATED ATTACHMENTS ANY COMMENTS OR QUESTIONS ARE ADDRESSED WITH THE PREPAR ER AND A FINAL DRAFT IS PRESENTED TO THE FINANCE COMMITTEE OF THE BOARD THE FINANCE COMMI TTEE MAKES A MOTION TO APPROVE THE 990 ONCE THE BOARD HAS APPROVED THE 990, THE CEO/CFO A UTHORIZES THE PREPARER TO FINALIZE THE RETURN
FORM 990, PAGE 6, PART VI, LINE 12C	A CONFLICT OF INTEREST POLICY CERTIFICATION IS SIGNED BY OFFICERS AND BOARD MEMBERS OF THE ORGANIZATION WHEN THEY BECOME AN EMPLOYEE OR BOARD MEMBER, AND IS UPDATED ANNUALLY FOR AN Y CHANGES OFFICERS AND BOARD MEMBERS ARE SUBJECT TO SELF DISCLOSURE IN THE INTERIM AT AL L LEVELS THE BOARD IS RESPONSIBLE TO ASSESS, REVIEW AND RESOLVE SUCH CONFLICTS WHERE A CO NFLICT EXISTS, THE AFFECTED PARTIES MUST EXCUSE THEMSELVES FROM PARTICIPATION IN THE SITUA TION
FORM 990, PAGE 6, PART VI, LINE 15A	ST LUKE'S HEALTH SYSTEM (SLHS) BOARD OF DIRECTORS HAS THE RESPONSIBILITY OF DETERMINING TH E COMPENSATION OF THE CEO AND MAKES THE NCMC BOARD AWARE OF THE PAY IF THERE ARE ANY CONC ERNS, THEY ARE TAKEN INTO CONSIDERATION SLHS PAY OFFER IS BASED ON MARKET EVALUATIONS AND CURRENT SLHS PAY PRACTICES THE EVALUATION PROCESS IS DONE ANNUALLY
FORM 990, PAGE 6, PART VI, LINE 19	NCMC MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
FORM 990, PART IX, LINE 11G	2,931,816 979,141 0
FORM 990, PART XI, LINE 9	SPECIAL EVENT EXPENSES 7,447 SPECIAL EVENT EXPENSES -7,447

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
PARTNERS IN HEALTHCARE INC

Employer identification number
26-1938641

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) GOODING COUNTY MEMORIAL HOSPITAL DISTRICT 1120 MONTANA STREET GOODING, ID 83330 82-6001356	HEALTHCARE	ID	GOVT		NA		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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

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

Part V

Transactions With Related Organizations

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

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

No

1l

No

1m

No

1n

No

1o

Yes

1p

No

1q

No

1r

No

1s

No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) GOODING COUNTY MEMORIAL HOSPITAL DISTRICT	C	812,868	FMV

Schedule R (Form 990) 2013

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

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as
North Canyon Medical Center**

Combined Basic Financial Statements
and Independent Auditors' Reports

September 30, 2014 and 2013



DINGUS | ZARECOR & ASSOCIATES^{PLLC}
Certified Public Accountants

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Gooding, Idaho

Report on the Financial Statements

We have audited the accompanying combined financial statements of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center (the Organization) as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter – Change in Accounting Principles

As described in Note 1 to the combined basic financial statements, in 2014 the Organization adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 be presented to supplement the combined basic financial statements. Such information, although not a part of the combined 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 combined basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined basic financial statements, and other knowledge we obtained during our audit of the combined basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's combined basic financial statements. The combining statement of net position, combining statement of revenues, expenses, and changes in net position, and combining statement of cash flows are presented for purposes of additional analysis and are not a required part of the combined basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the combined basic financial statements.

The combining statement of net position, combining statement of revenues, expenses, and changes in net position, the combining statement of cash flows, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined 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 combined basic financial statements or to the combined 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 combining statement of net position, combining statement of revenues, expenses, and changes in net position, the combining statement of cash flows, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. We issued a similar report for the year ended September 30, 2013, dated January 15, 2014, which has not been included with the 2014 financial and compliance report. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing for each year, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
January 16, 2015

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Management's Discussion and Analysis
September 30, 2014 and 2013**

Our discussion and analysis of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center's (the Organization) financial performance provides an overview of the Organization's financial activities for the fiscal years ended September 30, 2014 and 2013. Please read it in conjunction with the Organization's combined financial statements, which begin on page 9.

Financial Highlights

- The Organization's net position decreased by \$1,743,821, or 23.1%, in 2014 and decreased by \$907,236, or 10.7%, in 2013. The net position includes a prior period adjustment of \$973,555 to write off the balance in Deferred Financing Costs as required by GASB 65.
- The Organization reported operating losses of \$870,167 in 2014 and operating income of \$47,705 in 2013. The operating loss in 2014 was a decrease of \$917,872, or 1924.1%, from the operating income of \$47,705 in 2013. Operating income in 2013 decreased by \$1,754,417, or 97.4%, over the income reported in 2012 of \$1,802,122.
- Nonoperating revenues increased by \$82,640, or 10.3%, in 2014 compared to 2013. Nonoperating revenues increased by \$17,641 or 2.3%, in 2013 compared to 2012.

Using This Annual Report

The Organization's combined financial statements consist of three statements — the Combined Statements of Net Position, the Combined Statements of Revenues, Expenses, and Changes in Net Position, and the Combined Statements of Cash Flows. These combined financial statements and related notes provide information about the activities of the Organization, including resources held by the Organization but restricted for specific purposes by contributors, grantors, or enabling legislation.

The Combined Statements of Net Position and Combined Statements of Revenues, Expenses, and Changes in Net Position

Our analysis of the Organization's finances begins on page 4. One of the most important questions asked about the Organization's finances is, "Is the Organization as a whole better or worse off as a result of the year's activities?" The Combined Statements of Net Position and the Combined Statements of Revenues, Expenses, and Changes in Net Position report information about the Organization's resources and its activities in a way that helps answer this question. These combined statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two combined statements report the Organization's net position and changes in them. You can think of the Organization's net position — the difference between assets and liabilities — as one way to measure the Organization's financial health, or financial position. Over time, increases or decreases in the Organization's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Organization's patient base and measures of the quality of service it provides to the community, as well as the local economic factors to assess the overall health of the Organization.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Management's Discussion and Analysis (Continued)
September 30, 2014 and 2013

The Combined Statements of Cash Flows

The final required statements are the Combined Statements of Cash Flows. The combined statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?", "What was cash used for?", and "What was the change in cash balance during the reporting period?"

The Organization's Net Position

The Organization's net position is the difference between its assets and liabilities reported in the Combined Statements of Net Position on pages 9 and 10. The Organization's net position decreased by \$1,743,821, or 23.1%, in 2014 and decreased by \$907,236, or 10.7%, in 2013, as shown in Table 1.

Table 1: Assets, Liabilities, and Net Position

	2014	2013	2012
<i>Assets</i>			
Current assets	\$ 10,845,542	\$ 10,939,505	\$ 9,643,921
Capital assets, net	19,096,018	21,462,608	24,044,442
Other long-term assets	1,607,047	1,234,024	809,905
Total assets	31,548,607	33,636,137	34,498,268
<i>Liabilities</i>			
Long-term debt outstanding	23,299,494	23,781,098	24,714,716
Other current and noncurrent liabilities	2,442,273	2,304,378	1,325,655
Total liabilities	25,741,767	26,085,476	26,040,371
<i>Net Position, restated</i>			
Net investment in capital assets	(4,906,064)	(3,057,892)	202,092
Restricted	1,560,614	1,094,735	659,074
Unrestricted	9,152,290	9,513,818	7,596,731
Total net position, restated	5,806,840	7,550,661	8,457,897
Total liabilities and net position	\$ 31,548,607	\$ 33,636,137	\$ 34,498,268

The significant component of the change in the Organization's assets is the increase in depreciation of capital assets of \$2,810,452, resulting in a decrease of capital assets of \$2,366,590.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Management's Discussion and Analysis (Continued)
September 30, 2014 and 2013

Operating Results and Changes in the Organization's Net Position

In 2014, the Organization's operating income decreased by \$917,872, or 192.41%, over 2013. Operating income in 2013 decreased by \$1,754,417, or 97.4%. The Organization's net position decreased by \$1,743,821, or 23.1%, in 2014 and decreased by \$907,236, or 10.7%, in 2013, as shown in Table 2.

Table 2: Operating Results and Changes in Net Position

	2014	2013	2012
<i>Operating revenues</i>			
Net patient service revenues	\$ 16,851,996	\$ 16,116,620	\$ 16,536,090
Electronic health records incentive payment	(361,731)	32,625	296,318
Grants and other operating revenues	225,638	277,665	194,902
Total operating revenues	16,715,903	16,426,910	17,027,310
<i>Operating expenses</i>			
Salaries and benefits	7,480,296	6,432,503	6,160,619
Medical supplies and drugs	1,589,550	1,760,172	1,651,842
Depreciation	2,810,452	2,828,119	2,829,840
Other operating expenses	5,705,772	5,358,411	4,582,887
Total operating expenses	17,586,070	16,379,205	15,225,188
<i>Operating income (loss)</i>	(870,167)	47,705	1,802,122
<i>Nonoperating revenues and expenses</i>			
Property taxes	814,353	782,917	759,418
Investment income	68,601	17,397	1,980
Gain (loss) on disposal of capital assets	(21,689)	-	21,275
Unrealized loss on investment	(17,717)	(47,047)	-
Interest expense	(1,776,520)	(1,811,973)	(1,849,126)
Total nonoperating expenses, net	(932,972)	(1,058,706)	(1,066,453)
Revenues in excess of (less than) expenses before capital contributions	(1,803,139)	(1,011,001)	735,669
Capital grants	59,318	103,765	58,393
Increase (decrease) in net assets	(1,743,821)	(907,236)	794,062
Net position, beginning of year, restated	7,550,661	8,457,897	7,663,835
Net position, end of year	\$ 5,806,840	\$ 7,550,661	\$ 8,457,897

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Management's Discussion and Analysis (Continued)
September 30, 2014 and 2013**

Operating Income (Loss)

The first component of the overall change in the Organization's net position is its operating loss. The Organization has reported an operating loss of \$870,167 in 2014, and an operating gain of \$47,705 in 2013. This is consistent with the Organization's operating history. The Organization's hospital operations began in 1987 as a municipal hospital, when it was agreed that a portion of its costs would be subsidized by property tax revenues, allowing the facility to offset bad debt and charity care costs. The operating loss in 2014 of \$870,167 was a deterioration of \$917,872, or 1924.1%, from our operating gain of \$47,705 in 2013. The operating gain in 2013 decreased by \$1,754,417, or 97.4%, over the gain reported in 2012.

The components of the operating loss were an increase in total operating expenses of \$1,206,865 and a negative adjustment to electronic health records incentive payment of \$394,356. The electronic health records negative adjustment was the result of the CMS HITECH audit for the fiscal year ending 2011. These components were somewhat offset by an increase in net patient service revenue of \$735,376.

The Organization's primary insurance payer is Medicare. The percent of total gross patient revenue from 2013 to 2014 for Medicare decreased from 45% to 43%. The decrease was primarily due to the reduction in Medicare patient days from 1,576 in 2013 to 1,160 in 2014. The decrease in the aggregate contractual allowances from 36% in 2013 to 30% in 2014 is associated with the finalizing of the 2014 settlements with Medicare and Medicaid.

Employee salary and benefits costs increased by \$1,047,793, or 16.3%, in 2014. In 2013, they increased by \$271,884, or 4.4%. This increase was primarily due to the integration of the Gooding Family Physicians practice effective April 2014, as well as the annual merit increases and market adjustments from year to year. FTEs (full-time equivalents) from 2013 to 2014 increased by 16 from 99 to 115.

A component of the Organization's costs is expenses for medical supplies and prescription drugs. In 2014, medical supplies and prescription drug costs totaled approximately \$1.6 million, or 9.2%, of total operating expenses which was a decrease of 9.7% from 2013. The major factors contributing to the 9.7% decrease in medical supplies and prescription drug costs in 2014 were the reduction in our inpatient census and surgical volumes.

The Organization sometimes provides care for patients who have little or no health insurance or other means of repayment. As discussed, this service to the community is consistent with the goals established for the Organization when it was established in 1987. The level of services provided to these patients decreased by \$26,500 in 2014 compared to a decrease by \$74,650 in 2013. Because there is no expectation of repayment, charity care is not reported as patient service revenues of the Organization.

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of property taxes levied by the Organization and grants and contributions. Tax revenue funded by the Gooding County Memorial Hospital District totaled \$814,353 and \$782,917 in 2014 and 2013, respectively. The District began operations in 1918 as a county hospital and in 1987 converted to a government district hospital. Both as a county and district hospital it was understood that a portion of its costs would be subsidized by property tax revenues, making services accessible to the County's lower income residents.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Management's Discussion and Analysis (Continued)
September 30, 2014 and 2013**

Grants, Contributions, and Endowments

The Organization receives both capital and operating grants from various state and federal agencies for specific programs. These are discussed in detail in Note 1(b) to the combined financial statements. Grants and donations received in 2014 total \$103,451, of which \$59,318 are capital grants and donations.

The Organization's Cash Flows

Cash and cash equivalents decreased in 2014 by \$32,817 from 2013. This decrease was primarily the result of funding the loss for the year.

Capital Asset and Debt Administration

Capital Assets

At the end of 2014, the Organization had \$19.1 million invested in capital assets, net of accumulated depreciation, as detailed in Note 6 to the combined financial statements. In 2014, the Organization purchased new capital assets costing \$506,157. In 2013, the Organization purchased new capital assets costing \$246,285. The Organization completes a three-year capital plan each year that is reviewed and approved by the Board of Directors. The approved capital plan for fiscal year 2015 is \$1.3 million. The main components include a CT machine and an upgrade to the Organization's IT infrastructure.

Debt

At year end, the Organization had \$24,863,972 in mortgage note payable. The Organization incurred no additional debt in 2014 or 2013.

Other Economic Factors

The Organization is located in a small rural community that has an agriculture-based economy. Like many small rural communities, economic and population growth is slight at best, if not declining. At this time, changes in the area economy are more realignments within agriculture such as larger but fewer farms and dairies, with the consequence being fewer people consuming healthcare services. In summary, the Organization is not located in a robust economic environment. Increase in hospital service revenue will likely be more the result of added or enhanced services, rather than increased volume through population growth. There are two other hospitals within a 50-mile radius. One is a new replacement facility with 186 beds and is a referral hospital for the area. The other hospital is also a Critical Access Hospital which provides surgical and obstetrical services, of which obstetrical is not available at the Organization. The Organization is the only independent hospital in this 50-mile radius.

Contacting the Organization's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Organization's Administrative Office at North Canyon Medical Center, 267 North Canyon Drive, Gooding, ID 83330.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Combined Statements of Net Position
September 30, 2014 and 2013

ASSETS	2014	2013
<i>Current assets</i>		
Cash and cash equivalents	\$ 4,757,966	\$ 4,790,783
Investments	2,001,547	1,969,252
Receivables		
Patient, net of estimated uncollectibles of \$1,075,001 and \$797,973, respectively	2,167,853	2,081,293
Estimated third-party payor settlements	1,059,000	823,000
Electronic health records incentive payment	-	285,115
Other	77,082	123,584
Inventories	387,766	495,805
Prepaid expenses	394,328	370,673
Total current assets	10,845,542	10,939,505
<i>Noncurrent assets</i>		
Cash and cash equivalents restricted by mortgage agreement	1,551,852	1,096,347
Cash and cash equivalents designated by Board for funded depreciation	43,535	137,677
Cash and cash equivalents restricted by donors	11,660	-
Capital assets, net	19,096,018	21,462,608
Total noncurrent assets	20,703,065	22,696,632
Total assets	\$ 31,548,607	\$ 33,636,137

See accompanying notes to combined basic financial statements

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Combined Statements of Net Position (Continued)
September 30, 2014 and 2013

LIABILITIES AND NET POSITION	2014	2013
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 560,732	\$ 524,231
Accounts payable	782,880	599,783
Capital accounts payable	1,996	72,362
Estimated third-party pay or settlements	107,416	380,000
Electronic health records incentive pay back	204,044	-
Accrued compensation and related liabilities	645,345	585,193
Accrued interest payable	139,860	142,809
Total current liabilities	2,442,273	2,304,378
<i>Long-term debt, less current maturities</i>	23,299,494	23,781,098
Total liabilities	25,741,767	26,085,476
<i>Net position, restated</i>		
Net investment in capital assets	(4,906,064)	(3,057,892)
Restricted	1,560,614	1,094,735
Unrestricted	9,152,290	9,513,818
Total net position, restated	5,806,840	7,550,661
Total liabilities and net position	\$ 31,548,607	\$ 33,636,137

See accompanying notes to combined basic financial statements

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Combined Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2014 and 2013

	2014	2013
<i>Operating revenues</i>		
Net patient service revenue, net of provision for bad debts of \$1,504,746 and \$1,678,689, respectively	\$ 16,851,996	\$ 16,116,620
Electronic health records incentive payment (pay back)	(361,731)	32,625
Grants	44,133	77,644
Other	181,505	200,021
Total operating revenues	16,715,903	16,426,910
<i>Operating expenses</i>		
Salaries and wages	5,913,083	5,189,161
Employee benefits	1,567,213	1,243,342
Professional fees	2,095,885	1,914,577
Supplies	1,589,550	1,760,172
Purchased services	2,064,604	1,966,396
Utilities	262,483	239,944
Rental and leases	170,339	147,177
Depreciation	2,810,452	2,828,119
Insurance	142,874	222,176
Other	969,587	868,141
Total operating expenses	17,586,070	16,379,205
<i>Operating income (loss)</i>	(870,167)	47,705
<i>Nonoperating revenues (expenses)</i>		
Taxes	814,353	782,917
Investment income	68,601	17,397
Loss on disposal of capital assets	(21,689)	-
Unrealized loss on investment	(17,717)	(47,047)
Interest expense	(1,776,520)	(1,811,973)
Total nonoperating expenses, net	(932,972)	(1,058,706)
Excess of expenses over revenues before capital grants	(1,803,139)	(1,011,001)
<i>Capital grants and contributions</i>	59,318	103,765
Change in net position	(1,743,821)	(907,236)
Net position, beginning of year, restated	7,550,661	8,457,897
Net position, end of year	\$ 5,806,840	\$ 7,550,661

See accompanying notes to combined basic financial statements

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Combined Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	2014	2013
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 16,256,852	\$ 16,524,149
Electronic health records incentive payment	127,428	159,285
Grant receipts	44,133	77,644
Other receipts and payments	229,492	120,067
Payments to or on behalf of employees	(7,420,144)	(6,330,958)
Payments to suppliers, contractors, and others	(7,027,841)	(7,259,727)
Net cash provided by operating activities	2,209,920	3,290,460
<i>Cash flows from noncapital financing activities</i>		
Taxes received	812,868	783,867
<i>Cash flows from capital and related financing activities</i>		
Payments for capital assets	(535,917)	(173,923)
Repayment of long-term debt	(524,231)	(490,106)
Interest paid on long-term debt	(1,700,341)	(1,734,010)
Capital grant receipts	59,318	103,765
Net cash used in capital and related financing activities	(2,701,171)	(2,294,274)
<i>Cash flows from investing activities</i>		
Investment income	18,589	1,098
Purchase of investments	-	(2,000,000)
Net cash provided by (used in) investing activities	18,589	(1,998,902)
Net increase (decrease) in cash and cash equivalents	340,206	(218,849)
Cash and cash equivalents, beginning of year	6,024,807	6,243,656
Cash and cash equivalents, end of year	\$ 6,365,013	\$ 6,024,807

See accompanying notes to combined basic financial statements

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Combined Statements of Cash Flows (Continued)
Years Ended September 30, 2014 and 2013

	2014	2013
Cash and cash equivalents in current assets	\$ 4,757,966	\$ 4,790,783
Cash and cash equivalents restricted by mortgage agreement	1,551,852	1,096,347
Cash and cash equivalents designated by Board for funded depreciation	43,535	137,677
Cash and cash equivalents restricted by donors	11,660	-
Total cash and cash equivalents	6,365,013	6,024,807
<i>Reconciliation of operating income (loss) to net cash provided by operating activities</i>		
Operating income (loss)	(870,167)	47,705
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</i>		
Depreciation	2,810,452	2,828,119
Provision for bad debts	1,504,746	1,678,689
Decrease (increase) in assets		
Receivables		
Patient, net	(1,591,306)	(1,443,694)
Estimated third-party payor settlements	(236,000)	(207,466)
Electronic health records incentive payment	285,115	126,660
Other	47,987	(79,954)
Inventories	108,039	14,047
Prepaid expenses	(23,655)	(58,532)
Increase (decrease) in liabilities		
Accounts payable	183,097	(96,659)
Estimated third-party payor settlements	(272,584)	380,000
Electronic health records incentive pay back	204,044	-
Accrued compensation and related liabilities	60,152	101,545
Net cash provided by operating activities	\$ 2,209,920	\$ 3,290,460

See accompanying notes to combined basic financial statements

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements
Years Ended September 30, 2014 and 2013**

1. Reporting Entity and Summary of Significant Accounting Policies:

The combined financial statements include the accounts of Gooding County Memorial Hospital District (the District), and its component unit, Partners in Healthcare, Inc. doing business as North Canyon Medical Center (PIH), collectively referred to as the Organization. These combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The significant accounting policies of the Organization are described below.

a. Reporting Entity

Gooding County Memorial Hospital District is the primary government taxing entity. Partners in Healthcare, Inc. doing business as North Canyon Medical Center owns and operates a 15-bed critical access hospital located in Gooding, Idaho. The District is empowered to levy property taxes to sustain PIH's operations. The District also reviews how PIH utilizes taxes received from the District. The District is not a component unit of another reporting entity and is under no continuing obligation to distribute property taxes to PIH, unless a two-thirds majority vote is reached. The Board of Trustees consists of seven community members elected to seven-year terms.

The accompanying combined financial statements include the activities of the District and its component unit, PIH. The District maintains control over PIH through a majority voting member position of the Board of Directors. Generally accepted accounting principles provide guidance to determine whether certain organizations should be reported as a component unit based on the nature and significance of the relationship. The District has determined that PIH meets this definition for inclusion in the District's financial statements as a blended component unit. PIH's fiscal year ends on September 30 and the accompanying financial statements include financial information for its fiscal years ended September 30, 2014 and 2013. Although it is a separate legal entity from the District, PIH is reported as if it were part of the primary government because of control features contained within the bylaws of PIH.

b. Summary of Significant Accounting Policies

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.

Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

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

b. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Cash and cash equivalents include highly liquid investments with an original maturity of three months or less

Investments and investment income – Investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes interest income and realized gains and losses on investments carried at other than fair value. Investment income is included in unrestricted net position and is reflected in the statements of revenues, expenses and changes in net position.

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense. Prepaid expenses include prepaid insurance and other expenses.

Inventories – Inventories are stated at lower of cost (first-in, first-out) or market. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the Organization's operations.

Capital assets – Capital asset acquisitions in excess of \$5,000 are capitalized and recorded at cost. Donated capital assets are stated at estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each depreciable asset and computed on the straight-line method. The estimated useful lives of capital assets are as follows:

Land improvements	5-25 years
Buildings and fixed equipment	5-40 years
Major movable equipment	3-20 years

Compensated absences – The Organization's employees earn paid time off and sick leave at varying rates depending on years of service. Paid time off and sick leave accumulate up to a specified maximum depending on length of service. Employees are paid for accumulated paid time off upon termination. Sick leave accumulated is forfeited upon termination. Paid time off is accrued as earned. Sick leave is expensed when taken.

Net position – Net position is presented in the following three components:

Net investment in capital assets – Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the current balances of any outstanding debt used to finance the purchase or construction of those assets.

Restricted net position – Restricted net position is composed of assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Organization, including amounts deposited with Trustees as required by bond indentures.

Unrestricted net position – Unrestricted net position is composed of the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted net position*.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013**

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

b. Summary of Significant Accounting Policies (continued)

Operating revenues and expenses – The Organization’s combined statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services – the Organization’s principal activity. Nonexchange revenues, including taxes, investment income, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are expenses incurred to provide healthcare services, other than financing costs.

Restricted resources – When the Organization has both restricted and unrestricted resources available to finance a particular program, it is the Organization’s policy to use restricted resources before unrestricted resources.

Grants and contributions – From time to time, the Organization receives grants from the state of Idaho as well as 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 for either specific operating purposes or capital purposes. Grants that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

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

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

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

b. Summary of Significant Accounting Policies (continued)

Recent accounting pronouncements – In March 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65, which is effective for financial statements for periods beginning after December 15, 2012, amends or supersedes accounting and financial reporting guidance for certain items previously reported as assets or liabilities. The Organization adopted GASB Statement No. 65 in 2014 by retroactively restating financial statements for all periods presented. Under this standard, debt issuance costs are expensed as incurred.

The effect of the restatement on prior period's financial statements is as follows:

Net position at September 30, 2012, as previously reported	\$	9,475,828
Unamortized debt issuance costs previously reported as assets		(1,017,931)
Net position at October 1, 2012, as restated		8,457,897
Increase in net position for the year ended		
September 30, 2013, as previously reported	\$	(951,612)
Unamortized debt issuance costs expensed in 2013		44,376
Net position at September 30, 2013, as restated	\$	7,550,661

Subsequent events – The Organization has evaluated subsequent events through January 16, 2015, the date on which the combined financial statements were available to be issued.

Reclassifications – Certain reclassifications of the 2013 amounts have been made in the financial statements in order to conform to the 2014 presentation. These reclassifications had no effect on the previously reported change in net position.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

2. Bank Deposits and Investments:

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a depository institution failure, the Organization's deposits may not be returned to it. The Organization does not have a deposit policy for custodial credit risk. At September 30, 2014 and 2013, the Organization had uncollateralized deposit balances of \$5,653,343 and \$5,141,172, respectively.

Investments

State statutes limit the investments in bonds, debentures, or notes of any corporation to be rated "A" or higher by nationally recognized statistical rating organizations.

The Organization's investments consisted of the following amounts:

	2014				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Two	Two to Five	Five to Ten
Money Market	\$ 55,408	\$ 55,408	\$ -	\$ -	\$ -
U.S. Government Bonds	702,269	101,363	201,913	398,993	-
Corporate Bonds	1,243,870	-	102,874	433,366	707,630
	\$ 2,001,547	\$ 156,771	\$ 304,787	\$ 832,359	\$ 707,630

	2013				
	Fair Value	Investment Maturities (in Years)			
		Less than One	One to Two	Two to Five	Five to Ten
Money Market	\$ 49,431	\$ 49,431	\$ -	\$ -	\$ -
U.S. Government Bonds	707,144	-	203,047	504,097	-
Corporate Bonds	1,212,677	-	-	778,341	434,336
	\$ 1,969,252	\$ 49,431	\$ 203,047	\$ 1,282,438	\$ 434,336

Interest rate risk – This is the risk that changes in market interest 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 Organization 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.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patient accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or 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 Organization's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior years. The Organization's provisions for bad debt and writeoffs have not changed significantly from the prior year. The Organization has not changed its charity care or uninsured discount policies during fiscal years 2014 or 2013. The Organization does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as a current asset by the Organization consisted of these amounts:

	2014	2013
Receivable from patients and their insurance carriers	\$ 2,486,316	\$ 1,649,155
Receivable from Medicare	700,579	764,627
Receivable from Medicaid	55,959	465,484
Total patient accounts receivable	3,242,854	2,879,266
Less allowance for uncollectible accounts	(1,075,001)	(797,973)
Patient accounts receivable, net	\$ 2,167,853	\$ 2,081,293

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013**

4. Electronic Health Records Incentive Payment:

The Organization recognized Medicare and Medicaid electronic health records (EHR) incentive payments of \$147,754 and \$32,625 during the years ended September 30, 2014 and 2013, respectively. The Organization is expecting to pay back approximately \$395,000 of previously recognized EHR incentive payments as a result of a Healthcare Information Technology audit of its 2011 Medicare cost report. In addition, the Organization wrote off approximately \$115,000 of outstanding EHR incentive payments receivable as a result of the aforementioned audit during 2014. This resulted in the Organization recognizing negative incentive revenue of approximately \$362,000 in 2014. The EHR incentive payments are provided to incent hospitals to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

The Organization recognizes the Medicare incentive payment on the date that the Organization has successfully complied with meaningful use criteria during the entire EHR reporting period. The Organization first attested to meaningful use with Centers for Medicare and Medicaid Services (CMS) during 2011. The Medicare EHR reporting period is through September 30 of each year.

The Medicare incentive payment recognized is an estimate and subject to audit by CMS. The Medicare EHR incentive payment is based on the days reported in the prior year Medicare cost report and the undepreciated cost of the EHR equipment submitted to CMS. The final payment will be based on the days reported in the current Medicare cost report. Medicare incentive payments of \$147,754 and \$0 were recognized as revenue in 2014 and 2013, respectively.

The Organization recognized the first of its three Medicaid incentive payments during 2012. Medicaid incentive payments of \$0 and \$32,625 were recognized as revenue in 2014 and 2013, respectively.

5. Property Taxes:

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Under Idaho law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are levied annually on November 1 on property values assessed as of January 1 of the same year. Tax levy notices are issued in November and payments are due on December 20 and June 20. The billings are considered past due one day after the respective payment dates, at which time penalties and interest are assessed.

Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every five years. Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

Collections are distributed monthly to the Organization by the County Treasurer. The Organization is permitted by law to levy up to a 3% increase over the highest levy amount for the previous three years plus an additional \$0.77 per \$1,000 of assessed new construction property valuation. The Organization's property tax levy was \$0.79 per \$1,000 on a total assessed valuation of \$926,366,695 and \$914,190,178 for a total levy of \$736,174 and \$719,361 in 2014 and 2013, respectively.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

6. Capital Assets:

Capital asset additions, retirements, and balances were as follows

	Balance September 30, 2013		Additions	Retirements	Transfers	Balance September 30, 2014				
<i>Capital assets not being depreciated</i>										
Land	\$	431,077	\$	45,569	\$	-	\$	476,646		
Construction in progress		42,602		1,996		(42,602)		1,996		
Total nondepreciable capital assets		473,679		47,565		(42,602)		478,642		
<i>Capital assets being depreciated</i>										
Land improvements		2,604,648		-		-		2,604,648		
Building and fixed equipment		19,515,695		90,412		(18,176)		19,595,907		
Major movable equipment		10,170,855		327,574		(44,529)		10,488,526		
Total cost, depreciable capital assets		32,291,198		417,986		(62,705)		32,689,081		
<i>Less accumulated depreciation for</i>										
Land improvements		(820,403)		(213,104)		-		(1,033,507)		
Building and fixed equipment		(3,818,524)		(1,140,982)		10,906		(4,948,600)		
Major movable equipment		(6,663,342)		(1,456,366)		30,110		(8,089,598)		
Total accumulated depreciation		(11,302,269)		(2,810,452)		41,016		(14,071,705)		
<i>Total capital assets being depreciated net</i>		20,988,929		(2,392,466)		(21,689)		18,617,376		
Capital assets, net	\$	21,462,608	\$	(2,344,901)	\$	(21,689)	\$	-	\$	19,096,018

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013**

6. Capital Assets (continued):

Construction in progress relates to a software upgrade not yet placed into service at September 30, 2014. The remaining cost to complete the software upgrade is \$15,000, and the item is expected to be placed into service in 2015.

Capital asset additions, retirements, and balances were as follows:

	Balance September 30, 2012	Additions	Retirements	Transfers	Balance September 30, 2013
<i>Capital assets not being depreciated</i>					
Land	\$ 431,077	\$ -	\$ -	\$ -	\$ 431,077
Construction in progress	132,002	42,602	-	(132,002)	42,602
Total nondepreciable capital assets	563,079	42,602	-	(132,002)	473,679
<i>Capital assets being depreciated</i>					
Land improvements	2,579,848	24,800	-	-	2,604,648
Building and fixed equipment	19,411,565	104,130	-	-	19,515,695
Major movable equipment	9,964,100	74,753	-	132,002	10,170,855
Total cost, depreciable capital assets	31,955,513	203,683	-	132,002	32,291,198
<i>Less accumulated depreciation for</i>					
Land improvements	(607,248)	(213,155)	-	-	(820,403)
Building and fixed equipment	(2,684,552)	(1,133,972)	-	-	(3,818,524)
Major movable equipment	(5,182,350)	(1,480,992)	-	-	(6,663,342)
Total accumulated depreciation	(8,474,150)	(2,828,119)	-	-	(11,302,269)
Total capital assets being depreciated, net	23,481,363	(2,624,436)	-	132,002	20,988,929
Capital assets, net	\$ 24,044,442	\$ (2,581,834)	\$ -	\$ -	\$ 21,462,608

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

7. Long-Term Debt:

Schedule of changes in the Organization's long-term debt follows

	Balance September 30, 2013	Additions	Reductions	Balance September 30, 2014	Amounts Due Within One Year
Long-term debt					
Mortgage note payable	\$ 25,388,203	\$ -	\$ (524,231)	\$ 24,863,972	\$ 560,732
Interest rate buy-down, less accumulated amortization of \$336,219	(1,082,874)	-	79,128	(1,003,746)	-
Total long-term debt	\$ 24,305,329	\$ -	\$ (445,103)	\$ 23,860,226	\$ 560,732

	Balance September 30, 2012	Additions	Reductions	Balance September 30, 2013	Amounts Due Within One Year
Long-term debt					
Mortgage note payable	\$ 25,878,309	\$ -	\$ (490,106)	\$ 25,388,203	\$ 524,231
Interest rate buy-down, less accumulated amortization of \$257,091	(1,163,593)	-	80,719	(1,082,874)	-
Total long-term debt	\$ 24,714,716	\$ -	\$ (409,387)	\$ 24,305,329	\$ 524,231

The mortgage note payable was entered into by the Organization for the construction of a new hospital facility. The total amount borrowed on the note was \$26,799,300. The note bears interest at 6.75%. The Organization made monthly interest only payments during the construction period. Payments on the permanent loan commenced in September 2010 with a term of 25 years, maturing in August 2035. Monthly interest and principal payments on the permanent loan are \$185,159. The note is secured by a mortgage on the new hospital facility and is insured by the U.S. Department of Housing and Urban Development (HUD) under Section 242 of the National Housing Act.

The terms of the loan require monthly deposits to a mortgage reserve fund through 2020. The required balance in the mortgage reserve fund at September 30, 2014 and 2013, was \$1,548,954 and \$1,094,735, respectively. Required year end reserve fund balances for each of the next five years are as follows:

Years Ending September 30,	Amounts
2015	\$ 2,021,679
2016	2,460,857
2017	2,880,210
2018	3,316,648
2019	3,770,867

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013**

7. Long-Term Debt (continued):

The reserve fund is available for debt payments by the approval of HUD

In addition, the note also places limits on the incurrence of additional borrowings and requires the Organization to satisfy certain measures of financial performances and reporting requirements as long as the note is outstanding. As of September 30, 2014, the Organization had complied with the required covenants.

Scheduled principal and interest payments are as follows:

Years Ending September 30,	Long-Term Debt		
	Principal	Interest	Total
2015	\$ 560,732	\$ 1,661,181	\$ 2,221,913
2016	599,775	1,622,139	2,221,914
2017	641,536	1,580,378	2,221,914
2018	686,205	1,535,709	2,221,914
2019	733,984	1,487,930	2,221,914
2020-2024	4,511,494	6,598,073	11,109,567
2025-2029	6,316,610	4,792,957	11,109,567
2030-2034	8,843,979	2,265,588	11,109,567
2035	1,969,657	67,096	2,036,753
	\$ 24,863,972	\$ 21,611,051	\$ 46,475,023

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

8. Net Patient Service Revenue:

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

	2014	2013
Patient service revenue (net of contractual adjustments and discounts)		
Medicare	\$ 7,394,875	\$ 7,759,634
Medicaid	2,604,316	2,650,847
Other third-party payors	5,769,269	4,924,769
Patients	2,821,940	2,645,387
Upper payment limit supplemental payments	25,854	100,684
	18,616,254	18,081,321
Less:		
Charity care	259,512	286,012
Provision for bad debts	1,504,746	1,678,689
Net patient service revenue	\$ 16,851,996	\$ 16,116,620

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

- *Medicare* – The Organization has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services on a cost basis as defined and limited by the Medicare program. The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare administrative contractor. Physician services are reimbursed on a fee schedule.
- *Medicaid* – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed on a cost basis as defined by the state of Idaho subject to certain limitations. The Organization is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid fiscal intermediary. Physician services are reimbursed on a fee schedule.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013**

8. Net Patient Service Revenue (continued):

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

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. Net patient service revenue for the year ended September 30, 2014, decreased approximately \$183,000 due to changes in estimates and final settlements of prior years cost reports. Net patient service revenue for the year ended September 30, 2013, increased approximately \$218,000 due to changes in estimates and final settlements of prior years cost reports.

The Organization provides charity care to patients who are financially unable to pay for the healthcare services they receive. The Organization's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Organization does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The Organization determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended September 30, 2014 and 2013, were approximately \$187,000 and \$183,000, respectively.

9. Deferred Compensation Plan:

The Organization provides employees with a deferred compensation pension plan in accordance with Internal Revenue Code Section 403(b). The Partners in Healthcare, Inc. 403(b) Retirement Plan (the 403(b) Plan) is a defined contribution plan and is available to eligible Organization employees who have completed three months of service and permits them to defer a portion of their salary until withdrawn in future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Organization also provides employees with a deferred compensation pension plan in accordance with Internal Revenue Code Section 401(a). The Partners in Healthcare, Inc. Retirement Plan (the Plan) is a defined contribution plan and is available to eligible Organization employees who have met the requirements of the 403(b) Plan and have elective deferrals to that plan. The Organization contributes \$1 for each \$1 the employees contribute up to 6% of deferred compensation.

The Organization's contributions vest evenly over a five-year period from the employee's date of entry into the 403(b) Plan. The 403(b) Plan participants contributed approximately \$188,000 and \$154,000 to the plan for the years ended September 30, 2014 and 2013, respectively. The Organization contributed approximately \$126,000 and \$105,000 to the Plan for the years ended September 30, 2014 and 2013, respectively.

The assets for the 403(b) Plan and the Plan are invested within various fund pools established and maintained by the American United Life Insurance Company. The 403(b) Plan and the Plan are administered by the Organization. The Organization may amend the provisions of the plans at its discretion.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

10. Healthcare Self Insurance:

The Organization partially self-insures the cost of employee healthcare benefits. The Organization self-insures the first \$50,000 in claims per eligible participant. The Organization also purchases annual stop-loss insurance coverage for all claims in excess of \$50,000 per participant. Liabilities on the statements of net position include an accrual for claims that have been incurred but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Changes in the Organization's claim liability amounts are as follows:

	2014	2013
Claim liability, beginning of year	\$ 63,656	\$ 136,811
Current year claims and changes in estimates	846,915	490,046
Claims payments	(825,694)	(563,201)
Claim liability, end of year	\$ 84,877	\$ 63,656

11. Concentration of Credit Risk:

Patient Receivables – The Organization grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Gooding County.

The mix of receivables from third-party payors and patients was as follows:

	2014	2013
Medicare	25 %	39 %
Medicaid	4	13
Blue Cross	21	15
Commercial insurance and other third-party payors	21	19
Patients	29	14
	100 %	100 %

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

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013**

12. Commitment and Contingencies:

Risk management – The Organization 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, natural disasters, and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Medical malpractice claims – The Organization obtains medical malpractice insurance through Washington Casualty Company (WCC). WCC offers the Organization a professional and general liability policy on a "claims made" basis with primary limits of \$1,000,000 per claim and an annual aggregate limit of \$5,000,000. The policy has no deductible. The renewal date of the policy is August 1, 2015.

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

Industry regulations – The healthcare 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 healthcare 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 Organization is in substantial compliance with current laws and regulations.

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

13. Related-Party Transactions:

St. Luke's Health System (St. Luke's) maintains 16% of the voting power of Partners in Healthcare, Inc.'s Board of Directors. The Organization has a management services agreement (Agreement) with St. Luke's. The Agreement gives St. Luke's, through the Administrator/Chief Executive Officer, full authority to implement and fulfill the policy decisions of the Partners in Healthcare, Inc. Board of Directors. The Agreement may be terminated by mutual agreement of both parties at any time.

During the years ended September 30, 2014 and 2013, the Organization purchased approximately \$844,000 and \$949,000, respectively, in services from St. Luke's.

The Organization's aggregated future commitment related to the management services agreement is approximately \$307,000.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

14. Blended Component Unit:

A condensed combining statement of net position for the year ended September 30, 2014, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Assets</i>				
Current assets	\$ 40,000	\$ 10,845,542	\$ (40,000)	\$ 10,845,542
Capital assets, net	45,390	19,050,628	-	19,096,018
Other long-term assets	-	1,607,047	-	1,607,047
Total assets	\$ 85,390	\$ 31,503,217	\$ (40,000)	\$ 31,548,607
<i>Liabilities</i>				
Current liabilities	\$ -	\$ 2,482,273	\$ (40,000)	\$ 2,442,273
Long-term debt, less current maturities	-	23,299,494	-	23,299,494
Total liabilities	-	25,781,767	(40,000)	25,741,767
<i>Net position</i>				
Net investment in capital assets	45,390	(4,951,454)	-	(4,906,064)
Restricted	-	1,560,614	-	1,560,614
Unrestricted	40,000	9,112,290	-	9,152,290
Total net position	85,390	5,721,450	-	5,806,840
Total liabilities and net position	\$ 85,390	\$ 31,503,217	\$ (40,000)	\$ 31,548,607

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

14. Blended Component Unit (continued):

A condensed combining statement of revenues, expenses and changes in net position for the year ended September 30, 2014, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Operating revenues</i>				
Net patient service revenue, net of provision for bad debts of \$1,504,746	\$ -	\$ 16,851,996	\$ -	\$ 16,851,996
Electronic health records incentive payment	-	(361,731)	-	(361,731)
Grants	-	44,133	-	44,133
Other revenue	-	181,505	-	181,505
Total operating revenues	-	16,715,903	-	16,715,903
<i>Operating expenses</i>				
Depreciation	2,700	2,807,752	-	2,810,452
Other operating expenses	-	14,775,618	-	14,775,618
Total operating expenses	2,700	17,583,370	-	17,586,070
<i>Operating loss</i>	(2,700)	(867,467)	-	(870,167)
<i>Nonoperating revenues (expenses)</i>				
Taxes	-	814,353	-	814,353
Investment income	-	68,601	-	68,601
Unrealized loss on investment	-	(17,717)	-	(17,717)
Interest expense	-	(1,776,520)	-	(1,776,520)
Loss on disposal	-	(21,689)	-	(21,689)
Total nonoperating expenses, net	-	(932,972)	-	(932,972)
<i>Capital grants and contributions</i>	-	59,318	-	59,318
Change in net position	(2,700)	(1,741,121)	-	(1,743,821)
Net position, beginning of year	88,090	7,462,571	-	7,550,661
Net position, end of year	\$ 85,390	\$ 5,721,450	\$ -	\$ 5,806,840

A condensed combining statement of cash flows for the year ended September 30, 2014, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Net cash provided by (used in)</i>				
Operating activities	\$ -	\$ 2,209,920	\$ -	\$ 2,209,920
Noncapital financing activities	-	812,868	-	812,868
Capital and related financing activities	-	(2,701,171)	-	(2,701,171)
Investing activities	-	18,589	-	18,589
Increase in cash and cash equivalents	-	340,206	-	340,206
Cash and cash equivalents, beginning of year	-	6,024,807	-	6,024,807
Cash and cash equivalents, end of year	\$ -	\$ 6,365,013	\$ -	\$ 6,365,013

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

14. Blended Component Unit (continued):

A condensed combining statement of net position for the year ended September 30, 2013, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Assets</i>				
Current assets	\$ 40,000	\$ 10,939,505	\$ (40,000)	\$ 10,939,505
Capital assets, net	48,090	21,414,518	-	21,462,608
Other long-term assets	-	1,234,024	-	1,234,024
Total assets	\$ 88,090	\$ 33,588,047	\$ (40,000)	\$ 33,636,137
<i>Liabilities</i>				
Current liabilities	\$ -	\$ 2,344,378	\$ (40,000)	\$ 2,304,378
Long-term debt, less current maturities	-	23,781,098	-	23,781,098
Total liabilities	-	26,125,476	(40,000)	26,085,476
<i>Net position, restated</i>				
Net investment in capital assets	48,090	(3,105,982)	-	(3,057,892)
Restricted	-	1,094,735	-	1,094,735
Unrestricted	40,000	9,473,818	-	9,513,818
Total net position, restated	88,090	7,462,571	-	7,550,661
Total liabilities and net position	\$ 88,090	\$ 33,588,047	\$ (40,000)	\$ 33,636,137

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Notes to Combined Basic Financial Statements (Continued)
Years Ended September 30, 2014 and 2013

14. Blended Component Unit (continued):

A condensed combining statement of revenues, expenses and changes in net position for the year ended September 30, 2013, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Operating revenues</i>				
Net patient service revenue net of provision for bad debts of \$1,678,689	\$ -	\$ 16,116,620	\$ -	\$ 16,116,620
Electronic health records incentive payment	-	32,625	-	32,625
Grants	-	77,644	-	77,644
Other revenue	-	200,021	-	200,021
Total operating revenues	-	16,426,910	-	16,426,910
<i>Operating expenses</i>				
Depreciation	2,889	2,825,230	-	2,828,119
Other operating expenses	-	13,551,086	-	13,551,086
Total operating expenses	2,889	16,376,316	-	16,379,205
<i>Operating income (loss)</i>	(2,889)	50,594	-	47,705
<i>Nonoperating revenues (expenses)</i>				
Taxes	-	782,917	-	782,917
Investment income	-	17,397	-	17,397
Loss on disposal of capital assets	-	(47,047)	-	(47,047)
Interest expense	-	(1,811,973)	-	(1,811,973)
Total nonoperating expenses net	-	(1,058,706)	-	(1,058,706)
<i>Capital grants and contributions</i>	-	103,765	-	103,765
Change in net position	(2,889)	(904,347)	-	(907,236)
Net position beginning of year restated	90,979	8,366,918	-	8,457,897
Net position, end of year	\$ 88,090	\$ 7,462,571	\$ -	\$ 7,550,661

A condensed combining statement of cash flows for the year ended September 30, 2013, is as follows

	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Net cash provided by (used in)</i>				
Operating activities	\$ -	\$ 3,290,460	\$ -	\$ 3,290,460
Noncapital financing activities	-	783,867	-	783,867
Capital and related financing activities	-	(2,294,274)	-	(2,294,274)
Investing activities	-	(1,998,902)	-	(1,998,902)
Decrease in cash and cash equivalents	-	(218,849)	-	(218,849)
Cash and cash equivalents beginning of year	-	6,243,656	-	6,243,656
Cash and cash equivalents, end of year	\$ -	\$ 6,024,807	\$ -	\$ 6,024,807

SUPPLEMENTAL INFORMATION

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Combining Statement of Net Position
September 30, 2014**

ASSETS	Gooding County Memorial Hospital District	Partners in Healthcare	Eliminations	Combined
<i>Current assets</i>				
Cash and cash equivalents	\$ -	\$ 4,757,966	\$ -	\$ 4,757,966
Investments	-	2,001,547	-	2,001,547
Receivables				
Patient, net of estimated uncollectibles of \$1,075,001	-	2,167,853	-	2,167,853
Due from Partners in Healthcare	40,000	-	(40,000)	-
Estimated third-party payor settlements	-	1,059,000	-	1,059,000
Other	-	77,082	-	77,082
Inventories	-	387,766	-	387,766
Prepaid expenses	-	394,328	-	394,328
Total current assets	40,000	10,845,542	(40,000)	10,845,542
<i>Noncurrent assets</i>				
Cash and cash equivalents restricted by mortgage agreement	-	1,551,852	-	1,551,852
Cash and cash equivalents designated by Board for funded depreciation	-	43,535	-	43,535
Cash and cash equivalents restricted by donors	-	11,660	-	11,660
Capital assets, net	45,390	19,050,628	-	19,096,018
Total noncurrent assets	45,390	20,657,675	-	20,703,065
Total assets	\$ 85,390	\$ 31,503,217	\$ (40,000)	\$ 31,548,607
LIABILITIES AND NET POSITION				
<i>Current liabilities</i>				
Current maturities of long-term debt	\$ -	\$ 560,732	\$ -	\$ 560,732
Accounts payable	-	782,880	-	782,880
Capital accounts payable	-	1,996	-	1,996
Due to Gooding County Memorial Hospital District	-	40,000	(40,000)	-
Estimated third-party payor settlements	-	107,416	-	107,416
Electronic health records incentive payback	-	204,044	-	204,044
Accrued compensation and related liabilities	-	645,345	-	645,345
Accrued interest payable	-	139,860	-	139,860
Total current liabilities	-	2,482,273	(40,000)	2,442,273
<i>Long-term debt, less current maturities</i>	-	23,299,494	-	23,299,494
Total liabilities	-	25,781,767	(40,000)	25,741,767
<i>Net position</i>				
Net investment in capital assets	45,390	(4,951,454)	-	(4,906,064)
Restricted	-	1,560,614	-	1,560,614
Unrestricted	40,000	9,112,290	-	9,152,290
Total net position	85,390	5,721,450	-	5,806,840
Total liabilities and net position	\$ 85,390	\$ 31,503,217	\$ (40,000)	\$ 31,548,607

See accompanying independent auditors' report

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2014**

	Gooding County Memorial Hospital District	Partners in Healthcare	Combined
<i>Operating revenues</i>			
Net patient service revenue, net of provision for bad debts of \$1,504,746	\$ -	\$ 16,851,996	\$ 16,851,996
Electronic health records incentive pay back	-	(361,731)	(361,731)
Grants	-	44,133	44,133
Other	-	181,505	181,505
Total operating revenues	-	16,715,903	16,715,903
<i>Operating expenses</i>			
Salaries and wages	-	5,913,083	5,913,083
Employee benefits	-	1,567,213	1,567,213
Professional fees	-	2,095,885	2,095,885
Supplies	-	1,589,550	1,589,550
Purchased services	-	2,064,604	2,064,604
Utilities	-	262,483	262,483
Rental and leases	-	170,339	170,339
Depreciation	2,700	2,807,752	2,810,452
Insurance	-	142,874	142,874
Other	-	969,587	969,587
Total operating expenses	2,700	17,583,370	17,586,070
<i>Operating loss</i>	(2,700)	(867,467)	(870,167)
<i>Nonoperating revenues (expenses)</i>			
Taxes	-	814,353	814,353
Investment income	-	68,601	68,601
Loss on disposal of capital assets	-	(21,689)	(21,689)
Unrealized loss on investment	-	(17,717)	(17,717)
Interest expense	-	(1,776,520)	(1,776,520)
Total nonoperating expenses, net	-	(932,972)	(932,972)
Excess of expenses over revenues before capital grants	(2,700)	(1,800,439)	(1,803,139)
<i>Capital grants and contributions</i>	-	59,318	59,318
Change in net position	(2,700)	(1,741,121)	(1,743,821)
Net position, beginning of year	88,090	7,462,571	7,550,661
Net position, end of year	\$ 85,390	\$ 5,721,450	\$ 5,806,840

See accompanying independent auditors' report

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Combining Statement of Cash Flows
Year Ended September 30, 2014**

	Gooding County Memorial Hospital District	Partners in Healthcare	Combined
<i>Cash flows from operating activities</i>			
Receipts from and on behalf of patients	\$ -	\$ 16,256,852	\$ 16,256,852
Electronic health records incentive payment	-	127,428	127,428
Grant receipts	-	44,133	44,133
Other receipts and payments	-	229,492	229,492
Payments to or on behalf of employees	-	(7,420,144)	(7,420,144)
Payments to suppliers, contractors, and others	-	(7,027,841)	(7,027,841)
Net cash provided by operating activities	-	2,209,920	2,209,920
<i>Cash flows from noncapital financing activities</i>			
Taxes received	812,868	-	812,868
Taxes transferred	(812,868)	812,868	-
Net cash provided by noncapital financing activities	-	812,868	812,868
<i>Cash flows from capital and related financing activities</i>			
Payments for capital assets	-	(535,917)	(535,917)
Repayment of long-term debt	-	(524,231)	(524,231)
Interest paid on long-term debt	-	(1,700,341)	(1,700,341)
Capital grant receipts	-	59,318	59,318
Net cash used in capital and related financing activities	-	(2,701,171)	(2,701,171)
<i>Cash flows from investing activities</i>			
Investment income	-	18,589	18,589
Net cash provided by investing activities	-	18,589	18,589
Increase in cash and cash equivalents	-	340,206	340,206
Cash and cash equivalents, beginning of year	-	6,024,807	6,024,807
Cash and cash equivalents, end of year	\$ -	\$ 6,365,013	\$ 6,365,013

See accompanying independent auditors' report

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.**
doing business as North Canyon Medical Center
Combining Statement of Cash Flows (Continued)
Year Ended September 30, 2014

	Gooding County Memorial Hospital District	Partners in Healthcare	Combined
<i>Reconciliation of cash and cash equivalents to the combined statement of net position</i>			
Cash and cash equivalents in current assets	\$ -	\$ 4,757,966	\$ 4,757,966
Cash and cash equivalents restricted by mortgage agreement	-	1,551,852	1,551,852
Cash and cash equivalents designated by Board for funded depreciation	-	43,535	43,535
Cash and cash equivalents restricted by donors	-	11,660	11,660
Total cash and cash equivalents	-	6,365,013	6,365,013
<i>Reconciliation of operating loss to net cash provided by operating activities</i>			
Operating loss	(2,700)	(867,467)	(870,167)
<i>Adjustments to reconcile operating loss to net cash provided by operating activities</i>			
Depreciation	2,700	2,807,752	2,810,452
Provision for bad debts	-	1,504,746	1,504,746
Decrease (increase) in assets			
Receivables			
Patient, net	-	(1,591,306)	(1,591,306)
Estimated third-party payor settlements	-	(236,000)	(236,000)
Electronic health records incentive payment	-	285,115	285,115
Other	-	47,987	47,987
Inventories	-	108,039	108,039
Prepaid expenses	-	(23,655)	(23,655)
Increase (decrease) in liabilities			
Accounts payable	-	183,097	183,097
Estimated third-party payor settlements	-	(272,584)	(272,584)
Electronic health records incentive payback	-	204,044	204,044
Accrued compensation and related liabilities	-	60,152	60,152
Net cash provided by operating activities	\$ -	\$ 2,209,920	\$ 2,209,920

See accompanying independent auditors' report

SINGLE AUDIT

AUDITORS' SECTION

INDEPENDENT AUDITORS' 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*

Board of Trustees
Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Gooding, Idaho

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 combined financial statements of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center (the Organization) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Organization's combined basic financial statements, and have issued our report thereon dated January 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

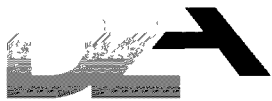
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
January 16, 2015



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Gooding, Idaho

Report on Compliance for the Organization's Major Federal Program

We have audited Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center's (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2014. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Organization's major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Organization's Major Federal Program

In our opinion, the Organization, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2014

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the Organization's major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Organization's major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
January 16, 2015

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Schedule of Audit Findings and Questioned Costs
Year Ended September 30, 2014**

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued

Unmodified

Internal control over financial reporting

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ yes X no
_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards:

Internal control over major programs

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ yes X no
_____ yes X none reported

Type of auditors’ report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

_____ yes X no

Identification of major programs

CFDA Number(s)

Name of Federal Program or Cluster

14 128

U S Department of Housing and Urban Development
Mortgage Insurance - Hospitals

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee?

_____ yes X no

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended September 30, 2014**

Section II – Financial Statements Findings

No matters were reported

Section III – Federal Award Findings and Questioned Costs

No matters were reported

AUDITEE'S SECTION

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Direct Program from:			
U S Department of Housing and Urban Development Mortgage Insurance - Hospitals	14 128	Not applicable	\$ 24,863,972
Pass-through Program from:			
South Central Public Health District National Bioterrorism Hospital Preparedness Program	93 889	PCA 15895	21,801
Pass-through Program from:			
State of Idaho Department of Health and Welfare Small Rural Hospital Improvement Grant Program	93 301	HC777600	8,142
Total expenditures of federal awards			\$ 24,893,915

See accompanying independent auditors' report

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Gooding County Memorial Hospital District and Partners in Healthcare, Inc. doing business as North Canyon Medical Center in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combined basic financial statements.

2. Loan Guarantee:

Nonmonetary assistance in the form of a loan guarantee is included in the accompanying schedule of expenditures of federal awards. The related loan balance was \$24,863,972 at September 30, 2014.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Corrective Action Plan
Year Ended September 30, 2014**

The current year Schedule of Audit Findings and Questioned Costs reported no matters in *Section II – Financial Statement Findings* or in *Section III – Federal Award Findings and Questioned Costs*. Therefore, no corrective action plan is necessary nor has one been prepared.

**Gooding County Memorial Hospital District and
Partners in Healthcare, Inc.
doing business as North Canyon Medical Center
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2014**

Prior Year Audit Findings:

**2013-001 – Submission of Required Reports to the U.S. Department of Housing and Urban
Development**

Condition The Organization did not comply with its applicable compliance requirements related to timely filing of reports

Status Resolved