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Form 990

Return of Organization Exempt From Income Tax

2013

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

► Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.

► Information about Form 990 and its instructions is at www.irs.gov/form990

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 10-01-2013, 2013, and ending 09-30-2014

| | | | |
|----------------------------------------------|---------------------------------------------------------------------------------------------------|------------|------------------------------------------------|
| B Check if applicable | C Name of organization NORTHERN ROCKIES MEDICAL CENTER INC | | D Employer identification number 81-0530457 |
| <input type="checkbox"/> Address change | Doing Business As | | |
| <input type="checkbox"/> Name change | | | |
| <input type="checkbox"/> Initial return | Number and street (or P O box if mail is not delivered to street address) 802 SECOND STREET NE | Room/suite | E Telephone number (406) 873-2250 |
| <input type="checkbox"/> Terminated | | | |
| <input type="checkbox"/> Amended return | City or town, state or province, country, and ZIP or foreign postal code CUT BANK, MT 59427 | | |
| <input type="checkbox"/> Application pending | | | G Gross receipts \$ 7,153,690 |

| | |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| F Name and address of principal officer TREASURE BERKRAM 802 SECOND STREET NE CUT BANK, MT 59427 | H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | H(b) Are all subordinates included? If "No," attach a list (see instructions) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|

J Website: ► NRMCCINC.ORG

K Form of organization Corporation Trust Association Other ► L Year of formation 2001 M State of legal domicile MT

Part I Summary

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| 1 Briefly describe the organization's mission or most significant activities PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE TO RESIDENTS OF GLACIER COUNTY AND THE SURROUNDING AREA REGARDLESS OF THEIR ABILITY TO PAY | |
| 2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets | |
| 3 Number of voting members of the governing body (Part VI, line 1a) | 3 10 |
| 4 Number of independent voting members of the governing body (Part VI, line 1b) | 4 9 |
| 5 Total number of individuals employed in calendar year 2013 (Part V, line 2a) | 5 121 |
| 6 Total number of volunteers (estimate if necessary) | 6 0 |
| 7a Total unrelated business revenue from Part VIII, column (C), line 12 | 7a 0 |
| b Net unrelated business taxable income from Form 990-T, line 34 | 7b 0 |

| | | |
|-----------------------------------------------------------------------------------------------|--------------------|---------------------|
| 8 Contributions and grants (Part VIII, line 1h) | Prior Year 114,090 | Current Year 58,279 |
| 9 Program service revenue (Part VIII, line 2g) | 6,416,154 | 6,549,622 |
| 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 9,887 | 807 |
| 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 890,117 | 544,982 |
| 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 7,430,248 | 7,153,690 |

| | |
|--------------------------------------------------------------------------------------|---------------------|
| 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 0 0 |
| 14 Benefits paid to or for members (Part IX, column (A), line 4) | 0 0 |
| 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) | 4,487,059 5,065,195 |
| 16a Professional fundraising fees (Part IX, column (A), line 11e) | 0 0 |
| b Total fundraising expenses (Part IX, column (D), line 25) ► ⁰ | |
| 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) | 2,554,300 2,450,566 |
| 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | 7,041,359 7,515,761 |
| 19 Revenue less expenses Subtract line 18 from line 12 | 388,889 -362,071 |

| | | |
|------------------------------------------------------------------------|-------------------------------------|-----------------------|
| 20 Total assets (Part X, line 16) | Beginning of Current Year 4,828,765 | End of Year 4,390,790 |
| 21 Total liabilities (Part X, line 26) | 1,846,440 | 1,770,536 |
| 22 Net assets or fund balances Subtract line 21 from line 20 | 2,982,325 | 2,620,254 |

Part II Signature Block

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

| | | |
|-----------|---------------------------------------------------------------------------------------|--------------------|
| Sign Here | ***** Signature of officer TREASURE BERKRAM CFO Type or print name and title | 2015-08-11 Date |
|-----------|---------------------------------------------------------------------------------------|--------------------|

| | | | | | |
|------------------------|--------------------------------------------------------------|----------------------|------|-------------------------------------------------|-------------------|
| Paid Preparer Use Only | Print/Type preparer's name NATHAN D MCCARTHY CPA | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN P00368408 |
| | Firm's name ► WIPFLI LLP | | | Firm's EIN ► 39-0758449 | |
| | Firm's address ► 910 N LAST CHANCE GULCH HELENA, MT 59601 | | | Phone no (406) 444-5520 | |

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE TO RESIDENTS OF GLACIER COUNTY AND THE SURROUNDING AREA REGARDLESS OF THEIR ABILITY TO PAY

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 C

Yes No

3 Did the organization cease conducting, or make significant changes in how it conducts, any programs or 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 \$ 5,972,632 including grants of \$) (Revenue \$ 7,094,604

PROVIDE INPATIENT, OUTPATIENT AND CLINICAL HEALTHCARE SERVICES TO RESIDENTS OF GLACIER COUNTY AND THE SURROUNDING AREAS

4b (Code) (Expenses \$ including grants of \$) (Revenue \$

4c (Code) (Expenses \$ including grants of \$) (Revenue \$

4d Other program services (Describe in Schedule O)

(Expenses \$ **including grants of \$**) (Revenue \$)

4e Total program service expenses 5 972 632

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?

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

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

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

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

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

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

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
- 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
- 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
- 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
- e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X
- 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 XI

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII

- 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

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

- 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

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

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

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)

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

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

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

- b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

| | Yes | No |
|-----|-----|----|
| 1 | Yes | |
| 2 | Yes | |
| 3 | | No |
| 4 | | No |
| 5 | | No |
| 6 | | No |
| 7 | | No |
| 8 | | No |
| 9 | | No |
| 10 | | No |
| 11a | Yes | |
| 11b | Yes | |
| 11c | | No |
| 11d | | No |
| 11e | Yes | |
| 11f | | No |
| 12a | Yes | |
| 12b | | No |
| 13 | | No |
| 14a | | No |
| 14b | | No |
| 15 | | No |
| 16 | | No |
| 17 | | No |
| 18 | | No |
| 19 | | No |
| 20a | Yes | |
| 20b | Yes | |

Part IV Checklist of Required Schedules (continued)

| | | | | |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|----|
| 21 | Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II | 21 | | No |
| 22 | Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III | 22 | | No |
| 23 | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J | 23 | | No |
| 24a | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a | 24a | | No |
| b | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | | |
| c | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | | |
| d | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | | |
| 25a | Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I | 25a | | No |
| b | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I | 25b | | No |
| 26 | Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II | 26 | | No |
| 27 | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III | 27 | | No |
| 28 | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | 28a | | No |
| a | A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | 28b | | No |
| b | A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV | 28c | | No |
| c | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV | 29 | | No |
| 29 | Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M | 30 | | No |
| 30 | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M | 31 | | No |
| 31 | Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I | 32 | | No |
| 32 | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II | 33 | | No |
| 33 | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I | 34 | | No |
| 34 | Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 | 35a | | No |
| 35a | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35b | | |
| b | If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 | 36 | | No |
| 36 | Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 | 37 | | No |
| 37 | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI | 38 | Yes | |
| 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 | | | |

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

| | | Yes | No |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----|----|
| 1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . . | 1a | 4 | |
| b Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable | 1b | 0 | |
| c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . | | | |
| 2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . . | 2a | 121 | |
| b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | |
| 3a Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . | | | |
| b 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)? . . . | | | |
| 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? . . . | | | |
| b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | |
| c 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? . . . | | | |
| b 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). | | | |
| a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . | | | |
| b If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . | | | |
| c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . | | | |
| d If "Yes," indicate the number of Forms 8282 filed during the year . . . | 7d | | |
| e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . | | | |
| f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . | | | |
| g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . | | | |
| h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . | | | |
| 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. | | | |
| a Did the organization make any taxable distributions under section 4966? . . . | | | |
| b Did the organization make a distribution to a donor, donor advisor, or related person? . . . | | | |
| 10 Section 501(c)(7) organizations. Enter | | | |
| a Initiation fees and capital contributions included on Part VIII, line 12 . . . | 10a | | |
| b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | |
| 11 Section 501(c)(12) organizations. Enter | | | |
| a Gross income from members or shareholders . . . | 11a | | |
| b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . | 11b | | |
| 12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? . . . | | | |
| b If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . | 12b | | |
| 13 Section 501(c)(29) qualified nonprofit health insurance issuers. | | | |
| a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O | | | |
| b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . | 13b | | |
| c Enter the amount of reserves on hand . . . | 13c | | |
| 14a Did the organization receive any payments for indoor tanning services during the tax year? . . . | | | |
| b 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 | 1a | 10 | | |
| If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O | | | | |
| b Enter the number of voting members included in line 1a, above, who are independent | 1b | 9 | | |
| 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | 2 | | No | |
| 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | 3 | | No | |
| 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | 4 | | No | |
| 5 Did the organization become aware during the year of a significant diversion of the organization's assets? | 5 | | No | |
| 6 Did the organization have members or stockholders? | 6 | | No | |
| 7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | 7a | | No | |
| b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | 7b | | No | |
| 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | 8a | Yes | | |
| a The governing body? | 8b | Yes | | |
| b Each committee with authority to act on behalf of the governing body? | 9 | | No | |
| 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | | | | |

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

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

Section C. Disclosure

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

TREASURE BERKRAM 802 SECOND STREET NE
CUT BANK, MT 59427 (406) 873-2250

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck 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 Employee | | | |
| (1) GERALD EBELT CHAIRMAN | 1 00 | X | | X | | | 0 | 0 | 0 |
| (2) RICK BILLMAN DIRECTOR | 1 00 | X | | | | | 0 | 0 | 0 |
| (3) LON PETERSON DIRECTOR | 1 00 | X | | | | | 0 | 0 | 0 |
| (4) PATRICK MONTALBAN DIRECTOR | 1 00 | X | | | | | 0 | 0 | 0 |
| (5) DR STEVE LOWERY DIRECTOR | 1 00 | X | | | | | 0 | 0 | 0 |
| (6) ROBERT CARETTE DIRECTOR | 1 00 | X | | | | | 0 | 0 | 0 |
| (7) ELAINE MITCHELL DIRECTOR | 1 00 | X | | | | | 0 | 0 | 0 |
| (8) JOHN WALLER VICE CHAIR | 1 00 | X | | X | | | 0 | 0 | 0 |
| (9) BESS HJARTARSON SECRETARY | 1 00 | X | | X | | | 0 | 0 | 0 |
| (10) DR ADRON MEDLEY DIRECTOR/SURGEON | 40 00 | X | | | | | 67,816 | 0 | 0 |
| (11) CHERIE TAYLOR CEO | 40 00 | | | X | | | 92,362 | 0 | 17,820 |
| (12) TREASURE BERKRAM CFO | 40 00 | | | X | | | 60,425 | 0 | 8,047 |
| (13) CHRISTINE OUELLETTE CNO | 40 00 | | | X | | | 71,300 | 0 | 6,799 |
| (14) NIALL ATKINSON FNP | 40 00 | | | | X | | 132,752 | 0 | 16,962 |
| (15) ROBERT D WOOD FNP | 40 00 | | | | X | | 106,160 | 0 | 969 |
| | | | | | | | | | |
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Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)**

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 | No |
| 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 |
|-------------------------------------------------------------|--------------------------------|---------------------|
| PINNACLE MEDICAL SERVICES 50 LUEDTKE ROAD CUT BANK MT 59427 | PHYSICIAN | 182,872 |
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Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII

| | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512-514 | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------|-----------------------------------------|---------------------------------------------------------------------|-----|
| Contributions, Gifts, Grants and Other Similar Amounts | 1a Federated campaigns | 1a | | | | |
| | b Membership dues | 1b | | | | |
| | c Fundraising events | 1c | | | | |
| | d Related organizations | 1d | | | | |
| | e Government grants (contributions) | 1e | 43,596 | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | 14,683 | | | |
| | g Noncash contributions included in lines 1a-1f \$ | | | | | |
| | h Total. Add lines 1a-1f | | 58,279 | | | |
| Program Service Revenue | 2a PATIENT SERVICE REVENUE | Business Code 621110 | 6,425,605 | 6,425,605 | 0 | |
| | b OTHER PATIENT REVENUE | 621110 | 124,017 | 124,017 | 0 | |
| | c | | | | | |
| | d | | | | | |
| | e | | | | | |
| | f All other program service revenue | | | | | |
| | g Total. Add lines 2a-2f | | 6,549,622 | | | |
| | 3 Investment income (including dividends, interest, and other similar amounts) | | 807 | | | 807 |
| 4 Income from investment of tax-exempt bond proceeds | | | | | | |
| 5 Royalties | | | | | | |
| 6a Gross rents | (I) Real 24,332 | | | | | |
| b Less rental expenses | 0 | | | | | |
| c Rental income or (loss) | 24,332 | | | | | |
| d Net rental income or (loss) | | 24,332 | 24,332 | | | |
| 7a Gross amount from sales of assets other than inventory | (I) Securities | | | | | |
| b Less cost or other basis and sales expenses | (II) Other | | | | | |
| c Gain or (loss) | | | | | | |
| d Net gain or (loss) | | | | | | |
| 8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 | a | | | | | |
| b Less direct expenses | b | | | | | |
| c Net income or (loss) from fundraising events | | | | | | |
| 9a Gross income from gaming activities See Part IV, line 19 | a | | | | | |
| b Less direct expenses | b | | | | | |
| c Net income or (loss) from gaming activities | | | | | | |
| 10a Gross sales of inventory, less returns and allowances | a | | | | | |
| b Less cost of goods sold | b | | | | | |
| c Net income or (loss) from sales of inventory | | | | | | |
| Miscellaneous Revenue | Business Code | | | | | |
| 11a COUNTY TAX REVENUE | 624100 | 300,000 | 300,000 | | | |
| b EHR INCENTIVE PAYMENT | 621110 | 220,650 | 220,650 | | | |
| c | | | | | | |
| d All other revenue | | | | | | |
| e Total. Add lines 11a-11d | | 520,650 | | | | |
| 12 Total revenue. See Instructions | | 7,153,690 | 7,094,604 | 0 | 807 | |

Part IX Statement of Functional Expenses

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

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

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------|----------------------------------------------------|-----------------------------------------|
| 1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21 | | | | |
| 2 Grants and other assistance to individuals in the United States See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 290,475 | 88,803 | 201,672 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 4,152,839 | 3,586,385 | 566,454 | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 27,237 | 27,237 | | |
| 9 Other employee benefits | 202,416 | 179,910 | 22,506 | |
| 10 Payroll taxes | 392,228 | 328,970 | 63,258 | |
| 11 Fees for services (non-employees) | | | | |
| a Management | 76,514 | | 76,514 | |
| b Legal | 14,518 | | 14,518 | |
| c Accounting | 24,455 | | 24,455 | |
| d Lobbying | | | | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) | 167,995 | 91,352 | 76,643 | |
| 12 Advertising and promotion | 32,816 | | 32,816 | |
| 13 Office expenses | 81,789 | 59,986 | 21,803 | |
| 14 Information technology | 220,038 | 2,422 | 217,616 | |
| 15 Royalties | | | | |
| 16 Occupancy | 100,132 | 100,132 | | |
| 17 Travel | 60,577 | 55,054 | 5,523 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 49,896 | 18,610 | 31,286 | |
| 20 Interest | 27,464 | 27,464 | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 461,023 | 461,023 | | |
| 23 Insurance | 139,402 | 36,469 | 102,933 | |
| 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 SUPPLIES | 400,318 | 389,381 | 10,937 | |
| b PROVIDER FEES | 222,218 | 222,218 | | |
| c REPAIRS AND MAINTENANCE | 190,170 | 186,772 | 3,398 | |
| d MEDICAL SERVICES | 94,326 | 89,632 | 4,694 | |
| e All other expenses | 86,915 | 20,812 | 66,103 | |
| 25 Total functional expenses. Add lines 1 through 24e | 7,515,761 | 5,972,632 | 1,543,129 | 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 SheetCheck if Schedule O contains a response or note to any line in this Part X

| | | (A) Beginning of year | (B) End of year |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------|
| Assets | | | |
| 1 | Cash—non-interest-bearing | 662,941 | 1 1,052,844 |
| 2 | Savings and temporary cash investments | 2 | |
| 3 | Pledges and grants receivable, net | 1,652,173 | 3 1,289,433 |
| 4 | Accounts receivable, net | 4 | |
| 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 | 402,913 | 7 413,382 |
| 8 | Inventories for sale or use | 126,145 | 8 161,155 |
| 9 | Prepaid expenses and deferred charges | 14,598 | 9 14,998 |
| 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a | 3,310,156 |
| b | Less accumulated depreciation | 10b | 2,160,336 |
| | | 1,389,278 | 10c 1,149,820 |
| 11 | Investments—publicly traded securities | 11 | |
| 12 | Investments—other securities See Part IV, line 11 | 297,048 | 12 309,158 |
| 13 | Investments—program-related See Part IV, line 11 | 13 | |
| 14 | Intangible assets | 14 | |
| 15 | Other assets See Part IV, line 11 | 283,669 | 15 0 |
| 16 | Total assets. Add lines 1 through 15 (must equal line 34) | 4,828,765 | 16 4,390,790 |
| Liabilities | | | |
| 17 | Accounts payable and accrued expenses | 740,077 | 17 1,145,079 |
| 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 | 1,104,593 | 23 624,875 |
| 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 | 1,770 | 25 582 |
| 26 | Total liabilities. Add lines 17 through 25 | 1,846,440 | 26 1,770,536 |
| 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 | 2,982,325 | 27 2,620,254 |
| 28 | Temporarily restricted net assets | 28 | |
| 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 | 2,982,325 | 33 2,620,254 |
| 34 | Total liabilities and net assets/fund balances | 4,828,765 | 34 4,390,790 |

Part XI Reconciliation of Net AssetsCheck 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 | 7,153,690 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 7,515,761 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | -362,071 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 2,982,325 |
| 5 | Net unrealized gains (losses) on investments | 5 | |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | 0 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 2,620,254 |

Part XII Financial Statements and ReportingCheck 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 | 2a | 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 | 2b | 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 | 2c | 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? | 3a | No |
| 3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits | 3b | |

SCHEDULE A
(Form 990 or 990EZ)**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.

2013**Open to Public
Inspection**Department of the
Treasury
Internal Revenue Service

► 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.**Name of the organization**

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 | |
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| Total | | | | | | | | | |

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

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

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

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

| | |
|-------------------------------------------------------------------------------------------|----|
| 15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f)) | 15 |
| 16 Public support percentage from 2012 Schedule A, Part III, line 15 | 16 |

Section D. Computation of Investment Income Percentage

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

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

Return Reference

Explanation

2013

Open to Public
Inspection**SCHEDULE D**
(Form 990)**Supplemental Financial Statements**► Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b► Attach to Form 990. ► See separate instructions. ► Information about Schedule D (Form 990)
and its instructions is at www.irs.gov/form990.Department of the Treasury
Internal Revenue Service**Name of the organization**

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

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

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

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

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

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

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

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

Protection of natural habitat Preservation of a certified historic structure

Preservation of open space

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

| | Held at the End of the Year |
|----|-----------------------------|
| 2a | |
| 2b | |
| 2c | |
| 2d | |

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ► \$ _____

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

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

| | |
|-----------------------------------------------------------------------|-------------------------------------------------------------|
| a <input type="checkbox"/> Public exhibition | d <input type="checkbox"/> Loan or exchange programs |
| b <input type="checkbox"/> Scholarly research | e <input type="checkbox"/> Other |
| c <input type="checkbox"/> Preservation for future generations | |

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

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

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

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

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

| | Amount |
|-----------|---------------|
| 1c | |
| 1d | |
| 1e | |
| 1f | |

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

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

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

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

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

a Board designated or quasi-endowment

b Permanent endowment

c Temporarily restricted endowment

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

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

(i) unrelated organizations

(ii) related organizations

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

| Yes | No |
|---------------|-----------|
| 3a(i) | |
| 3a(ii) | |
| 3b | |

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

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

| | Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land | | 14,153 | | | 14,153 |
| b Buildings | | 329,737 | 120,531 | | 209,206 |
| c Leasehold improvements | | | | | |
| d Equipment | | 2,966,266 | 2,039,805 | | 926,461 |
| e Other | | | | | |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | | 1,149,820 |

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

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|--------------------------------------------------------------------------|----------------|-------------------------------------------------------------|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) PATRONAGE CREDITS | 180,662 | C |
| (B) LAND HELD FOR SALE | 101,008 | C |
| (C) INVESTMENT - MHA WORK COMP | 27,488 | C |
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| Total. (Column (b) must equal Form 990, Part X, col (B) line 12) | 309,158 | |

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

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

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

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

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

| 1 (a) Description of liability | (b) Book value |
|--------------------------------------------------------------------------|----------------|
| Federal income taxes | |
| INTEREST PAYABLE | 582 |
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| Total. (Column (b) must equal Form 990, Part X, col (B) line 25) | 582 |

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

| | | | |
|---|-----------------------------------------------------------------------------------------|----|-----------|
| 1 | Total revenue, gains, and other support per audited financial statements | 1 | 7,153,690 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | |
| a | Net unrealized gains on investments | 2a | |
| b | Donated services and use of facilities | 2b | |
| c | Recoveries of prior year grants | 2c | |
| d | Other (Describe in Part XIII) | 2d | |
| e | Add lines 2a through 2d | 2e | 0 |
| 3 | Subtract line 2e from line 1 | 3 | 7,153,690 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1 | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIII) | 4b | |
| c | Add lines 4a and 4b | 4c | 0 |
| 5 | Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12) | 5 | 7,153,690 |

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 | 7,515,761 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | |
| a | Donated services and use of facilities | 2a | |
| b | Prior year adjustments | 2b | |
| c | Other losses | 2c | |
| d | Other (Describe in Part XIII) | 2d | |
| e | Add lines 2a through 2d | 2e | 0 |
| 3 | Subtract line 2e from line 1 | 3 | 7,515,761 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1: | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | |
| b | Other (Describe in Part XIII) | 4b | |
| c | Add lines 4a and 4b | 4c | 0 |
| 5 | Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18) | 5 | 7,515,761 |

Part XIII Supplemental Information

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

| Return Reference | Explanation |
|------------------|---------------------------------------------------------------|
| PART X, LINE 2 | N/A - NO UNCERTAIN TAX POSITIONS UNDER FIN 48 HAVE BEEN TAKEN |
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Part XIII **Supplemental Information (continued)**

| Return Reference | Explanation |
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SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

Department of the Treasury
Internal Revenue Service

► 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.

2013

Open to Public
Inspection

Name of the organization

NORTHERN ROCKIES MEDICAL CENTER INC

Employer identification number

81-0530457

Part I Financial Assistance and Certain Other Community Benefits at Cost

| | Yes | No |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----|
| 1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a | 1a Yes | |
| b If "Yes," was it a written policy? | 1b Yes | |
| 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year | | |
| <input type="checkbox"/> Applied uniformly to all hospital facilities | <input type="checkbox"/> Applied uniformly to most hospital facilities | |
| <input type="checkbox"/> Generally tailored to individual hospital facilities | | |
| 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year | | |
| a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care | 3a Yes | |
| <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ % | | |
| b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for <i>discounted</i> care | 3b Yes | |
| <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % | | |
| c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care | | |
| 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | 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 | No |
| b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | |
| 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) | | | 117,130 | | 117,130 | 1 560 % |
| b Medicaid (from Worksheet 3, column a) | | | 1,506,359 | 957,700 | 548,659 | 7 300 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d Total Financial Assistance and Means-Tested Government Programs | | | 1,623,489 | 957,700 | 665,789 | 8 860 % |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 260,631 | 28,300 | 232,331 | 3 090 % |
| f Health professions education (from Worksheet 5) | | | | | | |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | | | | |
| j Total Other Benefits | | | 260,631 | 28,300 | 232,331 | 3 090 % |
| k Total Add lines 7d and 7j | | | 1,884,120 | 986,000 | 898,120 | 11 950 % |

Part II Community 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 III Bad Debt, Medicare, & Collection Practices

| Section A. Bad Debt Expense | Yes | No |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------|
| 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 | 594,804 |
| 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 | 490,317 |
| 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements | | |
| Section B. Medicare | | |
| 5 Enter total revenue received from Medicare (including DSH and IME) | 5 | 2,408,836 |
| 6 Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 2,408,836 |
| 7 Subtract line 6 from line 5 This is the surplus (or shortfall) | 7 | |
| 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 | | |
| <input type="checkbox"/> Cost accounting system | <input checked="" type="checkbox"/> Cost to charge ratio | <input type="checkbox"/> Other |
| Section C. Collection Practices | | |
| 9a Did the organization have a written debt collection policy during the tax year? | 9a | Yes |
| b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI | 9b | Yes |

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

| | (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership % | (e) Physicians' profit % or stock ownership % |
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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

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)

NORTHERN ROCKIES MEDICAL CENTER

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 _____

| Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012) | | Yes | No |
|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 1 | During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 | 1 Yes | |
| 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 type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | |
| g | <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs | | |
| h | <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests | | |
| i | <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs | | |
| j | <input type="checkbox"/> Other (describe in Part VI) | | |
| 2 | Indicate the tax year the hospital facility last conducted a CHNA 20 13 | | |
| 3 | In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted. | 3 Yes | |
| 4 | Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI | 4 No | |
| 5 | Did the hospital facility make its CHNA report widely available to the public? | 5 Yes | |
| | If "Yes," indicate how the CHNA report was made widely available (check all that apply) | | |
| a | <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>HTTP //NRMINC.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 checked="" 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 checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community | | |
| i | <input checked="" type="checkbox"/> Other (describe in Part VI) | | |
| 7 | Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs | 7 No | |
| 8a | Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? | 8a No | |
| b | If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? | 8b | |
| c | If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____ | | |

Part V Facility Information (continued)

| Financial Assistance Policy | | Yes | No |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 9 | Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | 9 | Yes |
| 10 | Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used | 10 | Yes |
| 11 | Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used | 11 | Yes |
| 12 | Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) | 12 | Yes |
| a | <input checked="" type="checkbox"/> Income level | | |
| b | <input type="checkbox"/> Asset level | | |
| c | <input checked="" type="checkbox"/> Medical indigency | | |
| d | <input type="checkbox"/> Insurance status | | |
| e | <input type="checkbox"/> Uninsured discount | | |
| f | <input type="checkbox"/> Medicaid/Medicare | | |
| g | <input type="checkbox"/> State regulation | | |
| h | <input type="checkbox"/> Residency | | |
| i | <input type="checkbox"/> Other (describe in Part VI) | | |
| 13 | Explained the method for applying for financial assistance? | 13 | Yes |
| 14 | Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | 14 | Yes |
| a | <input type="checkbox"/> The policy was posted on the hospital facility's website | | |
| b | <input type="checkbox"/> The policy was attached to billing invoices | | |
| c | <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms | | |
| d | <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices | | |
| e | <input checked="" 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

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|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----|
| 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

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

- a The hospital facility did not provide care for any emergency medical conditions
- b The hospital facility's policy was not in writing
- c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d Other (describe in Part VI)

| | Yes | No |
|---------------|-----|----|
| 19 Yes | | |

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d Other (describe in Part VI)

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| 21 | | No |

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

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

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| 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, 6l, 7, 10, 11, 12l, 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 |
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| See Additional Data Table | |
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Schedule H (Form 990) 2013

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) |
|------------------|-----------------------------|
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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 CHNA's 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

990 Schedule H, Supplemental Information

| Form and Line Reference | Explanation |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PART II, COMMUNITY BUILDING ACTIVITIES | N/A |
| PART III, LINE 2 | TO DETERMINE THE AMOUNTS USED ON LINE 2, PART III, THE AMOUNTS WRITTEN OFF TO BAD DEBT ARE WHAT ARE LEFT OVER AFTER ANY APPLICABLE DISCOUNTS, INSURANCE, AND PAYMENTS HAVE BEEN APPLIED. MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY USING HISTORICAL EXPERIENCE. NCE APPLIED TO AN AGING OF ACCOUNTS PATIENT RECEIVABLES ARE WRITTEN OFF WHEN DEEMED UNCOLLECTIBLE. |
| PART III, LINE 3 | TO DETERMINE THE AMOUNTS USED ON LINE 3, PART III, HISTORICAL DATA GATHERED FROM FINANCIAL ASSISTANCE TRACKING WAS USED TO GENERATE A PERCENTAGE OF PATIENTS THAT WOULD HAVE BEEN ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE PROGRAM. THIS AMOUNT WOULD HAVE PROVIDED ADDITIONAL ASSISTANCE TO THE COMMUNITY'S LOW INCOME FAMILIES. |
| PART II | THE ORGANIZATION PROMOTES THE COMMUNITY'S HEALTH BY PARTICIPATING IN ANNUAL HEALTH FAIRS THAT ENCOMPASS ALL AREAS OF WELLNESS INCLUDING DIABETES SCREENING TO BLOOD PRESSURE CHECKS. TO PAD SCREENING THE ORGANIZATION DOES FREE BLOOD PRESSURE CHECKS AND PARTICIPATES IN A FREE PHYSICAL THERAPY EQUIPMENT PROGRAM TO ASSIST WITH REHABILITATION AT HOME. |
| PART III, LINE 4 | TO DETERMINE THE AMOUNTS USED ON LINE 2, PART III, THE AMOUNTS WRITTEN OFF TO BAD DEBT ARE WHAT ARE LEFT OVER AFTER ANY APPLICABLE DISCOUNTS, INSURANCE, AND PAYMENTS HAVE BEEN APPLIED. MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY USING HISTORICAL EXPERIENCE. NCE APPLIED TO AN AGING OF ACCOUNTS PATIENT RECEIVABLES ARE WRITTEN OFF WHEN DEEMED UNCOLLECTIBLE. TO DETERMINE THE AMOUNTS USED ON LINE 3, PART III, HISTORICAL DATA GATHERED FROM FINANCIAL ASSISTANCE TRACKING WAS USED TO GENERATE A PERCENTAGE OF PATIENTS THAT WOULD HAVE BEEN ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE PROGRAM. THIS AMOUNT WOULD HAVE PROVIDED ADDITIONAL ASSISTANCE TO THE COMMUNITY'S LOW INCOME FAMILIES. |
| PART III, LINE 8 | THE COMPLETED MEDICARE COST REPORT WAS USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COST AND NET PATIENT REVENUE. |
| PART III, LINE 9B | THE FINANCIAL ASSISTANCE POLICY AND MEDICARE BAD DEBT POLICY ARE APPLIED UNIFORMLY ACROSS ALL PATIENTS, REGARDLESS OF PAYOR STATUS. |
| PART VI, LINE 2 | THE ORGANIZATION CONDUCTS A COMMUNITY HEALTH NEEDS ASSESSMENT SURVEY IN CONJUNCTION WITH MONTANA STATE UNIVERSITY EVERY THREE YEARS TO ASSESS THE NEEDS OF THE COMMUNITY. THE RESULTS ARE REVIEWED BY THE BOARD OF DIRECTORS AND MANAGEMENT TO DETERMINE WHAT CHANGES NEED TO BE IMPLEMENTED TO INSURE THAT WE ARE MEETING THE COMMUNITY'S HEALTHCARE NEEDS. |
| PART VI, LINE 3 | THE ORGANIZATION'S SELF PAY PATIENT REPRESENTATIVE WORKS WITH THE PATIENT TO DETERMINE HIS/HER ELIGIBILITY FOR FEDERAL, STATE OR LOCAL PROGRAMS THAT THEY MAY QUALIFY FOR. THEY WORK WITH THE PATIENT ONE ON ONE TO QUALIFY THE PATIENT FOR ANY ELIGIBLE CHARITY CARE PROGRAM. |
| PART VI, LINE 4 | THE ORGANIZATION SERVES THE RESIDENTS OF GLACIER COUNTY, MT AND THE SURROUNDING COUNTIES AS WELL AS A SIGNIFICANT NUMBER OF MEMBERS OF THE BLACKFEET NATION. CUT BANK BORDERS THE BLACKFEET INDIAN RESERVATION. IN ADDITION, THE ORGANIZATION SERVES A SIGNIFICANT NUMBER OF TOURISTS THAT PASS THROUGH THE AREA DURING THE SUMMER MONTHS. |
| PART VI, LINE 5 | THE ORGANIZATION PROMOTES THE COMMUNITY'S HEALTH BY PARTICIPATING IN ANNUAL HEALTH FAIRS THAT ENCOMPASS ALL AREAS OF WELLNESS INCLUDING DIABETES SCREENING TO BLOOD PRESSURE CHECKS. TO PAD SCREENING THE ORGANIZATION DOES FREE BLOOD PRESSURE CHECKS AND PARTICIPATES IN A FREE PHYSICAL THERAPY RENTAL EQUIPMENT PROGRAM TO ASSIST WITH REHABILITATION AT HOME. THE ORGANIZATION'S MEDICAL STAFF PROVIDES EMERGENCY DEPARTMENT COVERAGE 24/7 - 365 DAYS PER YEAR. THE ORGANIZATION'S BOARD OF DIRECTORS CONSIST OF LEADERS FROM THE COMMUNITY THAT INCLUDE A TEACHER, DENTIST, ACCOUNTANT, RETIRED PASTOR, AND A RENTAL BUSINESS OWNER. THAT VARY IN AGE FROM 30 TO 70. THE BOARD MEMBERS ARE EXTREMELY ACTIVE IN THE COMMUNITY AND AVAILABLE TO THE COMMUNITY MEMBERS FOR QUESTIONS AND ANSWERS. |
| PART VI, LINE 6 | N/A |

Additional Data

Software ID:

Software Version:

EIN: 81-0530457

Name: NORTHERN ROCKIES MEDICAL CENTER INC

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

| Form and Line Reference | Explanation |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NORTHERN ROCKIES MEDICAL CENTER | PART V, SECTION B, LINE 3 A STEERING COMMITTEE WAS CONVENED TO ASSIST NORTHERN ROCKIES MEDICAL CENTER IN CONDUCTING A COMMUNITY HEALTH SERVICES DEVELOPMENT PROJECT A DIVERSE GROUP OF COMMUNITY MEMBERS REPRESENTING VARIOUS ORGANIZATIONS AND POPULATIONS WITHIN THE COMMUNITY (EX PUBLIC HEALTH, ELDERLY, UNINSURED) CAME TOGETHER IN FEBRUARY 2013 THE GROUP INCLUDED A MEMBER OF THE CHAMBER OF COMMERCE, MEMBERS OF THE GLACIER COUNTY HEALTH DEPARTMENT, EMPLOYEES OF NORTHERN ROCKIES MEDICAL CENTER (CEO, CNO, NURSE, ETC), LOCAL PASTORS, BOARD MEMBERS OF THE NORTHERN ROCKIES MEDICAL CENTER AND OTHER COMMUNITY MEMBERS |

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

| Form and Line Reference | Explanation |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NORTHERN ROCKIES MEDICAL CENTER | PART V, SECTION B, LINE 5D NORTHERN ROCKIES MEDICAL CENTER, INC COMMUNITY NEEDS ASSESSMENT AND FOCUS GROUPS REPORT FOR THE FY14 TAX RETURN CAN BE FOUND AT HTTP://WWW.NRMCINC.ORG/CUT%20BANK%20REPORT_FINAL.PDF NORTHERN ROCKIES MEDICAL CENTER, INC IMPLEMENTATION PLAN ADDRESSING COMMUNITY HEALTH NEEDS FOR THE FY14 TAX RETURN CAN BE FOUND AT HTTP://WWW.GOOGLE.COM/URL?SA=T&RCT=J&Q=&ESRC=S&SOURCE=WEB&CD=1&VED=0CB0QFJAA&URL=HTTP%3A%2F%2FWWW.NRMCINC.ORG%2FNRMIMPLEMENTATIONNPLAN07232013.DOCX&EI=LIBRU9XIKAS3IGLM7ICODA&USG=AFQJCNFM260Z5JYLSOOFBZ9XE2HZRO8SQ&BVM=BV72938740,D CGE |

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

| Form and Line Reference | Explanation |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NORTHERN ROCKIES MEDICAL CENTER | PART V, SECTION B, LINE 6I ENSURE LOCAL ACCESS TO HEALTH CARE BY CONTINUING TO PROVIDE A CORE GROUP OF SERVICES, AS WELL AS PROVIDING NEW SERVICES BASED ON COMMUNITY DEMAND DEVELOP A STRATEGY TO ADDRESS THE COMMUNITY'S NEED FOR FINANCIAL ASSISTANCE PROGRAMS AND RESOURCES TO EXPAND ACCESS TO THOSE WHO ARE UNABLE TO AFFORD HEALTH CARE IMPROVE OVERALL HEALTH OUTCOMES IN THE COMMUNITY BY PROVIDING HEALTH AND WELLNESS SERVICES THROUGH COLLABORATION WITH OTHER COMMUNITY RESOURCES AND ORGANIZATIONS ADDRESS THE MENTAL HEALTH AND BEHAVIORAL HEALTH NEEDS OF THE COMMUNITY BY PROVIDING RESOURCES AND SERVICES TO THE LOCAL COMMUNITY EXPLORE PROVIDING SERVICES AND/OR RESOURCES TO THOSE WHO NEED HOME HEALTH SERVICES IN THE COMMUNITY |

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

| Form and Line Reference | Explanation |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NORTHERN ROCKIES MEDICAL CENTER | PART V, SECTION B, LINE 7 THE IDENTIFIED NEED RELATED TO THE ECONOMY AND AVAILABILITY OF GOOD JOBS CANNOT BE ADDRESSED BY NORTHERN ROCKIES MEDICAL CENTER ALONG THIS NEED WILL NEED A COLLABORATIVE EFFORT FROM A WIDE VARIETY OF ORGANIZATIONS IN THE COMMUNITY AT THIS TIME, NORTHERN ROCKIES MEDICAL CENTER DOES NOT HAVE THE FINANCIAL RESOURCES TO SUPPORT THE EQUIPMENT, SPACE, AND STAFF NEEDS TO CARE FOR CANCER PATIENTS NORTHERN ROCKIES MEDICAL CENTER ALREADY EMPLOYS SEVERAL PRIMARY CARE PROVIDERS WHO ARE AVAILABLE AT BOTH THE FACILITY AND AT THE CLINIC AT THIS TIME, THE HOSPITAL DOES NOT HAVE THE FINANCIAL RESOURCES OR SPACE NECESSARY TO RECRUIT AND HIRE ADDITIONAL PRIMARY CARE PROVIDERS |

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

| Form and Line Reference | Explanation |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NORTHERN ROCKIES MEDICAL CENTER | PART V, SECTION B, LINE 19D ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE |

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

| Form and Line Reference | Explanation |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NORTHERN ROCKIES MEDICAL CENTER | PART V, SECTION B, LINE 20D ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE |

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

| Form and Line Reference | Explanation |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NORTHERN ROCKIES MEDICAL CENTER | PART V, SECTION B, LINE 22 ALL PATIENTS, REGARDLESS OF PAYOR STATUS, ARE CHARGED A STANDARD PRICE FOR A PARTICULAR SERVICE, BASED OFF THE MEDICARE FEE SCHEDULE AND ARE THEN DISCOUNTED DEPENDING ON FAP-ELIGIBILITY. THE ORGANIZATION IS CURRENTLY WORKING TOWARDS IMPLEMENTING AN AMOUNTS GENERALLY BILLED FEE SCHEDULE FOR FAP-ELIGIBLE INDIVIDUALS |

SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.

► Attach to Form 990 or 990-EZ.

► Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.**2013****Open to Public
Inspection**Name of the organization
NORTHERN ROCKIES MEDICAL CENTER INC**Employer identification number**

81-0530457

990 Schedule O, Supplemental Information

| Return Reference | Explanation |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FORM 990, PART VI, SECTION B, LINE 11 | |
| FORM 990, PART VI, SECTION B, LINE 12C | THE ORGANIZATION ANNUALLY REVIEWS THE POLICY WITH THE BOARD AND REQUESTS ANY CONFLICTS BE DISCLOSED AT EACH BOARD MEETING |
| FORM 990, PART VI, SECTION B, LINE 15 | THE BOARD OF DIRECTORS IS RESPONSIBLE FOR DETERMINING COMPENSATION FOR UPPER LEVEL EMPLOYEE ES COMPARATIVE DATA IS COLLECTED AND ANALYZED THE COMPENSATION PACKAGES ARE APPROVED BY THE BOARD OF DIRECTORS THE ORGANIZATIONS CEO IS RESPONSIBLE FOR THE HIRING OF ALL OTHER STAFF USING COMPARATIVE DATA TO ENSURE REASONABLE COMPENSATION |
| FORM 990, PART VI, SECTION C, LINE 19 | ALL PUBLIC DOCUMENTS ARE AVAILABLE FOR REVIEW AT THE ORGANIZATIONS ADMINISTRATIVE OFFICES UPON REQUEST |
| FORM 990, PART XII, LINE 2C | THE ANNUAL AUDIT IS PRESENTED TO THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS PRIOR TO THE ACCEPTANCE OF THE FINAL AUDIT REPORT BY THE COMMITTEE BASED ON THE PRESENTATION, ANY CHANGES NECESSARY ARE MADE AND THE AUDIT REPORT IS ACCEPTED AND RECOMMENDED TO THE BOARD FOR APPROVAL |

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

Northern Rockies Medical Center

September 30, 2014 and 2013

Northern Rockies Medical Center

September 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Northern Rockies Medical Center, Inc.
Cut Bank, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Rockies Medical Center, Inc. (the Hospital), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

The consolidated financial statements of Northern Rockies Medical Center, Inc. as of September 30, 2013 were audited by Galusha, Higgins & Galusha, PC which combined its practice with Wipfli LLP as of December 31, 2014 whose report dated March 26, 2014, expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Hospital'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 Hospital'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 Northern Rockies Medical Center as of September 30, 2014 and 2013, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Net Service Revenue and Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP

Helena, Montana
March 9, 2015

Northern Rockies Medical Center, Inc.
STATEMENTS OF FINANCIAL POSITION
as of September 30, 2014 and 2013

| | (Consolidated) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| | 2014 | 2013 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 512,473 | \$ 115,813 |
| Board designated cash | 540,371 | 547,128 |
| Accounts receivable, net of contractual allowance and allowance for doubtful accounts of \$521,196 and \$500,152 in 2014 and 2013, respectively | 1,289,432 | 1,068,050 |
| Contractual settlement receivable | - | 283,669 |
| Medicare EHR incentive receivable | - | 584,123 |
| Other receivables | 413,383 | 402,913 |
| Inventory | 161,155 | 126,145 |
| Prepaid expenses and other assets | 14,998 | 14,597 |
| Total current assets | <u>2,931,812</u> | <u>3,142,438</u> |
| Other assets: | | |
| Patronage credits | 180,662 | 196,040 |
| Restricted cash | 27,488 | - |
| Land held for sale | 101,008 | 101,008 |
| Total other assets | <u>309,158</u> | <u>297,048</u> |
| Property and equipment: | | |
| Land | 14,153 | 14,153 |
| Building | 142,224 | 135,207 |
| Leasehold improvements | 187,513 | 174,722 |
| Major movable equipment | 1,887,992 | 1,759,303 |
| Computer equipment | 1,078,274 | 1,051,203 |
| Total property and equipment | <u>3,310,156</u> | <u>3,134,588</u> |
| Less: Accumulated Depreciation | (2,160,336) | (1,745,310) |
| Net property and equipment | <u>1,149,820</u> | <u>1,389,278</u> |
| Total assets | <u><u>\$ 4,390,790</u></u> | <u><u>\$ 4,828,764</u></u> |

The accompanying notes are an integral part of these financial statements.

Northern Rockies Medical Center, Inc.
STATEMENTS OF FINANCIAL POSITION
as of September 30, 2014 and 2013

Continued,

| | 2014 | 2013 | (Consolidated) |
|----------------------------------------------|---------------------|---------------------|---------------------|
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 540,150 | \$ 266,479 | \$ 266,479 |
| Contractual settlement payable | 169,617 | - | - |
| Accrued expenses and other liabilities | 435,312 | 473,598 | 473,598 |
| Accrued interest payable | 582 | 1,770 | 1,770 |
| Bank of Glacier County line of credit | - | 30,050 | 30,050 |
| Current portion of long-term debt | 146,893 | 203,722 | 203,722 |
| Current portion of capital lease obligations | - | 8,935 | 8,935 |
| Total current liabilities | <u>1,292,554</u> | <u>984,554</u> | <u>984,554</u> |
| Long-term debt | 477,982 | 861,886 | 861,886 |
| Total long-term liabilities | <u>477,982</u> | <u>861,886</u> | <u>861,886</u> |
| Total liabilities | <u>1,770,536</u> | <u>1,846,440</u> | <u>1,846,440</u> |
| NET ASSETS | | | |
| Net Assets: | | | |
| Unrestricted | 2,079,883 | 2,435,196 | 2,435,196 |
| Board designated | 540,371 | 547,128 | 547,128 |
| Total net assets | <u>2,620,254</u> | <u>2,982,324</u> | <u>2,982,324</u> |
| Total liabilities and net assets | <u>\$ 4,390,790</u> | <u>\$ 4,828,764</u> | <u>\$ 4,828,764</u> |

The accompanying notes are an integral part of these financial statements.

Northern Rockies Medical Center, Inc.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
for the years ended September 30, 2014 and 2013

| | (Consolidated) | |
|------------------------------------------------------|---------------------|---------------------|
| | 2014 | 2013 |
| Unrestricted revenues, gains and other support: | | |
| Patient service revenue, net | \$ 6,425,605 | \$ 6,334,580 |
| Other operating revenue | 124,017 | 81,574 |
| EHR incentive payments revenue | 220,650 | 584,123 |
| Total unrestricted revenues, gains and other support | <u>6,770,272</u> | <u>7,000,277</u> |
| Operating expenses: | | |
| Professional care | 5,000,113 | 4,641,696 |
| General services | 429,245 | 405,292 |
| Administrative and fiscal services | 1,597,915 | 1,542,751 |
| Depreciation and amortization | 461,023 | 433,700 |
| Interest expense | 27,464 | 17,920 |
| Total operating expenses | <u>7,515,760</u> | <u>7,041,359</u> |
| Operating loss | <u>(745,488)</u> | <u>(41,082)</u> |
| Other income (expense): | | |
| Glacier County tax revenue | 300,000 | 300,000 |
| Loss on disposal of assets | - | (5,626) |
| Loss on business disposal | - | (23,930) |
| Contributions | 14,683 | 17,915 |
| Grants | 43,596 | 96,175 |
| Change in investment in subsidiary | - | 39,390 |
| Investment income | 807 | 52 |
| Rental income | 24,332 | 5,994 |
| Total other income | <u>383,418</u> | <u>429,970</u> |
| Change in net assets | <u>(362,070)</u> | <u>388,888</u> |
| Net assets, beginning of year | <u>2,982,324</u> | <u>2,593,436</u> |
| Net assets, end of year | <u>\$ 2,620,254</u> | <u>\$ 2,982,324</u> |

The accompanying notes are an integral part of these financial statements.

Northern Rockies Medical Center, Inc.

STATEMENTS OF CASH FLOWS
for the years ended September 31, 2014 and 2013

| | (Consolidated) | |
|------------------------------------------------------------------------------------------|----------------------------|--------------------------|
| | 2014 | 2013 |
| Cash flows from operating activities: | | |
| Change in net assets | \$ (362,070) | \$ 388,888 |
| Adjustments to reconcile change in net assets to net assets from operating activities | | |
| Depreciation and amortization | 461,024 | 433,700 |
| Loss on sale of assets | - | 5,626 |
| (Acrease) decrease in assets: | | |
| Accounts receivable | (242,426) | 294,719 |
| Provision for estimated uncollectibles and contractual allowances | 21,044 | (30,895) |
| Contractual settlement receivable | 283,669 | (211,619) |
| Medicare EHR incentive receivable | 584,125 | (584,123) |
| Other receivables | (10,470) | 35,262 |
| Change in restricted cash | (27,488) | - |
| Inventory | (35,010) | 38,605 |
| Prepaid expenses | (401) | (2,847) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 273,671 | (18,321) |
| Contractual settlement payable | 169,617 | - |
| Accrued expenses and other liabilities | (38,286) | 6,042 |
| Accrued interest payable | (1,188) | (4,190) |
| Net cash from operating activities | <u>1,075,809</u> | <u>350,847</u> |
| Cash flows from investing activities: | | |
| Change in patronage credits | 15,378 | (1,756) |
| Purchase of property and equipment | <u>(221,566)</u> | <u>(185,829)</u> |
| Net cash from investing activities | <u>(206,188)</u> | <u>(187,585)</u> |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt and capital leases | - | 67,851 |
| Principal payments on long-term debt and capital leases | (458,603) | (283,363) |
| Proceeds from issuance of short-term debt | 472,000 | 625,000 |
| Principal payments on short-term debt | <u>(493,115)</u> | <u>(644,950)</u> |
| Net cash from financing activities | <u>(479,718)</u> | <u>(235,462)</u> |
| Net change in cash and cash equivalents | 389,903 | (72,200) |
| Cash and cash equivalents, beginning of year | 662,941 | 735,141 |
| Cash and cash equivalents, end of year | <u>\$ 1,052,844</u> | <u>\$ 662,941</u> |
| Financial statement presentation: | | |
| Cash and cash equivalents | \$ 512,473 | \$ 115,813 |
| Board designated cash | <u>\$ 540,371</u> | <u>\$ 547,128</u> |
| | <u><u>\$ 1,052,844</u></u> | <u><u>\$ 662,941</u></u> |
| Supplemental information: | | |
| Interest Paid | <u>\$ 28,652</u> | <u>\$ 22,110</u> |

The accompanying notes are an integral part of these financial statements.

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization - Northern Rockies Medical Center, Inc. and Subsidiary (collectively referred to as the Hospital) is a Montana nonprofit corporation, operating a 20-bed critical access hospital and a rural health care clinic in Cut Bank, Montana. The Hospital operates with two physicians and four mid-level practitioners providing medical care to the residents of Glacier County and the surrounding area. The subsidiary is an LLC that provides durable medical equipment to residents in the Cut Bank area. The Hospital assumed operations from Glacier County, Montana as of October 1, 2001. The Hospital leases the property and equipment owned by Glacier County for an annual rental of \$1. Glacier County has contributed certain assets towards the operation of the Hospital.
2. Basis of Consolidation - The 2013 consolidated financial statements include the accounts of the Hospital and its subsidiary Prairie Winds DME, LLC, a durable medical equipment company. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital consolidates subsidiaries in which it exercises control. The Hospital sold Prairie Winds DME, LLC on September 30, 2013.
3. Basis of Accounting - The consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States (GAAP), and accordingly reflect all significant receivables, payables, and other liabilities.
4. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
5. Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less.
6. Board Designated Cash - Board designated cash is cash set aside by the board of trustees for future capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. This cash is directly tied to the funds received each year from the County Mill-Levy.
7. Restricted Cash - Restricted cash consists of the contribution that the hospital made to the MHA Workers' Compensation Reciprocal.
8. Inventories - Inventories are stated at the lower of cost (average cost) or market.

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

9. Accounts Receivable - Accounts receivable are stated at unpaid balances, less a contractual allowance and an allowance for doubtful accounts. The Hospital provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Hospital's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Recoveries of patient receivables previously written off are recorded when received.

10. Patronage Credits - Patronage credits represent allocated capital from an electrical cooperative and are stated at cost.

11. Property and Equipment - Property and equipment acquisitions are recorded at cost. Property and equipment donated for Hospital operations are recorded as unrestricted support and are included in the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. The Hospital capitalizes long-lived assets with a cost in excess of \$5,000.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

12. Statements of Activities and Changes in Net Assets - For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other income or expense.

13. Net Patient Service Revenue - Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Net patient service revenue is also net of bad debts.

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

14. Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the Hospital does not expect payment, estimated charges for charity care are deducted from revenue. The Hospital calculates the amount of charity care based on an estimate of the cost of providing the services using a cost to charge ratio.

The total amount of charity care provided by the Hospital for the years ended September 30, 2014 and 2013 totaled \$151,421 and \$267,694, respectively.

15. Contributions - The Hospital accounts for contributions in accordance with the recommendations of the FASB ASC 958-605-15, *Revenue Recognition for Contributions Received*. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, types of contribution, and nature of fund-raising activity. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

16. Advertising - Advertising costs are expensed as incurred.

17. Income Taxes - The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Certain income considered unrelated to its exempt purpose may be subject to tax.

As a matter of law, the Hospital is subject to examination by federal and state taxing authorities for the year. Although management believes that the amounts reflected in their tax returns substantially complies with the applicable federal and state tax regulations, both the IRS and the various state taxing authorities can take positions contrary to their position based on IRS interpretation of the law. The Hospital and the Foundation have determined that they are subject to examination of their federal information return filings in the United States for the 2010 through 2014 tax years. A tax position that is challenged by a taxing authority could result in an adjustment. In the event that the Hospital is assessed penalties and or interest, penalties will be charged to the other operating expense and interest will be charged to the interest expense.

18. Reclassifications - Certain prior year items have been reclassified to conform to current year presentation without effect on net assets.

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

19. **Subsequent Events** - Management has performed an analysis of the activities and transactions subsequent to September 30, 2014 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended September 30, 2014. Management has performed this analysis through March 9, 2015, the date the financial statements were available to be issued. Refer to Note R for further details.

NOTE B - NET PATIENT SERVICE REVENUE

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

Medicare and Medicaid - The Hospital operates under the Medicare program as a critical access hospital (CAH) and rural health clinic. As a CAH, inpatient services are paid based on a cost of care reimbursement system for Medicare and Medicaid patients.

Inpatient non-acute services, certain outpatient services, and defined capital costs related to beneficiaries are paid based upon a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare and Medicaid fiscal intermediary.

The Hospital's classification of patients under the Medicare and Medicaid programs and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital. The Hospital's cost reports have been audited and settled by the Medicare and Medicaid fiscal intermediaries through September 30, 2013.

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

Following is a summary of revenue adjustments for the years ending September 30:

| | 2014 | 2013 |
|------------------------------------|---------------------|---------------------|
| Gross patient service revenue | \$ 9,337,260 | \$ 8,902,186 |
| Contractual revenue adjustments | (2,316,851) | (1,853,769) |
| Bad debts | (594,804) | (713,837) |
| Net patient service revenue | \$ 6,425,605 | \$ 6,334,580 |

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE C - OTHER RECEIVABLES

A summary of other receivables at September 30, 2014 and 2013 follows:

| | 2014 | 2013 |
|-------------------------|-------------------------|-------------------------|
| Employees | \$ 16,559 | \$ 16,559 |
| Bed tax receivable | 91,550 | 89,202 |
| County taxes receivable | 286,000 | 278,000 |
| Other | 19,274 | 19,152 |
| | <hr/> <u>\$ 413,383</u> | <hr/> <u>\$ 402,913</u> |

On June 8, 2010 the voters of Glacier County passed a Mill-Levy equal to approximately 15 mills sufficient to generate \$300,000 of tax revenue each year for the operation and maintenance of the Hospital.

NOTE D - INVESTMENT IN PRAIRIE WINDS DME, LLC

On September 30, 2013, the Hospital sold Prairie Winds DME, LLC. The subsidiary was fully owned by the Hospital, so the assets, liabilities and operations of the subsidiary are consolidated with the Hospital. All material intercompany accounts and transactions are eliminated in consolidation for the year ended September 30, 2013.

NOTE E – LAND HELD FOR SALE

The Hospital owns several parcels of land that are available for sale, with values determined by an independent broker. During 2012, one parcel was sold and one was given as a signing bonus. As of September 30, 2014 and 2013 there are 14 parcels available for sale, with a value of \$101,008.

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE F - PROPERTY AND EQUIPMENT

A roll-forward of property and equipment as of September 30 follows:

| | Balance 9/30/13 | Additions | Disposals | Balance 9/30/14 |
|--------------------------------|----------------------------|----------------|-----------------|----------------------------|
| Land | \$ 14,153 | \$ - | \$ - | \$ 14,153 |
| Building | 135,207 | 7,017 | - | 142,224 |
| Leasehold improvements | 174,722 | 12,791 | - | 187,513 |
| Major moveable equipment | 1,759,303 | 174,687 | (45,998) | 1,887,992 |
| Computers and other equipment | 1,051,203 | 27,071 | - | 1,078,274 |
| | <u>3,134,588</u> | <u>221,566</u> | <u>(45,998)</u> | <u>3,310,156</u> |
| Less: Accumulated depreciation | (1,745,310) | \$(461,024) | \$ 45,998 | (2,160,336) |
| Property and equipment, net | <u><u>\$ 1,389,278</u></u> | | | <u><u>\$ 1,149,820</u></u> |

In June 2013, the Hospital and Glacier County entered into a simultaneous land swap. The Hospital intends to use the land that was received for parking and maintenance.

NOTE G - COMPENSATED ABSENCES

The Hospital pays accrued but unused vacation hours upon termination of employment. As of September 30, 2014 and 2013, the amount of accrued but unpaid vacation time is recorded as a current liability in the amount of \$291,862 and \$345,628, respectively.

NOTE H - LINE OF CREDIT

The Hospital established a line of credit with Bank of Glacier County on June 6, 2013. Under the terms of the financing agreement, the Hospital was granted a \$350,357 revolving line of credit with interest at 6%. Payment of all outstanding accrued interest is due the last day of the month. Payment of all outstanding accrued principal and interest was due June 5, 2014. Substantially all of the Hospital's assets are pledged as collateral to this loan. As of September 30, 2014 and 2013, the balance on the line of credit was \$0 and \$30,050, respectively.

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE I - LONG-TERM DEBT

A summary of long-term debt as of September 30 follows:

| | 2014 | 2013 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Bank of Glacier County, 4.25% note payable. Annual payments of \$24,729 due December 1 until 2026, secured by capital credits. | \$ 139,659 | \$ 159,021 |
| Glacier Electric Cooperative note under the USDA Rural Economic Development Loan and Grant Program. Total loan \$360,000, 0% interest rate, due December 2022, annual payments of \$36,000, secured by equipment. | 288,000 | 324,000 |
| Glacier Electric Cooperative note under the USDA Rural Economic Development Loan and Grant Program. Total loan \$340,000, 0% interest rate, due March 1, 2018, annual payments of \$34,000, secured by equipment. | 102,000 | 136,000 |
| CPSI, 0% note payable. \$10,000 per month due until meaningful use is met and incentive money is received. | 52,216 | 397,587 |
| Cut Bank Chamber of Commerce loan, for land swap. \$500 monthly payments for 60 months. The loan matures on July 1, 2018. | 23,000 | 29,000 |
| Cut Bank Development Co. loan, for land swap. No current payment structure is agreed on. | 20,000 | 20,000 |
| Total long-term debt | 624,875 | 1,065,608 |
| Less: current portion of long-term debt | (146,893) | (203,722) |
| Net long-term debt | \$ 477,982 | \$ 861,886 |

Principal maturities of long-term debt are as follows:

| | |
|--------------|-------------------|
| 2015 | \$ 146,893 |
| 2016 | 95,486 |
| 2017 | 96,331 |
| 2018 | 62,212 |
| 2019 | 58,131 |
| Thereafter | 165,822 |
| Total | \$ 624,875 |

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE J - LEASE COMMITMENTS

The Hospital leases certain medical equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the statements of financial position as property, plant, and equipment and was \$45,998 at September 30, 2014. Accumulated amortization of the leased equipment at September 30, 2013 was \$37,063. Amortization of assets under capital leases is included in depreciation expense.

The Hospital leases office space for their clinic operations. Starting in 2015, the rent will be \$2,400 per month. The lease extends until December 31, 2018.

The Hospital leases the land and building in which the Hospital operates from Glacier County for \$1 per year. The lease ends on September 30, 2015. The Hospital receives a yearly mill-levy amount of \$300,000 (see note C) for repairs and maintenance on the hospital. Glacier County is responsible for any major repairs over that amount.

NOTE K - MEDICAL MALPRACTICE CLAIMS

The Hospital is insured under a medical malpractice insurance policy. Losses from asserted claims and from unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified under the incident reporting system has been made because the amount is not reasonably estimable. Based on the Hospital's malpractice experience, no liability has been accrued.

NOTE L - CONCENTRATION OF CREDIT RISK

The Hospital is located in Cut Bank, Montana. The Hospital grants credit without collateral to its patients, most of who are regional residents and are insured under third-party payor agreements. The mix of revenues from patients and third-party payors at September 30 is as follows:

| | 2014 | 2013 |
|----------------------|-------------|-------------|
| Medicare | 33% | 37% |
| Medicaid | 23% | 19% |
| Commercial Insurance | 32% | 28% |
| Self-Pay | 12% | 16% |
| Total | 100% | 100% |

The Hospital maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At September 30, 2014, the Hospital had \$901,708 of uninsured bank balances.

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE M - RELATED PARTY TRANSACTIONS

During the year, certain transactions occurred between individuals deemed to be related parties to the Northern Rockies Medical Center, Inc. These parties consist of board members and family members of Northern Rockies Medical Center, Inc. and key employees. Transactions were minimal and were completed at an arms-length basis. There were no existing receivable amounts. In 2013 Prairie Winds DME, LLC (the former subsidiary) rented space from a related party.

Three members of the Board of Trustees participate in the Community Loan Program to the Hospital, loaning a total \$150,000. The loan was paid off during 2013. The unsecured loan bore an interest rate of 10%.

NOTE N - FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services as of September 30, 2014 and 2013 are as follows:

| | 2014 | 2013 |
|----------------------------|---------------------|---------------------|
| Health care services | \$ 5,000,113 | \$ 4,641,693 |
| General and administrative | 2,027,160 | 1,948,046 |
| Total | \$ 7,027,273 | \$ 6,589,739 |

NOTE O - MEDICAID DISPROPORTIONATE SHARE HOSPITAL (DSH) AUDIT ACCRUAL

On December 19, 2008 CMS issued the final DSH payments audit rule. Effective with the 2011 Medicaid state plan rate rules, which are due September 2014, any hospital that exceeds its hospital-specific DSH limit will be required to repay the excess Medicaid DSH funds received. As of September 30, 2014, the Hospital has accrued a Medicaid DSH payable in the amount of \$307,972.

NOTE P - CONTINGENCIES

The Hospital has potential claims pending arising in the normal course of business. While it is impossible to estimate the ultimate liability, if any, with respect to these matters, management believes the Hospital maintains adequate insurance coverage and there will be no material adverse effect on the financial position of the Hospital.

In connection with the Hospital's membership in the Yellowstone Insurance Exchange, the Hospital committed to making capital contributions to the exchange over a number of years. As of September 30, 2014 and 2013, \$73,532 had been contributed. The Hospital committed to obtain malpractice insurance from the exchange.

Continued

Northern Rockies Medical Center
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE Q - RISKS AND UNCERTAINTIES - COLLECTIVE BARGAINING AGREEMENTS

During the years ended September 30, 2014 and 2013, approximately 45% and 65%, respectively, of the Hospital's workforce was covered under collective bargaining agreements which were renewed in 2014.

NOTE R - SUBSEQUENT EVENTS

In December 2014, the Hospital purchased a CI machine for \$375,000. Payments for the \$200,000 acquisition loan on the machine will be made with Mill-Levy money.

Concluded

SUPPLEMENTAL INFORMATION

Northern Rockies Medical Center

September 30, 2014 and 2013

Northern Rockies Medical Center
SCHEDULES OF NET PATIENT SERVICE REVENUE
for the years ended September 30, 2014 and 2013
(See independent auditor's report)

| Department: | Inpatient | | Outpatient | | Total | |
|--------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Outpatient therapy, telemetry and treatment room | \$ 2,649 | \$ 3,877 | \$ 485,037 | \$ 579,944 | \$ 487,686 | \$ 583,821 |
| Acute care | 343,881 | 297,990 | 4,546 | 11,465 | 348,427 | 309,455 |
| Swing bed | 206,423 | 203,039 | - | - | 206,423 | 203,039 |
| Nursery | 21,781 | - | 1,268 | 1,076 | 23,049 | 1,076 |
| Respiratory services | 147,904 | 176,349 | 40,601 | 53,856 | 188,505 | 230,205 |
| Labor and delivery | 97,735 | - | 9,708 | - | 107,443 | - |
| Surgical services | 50,272 | 3,765 | 219,822 | 157,148 | 270,094 | 160,913 |
| Observation | - | - | 126,575 | 245,418 | 126,575 | 245,418 |
| Emergency services | 59,701 | 146,913 | 1,339,981 | 1,660,374 | 1,399,682 | 1,807,287 |
| Central services | - | 206 | 798 | 21 | 798 | 227 |
| Dietary services | - | 973 | - | - | - | 973 |
| Laboratory services | 131,293 | 127,281 | 1,443,213 | 1,468,896 | 1,574,506 | 1,596,177 |
| Electro diagnosis services | 5,316 | 4,687 | 87,647 | 82,172 | 92,963 | 86,859 |
| Radiology services | 42,453 | 67,305 | 1,721,111 | 1,542,761 | 1,763,564 | 1,640,067 |
| Pharmacy services | 126,739 | 97,877 | 217,119 | 164,694 | 343,858 | 262,571 |
| Anesthesiology services | 78,878 | 147 | 142,561 | 83,391 | 221,439 | 83,538 |
| Rehabilitation services | 63,241 | 58,353 | 242,729 | 297,655 | 305,970 | 356,008 |
| Clinic Services | 3,130 | 12,515 | 1,804,519 | 1,278,657 | 1,807,649 | 1,291,172 |
| Obstetric/Gynecologic services | 68,629 | - | - | - | 68,629 | - |
| | <u>\$ 1,450,025</u> | <u>\$ 1,201,278</u> | <u>\$ 7,887,235</u> | <u>\$ 7,617,528</u> | <u>\$ 9,337,260</u> | <u>\$ 8,818,806</u> |
| Adjustments to revenue: | | | | | | |
| Medicare | | | | | \$ (570,870) | \$ (474,889) |
| DSH and Bed tax (repayments) receipts | | | | | (186,688) | 134,771 |
| Medicaid | | | | | (769,815) | (798,970) |
| Commercial insurances | | | | | (564,824) | (441,076) |
| Provision for bad debts | | | | | (594,804) | (713,837) |
| Administrative | | | | | (73,233) | (5,911) |
| Charity care | | | | | (151,421) | (267,694) |
| Total adjustments | | | | | (2,911,655) | (2,567,696) |
| Other Prairie Winds DME, LLC revenue | | | | | | 83,380 |
| Net Patient Service Revenue | | | | | <u>\$ 6,425,605</u> | <u>\$ 6,334,580</u> |

Northern Rockies Medical Center
SCHEDULES OF OPERATING EXPENSES
for the year ended September 30, 2014
(See independent auditor's report)

| | 2014 | | | |
|-------------------------------------------|-----------------------|---------------------------------------|---------------------|----------------------|
| | NRMC | | | |
| | Salaries and Benefits | Professional Fees, Supplies and Other | Total | 2013 Total Memo Only |
| Administrative and Fiscal Services | | | | |
| Administrative services | \$ 436,930 | \$ 588,030 | \$ 1,024,960 | \$ 948,568 |
| Fiscal services | 456,180 | 116,775 | 572,955 | 594,183 |
| Total Administrative and Fiscal | 893,110 | 704,805 | 1,597,915 | 1,542,751 |
| General Services | | | | |
| Dietary | 656 | 10,893 | 11,549 | 14,832 |
| Plant operation and maintenance | 83,873 | 181,992 | 265,865 | 257,418 |
| Housekeeping | 105,969 | 6,231 | 112,200 | 98,588 |
| Laundry and linen | 29,047 | 10,584 | 39,631 | 34,454 |
| Total General Services | 219,545 | 209,700 | 429,245 | 405,292 |
| Professional Care Services | | | | |
| Acute care | 412,821 | 13,722 | 426,543 | 518,892 |
| Nursing services | 87,014 | 897 | 87,911 | 92,804 |
| Swing bed | 108,701 | 4,937 | 113,638 | 110,108 |
| Obstetric/gynecologic services | 21,929 | 3,868 | 25,797 | 866 |
| Nursery | 52,591 | 9,324 | 61,915 | 10,894 |
| Respiratory services | 30,756 | 19,634 | 50,390 | 111,411 |
| Surgical services | 69,627 | 45,930 | 115,557 | 104,814 |
| Observation | 20,537 | 2,978 | 23,515 | 21,423 |
| Emergency services | 628,940 | 42,795 | 671,735 | 787,456 |
| Central services | 28,402 | 16,318 | 44,720 | 80,439 |
| Laboratory services | 210,498 | 189,425 | 399,923 | 417,293 |
| Electro diagnosis services | - | 98 | 98 | 948 |
| Radiology services | 210,107 | 186,509 | 396,616 | 379,537 |
| Pharmacy | 113,134 | 128,555 | 241,689 | 220,333 |
| Anesthesiology services | 342,496 | 8,566 | 351,062 | 110,043 |
| Rehabilitation services | 202,647 | 14,808 | 217,455 | 226,589 |
| Social services | 159 | - | 159 | 583 |
| Medical records | 93,824 | 54,580 | 148,404 | 157,802 |
| Sleep study | - | 365 | 365 | 15,530 |
| Clinic services | 1,254,304 | 368,317 | 1,622,621 | 1,192,038 |
| Prairie Winds expenses | - | - | - | 81,893 |
| Total Professional Care | 3,888,487 | 1,111,626 | 5,000,113 | 4,641,696 |
| | \$ 5,001,142 | \$ 2,026,131 | \$ 7,027,273 | \$ 6,589,739 |
| Depreciation and amortization | \$ 461,023 | 461,023 | 433,700 | |
| Interest | 27,464 | 27,464 | 17,920 | |
| Total operating expenses | \$ 488,487 | \$ 488,487 | \$ 451,620 | |
| | \$ 7,515,760 | \$ 7,515,760 | \$ 7,041,359 | |