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Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax

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

▶ Do not enter social security numbers on this form as it may be made public
 ▶ Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047
2014
Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 01-01-2014, and ending 12-31-2014

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization BEARTOOTH BILLINGS CLINIC Doing business as Number and street (or P O box if mail is not delivered to street address) Room/suite PO BOX 590 City or town, state or province, country, and ZIP or foreign postal code RED LODGE, MT 59068	D Employer identification number 81-0224734 E Telephone number (406) 446-2345 G Gross receipts \$ 12,896,531
F Name and address of principal officer KELLEY EVANS PO BOX 590 RED LODGE, MT 59068		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
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		
J Website: ▶ WWW BEARTOOTHBILLINGSCLINIC ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1948 M State of legal domicile MT

Part I Summary

1	Briefly describe the organization's mission or most significant activities THE MISSION OF THE ORGANIZATION IS TO SAVE LIVES AND PROMOTE HEALTHY LIVING THE ORGANIZATIONAL VALUES INCLUDE ACCOUNTABILITY, COMPASSION, PASSION FOR EXCELLENCE, LOVE, AND INNOVATION			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
3	Number of voting members of the governing body (Part VI, line 1a)	3		13
4	Number of independent voting members of the governing body (Part VI, line 1b)	4		12
5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5		139
6	Total number of volunteers (estimate if necessary)	6		104
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)	8	Prior Year	Current Year
9	Program service revenue (Part VIII, line 2g)	9	401,530	193,044
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10	10,928,154	10,933,244
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11	22,368	67,688
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	12	615,261	616,391
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	13	11,967,313	11,810,367
14	Benefits paid to or for members (Part IX, column (A), line 4)	14	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	15	0	0
16a	Professional fundraising fees (Part IX, column (A), line 11e)	16a	4,984,519	5,316,983
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0	b	0	0
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	17	7,489,109	7,332,945
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	18	12,473,628	12,649,928
19	Revenue less expenses Subtract line 18 from line 12	19	-506,315	-839,561
20	Total assets (Part X, line 16)	20	Beginning of Current Year	End of Year
21	Total liabilities (Part X, line 26)	21	23,350,068	23,570,804
22	Net assets or fund balances Subtract line 21 from line 20	22	18,455,461	19,507,358
			4,894,607	4,063,446

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	2015-06-18 Date
	KELLEY EVANS CEO Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name NATHAN D MCCARTHY CPA	Preparer's signature NATHAN D MCCARTHY CPA	Date 2015-06-18	Check <input type="checkbox"/> if self-employed PTIN P00368408	Firm's EIN ▶ 39-0758449 Phone no (406) 442-5520
	Firm's name ▶ WIPFLI LLP Firm's address ▶ PO BOX 1699 HELENA, MT 596241699				

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III Yes No

1 Briefly describe the organization's mission
THE MISSION OF THE ORGANIZATION IS TO SAVE LIVES AND PROMOTE HEALTHY LIVING THE ORGANIZATIONAL VALUES INCLUDE ACCOUNTABILITY, COMPASSION, PASSION FOR EXCELLENCE, LOVE, AND INNOVATION

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses \$ 7,474,696 including grants of \$) (Revenue \$ 11,617,323)
COMMUNITY-OWNED CRITICAL ACCESS HOSPITAL PROVIDING ACUTE AND TRANSITIONAL CARE, OUTPATIENT SURGICAL SERVICES, DIAGNOSTIC SERVICES, REHABILITATION, AND HOSPICE/HOME CARE FOR RED LODGE, MT AND THE SURROUNDING AREA PAID FOR THROUGH PATIENT FEES, MEDICARE AND MEDICAID, AND PRIVATE INSURANCE REIMBURSEMENTS


















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 7,474,696

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> 	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> 		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> 		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> 		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> 		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> 		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> 	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> 		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> 		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> 	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> 		No
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)? <i>If "Yes," complete Schedule D, Part X</i> 		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> 		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> 	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> (see instructions)		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a	Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> 	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	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 domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, sub-column (e.g., 1a, 1b), and Yes/No columns. Rows include questions about Form 1096, Form W-2G, backup withholding, Form W-3, federal employment tax returns, unrelated business gross income, Form 990-T, foreign accounts, prohibited tax shelter transactions, Form 8886-T, annual gross receipts, Form 8282, Form 8899, Form 1098-C, donor advised funds, Form 4966, Section 501(c)(7) organizations, Section 501(c)(12) organizations, Section 4947(a)(1) non-exempt charitable trusts, and Section 501(c)(29) qualified nonprofit health insurance issuers.

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 [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (13), 1b (12), 2 (No), 3 (Yes), 4 (No), 5 (No), 6 (Yes), 7a (Yes), 7b (No), 8a (Yes), 8b (Yes), 9 (No).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (No), 10b, 11a (Yes), 11b, 12a (Yes), 12b (Yes), 12c (Yes), 13 (Yes), 14 (Yes), 15a (Yes), 15b (Yes), 16a (No), 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
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, address, and telephone number of the person who possesses the organization's books and records

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

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

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) STEVE MUTH PAST PRESIDENT	1 00	X						0	0	0
(2) KAREN HOINESS PRESIDENT	1 00	X		X				0	0	0
(3) ANN CHRIST DIRECTOR	1 00	X						0	0	0
(4) GEORGE CLOW VICE PRESIDENT	1 00	X		X				0	0	0
(5) LINDA HARRIS DIRECTOR	1 00	X						0	0	0
(6) BILL GEORGE DIRECTOR	1 00	X						0	0	0
(7) VIRGINIA MOHL DIRECTOR	1 00	X						0	0	0
(8) SARAH EWALD SECRETARY/TREASURER	1 00	X		X				0	0	0
(9) JIM DUNCAN DIRECTOR	1 00	X						0	0	0
(10) RICHARD FELLOWS DIRECTOR	1 00	X						0	0	0
(11) MIKE SHUCK DIRECTOR	1 00	X						0	0	0
(12) MITZI VORACHEK DIRECTOR	1 00	X						0	0	0
(13) KELLEY EVANS CHIEF EXECUTIVE OFFICER	40 00			X				0	143,892	0
(14) SHARON NORBY EMPLOYEE	40 00					X		119,121	0	0

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(15) BETH NORDSTROM EMPLOYEE	40 00					X		113,362	0	0

1b Sub-Total			
c Total from continuation sheets to Part VII, Section A			
d Total (add lines 1b and 1c)	232,483	143,892	0

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>		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>		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>	Yes	

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
BILLINGS CLINIC 801 N 29TH STREET BILLINGS, MT 59107	MANAGEMENT, SUPPORT AND MEDICAL SERVICES	2,411,796
FISHER CONSTRUCTION 235 MOORE LANE BILLINGS, MT 59101	CONSTRUCTION	921,057

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

Part VIII Statement of Revenue

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns 1a _____					
	b Membership dues 1b _____					
	c Fundraising events 1c _____					
	d Related organizations 1d _____					
	e Government grants (contributions) 1e 62,571					
	f All other contributions, gifts, grants, and similar amounts not included above 1f 130,473					
	g Noncash contributions included in lines 1a-1f \$ _____					
	h Total. Add lines 1a-1f	193,044				
Program Service Revenue	2a PATIENT SERVICE REVENUE					
	Business Code 621110	10,933,244	10,933,244			
	b _____					
	c _____					
	d _____					
	e _____					
	f All other program service revenue					
g Total. Add lines 2a-2f	10,933,244					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)	43,867	43,867			
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6a Gross rents	(i) Real				
		(ii) Personal				
		b Less rental expenses				
		c Rental income or (loss)				
	d Net rental income or (loss)					
	7a Gross amount from sales of assets other than inventory	(i) Securities	1,109,985			
		(ii) Other				
		b Less cost or other basis and sales expenses	1,086,164			
		c Gain or (loss)	23,821			
	d Net gain or (loss)	23,821	23,821			
	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 MISCELLANEOUS REVENUE	621110	324,511	324,511			
b DAY CARE REVENUE	624410	188,925	188,925			
c MEANINGFUL USE INCENTIVE REVENUE	621110	77,119	77,119			
d All other revenue		25,836	25,836			
e Total. Add lines 11a-11d		616,391				
12 Total revenue. See Instructions		11,810,367	11,617,323	0	0	

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 domestic organizations and domestic governments. See Part IV, line 21				
2	Grants and other assistance to domestic individuals. See Part IV, line 22				
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
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	4,342,223	3,688,522	653,701	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9	Other employee benefits	561,671		561,671	
10	Payroll taxes	413,089		413,089	
11	Fees for services (non-employees)				
a	Management				
b	Legal	13,413		13,413	
c	Accounting	31,700		31,700	
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)	2,885,382	1,943,781	941,601	
12	Advertising and promotion	91,747	75,797	15,950	
13	Office expenses	100,308	52,155	48,153	
14	Information technology				
15	Royalties				
16	Occupancy				
17	Travel	122,681	87,018	35,663	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	841,387	4,817	836,570	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,239,735		1,239,735	
23	Insurance	105,842	39,536	66,306	
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	1,265,842	1,085,992	179,850	
b	REPAIRS	307,864	280,783	27,081	
c	MEALS & ENTERTAINMENT	96,337	76,029	20,308	
d	TELEPHONE EXPENSE	89,638	85,029	4,609	
e	All other expenses	141,069	55,237	85,832	
25	Total functional expenses. Add lines 1 through 24e	12,649,928	7,474,696	5,175,232	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash-non-interest-bearing	724,851	1	1,206,841
	2 Savings and temporary cash investments		2	
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	3,039,257	4	2,360,335
	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	24,450	7	51,948
	8 Inventories for sale or use	292,529	8	270,939
	9 Prepaid expenses and deferred charges	158,220	9	38,269
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	22,433,248		
	b Less accumulated depreciation	6,091,767	10c	16,341,481
	11 Investments—publicly traded securities	1,212,755	11	1,790,113
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11	1,518,020	15	1,510,878
16 Total assets. Add lines 1 through 15 (must equal line 34)	23,350,068	16	23,570,804	
Liabilities	17 Accounts payable and accrued expenses	1,048,325	17	1,203,312
	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	17,407,136	23	18,304,046
	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		25	
	26 Total liabilities. Add lines 17 through 25	18,455,461	26	19,507,358
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	4,870,107	27	4,038,946
	28 Temporarily restricted net assets	24,500	28	24,500
	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	4,894,607	33	4,063,446	
34 Total liabilities and net assets/fund balances	23,350,068	34	23,570,804	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	11,810,367
2	Total expenses (must equal Part IX, column (A), line 25)	2	12,649,928
3	Revenue less expenses Subtract line 2 from line 1	3	-839,561
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,894,607
5	Net unrealized gains (losses) on investments	5	8,400
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	4,063,446

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2014

Open to Public Inspection

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

▶ Attach to Form 990 or Form 990-EZ.

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

Department of the Treasury
Internal Revenue Service

Name of the organization
BEARTOOTH BILLINGS CLINIC

Employer identification number
81-0224734

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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization
 - f Enter the number of supported organizations _____
 - g Provide the following information about the supported organization(s)

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI)						
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 section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	14	
15 Public support percentage for 2013 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2014. 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 <input type="checkbox"/>		
b 33 1/3% support test—2013. 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 <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2014. 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2013. 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
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 <input type="checkbox"/>		

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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI.)						
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 section 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	

19a 33 1/3% support tests—2014. 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—2013. 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 Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part II of Schedule L (Form 990).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .		
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .		
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).		
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		

Part IV Supporting Organizations (continued)**Section B. Type I Supporting Organizations**

- 1** Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*
- 2** Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.*

	Yes	No
1		
2		

Section C. Type II Supporting Organizations

- 1** Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*

	Yes	No
1		

Section D. All Type III Supporting Organizations

- 1** Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?
- 2** Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).*
- 3** By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.*

	Yes	No
1		
2		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

- 1** Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (**see instructions**)
- a** The organization satisfied the Activities Test. Complete **line 2** below.
- b** The organization is the parent of each of its supported organizations. Complete **line 3** below.
- c** The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).

2 Activities Test **Answer (a) and (b) below.**

- a** Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*
- b** Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*

3 Parent of Supported Organizations **Answer (a) and (b) below.**

- a** Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in Part VI.*
- b** Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in Part VI the role played by the organization in this regard.*

	Yes	No
2a		
2b		
3a		
3b		

Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income

	(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1	
2 Recoveries of prior-year distributions	2	
3 Other gross income (see instructions)	3	
4 Add lines 1 through 3	4	
5 Depreciation and depletion	5	
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7 Other expenses (see instructions)	7	
8 Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount

	(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a Average monthly value of securities	1a	
b Average monthly cash balances	1b	
c Fair market value of other non-exempt-use assets	1c	
d Total (add lines 1a, 1b, and 1c)	1d	
e Discount claimed for blockage or other factors (explain in detail in Part VI) _____		
2 Acquisition indebtedness applicable to non-exempt use assets	2	
3 Subtract line 2 from line 1d	3	
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6 Multiply line 5 by .035	6	
7 Recoveries of prior-year distributions	7	
8 Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount

		Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2 Enter 85% of line 1	2	
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4 Enter greater of line 2 or line 3	4	
5 Income tax imposed in prior year	5	
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2014			
a From 2009. _____			
b From 2010. _____			
c From 2011. _____			
d From 2012. _____			
e From 2013. _____			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2014 from Section D, line 7 \$ _____			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 Excess distributions carryover to 2015. Add lines 3j and 4c			
8 Breakdown of line 7			
a From 2010. _____			
b From 2011. _____			
c From 2012. _____			
d From 2013. _____			
e From 2014. _____			

Part VI Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference

Explanation

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2014

Open to Public Inspection

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.

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 BEARTOOTH BILLINGS CLINIC

Employer identification number 81-0224734

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors...?, 6 Did the organization inform all grantees...?

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

Table with 2 columns: Description, Held at the End of the Year. Rows include: 1 Purpose(s) of conservation easements..., 2 Complete lines 2a through 2d..., 3 Number of conservation easements..., 4 Number of states..., 5 Does the organization have a written policy..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement..., 9 In Part XIII, describe how the organization reports...

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.

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116..., 1b If the organization elected, as permitted under SFAS 116..., 2 If the organization received or held works of art..., a Revenue included..., b Assets included...

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

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

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

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

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

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

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

- a** Board designated or quasi-endowment ▶
 - b** Permanent endowment ▶
 - c** Temporarily restricted endowment ▶
- The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		774,520		774,520
b Buildings		15,243,700	2,676,020	12,567,680
c Leasehold improvements		1,717,859	533,760	1,184,099
d Equipment		4,605,405	2,881,987	1,723,418
e Other		91,764		91,764
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				16,341,481

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	11,818,767
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains (losses) on investments	2a	8,400	
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	8,400
3	Subtract line 2e from line 1		3	11,810,367
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	11,810,367

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	12,649,928
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	12,649,928
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	12,649,928

Part XIII Supplemental Information

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

Return Reference	Explanation

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2014

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

Open to Public Inspection

Name of the organization BEARTOOTH BILLINGS CLINIC

Employer identification number 81-0224734

Part I Financial Assistance and Certain Other Community Benefits at Cost

- 1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
1b If "Yes," was it a written policy?
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
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
3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care?
3b Did the organization use FPG as a factor in determining eligibility for providing 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"?
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
5c 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?
6a Did the organization prepare a community benefit report during the tax year?
6b If "Yes," did the organization make it available to the public?

Table with 3 columns: Question ID, Yes, No. Rows correspond to questions 1a through 6b.

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs and Other Benefits.

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	1		7,425		7,425	0.060 %
2 Economic development						
3 Community support	1		2,033		2,033	0.020 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	1		2,383		2,383	0.020 %
7 Community health improvement advocacy						
8 Workforce development	1		6,965		6,965	0.060 %
9 Other						
10 Total	4		18,806		18,806	0.160 %

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		891,651
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		412,047
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	3,394,075
6	Enter Medicare allowable costs of care relating to payments on line 5	6	3,394,075
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 type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

BEARTOOTH BILLINGS CLINIC

Name of hospital facility or letter of facility reporting group _____

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): _____

1

		Yes	No
Community Health Needs Assessment			
1	Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		No
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		No
3	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 12 If "Yes," indicate what the CHNA report describes (check all that apply)		No
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input 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 type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The significant 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 type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input 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 Section C)		
4	Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
5	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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted		
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		
b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		
7	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)		
a	<input type="checkbox"/> Hospital facility's website (list url) _____		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d	<input type="checkbox"/> Other (describe in Section C)		
8	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11		
9	Indicate the tax year the hospital facility last adopted an implementation strategy 20 ____		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?		
a	If "Yes" (list url) _____		
b	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed		
12a	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)?		No
b	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If "Yes" to line 12b, 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)*

BEARTOOTH BILLINGS CLINIC

Name of hospital facility or letter of facility reporting group _____

	Yes	No
Financial Assistance Policy (FAP)		
13 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 included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP	13 Yes	
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>110 000000000000</u> % and FPG family income limit for eligibility for discounted care of <u>300 000000000000</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input type="checkbox"/> Underinsurance discount		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	14 Yes	
15 Explained the method for applying for financial assistance?	15	No
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply)		
a <input type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
16 Included measures to publicize the policy within the community served by the hospital facility?	16 Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a <input type="checkbox"/> The FAP was widely available on a website (list url) _____		
b <input type="checkbox"/> The FAP application form was widely available on a website (list url) _____		
c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url) _____		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

Billing and Collections

17 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 all of the actions the hospital facility or other authorized party may take upon non-payment?	17 Yes	
18 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 checked="" type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input type="checkbox"/> None of these actions or other similar actions were permitted		

Part V Facility Information *(continued)*

BEARTOOTH BILLINGS CLINIC

Name of hospital facility or letter of facility reporting group _____

		Yes	No
19	Did the hospital facility or other 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		
a	<input checked="" type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
20	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 18 (check all that apply)		
a	<input type="checkbox"/> Notified individuals of the financial assistance policy on admission		
b	<input type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
c	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
d	<input type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
e	<input type="checkbox"/> Other (describe in Section C)		
f	<input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

21	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d	<input type="checkbox"/> Other (describe in Section C)		

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

22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Section C)		
23	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 Section C		No
24	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 Section C		Yes

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

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

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

Part VI Supplemental Information

Provide the following information

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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	
PART III, LINE 9B	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 BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY, THEY ARE NOT REPORTED AS REVENUE, OR SUBJECT TO COLLECTION
PART VI, LINE 2	PERIODIC COMMUNITY SURVEYS ARE CONDUCTED TO DEFINE THE PHYSICIAN SPECIALTIES THAT ARE NEEDED/REQUESTED AT THE FACILITY

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2014

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990.

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

Department of the Treasury
Internal Revenue Service

Name of the organization
BEARTOOTH BILLINGS CLINIC

Employer identification number

81-0224734

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|---|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

- b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.
- 2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?

- 3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.
- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

- 4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:
- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

- 5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:
- a** The organization?
- b** Any related organization?
- If "Yes," to line 5a or 5b, describe in Part III.
- 6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:
- a** The organization?
- b** Any related organization?
- If "Yes," to line 6a or 6b, describe in Part III.

- 7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.
- 8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.
- 9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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

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

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

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column(B) reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 KELLEY EVANS, CHIEF EXECUTIVE OFFICER	(i)	0	0	0	0	0	0
	(ii) 143,892 0 0 0 0 143,892

Part III Supplemental Information

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

Also complete this part for any additional information

Return Reference	Explanation
SCHEDULE J - PART II	BEARTOOTH BILLINGS CLINIC CHIEF EXECUTIVE OFFICER KELLEY EVANS WAS COMPENSATED BY THE BILLINGS CLINIC IN THE FORM OF WAGES HER TIME WAS SPENT OPERATING BEARTOOTH BILLINGS CLINIC WHICH IN TURN PAID A MANAGEMENT FEE TO THE BILLINGS CLINIC FOR HER SERVICES AND OTHER SERVICES PERFORMED DURING THE YEAR

**Schedule K
(Form 990)**

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2014

**Open to Public
Inspection**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990.

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

Department of the Treasury
Internal Revenue Service

Name of the organization
BEARTOOTH BILLINGS CLINIC

Employer identification number

81-0224734

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A MEMORIAL HOSPITAL ASSOCIATION	81-0224734		01-08-2009	11,868,000	CONSTRUCTION OF MEDICAL FACILITY (SERIES 2009A)		X		X		X
B MEMORIAL HOSPITAL ASSOCIATION	81-0224734		01-08-2009	1,380,000	CONSTRUCTION OF MEDICAL FACILITY (SERIES 2009B)		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired				
2 Amount of bonds legally defeased				
3 Total proceeds of issue	11,868,000	1,380,000		
4 Gross proceeds in reserve funds				
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrows				
7 Issuance costs from proceeds				
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds	11,868,000	1,380,000		
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion				
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X		X
15 Were the bonds issued as part of an advance refunding issue?		X		X
16 Has the final allocation of proceeds been made?		X		X
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X	

Part III Private Business Use

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

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?								
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?								
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government								
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6 Total of lines 4 and 5								
7 Does the bond issue meet the private security or payment test?								
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?								

Part IV Arbitrage

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

Part IV Arbitrage (Continued)

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

Part V Procedures To Undertake Corrective Action

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

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

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 990-EZ 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.

2014

**Open to Public
Inspection**

Name of the organization
BEARTOOTH BILLINGS CLINIC

Employer identification number

81-0224734

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3	
FORM 990, PART VI, SECTION A, LINE 6	THE COMMUNITY-OWNED HOSPITAL IS OWNED BY THE MEMORIAL HOSPITAL ASSOCIATION, A MEMBER ORGANIZATION RECOGNIZED 501(C)(3) THAT HAS SUBROGATED THE MANAGEMENT RESPONSIBILITY AND FINANCIAL ACCOUNTABILITY TO A BOARD OF DIRECTORS
FORM 990, PART VI, SECTION A, LINE 7A	MEMBERS CAN VOTE ON VARIOUS ASSOCIATION ISSUES AT THE ANNUAL MEETING BY ORAL VOTE OR PROXY
FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS PREPARED BY THE ORGANIZATION'S INDEPENDENT ACCOUNTANT AND PROVIDED TO THE BOARD FOR REVIEW AND APPROVAL PRIOR TO SUBMITTING TO THE IRS
FORM 990, PART VI, SECTION B, LINE 12C	BOARD MEMBERS ANNUALLY DISCLOSE IN WRITING OF ANY CONFLICTS OF INTEREST THESE ARE REVIEWED BY THE BOARD CHAIR AND CEO THROUGHOUT THE YEAR, IF ANY CONFLICTS ARISE, THE BOARD CHAIR AND CEO ADDRESS THOSE ISSUES WITH THE INDIVIDUALS INVOLVED
FORM 990, PART VI, SECTION B, LINE 15	THE BOARD OF DIRECTORS IS RESPONSIBLE FOR DETERMINING COMPENSATION FOR EXECUTIVE LEVEL EMPLOYEES COMPARATIVE MARKET DATA IS COLLECTED AND ANALYZED THE COMPENSATION PACKAGES ARE APPROVED BY THE BOARD OF DIRECTORS EXECUTIVE MANAGEMENT EVALUATES KEY EMPLOYEES ANNUALLY AND PROVIDES WAGE ADJUSTMENTS AFTER REVIEWING COMPARATIVE MARKET DATA
FORM 990, PART VI, SECTION C, LINE 19	NO DOCUMENTS ARE AVAILABLE TO THE PUBLIC
FORM 990, PART IX, LINE 11G	FEES FOR MEDICAL PROFESSIONALS PROGRAM SERVICE EXPENSES 1,943,781 MANAGEMENT AND GENERAL EXPENSES 941,601 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,885,382
FORM 990, PART XII, LINE 2C	THE PROCESS FOR SELECTING INDEPENDENT AUDITORS HAS NOT CHANGED FROM THE PRIOR YEAR

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2014

**Open to Public
Inspection**

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

Department of the Treasury
Internal Revenue Service

Name of the organization
BEARTOOTH BILLINGS CLINIC

Employer identification number

81-0224734

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) BEARTOOTH BILLINGS CLINIC FOUNDATION PO BOX 1290 RED LODGE, MT 59068 81-0484562	FUNDRAISING ACTIVITIES	MT	501(C)(3)	509(A)			No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) BEARTOOTH BILLINGS CLINIC FOUNDATION	C	106,382	
(2) BEARTOOTH BILLINGS CLINIC FOUNDATION	L	110,682	

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII **Supplemental Information**

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

Return Reference**Explanation**

Form **4562**
 Department of the Treasury
 Internal Revenue Service (99)

**Depreciation and Amortization
 (Including Information on Listed Property)**

OMB No 1545-0172
2014
 Attachment
 Sequence No **179**

▶ **Attach to your tax return.**

▶ **Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.**

Name(s) shown on return BEARTOOTH BILLINGS CLINIC	Business or activity to which this form relates FORM 990 PAGE 10	Identifying number 81-0224734
--	---	----------------------------------

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4 Reduction in limitation Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2013 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2015 Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	1,239,735

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2014	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2014 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

Section C—Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions.)

21 Listed property Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	1,239,735
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence written? Yes No
(a) Type of property (list vehicles first) (b) Date placed in service (c) Business/investment use percentage (d) Cost or other basis (e) Basis for depreciation (business/investment use only) (f) Recovery period (g) Method/Convention (h) Depreciation/deduction (i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) 25
26 Property used more than 50% in a qualified business use
27 Property used 50% or less in a qualified business use
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 28
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 29

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

30 Total business/investment miles driven during the year (do not include commuting miles)
31 Total commuting miles driven during the year
32 Total other personal(noncommuting) miles driven
33 Total miles driven during the year Add lines 30 through 32
34 Was the vehicle available for personal use during off-duty hours?
35 Was the vehicle used primarily by a more than 5% owner or related person?
36 Is another vehicle available for personal use?
(a) Vehicle 1 (b) Vehicle 2 (c) Vehicle 3 (d) Vehicle 4 (e) Vehicle 5 (f) Vehicle 6
Yes No Yes No Yes No Yes No Yes No Yes No

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? Yes No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners
39 Do you treat all use of vehicles by employees as personal use?
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs (b) Date amortization begins (c) Amortizable amount (d) Code section (e) Amortization period or percentage (f) Amortization for this year
42 Amortization of costs that begins during your 2014 tax year (see instructions)
43 Amortization of costs that began before your 2014 tax year 43
44 Total. Add amounts in column (f) See the instructions for where to report 44

CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

**Beartooth Billings Clinic and
Beartooth Billings Clinic Foundation**

December 31, 2014 and 2013

**Beartooth Billings Clinic and
Beartooth Billings Clinic Foundation**

December 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Beartooth Billings Clinic and
Beartooth Billings Clinic Foundation
Red Lodge, Montana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Beartooth Billings Clinic (the Hospital) and Beartooth Billings Clinic Foundation (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended, and the related consolidated notes to the financial statements.

The consolidated financial statements of Beartooth Billings Clinic and Beartooth Billings Clinic Foundation as of December 31, 2013 were audited by Galusha, Higgins & Galusha, PC which combined its practice with Wipfli LLP as of December 31, 2014 whose report dated March 31, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Beartooth Billings Clinic and Beartooth Billings Clinic Foundation as of December 31, 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 and Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The Beartooth Billings Clinic stand-alone information and the supplemental consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015 on our consideration of Beartooth Billings Clinic's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beartooth Billings Clinic's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Helena, Montana
March 20, 2015

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as of December 31,

ASSETS	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,677,650	\$ 918,500
Patient accounts receivable, net of estimated uncollectibles and contractual allowances of \$651,895 and \$677,058 in 2014 and 2013, respectively	2,360,335	3,039,257
Current portion of pledges receivable, net of allowance for uncollectibles of \$7,825 and \$5,088 in 2014 and 2013, respectively	9,592	23,562
Other accounts receivable	63,098	39,175
Inventories	270,939	292,529
Other current assets	38,269	158,220
Total current assets	4,419,883	4,471,243
ASSETS WHOSE USE IS LIMITED OR RESTRICTED		
Board restricted for specific purposes	52,085	57,199
Bond related cash reserves	1,247,193	1,238,271
Internally designated for capital acquisitions	211,600	222,550
Foundation money market funds	63,678	142,372
Total assets whose use is limited or restricted	1,574,556	1,660,392
Operating investments	3,005,853	2,372,524
Long-term pledges receivable	15,149	23,374
Property and equipment, net	16,341,481	16,379,986
TOTAL ASSETS	\$ 25,356,922	\$ 24,907,519
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 684,537	\$ 462,088
Accrued salaries and benefits	412,520	451,648
Current portion of long-term debt	330,492	255,234
Current portion of obligation under capital leases	31,103	46,722
Accrued interest payable	106,255	134,589
Total current liabilities	1,564,907	1,350,281
Long-term capital lease obligation, excluding current installments	-	31,134
Long-term debt, excluding current installments	17,942,451	17,074,046
Gift annuities	8,852	1,358
TOTAL LIABILITIES	19,516,210	18,456,819
NET ASSETS		
Unrestricted	4,886,618	5,662,552
Temporarily restricted	328,873	330,760
Permanently restricted	625,221	457,388
Total net assets	5,840,712	6,450,700
TOTAL LIABILITIES AND NET ASSETS	\$ 25,356,922	\$ 24,907,519

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

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation
CONSOLIDATED STATEMENTS OF ACTIVITIES
for the years ended December 31,

UNRESTRICTED REVENUES, GAINS AND
OTHER SUPPORT

	<u>2014</u>	<u>2013</u>
Patient service revenue	\$ 14,758,336	\$ 14,442,457
Provision for bad debts	(891,651)	(1,042,379)
Contractual adjustments	(2,476,683)	(2,194,284)
Charity care	(456,758)	(277,640)
Net patient service revenue	<u>10,933,244</u>	<u>10,928,154</u>
Meaningful use incentive revenue	77,119	97,540
Public health revenue	250,630	250,762
Children's Center revenue	188,925	185,495
Other revenue	99,717	81,465
Total revenues, gains and other support	<u>11,549,635</u>	<u>11,543,416</u>

EXPENSES

Operating Expenses:

Nursing services	1,982,808	1,889,594
Other professional services	4,372,370	4,372,671
General services	685,466	646,861
Fiscal and administrative services	3,098,927	2,904,606
Public health expense	197,879	176,213
Children's Center expense	236,173	211,659
Depreciation	1,239,735	1,375,501
Foundation administration	45,603	39,975
Grants to individuals	6,500	6,000
Interest	836,570	896,523
Total expenses	<u>12,702,031</u>	<u>12,519,603</u>
Operating loss	<u>(1,152,396)</u>	<u>(976,187)</u>

NON-OPERATING GAINS

Contributions and grants	181,441	222,919
Investment income	82,979	130,398
Total non-operating gains	<u>264,420</u>	<u>353,317</u>
Deficit of revenues, gains and other support over expenses	<u>\$ (887,976)</u>	<u>\$ (622,870)</u>

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

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
for the years ended December 31,

	2014	2013
UNRESTRICTED NET ASSETS		
Deficit of revenues, gains and other support over expenses	\$ (887,976)	\$ (622,870)
Net assets released from restriction	112,042	356,532
Change in unrestricted net assets	<u>(775,934)</u>	<u>(266,338)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	88,011	34,855
Undistributed endowment investment income	22,144	63,744
Net assets released from restriction	(112,042)	(356,532)
Change in temporarily restricted net assets	<u>(1,887)</u>	<u>(257,933)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Endowment contributions/special events	167,833	120,480
Change in permanently restricted net assets	<u>167,833</u>	<u>120,480</u>
CHANGE IN NET ASSETS	(609,988)	(403,791)
NET ASSETS, BEGINNING OF YEAR	6,450,700	6,854,491
NET ASSETS, END OF YEAR	<u>\$ 5,840,712</u>	<u>\$ 6,450,700</u>

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

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31,

	2014	2013
NET CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES:		
Change in net assets	\$ (609,988)	\$ (403,791)
Adjustments to reconcile changes in net assets to net cash from operating activities and gains and losses		
Depreciation	1,239,735	1,375,501
Contributions received for long-term purposes	(167,833)	(120,480)
Contributions received for specific purposes	(88,011)	(34,855)
Provision for estimated uncollectibles and contractual allowances	(18,926)	(132,637)
Unrealized (gains) losses on investments	42,731	(91,949)
Realized gains on investments	(103,207)	(72,711)
(Increase) decrease in:		
Patient accounts receivable	704,085	74,305
Pledges receivable	15,958	29,815
Inventories	21,590	(62,127)
Prepaid expenses	119,951	(57,729)
Miscellaneous other receivables	(23,923)	4,786
Foundation money market funds	78,694	191,582
Increase (decrease) in:		
Accounts payable	222,449	112,427
Accrued salaries and benefits	(39,128)	21,781
Miscellaneous other liabilities	(20,840)	3,853
Net cash from operating activities and gains and losses	1,373,337	837,771
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in assets whose use is limited	7,142	541,222
Purchase of investments	(1,345,095)	(1,786,376)
Sale of investments	772,242	856,994
Purchase of property and equipment	(1,201,230)	(340,007)
Net cash from investment activities	(1,766,941)	(728,167)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments from long-term debt	(575,276)	(615,233)
Advances on long-term debt	1,518,939	829,634
Repayments from obligations under capital leases	(46,753)	(46,431)
Restricted specific purpose funds received	88,011	34,855
Proceeds from contributions received for investment in permanent endowment	167,833	120,480
Net cash from financing activities	1,152,754	323,305
Change in cash and cash equivalents	759,150	432,909
Cash and cash equivalents, beginning of year	918,500	485,591
Cash and cash equivalents, end of year	\$ 1,677,650	\$ 918,500
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 867,771	\$ 898,064

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

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

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

1. Organization - The Beartooth Billings Clinic (the Hospital), a community owned and managed organization, was founded in 1948 to establish and operate an acute care hospital in Red Lodge, Montana and for the surrounding area. Effective July 1 2002 the Hospital converted to a Critical Access Facility as defined by The Balance Budget Act of 1997. A new Hospital facility was opened in 2010 under the name Beartooth Billings Clinic that provides 10 acute care beds and a 12-room physician clinic. The facility receives integrated management and technological support from a regional health care provider, but ownership of the facility remains with the Memorial Hospital Association.

Beartooth Billings Clinic Foundation (the Foundation) is a non-private foundation created to provide for the exclusive benefit of the Beartooth Billings Clinic. The Foundation provides support in the areas of raising funds, managing investments, and specifically, educating the public about Hospital operations and opportunities.

2. 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.
3. Basis of Consolidation - The consolidated financial statements include the accounts of the Hospital and Foundation. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital consolidates subsidiaries in which it exercises control.
4. Basis of Presentation - The financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) "Not-for-Profit Entities - Presentation of Financial Statements." Under those provisions, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:
 - Unrestricted net assets are assets that have no donor restrictions on their use and are available to be used by the Hospital and Foundation as necessary. Donor-restricted contributions whose restrictions are met within the same year they are received are reflected as unrestricted contributions in the accompanying financial statements.
 - Temporarily restricted net assets are those whose use by the Hospital and Foundation has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
 - Permanently restricted net assets have been restricted by donors to be maintained by the Foundation in perpetuity.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

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

5. 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.
6. Cash and Cash Equivalents - Cash and cash equivalents include certain investments for the purpose of the statement of cash flows. The Hospital and Foundation consider investments acquired with an original maturity of three months or less to be cash and cash equivalents. Certain short-term investments (money market funds) designated by the Boards of Directors have been classified as cash equivalents. They are still considered an integral part of the Hospital and Foundation's investment strategy.
7. Assets Whose Use is Limited - Assets whose use is limited include assets set aside by the Board of Directors for future capital improvements and other purposes, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Balances also include custody over funds that are restricted in use by the sources from which the funds are derived. Restrictive use may have been created by grantors, lenders, or other sources of funds as a condition of receipt of the funds.
8. Patient Accounts Receivable - Accounts receivable are stated at unpaid balances, less an allowance for contractual and doubtful accounts. The Hospital provides for losses on accounts receivable using the reserve method. Management determines the reserve based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations.
9. Pledges Receivable - The Foundation carries its pledges receivable at net realizable value, as discounted for the time necessary to collect extended obligations. On a periodic basis, the Foundation evaluates its pledges receivable and establishes an allowance for doubtful accounts, based on a history of past bad debt expense and collections and current credit conditions. The Foundation does not accrue interest on pledges receivable. A receivable is considered past due if payment has not been received within stated terms. The Foundation will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and written off to uncollectible pledges expense.
10. Inventories - Inventories are stated at the lower of cost (average cost) or market on a first-in, first-out basis. Management considers the physical inventory for obsolescence or outdated items and recognizes obsolete items as needed.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

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

11. Investments - The Hospital and Foundation have adopted standards for investment recognition whereby investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The endowment includes both donor-restricted funds and funds designated by the Foundation's Board of Directors to function as endowments. The net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on existence or absence of donor imposed restrictions. The Foundation adheres to the Uniform Prudent Management of Institutional Funds Act of 2006. The law eliminates the historical dollar threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund.

The Hospital and Foundation recognize all financial assets at their fair value as defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

12. Property and Equipment - Property and equipment acquisitions are recorded at cost. The Hospital capitalizes long-lived assets with a cost in excess of \$1,000. The Foundation capitalizes long-lived assets with a cost in excess of \$750. All eligible assets are depreciated and amortized over the following estimated useful lives:

	Years
Land improvements	15
Buildings	20-40
Building improvements	7-15
Building service equipment	5-20
Equipment	5-20
Equipment under capital lease	5-20

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

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

Property and Equipment (continued) - 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.

13. 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 gains and losses.
14. Net Patient Service Revenue - The Hospital records revenue when the service is rendered to the patient. The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. 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.
15. 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. 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 charity care policy for the years ended December 31, 2014 and 2013 totaled \$456,758 and \$277,640, respectively.

16. Public Support and Revenue - Public support and revenue is generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded when the written promise to give is received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk free interest rates (applicable to the years in which the promises are received) to discount the amounts. The majority of the promises to give are received from a broad base of contributors. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at the end of each fiscal year.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

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

Public Support and Revenue (continued) - Revenue and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Board of Directors adopted a policy whereby if temporary restrictions are accomplished within the fiscal year, the support shall be classified as unrestricted.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distributions are recorded in temporarily restricted net assets. Investment earnings with restrictions are recorded in temporarily restricted net assets based on the nature of the restrictions.

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that create or enhance non-financial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

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

17. Contributions - The Hospital accounts for contributions in accordance with 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.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

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

Contributions (continued) - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of net assets as net assets released from restrictions.

18. Advertising Costs - The Hospital and Foundation account for advertising costs in the periods in which they are incurred. Advertising expense for the years ended December 31, 2014 and 2013 totaled \$77,288 and \$83,168, respectively.
19. Costs of Borrowing - Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Deferred financing costs are amortized over the period the obligation is outstanding using the interest method. Amortization of deferred financing costs is capitalized during the period of construction of capital assets.
20. Income Taxes - The Hospital and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Certain income considered unrelated to their exempt purpose may be subject to tax.

As a matter of law, the Hospital and the Foundation are 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 2011 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 or the Foundation is assessed penalties and or interest, penalties will be charged to other operating expense and interest will be charged to interest expense.

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

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

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

22. Reclassifications - Certain prior year items have been reclassified to conform to current year presentation without effect on the decrease in net assets or total net assets.
23. Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to December 31, 2014 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2014. Management has performed this analysis through March 20, 2015, the date the financial statements were available to be issued.

NOTE B - ASSETS WHOSE USE IS LIMITED

The composition of assets whose use is limited at December 31, 2014 and 2013 is set forth in the following table. Investments are stated at fair value.

	2014	2013
Board restricted reserves	\$ 52,085	\$ 57,199
Operational capital acquisitions	197,826	174,412
Bond reserve funds	1,247,193	1,238,271
Construction funds (Hospital)	13,774	48,138
Construction funds (Foundation)	63,678	142,372
	\$ 1,574,556	\$ 1,660,392

NOTE C - 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 - Effective July 1, 2002, the Hospital qualified as a critical access hospital (CAH). 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 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 December 31, 2013.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE D – PLEDGES RECEIVABLE

The Foundation entered into a capital campaign for the purpose of raising funds for a comprehensive medical campus to be constructed north of Red Lodge, Montana. The Foundation has recognized pledges as follows:

	2014	2013
Gross pledges receivable - less than one year	\$ 17,417	\$ 28,650
Gross pledges receivable - one year to five years	16,000	24,550
Less - allowance for uncollectible amounts	(7,825)	(5,088)
Less - discount to present value	(851)	(1,176)
	<u>\$ 24,741</u>	<u>\$ 46,936</u>

The Foundation has discounted the pledges receivable to recognize the long-term nature of anticipated collections. The discount rate used for collections was 1.53%, measured by the applicable federal short-term rate as published by the Internal Revenue Service. Management has evaluated the collectability of outstanding pledges and has estimated that \$7,825 and \$5,088 is uncollectible, and has recognized an allowance in that amount as of December 31, 2014 and 2013, respectively.

NOTE E - OTHER RECEIVABLES

Other receivables for the years ending December 31, 2014 and 2013 include the following:

	2014	2013
Bed tax reimbursement	\$ 44,552	\$ 18,000
Miscellaneous other receivables	18,546	21,175
	<u>\$ 63,098</u>	<u>\$ 39,175</u>

NOTE F - INVESTMENT RETURN

Investments consisted of government bonds, equities, corporate and governmental fixed income obligations, and money market funds. Investments are stated at fair market value. Unrealized gains (losses) for the years ended December 31, 2014 and 2013 were \$(42,731) and \$91,949, respectively. Realized gains for the years ended December 31, 2014 and 2013 were \$103,207 and \$72,711, respectively.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE G - PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31 follows:

	2014	2013
Land	\$ 774,520	\$ 774,520
Land improvements	1,717,859	1,361,048
Buildings and improvements	15,243,700	14,628,190
Equipment and capitalized leases	4,614,377	4,452,964
Work in progress	91,764	24,266
	22,442,220	21,240,988
Less: accumulated depreciation and amortization	(6,100,739)	(4,861,002)
Property and equipment, net	\$ 16,341,481	\$ 16,379,986

NOTE H - LONG-TERM DEBT

A summary of long-term debt as of December 31 follows:

	2014	2013
Series 2009A Term Bonds - Interest is payable semi-annually at 5.45%. Principal payments commenced on November 1, 2011 and continue through November 1, 2038. It is secured by a loan note guaranty issued by the USDA and collateralized by real and personal property.	\$ 7,325,000	\$ 7,450,000
Series 2009A Term Bonds - Interest payable semi-annually at 5.45%. Principal payments commenced on November 1, 2011 and continue through November 1, 2038. It is secured by a loan note guaranty issued by the USDA and collateralized by real and personal property.	4,347,000	4,418,000
Series 2009B Term Bonds - Interest payable semi-annually at 5.45%. Principal payments commenced on November 1, 2011 and continue through November 1, 2038. It is secured by a loan note guaranty issued by the USDA and collateralized by real and personal property.	1,309,000	1,328,000

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE H - LONG-TERM DEBT, continued

	<u>2014</u>	<u>2013</u>
USDA Rural Development Note - Interest payable monthly at 3.75% per annum until December 2013 whereupon the note will require principal and interest payments until 2052, whereupon the remaining principal and interest is due	5,291,943	4,133,280
Total long-term debt	<u>18,272,943</u>	<u>17,329,280</u>
Less: current installment of long-term debt	<u>(330,492)</u>	<u>(255,234)</u>
Long-term debt, excluding current installments	<u>\$ 17,942,451</u>	<u>\$ 17,074,046</u>

The amortization of the long-term debt as of December 31 is:

2015	\$ 330,492
2016	339,880
2017	357,690
2018	376,646
2019	420,753
Thereafter	<u>16,447,482</u>
Total	<u>\$ 18,272,943</u>

Under the terms of the revenue bond indentures, the Hospital is required to maintain certain deposits in a bond reserve fund. The fund is required to be maintained at an amount equal to the maximum annual debt service due on the bonds, funded on a net basis. Such deposits are included with assets limited as to use. The revenue note indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfy certain measures of financial performance as long as the notes are outstanding.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE I - LEASE COMMITMENTS

For the years ending December 31, 2014 and 2013 the Hospital had the following capital lease obligations:

	2014	2013
TCF Equipment Finance Inc. - Original lease value of \$134,817 payable in monthly installments of \$2,640 through October 2015. Interest accrues at the rate of 6.48% per annum. The capital lease is secured by equipment.	\$ 28,113	\$ 56,926
Siemens Finance - Original lease value of \$134,817 payable in monthly installments of \$1,495 through April 2015. Interest accrues at the rate of 0% per annum. The capital lease is secured by equipment.	2,990	20,930
Total long-term leases	31,103	77,856
Less: current installment of long-term leases	(31,103)	(46,722)
Long-term leases, excluding current installments	\$ -	\$ 31,134

The future minimum lease payments under the capital leases together with the present value of the net minimum lease payments is \$31,103 for 2015.

NOTE J - ACCRUED EXPENSES

Accrued expenses at December 31, 2014 and 2013 include the following:

	2014	2013
Payroll expense	\$ 201,829	\$ 209,264
Payroll tax liability	68,716	93,368
Pension match payable	141,975	149,016
	\$ 412,520	\$ 451,648

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.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE L - PROFIT SHARING PLAN

During the year ended December 31, 1995, the Hospital adopted a 403(b) group annuity retirement plan. The Hospital elected to contribute to the plans of participating employees in 2014 and 2013. The total amount contributed is \$118,045 and \$152,643 for the years ending December 31, 2014 and 2013, respectively.

NOTE M - OPERATING LEASES

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. The Hospital leases various pieces of equipment and real estate under operating leases. For the periods ending December 31, 2014 and 2013, the Hospital had no material operating lease obligations and immaterial further payment requirements.

NOTE N - CONCENTRATION OF CREDIT RISK

The Hospital is located in Red Lodge, 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 December 31, 2014 and 2013 is as follows:

	2014	2013
Patient, self-pay	9%	10%
Medicare	37%	36%
Medicaid	5%	5%
Blue Cross of Montana	18%	18%
Other third-party payers	31%	31%
	<u>100%</u>	<u>100%</u>

The Hospital and Foundation maintain cash balances at banks located in Red Lodge, Montana. Accounts at the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash accounts in investments are not insured. At times throughout the year, the Foundation's bank balances may exceed the FDIC limit. At December 31, 2014, there was \$336,663 of uninsured bank balances.

NOTE O - RELATED PARTY TRANSACTIONS

The Board of Directors of the Hospital and the Foundation share a common board member. The common board member is the Chief Executive Officer of the Hospital.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE O - RELATED PARTY TRANSACTIONS, continued

The Hospital entered into a management agreement with Billings Clinic (see Note U). Fees related to this agreement paid for the year ending December 31, 2014 are as follows:

	2014	2013
Leadership training	\$ 3,960	\$ 4,568
CEO compensation and management fees	220,152	233,755
Software support	92,559	83,098
Wages for management, clinic staff and other professional services	1,704,150	1,707,896
Foundation fees	9,813	9,150
Insurance	16,723	14,136
IT support	64,020	60,845
Consulting services - pathology	3,300	1,100
Regional case management fees	7,079	2,574
Hospital services	287,640	271,553
Telemedicine network service charge	2,400	800
	<u>\$ 2,411,796</u>	<u>\$ 2,389,475</u>

NOTE P - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The Hospital and the Foundation report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Temporarily restricted net assets include:

	2014	2013
Medical campus campaign	\$ 92,056	\$ 180,543
Scholarship/programs	33,218	14,916
Donor restricted land use	24,500	24,500
Undistributed endowment income	120,317	98,172
Miscellaneous programs	58,782	12,629
	<u>\$ 328,873</u>	<u>\$ 330,760</u>

Donor restricted land use for the purpose of the Daycare relocation provides for the title transfer on September 15, 2025 upon continuous use for the stated purpose.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE P - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS, continued

Permanently restricted net assets consist of donor restricted contributions to a permanent endowment fund, the principal of which is required to remain in perpetuity.

The income generated from permanently restricted assets may be used to perpetuate and assist in satisfying operating expenses and capital improvements for the Hospital.

NOTE Q - ENDOWMENT NET ASSETS

The Foundation's endowment consists of numerous individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets and is appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MUPMIFA.

In accordance with the MUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The expected total return from income and the appreciation of investments;
5. Other resources of the Foundation; and
6. The investment policies of the Foundation.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE Q - ENDOWMENT NET ASSETS, continued

The composition of endowment net assets by fund as of December 31, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ -	\$ 625,221	\$ 625,221
Board-restricted	50,708	120,317	-	171,025
	\$ 50,708	\$ 120,317	\$ 625,221	\$ 796,246

The composition of endowment net assets by fund as of December 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ -	\$ 457,388	\$ 457,388
Board-restricted	29,531	98,173	-	127,704
	\$ 29,531	\$ 98,173	\$ 457,388	\$ 585,092

Changes in net asset composition by type of fund for the years ended December 31, 2014 and 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	\$ 29,531	\$ 98,173	\$ 457,388	\$ 585,092
Investment return:				
Interest & dividends, net of investment expenses	-	10,895	-	10,895
Realized gain	-	65,340	-	65,340
Net appreciation	-	(54,091)	-	(54,091)
Total investment return	-	22,144	-	22,144
Contributions/special events	21,177	-	167,833	189,010
Endowment net assets, December 31, 2014	\$ 50,708	\$ 120,317	\$ 625,221	\$ 796,246

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE Q - ENDOWMENT NET ASSETS, continued

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets,				
December 31, 2012	\$ 18,073	\$ 34,428	\$ 336,908	\$ 389,409
Investment return:				
Interest & dividends, net of investment expenses	-	9,169	-	9,169
Realized gain	-	26,149	-	26,149
Net appreciation	-	28,427	-	28,427
Total investment return	-	63,745	-	63,745
Contributions/special events	11,458	-	120,480	131,938
Endowment net assets,				
December 31, 2013	\$ 29,531	\$ 98,173	\$ 457,388	\$ 585,092

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Foundation to retain as a fund of perpetual duration.

The Foundation's policy is to protect principal from both market value fluctuation and inflationary erosion and to provide needed capital for program services and grants through earnings derived from a well-diversified portfolio structure. The policy includes a rate of return performance benchmark to exceed inflation by 5.0% as measured by consumer price index annualized over a 3-5 year period or full market cycle. The Foundation will achieve returns through investments allocated among large cap equities, international funds, government bonds, and cash funds that are actively managed through various investment management firms. Although not specifically stated, the Foundation risk tolerance is indicated through the policy to be moderate. The spending policy of the Foundation provides for distributions of 5% of the previous 20 quarters' average market value, subject to a floor of 4% of current assets and a ceiling of 6% of current assets.

NOTE R - FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE R - FAIR VALUE MEASUREMENTS, continued

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital and the Foundation have the ability to access.

Level 2

Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes in valuation techniques used at December 31, 2014 and 2013.

Following is a description of the valuation methodologies used for assets measured at fair value.

Fixed income, Government bonds, Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Pledges receivable: Valued at net realizable value, as discounted for the time necessary to collect extended obligations.

Alternative investments: Valued at the closing price reported on the active market on which the individual securities are traded.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE R - FAIR VALUE MEASUREMENTS, continued

The following are the Hospital's and the Foundation's assets at fair value as of December 31:

Assets at fair value as of December 31, 2014				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed income/bonds	\$ 935,356	\$ -	\$ -	\$ 935,356
Pledges receivable	-	-	24,741	24,741
Mutual funds/equities	1,914,839	-	-	1,914,839
Alternative investments	155,658	-	-	155,658
	\$ 3,005,853	\$ -	\$ 24,741	\$ 3,030,594

Assets at fair value as of December 31, 2013				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed income/bonds	\$ 830,912	\$ -	\$ -	\$ 830,912
Pledges receivable	-	-	46,936	46,936
Mutual funds/equities	1,512,293	-	-	1,512,293
Alternative investments	29,319	-	-	29,319
	\$ 2,372,524	\$ -	\$ 46,936	\$ 2,419,460

Level 3 Summary of Changes

The following table sets forth a summary of changes in the fair value of Level 3 assets for the year ended December 31, 2013 and 2014

	Level 3 Assets Year Ended December 31, 2014 <u>Pledges Receivable</u>	Level 3 Assets Year Ended December 31, 2013 <u>Pledges Receivable</u>
Balance, January 1,	\$ 46,936	\$ 76,751
New pledges received during the year	2,500	-
Pledges collected during the year	(19,783)	(30,600)
Pledges written off during the year	(2,500)	-
	(2,737)	-
Increase in allowance for uncollectable accounts		
Change in discount to present value	325	785
Balance, December 31,	\$ 24,741	\$ 46,936

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE S - FUNCTIONAL EXPENSES

The Hospital and Foundation provide general health care services to residents within its geographic area. Expenses related to providing these services are as follows:

	2014	2013
Health care services	\$ 9,596,604	\$ 9,608,997
Other program expenses	6,500	6,000
General and administrative	3,098,927	2,904,606
	<u>\$ 12,702,031</u>	<u>\$ 12,519,603</u>

Included in general and administrative expenses as of December 31, 2014 and 2013, there are fundraising expenses of \$19,437 and \$28,722, respectively. To the extent the Foundation provided support to the Hospital during the period, such support is not reflected as either income to the Hospital or an expense to the Foundation on the consolidated financial statements. Therefore, program expenses represent only the Foundation program expenses provided to unrelated third parties.

The Foundation provided support to the Hospital in the amount of \$253,031 and \$504,737 for the years ending December 31, 2014 and 2013, respectively.

NOTE T - CHILDREN'S CENTER FACILITIES

During the year ended December 31, 1995, the Hospital entered into an agreement to purchase the assets of the Red Lodge Children's Center, Inc. for a nominal amount. The Hospital assumed operation of the Children's Center on January 1, 1997.

Children's Center revenues and expenses are included in other operating revenue as follows:

	2014	2013
Health care services	\$ 188,925	\$ 185,495
Other program expenses	(186,115)	(167,375)
General and administrative	(50,058)	(44,284)
	<u>\$ (47,248)</u>	<u>\$ (26,164)</u>

NOTE U - MANAGEMENT SERVICES AGREEMENT

On October 13, 2010, the Hospital entered into a management services agreement with Billings Clinic (BC) that was effective November 18, 2010 and shall continue unless terminated by either party. The agreement authorizes BC to operate and manage Beartooth Billings Clinic subject to certain conditions and limitations.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE V – COMMITMENTS AND CONTINGENCIES

The Hospital entered into an Information Systems and Support agreement whereby the contractor provides system access and support for certain software and interfaces that assist the Hospital in delivering an integrated electronic healthcare system. As consideration for the software and maintenance provided, the Hospital agrees to pay capital, executory, and ongoing costs as follows:

Support Operating Costs - Beginning March 2010 for a period of 12 months, the Hospital shall pay monthly payments of \$6,064. Payments will continue for a period of 60 months whereby the payments will escalate by 8% at the beginning of each subsequent 12-month period.

The Hospital, subsequent to operating the Physician's Clinic within the new facility, entered into a contract whereby the staff of the Physician's Clinic would be provided under a lease agreement from the Billings Clinic. The agreement provides for the Hospital to pay all direct expenses of recruiting and employing the staff, in addition to the costs incurred or associated with advertising and placement. Compensation and benefits of the leased staff will be commensurate to that amount which would be provided to a similar employee of Billings Clinic serving in a similar capacity. The agreement does not provide for a minimum or maximum cost provision and an estimated cost cannot be provided for based on the terms of the agreement.

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.

NOTE W - BEARTOOTH BILLINGS CLINIC FOUNDATION FINANCIAL STATEMENTS

As previously disclosed, the Beartooth Billings Clinic Foundation was created for the exclusive benefit of the Beartooth Billings Clinic. The Foundation, although a separate legal entity, provides for the exclusive benefit of the Hospital, thereby creating a financial interest between the entities.

Continued

Beartooth Billings Clinic and Beartooth Billings Clinic Foundation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE W - BEARTOOTH BILLINGS CLINIC FOUNDATION FINANCIAL STATEMENTS, continued

The Foundation's financial position for the periods ending December 31, 2014 and 2013 is as follows:

	2014	2013
Assets:		
Cash and cash equivalents	\$ 470,809	\$ 193,649
Accounts receivable	11,150	14,725
Invested funds	1,279,418	1,302,141
Pledges receivable, net	24,741	46,936
	\$ 1,786,118	\$ 1,557,451
Liabilities		
Gift annuity liability	\$ 8,852	\$ 1,358
Net assets	\$ 1,777,266	\$ 1,556,093

Of the Foundation net assets of \$1,777,266 and \$1,556,093, a total of \$929,594 and \$763,648 have been restricted for the purposes of endowing the Foundation or specific expenditures for the years ending December 31, 2014 and 2013, respectively.

The Foundation statement of activities for the periods ending December 31, 2014 and 2013 is as follows:

	2014	2013
Restricted contributions	\$ 255,844	\$ 155,335
Unrestricted contributions and special events	69,993	55,160
Direct benefit	(12,700)	(15,133)
Investment income	57,191	147,416
In-kind contribution from the Hospital	110,682	75,064
	481,010	417,842
Grants to specified beneficiary	110,242	253,031
Scholarships/grants	6,500	6,000
Administrative	120,857	88,105
Fundraising	22,238	13,997
	259,837	361,133
Increase in net assets	\$ 221,173	\$ 56,709

Concluded

SUPPLEMENTAL INFORMATION

Beartooth Billings Clinic

December 31, 2014 and 2013

Beartooth Billings Clinic
STATEMENTS OF FINANCIAL POSITION
as of December 31.
(See Independent Auditor's Report)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,206,841	\$ 724,851
Patient accounts receivable, net of estimated uncollectibles and contractual allowances of \$651,895 and \$677,058 in 2014 and 2013, respectively	2,360,335	3,039,257
Other accounts receivable	51,948	24,450
Inventories	270,939	292,529
Other current assets	38,269	158,220
Total current assets	<u>3,928,332</u>	<u>4,239,307</u>
ASSETS WHOSE USE IS LIMITED OR RESTRICTED		
Board restricted for specific purposes	52,085	57,199
Bond related cash reserves	1,247,193	1,238,271
Internally designated for capital acquisitions	211,600	222,550
Total assets whose use is limited or restricted	<u>1,510,878</u>	<u>1,518,020</u>
Operating investments	1,790,113	1,212,755
Property and equipment, net	16,341,481	16,379,986
TOTAL ASSETS	<u><u>\$ 23,570,804</u></u>	<u><u>\$ 23,350,068</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 684,537	\$ 462,088
Accrued salaries and benefits	412,520	451,648
Current portion of long-term debt	330,492	255,234
Current portion of obligation under capital leases	31,103	46,722
Accrued interest payable	106,255	134,589
Total current liabilities	<u>1,564,907</u>	<u>1,350,281</u>
Long-term debt, excluding current installments	17,942,451	17,074,046
Long-term capital lease obligation, excluding current installments	-	31,134
TOTAL LIABILITIES	<u>19,507,358</u>	<u>18,455,461</u>
NET ASSETS		
Unrestricted	4,038,946	4,870,107
Temporarily restricted	24,500	24,500
Total net assets	<u>4,063,446</u>	<u>4,894,607</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 23,570,804</u></u>	<u><u>\$ 23,350,068</u></u>

Beartooth Billings Clinic
STATEMENTS OF ACTIVITIES
for the years ended December 31,
(See Independent Auditor's Report)

UNRESTRICTED REVENUES, GAINS AND

OTHER SUPPORT

	<u>2014</u>	<u>2013</u>
Patient service revenue	\$ 14,758,336	\$ 14,442,457
Provision for bad debts	(891,651)	(1,042,379)
Contractual adjustments	(2,476,683)	(2,194,284)
Charity care	(456,758)	(277,640)
Net patient service revenue	<u>10,933,244</u>	<u>10,928,154</u>
Meaningful use incentive revenue	77,119	97,540
Public health revenue	250,630	250,762
Children's Center revenue	188,925	185,495
Other revenue	99,717	81,465
Total revenues, gains and other support	<u>11,549,635</u>	<u>11,543,416</u>

EXPENSES

Operating Expenses:

Nursing services	1,982,808	1,889,594
Other professional services	4,372,370	4,372,671
General services	685,466	646,861
Fiscal and administrative services	3,098,927	2,904,606
Public health expense	197,879	176,213
Children's Center expense	236,173	211,659
Depreciation	1,239,735	1,375,501
Interest	836,570	896,523
Total expenses	<u>12,649,928</u>	<u>12,473,628</u>
Operating income (loss)	<u>(1,100,293)</u>	<u>(930,212)</u>

NON-OPERATING GAINS (LOSSES)

Contributions and grants	193,044	401,530
Investment income	76,088	68,182
Total non-operating gains	<u>269,132</u>	<u>469,712</u>
Deficit of revenues, gains and other support over expenses	<u>\$ (831,161)</u>	<u>\$ (460,500)</u>

Beartooth Billings Clinic
STATEMENTS OF CHANGES IN NET ASSETS
for the years ended December 31.
(See Independent Auditor's Report)

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
Deficit of revenues, gains and other support over expenses	\$ (831,161)	\$ (460,500)
Net assets released from restriction	<u>-</u>	<u>-</u>
Change in unrestricted net assets	<u>(831,161)</u>	<u>(460,500)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	-	-
Undistributed investment income	-	-
Net assets released from restriction	<u>-</u>	<u>-</u>
Change in temporarily restricted net assets	<u>-</u>	<u>-</u>
PERMANENTLY RESTRICTED NET ASSETS		
Endowment contributions	<u>-</u>	<u>-</u>
Change in unrestricted net assets	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(831,161)	(460,500)
NET ASSETS, BEGINNING OF YEAR	<u>4,894,607</u>	<u>5,355,107</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,063,446</u></u>	<u><u>\$ 4,894,607</u></u>

Beartooth Billings Clinic
STATEMENTS OF CASH FLOWS
for the years ended December 31,
(See Independent Auditor's Report)

	2014	2013
NET CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES:		
Change in net assets	\$ (831,161)	\$ (460,500)
Adjustments to reconcile changes in net assets to net cash from operating activities and gains and losses:		
Depreciation	1,239,735	1,375,501
Provision for estimated uncollectibles and contractual allowances	(25,163)	(132,637)
Unrealized gains on investments	(8,400)	(45,815)
Realized (gains) losses on investments	(23,821)	5,923
(Increase) decrease in:		
Patient accounts receivable	704,085	74,305
Inventories	21,590	(62,127)
Prepaid expenses	119,951	(57,729)
Miscellaneous other receivables	(27,498)	190
Increase (decrease) in:		
Accounts payable	222,449	112,427
Accrued salaries and benefits	(39,128)	21,781
Miscellaneous other liabilities	(28,334)	3,276
Net cash from operating activities and gains and losses	<u>1,324,305</u>	<u>834,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in assets whose use is limited	7,142	541,122
Purchase of investments	(815,423)	(1,046,508)
Sale of investments	270,286	246,569
Purchase of property and equipment	(1,201,230)	(340,007)
Net cash from investment activities	<u>(1,739,225)</u>	<u>(598,824)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment from long-term debt	(575,276)	(615,233)
Advances on long-term debt	1,518,939	829,634
Repayment from obligations under capital leases	(46,753)	(46,431)
Net cash from financing activities	<u>896,910</u>	<u>167,970</u>
Change in cash and cash equivalents	481,990	403,741
Cash and cash equivalents, beginning of year	724,851	321,110
Cash and cash equivalents, end of year	<u>\$ 1,206,841</u>	<u>\$ 724,851</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 867,771</u>	<u>\$ 898,064</u>

SUPPLEMENTAL SCHEDULES
OF STATEMENTS OF OPERATIONS

Beartooth Billings Clinic

December 31, 2014 and 2013

Beartooth Billings Clinic
SCHEDULES OF PATIENT SERVICE REVENUE
for the years ended December 31,
(See Independent Auditor's Report)

	2014	2013
Daily Patient Services:		
Medical and surgical	\$ 851,658	\$ 963,408
Home health services	427,859	497,723
Swing bed	706,823	706,824
Private duty nursing	23,431	14,544
Hospice	412,421	565,832
Total Daily Patient Services	<u>2,422,192</u>	<u>2,748,331</u>
Other Nursing Services:		
Intravenous therapy	188,279	188,795
Emergency room	1,954,646	1,850,291
Central supply	123,776	154,834
Total Other Nursing Services	<u>2,266,701</u>	<u>2,193,920</u>
Other Professional Services:		
Clinic	2,447,407	2,211,618
Laboratory	1,559,610	1,546,653
Electro-cardiology	68,019	55,006
Radiology	640,134	588,597
CT	1,714,683	1,677,863
Pharmacy	1,403,015	1,189,680
Physical therapy	1,059,656	1,011,404
Ultrasound	324,520	302,326
Mammography	144,641	142,414
Operating room/endoscopy	433,027	456,791
Cardiac rehab	93,208	116,319
Speech therapy	68,606	78,000
Dietary	20,532	20,943
Occupational therapy	92,385	102,592
Total Other Professional Services	<u>10,069,443</u>	<u>9,500,206</u>
Total Patient Service Revenue	<u>\$ 14,758,336</u>	<u>\$ 14,442,457</u>

Beartooth Billings Clinic
SCHEDULES OF OPERATING EXPENSES
for the years ended December 31,
(See Independent Auditor's Report)

	2014		2013	
	Personnel Services	Supplies and Other Expenses	Personnel Services	Supplies and Other Expenses
Nursing Services:				
Medical and surgical	\$ 697,470	\$ 86,984	\$ 663,198	\$ 77,569
Coronary care	-	-	-	949
Home health services	374,477	63,320	352,939	68,910
Private duty	25,505	3,170	14,951	1,481
Hospice	147,436	68,499	147,439	100,260
Swing bed	3,489	39	1,981	5,667
Intravenous therapy	-	29,630	-	22,055
Emergency room	246,797	141,744	276,329	104,423
Central supply	41,046	58,200	38,895	12,548
Total Nursing Services	<u>1,531,222</u>	<u>451,586</u>	<u>1,495,732</u>	<u>393,862</u>
Other Professional Services:				
Clinic	1,329,944	129,762	1,402,116	112,616
Laboratory	271,287	228,085	258,206	281,051
Electro-cardiology	2,760	231	4,006	125
Radiology	87,366	99,531	102,029	98,615
CT	79,956	145,875	82,406	171,636
Pharmacy	5,749	561,865	2,719	402,178
Physical therapy	409,977	84,769	466,723	103,893
Ultrasound	41,047	30,917	14,105	38,081
Mammography	29,740	67,770	27,563	73,236
Cardiac rehab	51,260	5,361	47,125	3,132
Speech therapy	48,188	200	51,462	1,051
Wellness	7,602	5,339	4,335	4,927
Social services	10,571	-	8,403	200
Sports medicine	2,199	22,541	1,094	23,138
Nursing administration	224,678	47,215	141,620	42,053
Public relations	91,908	102,906	93,147	110,294
Operating room-endoscopy	68,347	51,161	57,255	64,258
Infection control	29,200	1,158	21,844	3,481
Occupational therapy	53,555	2,360	50,922	1,605
Total Other Professional Services	<u>2,845,334</u>	<u>1,527,036</u>	<u>2,837,101</u>	<u>1,535,570</u>
General Services:				
Dietary	42,515	55,806	31,143	52,906
Plant and maintenance	187,626	233,988	173,579	246,656
Housekeeping	117,857	16,540	93,186	12,926
Laundry and linen	4,476	26,658	5,000	31,465
Total General Services	<u>352,474</u>	<u>332,992</u>	<u>302,908</u>	<u>343,953</u>
Fiscal and Administrative Services				
Administration	517,831	1,401,773	491,086	1,308,172
Foundation, net	64,840	31,454	47,823	27,241
Personnel	71,030	37,239	65,290	50,544
Payroll taxes	-	413,089	-	419,513
Employee benefits	-	561,671	-	494,937
Total Fiscal and Administrative Services	<u>653,701</u>	<u>2,445,226</u>	<u>604,199</u>	<u>2,300,407</u>
Total Operating Expenses	<u>\$ 5,382,731</u>	<u>\$ 4,756,840</u>	<u>\$ 5,239,940</u>	<u>\$ 4,573,792</u>

SINGLE AUDIT SECTION

Beartooth Billings Clinic

December 31, 2014

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Independent Auditor's Report

Board of Directors
Beartooth Billings Clinic
Red Lodge, Montana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Beartooth Billings Clinic (the Hospital), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 20, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider deficiency 2014-001 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of findings and questioned costs as item 2014-001.

Beartooth Billings Clinic's Response to Findings

Beartooth Billings Clinic's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Wipfli LLP

Wipfli LLP

Helena, Montana
March 20, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

Board of Directors
Beartooth Billings Clinic
Red Lodge, Montana

Report on Compliance for Each Major Federal Program

We have audited Beartooth Billings Clinic's (the Hospital) compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2014. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Beartooth Billings Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The Hospital's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Hospital's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the consolidated financial statements of Beartooth Billings Clinic and Beartooth Billings Clinic Foundation as of and for the year ended December 31, 2014, and have issued our report thereon dated March 20, 2015, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP

Helena, Montana
March 20, 2015

Beartooth Billings Clinic
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
year ended December 31, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	
Major Program:		
Department of Agriculture Rural Services		
USDA Rural Development Loan Guarantee Notes secured by real property and anticipated revenues	10.766	\$ 1,459,508
Federal funds borrowings summary		\$ 1,459,508

**BEARTOOTH BILLINGS CLINIC
NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes loans and loan guarantees the proceeds of which were received and expended in prior years. Pursuant to such loans and loan guarantees compliance requirements exist within the regulatory agreements of the loans.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Hospital.

Note 2 – Summary of Significant Accounting Policies

Expenditures and loan proceeds reported on the Schedule are reported on the accrual basis of accounting. Such expenditures and loan proceeds are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organization*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Insurance/Bond Covenants

The Memorial Hospital Association maintains insurance coverage that provides for replacement of all capital assets purchased with federal funds. Furthermore, the Hospital has maintained certain deposits in a bond reserve fund. The Fund is required to be maintained at an amount equal to the maximum annual debt service of the bonds. The Hospital has also maintained certain measures of financial performance during the period as required by the indenture.

**BEARTOOTH BILLINGS CLINIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

Type of auditor's report issued on compliance for major programs Unmodified

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	_X_ Yes	___ None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, <i>Audits of State, Local Governments, and Non-Profit Organizations</i> , Section .510(a)?	_X_ Yes	___ No

Identification of major programs:

CFDA Number and Name of Federal Program or Cluster:

10.766	Guaranteed/insured loan program and related expenditures
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Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
Is the auditee qualified as a low-risk auditee?	_X_ Yes ___ No

**BEARTOOTH BILLINGS CLINIC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2014**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial statement findings that were required to be reported in accordance with *Government Auditing Standards*.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding 2014-001

Federal Program: Community Facilities Loans and Grants

Pass-Through Entity: United States Department of Agriculture

Award Number: 10.766

Compliance Requirements: Allowable costs

Type of Finding: Significant noncompliance

Criteria: All reimbursements of federal funds should be for costs actually incurred by the Hospital.

Questioned Costs: Known questioned costs are \$6,817. Likely questioned costs are greater than \$10,000.

Cause: The Hospital submitted the quote and the invoice for reimbursement on the same piece of equipment, which consequently doubled the reimbursement in question.

Effect or Potential Effect: The Hospital requested reimbursement on costs not incurred.

Recommendation: The Hospital should ensure that reimbursements are requested for invoices actually paid.

Responsible Official's Response and Corrective Action Planned: Management found the questioned cost when reviewing the expenditures for the audit. As soon as the error was verified, management took immediate action to notify the auditors and USDA of the problem and a check was issued back to USDA.

Planned Implementation Date of Corrective Action: The error was discovered on February 10, 2015 and a check was issued refunding the amount in question on February 13, 2015.

Person Responsible for Corrective Action: Aune Marie Kloppel, affiliate controller, Trish Hilderman, Director of Facility Services and Kelley Evans, CEO.