

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 black lung benefit trust or private foundation)**  
 The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047  
**2010**  
**Open to Public Inspection**

**A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization COMMUNITY MEDICAL CENTER INC  Doing Business As  Number and street (or P O box if mail is not delivered to street address) Room/suite 2827 FORT MISSOULA ROAD  City or town, state or country, and ZIP + 4 MISSOULA, MT 59804  <b>F</b> Name and address of principal officer STEVE CARLSON 2827 FORT MISSOULA ROAD MISSOULA, MT 59804	<b>D</b> Employer identification number 81-0247705  <b>E</b> Telephone number (406) 728-4100  <b>G</b> Gross receipts \$ 150,559,442
<b>I</b> 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		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number ▶
<b>J</b> Website: ▶ WWW.COMMUNITYMED.ORG		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1948 <b>M</b> State of legal domicile MT

**Part I Summary**

<b>1</b>	Briefly describe the organization's mission or most significant activities PROVIDE EXCEPTIONAL HEALTHCARE SERVICES TO THE PEOPLE OF WESTERN MONTANA				
<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets				
<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>		13	
<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>		13	
<b>5</b>	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	<b>5</b>		1,352	
<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>		200	
<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>		1,461,101	
<b>7b</b>	Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>		-270,364	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>		<b>Current Year</b>	
	<b>9</b> Program service revenue (Part VIII, line 2g)	2,332,902		897,895	
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	139,150,066		146,279,301	
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	541,556		2,575,042	2,875,966
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,575,042		144,599,566	150,409,221
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	136,634		155,521	
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0		0	
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	67,111,393		70,700,892	
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0		0	
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶42,811				
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	67,532,215		70,438,410	
	<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	134,780,242		141,294,823	
<b>19</b> Revenue less expenses Subtract line 18 from line 12	9,819,324		9,114,398		
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Current Year</b>		<b>End of Year</b>	
	<b>21</b> Total liabilities (Part X, line 26)	111,286,834		150,377,522	
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20	40,688,024		69,729,886	
		70,598,810		80,647,636	

**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.

<b>Sign Here</b>	***** Signature of officer	2012-05-01 Date			
	DAVID RICHHART CFO CFO Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ CLIFTONLARSONALLEN LLP				
	Firm's address ▶ 220 SOUTH SIXTH STREET SUITE 300 MINNEAPOLIS, MN 55402				
					Firm's EIN ▶
					Phone no ▶ (612) 376-4500

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 to any question in this Part III  Yes  No

**1** Briefly describe the organization's mission  
COMMUNITY MEDICAL CENTER (CMC) WILL IMPROVE THE HEALTH OF THE PEOPLE IN OUR REGION THROUGH EXCEPTIONAL CARE AND SERVICES

**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 exempt purpose achievements for each of the organization's three largest program services by expenses  
Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts 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 \$ 108,199,075 including grants of \$ 155,521 ) (Revenue \$ 146,279,301 )  
CMC PROVIDES DAILY PATIENT SERVICES, PROFESSIONAL AND TECHNICAL SERVICES, AND REHABILITATION SERVICES FOR PATIENT CARE 5,463 INPATIENTS ARE ADMITTED TO CMC EACH YEAR 129,988 OUTPATIENT SERVICES ARE PROVIDED ANNUALLY 94,586 VISITS ARE MADE TO OUR PHYSICIANS THE AMOUNT OF CHARGES FORGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER THE HOSPITAL'S CHARITY POLICY AGGREGATED APPROXIMATELY \$4,517,620 FOR THE YEAR ENDED JUNE 30, 2011

**4b** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )  
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**4c** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )  
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**4d** Other program services (Describe in Schedule O )  
(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e Total program service expenses** \$ 108,199,075

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> 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	
<b>2</b> Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	Yes	
<b>3</b> 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
<b>4 Section 501(c)(3) organizations.</b> 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>	Yes	
<b>5</b> 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>		
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts where 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
<b>7</b> 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
<b>8</b> 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
<b>9</b> Did the organization report an amount in Part X, line 21, 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
<b>10</b> Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>	Yes	
<b>11</b> 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		
<b>a</b> 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>b</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>	Yes	
<b>c</b> 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
<b>d</b> 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>		No
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>	Yes	
<b>f</b> 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>	Yes	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>		No
<b>b</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, XII, and XIII is optional.</i>	Yes	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		No
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i>		No
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Parts II and IV.</i>		No
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? <i>If "Yes," complete Schedule F, Parts III and IV.</i>		No
<b>17</b> 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 (see instructions).</i>		No
<b>18</b> 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
<b>19</b> 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
<b>20a</b> Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>	Yes	
<b>b</b> If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	Yes	

**Part IV Checklist of Required Schedules** *(continued)*

<b>21</b> Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . . <input checked="" type="checkbox"/>	<b>21</b>	Yes	
<b>22</b> Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . . <input checked="" type="checkbox"/>	<b>22</b>		No
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, questions 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> . . . . . <input checked="" type="checkbox"/>	<b>23</b>	Yes	
<b>24a</b> 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-24d and complete Schedule K. If "No," go to line 25</i> . . . . . <input checked="" type="checkbox"/>	<b>24a</b>	Yes	
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>		No
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>		No
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>		No
<b>25a Section 501(c)(3) and 501(c)(4) organizations.</b> 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> . . . . .	<b>25a</b>		No
<b>b</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> . . . . .	<b>25b</b>		No
<b>26</b> Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	<b>26</b>		No
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	<b>27</b>		No
<b>28</b> 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)			
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28a</b>		No
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28b</b>		No
<b>c</b> 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> . . . . .	<b>28c</b>		No
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	<b>29</b>		No
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>30</b>		No
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<b>31</b>		No
<b>32</b> 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> . . . . .	<b>32</b>		No
<b>33</b> 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> . . . . . <input checked="" type="checkbox"/>	<b>33</b>		No
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . . <input checked="" type="checkbox"/>	<b>34</b>	Yes	
<b>35</b> Is any related organization a controlled entity within the meaning of section 512(b)(13)? . . . . .	<b>35</b>	Yes	
<b>a</b> 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> . . . . . <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>			
<b>36 Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . . <input checked="" type="checkbox"/>	<b>36</b>		No
<b>37</b> 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> <input checked="" type="checkbox"/>	<b>37</b>		No
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b>	Yes	

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
<b>1a</b>	184		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
<b>1b</b>	0		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.		
<b>2a</b>	1,352		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
<b>b</b>	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
<b>5c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?		No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12.		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11a</b>	Gross income from members or shareholders.		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>13b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
<b>13c</b>	Enter the amount of reserves on hand.		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		No
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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

Check if Schedule O contains a response to any question in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year . . . . .		
	<b>1a</b> 13		
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent . . . . .		
	<b>1b</b> 13		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .		No
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .		No
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		No
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		No
<b>6</b>	Does the organization have members or stockholders? . . . . .		No
<b>7a</b>	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .		No
<b>b</b>	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .		No
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
<b>a</b>	The governing body? . . . . .	Yes	
<b>b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	Yes	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .		No

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

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

**Section C. Disclosure**

<b>17</b>	List the States with which a copy of this Form 990 is required to be filed <b>MT</b>
<b>18</b>	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
<b>19</b>	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
<b>20</b>	State the name, physical address, and telephone number of the person who possesses the books and records of the organization <b>DAVID RICHHART 2827 FORT MISSOULA ROAD MISSOULA, MT 59804 (406) 327-4004</b>

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

Check if Schedule O contains a response to any question 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, and **current** key employees 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, and 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 (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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) ROGER MUNRO BOARD CHAIR	1 50	X		X			0	0	0	
(2) SCOTT STEARNS 2ND VICE CHAIR	1 50	X		X			0	0	0	
(3) GEORGE MANLOVE 1ST VICE CHAIR	1 50	X		X			0	0	0	
(4) JOHN VAN STRYDONCK SECRETARY/TREASURER	1 50	X		X			0	0	0	
(5) TANYA ASK BOARD MEMBER	1 50	X					0	0	0	
(6) MARK GARNAAS BOARD MEMBER	1 50	X					0	0	0	
(7) SCOTT HACKER BOARD MEMBER	1 50	X					0	0	0	
(8) SHAREN PETERS BOARD MEMBER	1 50	X					0	0	0	
(9) MICHAEL STEWART BOARD MEMBER	1 50	X					0	0	0	
(10) RICH ZINS BOARD MEMBER	1 50	X					0	0	0	
(11) FRANK D'ANGELO BOARD MEMBER	1 50	X					0	0	0	
(12) JAN PARKS BOARD MEMBER	1 50	X					0	0	0	
(13) STEVE CARLSON PRESIDENT & CEO	55 00	X		X			339,674	0	23,473	
(14) BILL JOHNSTON BOARD MEMBER	1 50	X					0	0	0	
(15) DAVID RICHHART CFO	60 00			X			185,011	0	16,691	
(16) GREG UTTER PHYSICIAN/MEDICAL DIRECTOR	40 00				X		373,406	0	28,303	

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(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			
(17) FRANK REED MD PRESIDENT OF PHYSICIAN GROUP	50 00				X			229,620	0	16,661
(18) JONATHAN WEISUL MD CHIEF MEDICAL OFFICER	55 00				X			327,790	0	19,076
(19) MARK KANETA MD PHYSICIAN	40 00					X		338,746	0	21,286
(20) JANET HILLER MD PHYSICIAN	40 00					X		332,398	0	23,304
(21) NEWTON COUTINHO PHYSICIAN	40 00					X		310,757	0	16,884
(22) DAVID JINICH PHYSICIAN	40 00					X		287,897	0	4,760
(23) PHILIP HOLMAN PHYSICIAN	40 00					X		274,200	0	10,282
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								2,999,499	0	180,720

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **55**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
<b>4</b> 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>	Yes	
<b>5</b> 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>		No

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
MT HEART ANGIO LAB LLC 2827 FORT MISSOULA ROAD MISSOULA, MT 59804	HEART CATH SERVICES	1,828,649
MT CANCER SPECIALISTS PO BOX 7877 MISSOULA, MT 59807	PHYSICIAN SERVICES	1,630,340
GE MEDICAL SYSTEMS PO BOX 843553 DALLAS, TX 75284	SUPPLIES & SERVICES	1,083,980
MTN STATES HEALTHCARE RISK RET PO BOX 410067 SALT LAKE CITY, UT 84141	CONSULTING	1,079,485
ELLERBE BECKET INC NW 8400 MINNEAPOLIS, MT 55485	ARCHITECTURE/ENGINEERING	1,041,952

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **59**

**Part VIII Statement of Revenue**

		(A)	(B)	(C)	(D)	
		Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1a</b> Federated campaigns . . . . . <b>1a</b>					
	<b>b</b> Membership dues . . . . . <b>1b</b>					
	<b>c</b> Fundraising events . . . . . <b>1c</b>					
	<b>d</b> Related organizations . . . . . <b>1d</b>			465,841		
	<b>e</b> Government grants (contributions) . . . . . <b>1e</b>			431,184		
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . . . . <b>1f</b>			870		
	<b>g</b> Noncash contributions included in lines 1a-1f \$					
	<b>h Total.</b> Add lines 1a-1f . . . . . ▼		897,895			
	<b>Program Service Revenue</b>	<b>2a</b> NET PATIENT REVENUE	Business Code 621500	144,626,212	143,165,111	1,461,101
<b>b</b> JV ANCILLARY REVENUE		621500	2,098,769	2,098,769		
<b>c</b> HEART LAB REVENUE		621500	-445,680	-445,680		
<b>d</b> _____						
<b>e</b> _____						
<b>f</b> All other program service revenue						
<b>g Total.</b> Add lines 2a-2f . . . . . ▼			146,279,301			
<b>Other Revenue</b>		<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . . ▼		394,141		394,141
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . . ▼					
	<b>5</b> Royalties . . . . . ▼					
	<b>6a</b> Gross Rents	(i) Real	377,436			
		(ii) Personal				
		<b>b</b> Less rental expenses				
		<b>c</b> Rental income or (loss)	377,436			
	<b>d</b> Net rental income or (loss) . . . . . ▼		377,436		377,436	
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities			112,139	
		(ii) Other			150,221	
		<b>b</b> Less cost or other basis and sales expenses			150,221	
		<b>c</b> Gain or (loss)			-38,082	
	<b>d</b> Net gain or (loss) . . . . . ▼		-38,082		-38,082	
	<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . . <b>a</b>					
		<b>b</b> Less direct expenses . . . . . <b>b</b>				
<b>c</b> Net income or (loss) from fundraising events . . . . . ▼						
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . . <b>a</b>						
	<b>b</b> Less direct expenses . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities . . . . . ▼					
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . . <b>a</b>						
	<b>b</b> Less cost of goods sold . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory . . . . . ▼					
Miscellaneous Revenue	Business Code					
<b>11a</b> MISCELLANEOUS REVENUE	900099	2,498,530		2,498,530		
<b>b</b> _____						
<b>c</b> _____						
<b>d</b> All other revenue . . . . .						
<b>e Total.</b> Add lines 11a-11d . . . . . ▼		2,498,530				
<b>12 Total revenue.</b> See Instructions . . . . . ▼		150,409,221	144,818,200	1,461,101	3,232,025	

**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) but are not required to complete columns (B), (C), and (D).

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
<b>1</b>	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	155,521	155,521		
<b>2</b>	Grants and other assistance to individuals in the U S See Part IV, line 22				
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
<b>4</b>	Benefits paid to or for members				
<b>5</b>	Compensation of current officers, directors, trustees, and key employees . . . . .	1,651,991		1,651,991	
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
<b>7</b>	Other salaries and wages	54,276,692	44,464,618	9,812,074	
<b>8</b>	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	2,041,711	1,626,444	415,267	
<b>9</b>	Other employee benefits . . . . .	8,841,856	7,132,141	1,709,715	
<b>10</b>	Payroll taxes . . . . .	3,888,642	3,097,725	790,917	
<b>a</b>	Fees for services (non-employees)				
	Management . . . . .				
<b>b</b>	Legal . . . . .	157,758		157,758	
<b>c</b>	Accounting . . . . .	75,681		75,681	
<b>d</b>	Lobbying . . . . .				
<b>e</b>	Professional fundraising services See Part IV, line 17 . . . . .				
<b>f</b>	Investment management fees . . . . .				
<b>g</b>	Other . . . . .	17,337,862	10,971,532	6,366,330	
<b>12</b>	Advertising and promotion . . . . .				
<b>13</b>	Office expenses . . . . .	33,558,193	25,915,499	7,642,694	
<b>14</b>	Information technology . . . . .				
<b>15</b>	Royalties . . . . .				
<b>16</b>	Occupancy . . . . .	2,740,131	1,217,158	1,480,162	42,811
<b>17</b>	Travel . . . . .	928,287	366,319	561,968	
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
<b>19</b>	Conferences, conventions, and meetings . . . . .	7,601	95	7,506	
<b>20</b>	Interest . . . . .	703,930	703,930		
<b>21</b>	Payments to affiliates . . . . .				
<b>22</b>	Depreciation, depletion, and amortization . . . . .	4,732,388	4,687,833	44,555	
<b>23</b>	Insurance . . . . .	1,277,126	772,829	504,297	
<b>24</b>	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
<b>a</b>	BAD DEBT	6,890,807	6,890,807		
<b>b</b>	LICENSE & FEES	1,156,912	14,572	1,142,340	
<b>c</b>	DUES & SUBSCRIPTIONS	518,082	161,255	356,827	
<b>d</b>	MISCELLANEOUS EXPENSES	290,310	20,797	269,513	
<b>e</b>	EDUCATION AND TRAINING	63,342		63,342	
<b>f</b>	All other expenses				
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24f	141,294,823	108,199,075	33,052,937	42,811
<b>26</b>	<b>Joint costs.</b> Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		(A)		(B)
		Beginning of year		End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	11,748,642	<b>1</b>	22,001,552
	<b>2</b> Savings and temporary cash investments . . . . .	19,318,079	<b>2</b>	33,315,767
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>	
	<b>4</b> Accounts receivable, net . . . . .	20,745,002	<b>4</b>	20,323,744
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .		<b>5</b>	
	<b>6</b> 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) Schedule L . . . . .		<b>6</b>	
	<b>7</b> Notes and loans receivable, net . . . . .	5,154,301	<b>7</b>	5,154,301
	<b>8</b> Inventories for sale or use . . . . .	3,145,847	<b>8</b>	3,336,757
	<b>9</b> Prepaid expenses and deferred charges . . . . .	974,189	<b>9</b>	803,489
	<b>10a</b> Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	103,722,751		
	<b>b</b> Less accumulated depreciation . . . . .	55,617,272	35,646,148	<b>10c</b> 48,105,479
	<b>11</b> Investments—publicly traded securities . . . . .		<b>11</b>	
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .	9,355,710	<b>12</b>	10,601,745
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .		<b>13</b>	
	<b>14</b> Intangible assets . . . . .	202,111	<b>14</b>	952,862
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	4,996,805	<b>15</b>	5,781,826
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	111,286,834	<b>16</b>	150,377,522	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	17,072,127	<b>17</b>	21,238,533
	<b>18</b> Grants payable . . . . .		<b>18</b>	
	<b>19</b> Deferred revenue . . . . .		<b>19</b>	26,511
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>	24,409,555
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>	
	<b>22</b> Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	15,703,927	<b>23</b>	13,701,378
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	2,036,970	<b>24</b>	1,505,784
	<b>25</b> Other liabilities. Complete Part X of Schedule D . . . . .	5,875,000	<b>25</b>	8,848,125
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	40,688,024	<b>26</b>	69,729,886
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	64,062,730	<b>27</b>	74,863,568
	<b>28</b> Temporarily restricted net assets . . . . .	3,532,702	<b>28</b>	2,731,191
	<b>29</b> Permanently restricted net assets . . . . .	3,003,378	<b>29</b>	3,052,877
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	70,598,810	<b>33</b>	80,647,636	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	111,286,834	<b>34</b>	150,377,522	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	150,409,221
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	141,294,823
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	9,114,398
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	70,598,810
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	934,429
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	80,647,636

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
<b>1</b>	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		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
<b>b</b>	Were the organization's financial statements audited by an independent accountant?	Yes	
<b>c</b>	If "Yes," to 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	
<b>d</b>	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued 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 separated basis		
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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

**Public Charity Status and Public Support**

**2010**

**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. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
COMMUNITY MEDICAL CENTER INC

Employer identification number

81-0247705

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

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

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E )
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II )
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 8  A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III )
- 10  An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
  - a  Type I
  - b  Type II
  - c  Type III - Functionally integrated
  - d  Type III - Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f  If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
  - (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
  - (ii) a family member of a person described in (i) above?
  - (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

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

**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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public Support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total support</b> (Add lines 7 through 10)						

**12** Gross receipts from related activities, etc (See instructions ) 12

**13 First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶

**Section C. Computation of Public Support Percentage**

<b>14</b> Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))	14	
<b>15</b> Public Support Percentage for 2009 Schedule A, Part II, line 14	15	

- 16a 33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶
- b 33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶
- 17a 10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶
- b 10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶
- 18 Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public Support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support</b> (Add lines 9, 10c, 11 and 12)						
<b>14 First Five Years</b> 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 <b>stop here</b> 						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2009 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2010</b> (line 10c column (f) divided by line 13 column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2009</b> Schedule A, Part III, line 17	<b>18</b>	
<b>19a 33 1/3% support tests—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization 		
<b>b 33 1/3% support tests—2009.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization 		
<b>20 Private Foundation</b> If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions 		

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

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<b>Facts And Circumstances Test</b>
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SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

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

2010

Open to Public Inspection

Complete if the organization is described below. Attach to Form 990 or Form 990-EZ. See separate instructions.

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

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

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

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

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

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

Table with 2 columns: Name of the organization (COMMUNITY MEDICAL CENTER INC) and Employer identification number (81-0247705)

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

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

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

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

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities \$
2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities \$
3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b \$
4 Did the filing organization file Form 1120-POL for this year? Yes No
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received

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

- A** Check  if the filing organization belongs to an affiliated group
- B** Check  if the filing organization checked box A and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)														
<b>d</b> Other exempt purpose expenditures														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)														
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%; text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)														
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-														
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
<b>2a</b> Lobbying non-taxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots non-taxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
<b>a</b> Volunteers?		No	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
<b>c</b> Media advertisements?		No	
<b>d</b> Mailings to members, legislators, or the public?		No	
<b>e</b> Publications, or published or broadcast statements?		No	
<b>f</b> Grants to other organizations for lobbying purposes?		No	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		7,686
<b>j</b> Total lines 1c through 1i			7,686
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

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

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

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

**Part IV Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	COMMUNITY MEDICAL CENTER PAYS DUES TO THE AMERICAN HOSPITAL ASSOCIATION AND MONTANA HOSPITAL ASSOCIATION THESE ORGANIZATION PARTICIPATE IN LOBBYING ACTIVITIES

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2010

Open to Public Inspection

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization COMMUNITY MEDICAL CENTER INC

Employer identification number 81-0247705

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 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), Aggregate value at end of year.

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply): Preservation of land for public use, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

- a Total number of conservation easements
b Total acreage restricted by conservation easements
c Number of conservation easements on a certified historic structure included in (a)
d Number of conservation easements included in (c) acquired after 8/17/06

Table with 2 columns: Held at the End of the Year. Rows 2a, 2b, 2c, 2d.

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year
4 Number of states where property subject to conservation easement is located
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?
6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year
7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?
9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

- 1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1; (ii) Assets included in Form 990, Part X
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items: a Revenues included in Form 990, Part VIII, line 1; b Assets included in Form 990, Part X

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

3 Using the organization's 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 XIV

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 XIV and complete the following table

Table with 2 columns: Description (1c-1f) and Amount

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

b If "Yes," explain the arrangement in Part XIV

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

Table with 6 columns: (a) Current Year, (b) Prior Year, (c) Two Years Back, (d) Three Years Back, (e) Four Years Back. Rows include 1a-1g.

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment 19.000%, b Permanent endowment 81.000%, c Term endowment

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

Table for 3a(i) and 3a(ii) with Yes/No columns

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

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

Part VI Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Table with 5 columns: Description of investment, (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows include 1a-1e and Total.



**Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements**

<b>1</b>	Total revenue (Form 990, Part VIII, column (A), line 12)	<b>1</b>	
<b>2</b>	Total expenses (Form 990, Part IX, column (A), line 25)	<b>2</b>	
<b>3</b>	Excess or (deficit) for the year Subtract line 2 from line 1	<b>3</b>	
<b>4</b>	Net unrealized gains (losses) on investments	<b>4</b>	
<b>5</b>	Donated services and use of facilities	<b>5</b>	
<b>6</b>	Investment expenses	<b>6</b>	
<b>7</b>	Prior period adjustments	<b>7</b>	
<b>8</b>	Other (Describe in Part XIV)	<b>8</b>	
<b>9</b>	Total adjustments (net) Add lines 4 - 8	<b>9</b>	
<b>10</b>	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	<b>10</b>	

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

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

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25		
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIV) . . . . .	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIV) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This should equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	

**Part XIV Supplemental Information**

Complete this part to 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, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ENDOWMENT FUNDS ARE HELD BY THE FOUNDATION AND THE INCOME EARNED ON THESE FUNDS ARE DISTRIBUTED TO THE HOSPITAL TO COMPLY WITH THE PURPOSES SPECIFIED BY THE DONOR
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL FOLLOWS THE GUIDANCE IN THE ACCOUNTING STANDARDS REGARDING THE RECOGNITION AND MEASUREMENT OF UNCERTAIN TAX POSITIONS THE GUIDANCE CLARIFIES THE ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES RECOGNIZED IN AN ENTITY'S FINANCIAL STATEMENTS THE GUIDANCE FURTHER PRESCRIBES RECOGNITION AND MEASUREMENT OF TAX PROVISIONS TAKEN OR EXPECTED TO BE TAKEN ON A TAX RETURN THAT ARE NOT CERTAIN TO BE REALIZED THE HOSPITAL'S INCOME TAX RETURNS ARE SUBJECT TO REVIEW AND EXAMINATION BY FEDERAL, STATE, AND LOCAL AUTHORITIES THE HOSPITAL IS NOT AWARE OF ANY ACTIVITIES THAT WOULD JEOPARDIZE ITS TAX-EXEMPT STATUS THE TAX RETURNS FOR THE YEARS ENDED 2008 TO 2010 ARE OPEN TO EXAMINATION BY FEDERAL, LOCAL, AND STATE AUTHORITIES THE HOSPITAL'S MAJORITY OWNED LIMITED LIABILITY COMPANY, MONTANA HEART ANGIO LAB, LLC IS TREATED AS A PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES CONSEQUENTLY, FEDERAL INCOME TAXES ARE NOT PAYABLE BY, OR PROVIDED FOR, BY MONTANA HEART ANGIO LAB, LLC

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

Hospitals

Complete if the organization answered "Yes" to Form 990, Part IV, question 20. Attach to Form 990. See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization COMMUNITY MEDICAL CENTER INC

Employer identification number

81-0247705

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," is it a written policy? 2 If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. 3a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? 3b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? 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 Does the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

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 (a-d) and Other Benefits (e-k).

**Part II Community Building Activities** during the tax year, and describe in Part VI how its 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
<b>1</b> Physical improvements and housing						
<b>2</b> Economic development			20,000		20,000	0.010 %
<b>3</b> Community support						
<b>4</b> Environmental improvements			8,000		8,000	0.010 %
<b>5</b> Leadership development and training for community members			1,500		1,500	0 %
<b>6</b> Coalition building						
<b>7</b> Community health improvement advocacy						
<b>8</b> Workforce development						
<b>9</b> Other						
<b>10 Total</b>			29,500		29,500	0.020 %

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
<b>1</b> Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	<b>1</b>	Yes	
<b>2</b> Enter the amount of the organization's bad debt expense (at cost)	<b>2</b>	3,534,983	
<b>3</b> Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	<b>3</b>	35,000	
<b>4</b> Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

**Section B. Medicare**

<b>5</b> Enter total revenue received from Medicare (including DSH and IME)	<b>5</b>	24,514,505
<b>6</b> Enter Medicare allowable costs of care relating to payments on line 5	<b>6</b>	30,174,437
<b>7</b> Subtract line 6 from line 5. This is the surplus or (shortfall)	<b>7</b>	-5,659,932
<b>8</b> 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**

<b>9a</b> Does the organization have a written debt collection policy?	<b>9a</b>	Yes
<b>b</b> If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	<b>9b</b>	Yes

**Part IV Management Companies and Joint Ventures**

(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 %
<b>1</b>				
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>6</b>				
<b>7</b>				
<b>8</b>				
<b>9</b>				
<b>10</b>				
<b>11</b>				
<b>12</b>				
<b>13</b>				

**Part V Facility Information**

**Section A. Hospital Facilities**

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

Name and address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	COMMUNITY MEDICAL CENTER 2827 FORT MISSOULA ROAD MISSOULA, MT 59804	X	X					X		

**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 18

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments 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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C SLIDING SCALE BETWEEN 200% AND 300%

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHOD USED WAS THE COST TO CHARGE RATIO DERIVED FROM USING WORKSHEET 2

Identifier	ReturnReference	Explanation
		PART I, LINE 7G ALL CLINICS ARE PHYSICIAN CLINICS THEREFORE ALL SUBSIDIZED HEATH COST ARE ATTRIBUTABLE TO PHYSICIAN CLINICS

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) WHEN CALCULATING CHARITY-CARE PERCENTAGE OF TOTAL EXPENSES (SCHEDULE H, PART I, LINE 7, COLUMN F), THE HOSPITAL ELIMINATED \$6,890,807 OF BAD DEBT EXPENSE

Identifier	ReturnReference	Explanation
		<p>PART II CMC INVESTS IN THE MISSOULA AND THE SURROUNDING AREA THROUGH MULTIPLE AVENUES AS A KEY PARTNER OF THE MISSOULA ECONOMIC PROJECT (MEP), CMC HELPS MEP CREATE A PROGRESSIVE BUSINESS DEVELOPMENT AND RECRUITMENT PROGRAM FOR THE CITY OF MISSOULA WE BELIEVE THAT A STRONG BUSINESS COMMUNITY CREATES A VIBRANT CITY THAT CAN BE SUPPORTED BY NON-PROFIT HEALTHCARE ORGANIZATIONS, SUCH AS CMC IN ADDITION, OUR PARTICIPATION IN EMERGENCY PREPAREDNESS IN PARTNERSHIP WITH OTHER HOSPITALS, FIRE, POLICE, AND THE CITY/COUNTY GOVERNMENT STRENGTHENS OUR ABILITY TO RESPOND EFFICIENTLY AND QUICKLY TO ANY EMERGENCY WITHIN THE AREA AS MISSOULA CHAMBER OF COMMERCE MEMBERS, WE SUPPORT OUR BUSINESS COMMUNITY BY SPONSORING AT LEAST ONE PARTICIPANT FROM CMC IN THE LEADERSHIP MISSOULA PROGRAM ANNUALLY THIS PROGRAM CREATES AMBASSADORS OF CMC EMPLOYEES FOR THE LARGER COMMUNITY</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT IS AN ESTIMATE USING HISTORICAL DATA ON PAYMENTS RECEIVED AND AMOUNTS THAT WERE ACTUALLY NEVER COLLECTED THE AMOUNT REPORTED ON SCHEDULE H, PART III, LINE 3 IS AN ESTIMATE BASED ON TOTAL CHARITY CARE

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 8 COST ARE ALLOCATED BASED ON ACTUAL COST OF INDIVIDUAL CLINICS OR HOSPITAL DEPARTMENTS THE AMOUNT SHOWN HERE AS THE MEDICARE SHORTFALL DOES NOT INCLUDED ALL COSTS AND REVENUES FOR MEDICARE THE COSTS AND REVENUES SHOWN HERE INCLUDE ONLY THE AMOUNTS ALLOWED IN THE MEDICARE COST REPORT TO DETERMINE THE ACTUAL MEDICARE SHORTFALL ALL REVENUES AND COST MUST BE INCLUDED IN THE CALCULATION WHEN ALL COSTS ARE INCLUDED OUR SHORTFALL FOR MEDICARE WAS \$10,238,836 RATHER THAN \$5,659,933 THIS IS A DIFFERENCE OF \$4,578,903 OUR BENEFIT TO THE COMMUNITY FOR TREATING MEDICARE PATIENTS IS \$4,578,903 HIGHER THAN WHAT IS SHOWN IN PART III SECTION B OF THE SCHEDULE H OUR ACTUAL NET MEDICARE REVENUES WERE \$33,092,944 OUR ACTUAL NET MEDICARE EXPENSES WERE \$43,331,780 THESE NUMBERS DO NOT INCLUDE ANY REVENUES OR EXPENSES FROM SUBSIDIZED HEALTH SERVICES ONE HUNDRED PERCENT OF THIS SHORTFALL SHOULD BE CONSIDERED A COMMUNITY BENEFIT THIS AMOUNT IS CONSIDERED TO BE COMMUNITY BENEFIT FOR THE FOLLOWING REASONS IN OUR COMMUNITY MEDICARE HAS THE LOWEST REIMBURSEMENT RATE OF ALL PAYERS WE DO NOT BELIEVE OUR MEDICARE SHORTFALL TO BE FROM ANY SORT OF DEFICIENCIES IN THE EFFICIENCY OF OPERATIONS OR LOW PATIENT VOLUMES</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 9B PATIENTS RECEIVE INFORMATION AT THE TIME OF REGISTRATION REGARDING FINANCIAL ASSISTANCE BOTH FOR SELF PAY AND BALANCE AFTER INSURANCE ALL SELF PAY PATIENTS ARE SCREENED FOR ELIGIBILITY FOR FEDERAL, STATE AND LOCAL PROGRAMS BY THE MASH PROGRAMS, AND IF NO ELIGIBILITY EXISTS ARE FURTHER SCREENED FOR HOSPITAL FINANCIAL ASSISTANCE ADDITIONALLY, PATIENTS RECEIVE INFORMATION REGARDING FINANCIAL ASSISTANCE IN THEIR STATEMENTS AS WELL AS VERBALLY WHEN FOLLOW UP CALLS ARE MADE ON ANY PATIENT BALANCE PATIENTS WHO QUALIFY FOR CHARITY CARE RECEIVE AN ADJUSTMENT ON THE BALANCE OF THEIR ACCOUNT CORRESPONDING WITH THE APPROPRIATE REDUCTION ACCORDING TO POLICY REMAINING BALANCES, IF ANY, ARE COLLECTED EITHER IN FULL OR BY PAYMENT PLAN, OR IN THE CASE OF NON-PAYMENT MAY HAVE THE ADJUSTED BALANCE ASSIGNED TO AN OUTSIDE AGENCY FOR RESOLUTION

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 COMMUNITY MEDICAL CENTER WORKS WITH SAINT PATRICK HOSPITAL AND THE MISSOULA CITY-COUNTY HEALTH DEPARTMENT TO ASSESS THE NEEDS OF THE COMMUNITY, AS WELL AS WITH OTHER NON-PROFIT ORGANIZATIONS, I E , MISSOULA AGING SERVICES, YWCA, YMCA, POVERELLO HOMELESS SHELTER, AND UNITED WAY COMMUNITY ASSESSES THE NEEDS OF THE COMMUNITY ALONG WITH OUR PARTNER ORGANIZATIONS AND THEN CRAFTS A RESPONSE TO THE NEEDS ASSESSMENT TO FULFILL ANY GAPS THAT ARE IDENTIFIED

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS RECEIVE INFORMATION AT THE TIME OF REGISTRATION REGARDING FINANCIAL ASSISTANCE BOTH FOR SELF PAY AND BALANCE AFTER INSURANCE ALL SELF PAY PATIENTS ARE SCREENED FOR ELIGIBILITY FOR FEDERAL, STATE AND LOCAL PROGRAMS BY THE MASH PROGRAMS, AND IF NO ELIGIBILITY EXISTS ARE FURTHER SCREENED FOR HOSPITAL FINANCIAL ASSISTANCE ADDITIONALLY, PATIENTS RECEIVE INFORMATION REGARDING FINANCIAL ASSISTANCE IN THEIR STATEMENTS AS WELL AS VERBALLY WHEN FOLLOW UP CALLS ARE MADE ON ANY PATIENT BALANCE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 CMC SERVES THE COMMUNITY OF MISSOULA, MT AND THE SURROUNDING COUNTIES MONTANA IS A RURAL STATE AND THERE ARE THEREFORE LIMITED HOSPITALS IN THE REGION THERE ARE TWO HOSPITALS IN MISSOULA CMC SERVES A DISPROPORTIONATE NUMBER OF LOWER INCOME INDIVIDUAL AND THEREFORE RECEIVES DSH PAYMENTS

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 81-0247705  
**Name:** COMMUNITY MEDICAL CENTER INC

**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

<b>Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility</b> (list in order of size, measured by total revenue per facility, from largest to smallest)	Type of Facility (Describe)
How many non-hospital facilities did the organization operate during the tax year? <u>18</u>	
Name and address	
MISSOULA VALLEY PEDIATRICS (MVP) 2835 FORT MISSOULA ROAD SUITE 205 MISSOULA, MT 59804	PEDIATRICS
CMC REHABILITATION PHYSICIANS 2827 FORT MISSOULA ROAD MISSOULA, MT 59804	PHYSIATRISTS
PARKSIDE COMMUNITY FAMILY CARE (PCFC) 2831 FORT MISSOULA ROAD SUITE 146 MISSOULA, MT 59804	FAMILY PRACTICE, OFFICE-BASED PSYCHIATRY
ROCKY MOUNTAIN NEONATOLOGY (RMN) 2825 FORT MISSOULA ROAD SUITE 121 MISSOULA, MT 59804	NEONATOLOGY
ROCKY MOUNTAIN PERINATAL ASSOCIATES 2835 FORT MISSOULA ROAD SUITE 304 MISSOULA, MT 59804	PERINATOLOGY
STEVENSVILLE CMC (SCMC) 3800 EASTSIDE HIGHWAY STEVENSVILLE, MT 59870	INTERNAL MEDICINE, FAMILY PRACTICE
WELLCARE 2825 FORT MISSOULA ROAD SUITE 203 MISSOULA, MT 59804	INDEPENDENT MEDICAL EXAMS FOR WORKERS' COMP MANAGEMENT
DIABETES & ENDOCRINOLOGY ASSOCIATES 1211 S RESERVE ST STE 202 MISSOULA, MT 59804	ENDOCRINOLOGY
DIABETES & NUTRITION CENTER 1211 S RESERVE ST STE 202 MISSOULA, MT 59804	PUMP EDUCATOR, DIETITIAN, DIABETES EDUCATION
MOUNTAIN VIEW FAMILY MEDICINE & OB 2835 FORT MISSOULA ROAD SUITE 101 MISSOULA, MT 59804	FAMILY PRACTICE, FAMILY PRACTICE WITH OBSTETRICS
COMMUNITY PEDIATRIC HOSPITALISTS 2827 FORT MISSOULA ROAD MISSOULA, MT 59804	HOSPITALIST/PEDIATRICIAN
CPG ON NORTH RESERVE 2230 NORTH RESERVE STREET MISSOULA, MT 59801	FAMILY PRACTICE/OPEN ACCESS WALK-IN CARE
CPG ON SOUTH RESERVE 1211 RESERVE ST SOUTH SUITE 101 MISSOULA, MT 59801	FAMILY PRACTICE/OPEN ACCESS WALK-IN CARE
CPG COUMADIN CLINIC 2831 FORT MISSOULA ROAD STE 103 MISSOULA, MT 59804	COUMADIN
CPG CARDIOLOGY 2831 FORT MISSOULA RD STE 102 MISSOULA, MT 59804	CARDIOLOGY
CPG THORACIC AND VASCULAR 2831 FORT MISSOULA RD STE 102 MISSOULA, MT 59804	THORACIC AND VASCULAR
CPG NORTH PRIMARY 2230 NORTH RESERVE STREET MISSOULA, MT 59801	INTERNAL MEDICINE
FORT MISSOULA MEDICAL ASSOCIATES (FMMA) 1211 S RESERVE ST STE 101 MISSOULA, MT 59801	INTERNAL MEDICINE, FAMILY PRACTICE, RHEUMATOLOGY

**Schedule I  
(Form 990)**

OMB No 1545-0047

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

**2010**

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

**Open to Public  
Inspection**

▶ **Attach to Form 990**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
COMMUNITY MEDICAL CENTER INC

Employer identification number  
81-0247705

**Part I General Information on Grants and Assistance**

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .  Yes  No
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. . . . .

<b>1 (a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC Code section if applicable	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of non-cash assistance	<b>(h)</b> Purpose of grant or assistance
(1) MISSOULA CHAMBER OF COMMERCEPO BOX 7577 MISSOULA, MT 59807	81-0167990	501(C)(6)	11,940				TO SUPPORT GENERAL OPERATIONS
(2) MISSOULA FAMILY YMCA3000 SOUTH RUSSEL STREET MISSOULA, MT 59801	81-0300829	501(C)(3)	16,500				TO SUPPORT GENERAL OPERATIONS
(3) UNITED WAYPO BOX 7395 MISSOULA, MT 59806	81-0287854	501(C)(3)	20,100				TO SUPPORT GENERAL OPERATIONS
(4) AMERICAN HEART ASSOCIATION710 2ND AVENUE SUITE 900 SEATTLE, WA 98104	13-5613797	501(C)(3)	21,071				TO SUPPORT GENERAL OPERATIONS
(5) MISSOULA DOWNTOWN ASSOCIATION218 E MAIN STREET MISSOULA, MT 59802	81-0403474	501(C)(6)	5,450				TO SUPPORT GENERAL OPERATIONS
(6) MISSOULA THE BEST PLACE PROJECTPO BOX 7457 MISSOULA, MT 59802	27-3994460	501(C)(6)	20,000				TO SUPPORT GENERAL OPERATIONS

**2** Enter total number of section 501(c)(3) and government organizations . . . . . **3**

**3** Enter total number of other organizations . . . . . **3**

**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.

Use Schedule I-1 (Form 990) if additional space is needed.

<b>(a)</b> Type of grant or assistance	<b>(b)</b> Number of recipients	<b>(c)</b> Amount of cash grant	<b>(d)</b> Amount of non-cash assistance	<b>(e)</b> Method of valuation (book, FMV, appraisal, other)	<b>(f)</b> Description of non-cash assistance

**Part IV Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
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**Schedule J**  
**(Form 990)**

**Compensation Information**

OMB No 1545-0047

**2010**

**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, question 23.**

**▶ Attach to Form 990. ▶ See separate instructions.**

Department of the Treasury  
Internal Revenue Service

**Name of the organization**  
COMMUNITY MEDICAL CENTER INC

**Employer identification number**

81-0247705

**Part I Questions Regarding Compensation**

Yes No

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items

- |   |  |
|---|--|
| <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 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 officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply

- |   |   |
|---|---|
| <input type="checkbox"/> Compensation committee                         | <input checked="" type="checkbox"/> Written employment contract                     |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" 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 from the organization or a related organization?

**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) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

**a** The organization?

**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 Regs 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
<b>1b</b>		
<b>2</b>		
<b>4a</b>		No
<b>4b</b>		No
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>	Yes	
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**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) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) STEVE CARLSON	(i)	295,932	39,500	4,242	14,701	8,772	363,147	0
	(ii)	0	0	0	0	0	0	0
(2) DAVID RICHHART	(i)	165,888	16,637	2,486	8,561	8,130	201,702	0
	(ii)	0	0	0	0	0	0	0
(3) GREG UTTER	(i)	350,853	17,311	5,242	17,634	10,669	401,709	0
	(ii)	0	0	0	0	0	0	0
(4) FRANK REED MD	(i)	202,408	20,000	7,212	10,061	6,600	246,281	0
	(ii)	0	0	0	0	0	0	0
(5) JONATHAN WEISUL MD	(i)	277,003	28,500	22,287	11,204	7,872	346,866	0
	(ii)	0	0	0	0	0	0	0
(6) MARK KANETA MD	(i)	211,242	125,561	1,943	13,250	8,036	360,032	0
	(ii)	0	0	0	0	0	0	0
(7) JANET HILLER MD	(i)	217,117	111,757	3,524	14,021	9,283	355,702	0
	(ii)	0	0	0	0	0	0	0
(8) NEWTON COUTINHO	(i)	310,757	0	0	11,417	5,467	327,641	0
	(ii)	0	0	0	0	0	0	0
(9) DAVID JINICH	(i)	201,420	79,250	7,227	0	4,760	292,657	0
	(ii)	0	0	0	0	0	0	0
(10) PHILIP HOLMAN	(i)	179,320	92,425	2,455	1,203	9,079	284,482	0
	(ii)	0	0	0	0	0	0	0
( 11 )								
( 12 )								
( 13 )								
( 14 )								
( 15 )								
( 16 )								

**Part III Supplemental Information**

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

Identifier	Return Reference	Explanation
	PART I, LINE 6	CMC PAYS OUT LEADERSHIP COUNCIL BONUSES IF THE NET EARNINGS OF CMC MEET OR EXCEED THE BUDGETED AMOUNTS BASED ON THE FISCAL YEAR 2011 FINANCIAL RESULTS, A PERCENTAGE OF THEIR BASE SALARY WAS PAID OUT AS A BONUS

**Schedule K  
(Form 990)**

OMB No 1545-0047

**Supplemental Information on Tax Exempt Bonds**

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

▶ **Attach to Form 990. ▶ See separate instructions.**

**2010**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
COMMUNITY MEDICAL CENTER INC

Employer identification number

81-0247705

**Part I Bond Issues**

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A MONTANA FACILITY FINANCE AUTHORITY	36-4615155	612043JA3	12-29-2010	24,400,067	CONSTRUCTION AND FACILITY EXPANSION OF WOMEN'S AND NEWBORN CARE CENTER		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	24,146,299			
4 Gross proceeds in reserve funds	2,142,813			
5 Capitalized interest from proceeds	1,993,174			
6 Proceeds in refunding escrow				
7 Issuance costs from proceeds	220,565			
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds	3,669,258			
11 Other spent proceeds				
12 Other unspent proceeds	11,693,129			
13 Year of substantial completion				
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X		
15 Were the bonds issued as part of an advance refunding issue?		X		
16 Has the final allocation of proceeds been made?		X		
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X			

**Part III Private Business Use**

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

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use?		X						
<b>b</b> Are there any research agreements that may result in private business use of bond-financed property?		X						
<b>c</b> Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
<b>4</b> 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								
<b>5</b> 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								
<b>6</b> Total of lines 4 and 5								
<b>7</b> Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
<b>2</b> Is the bond issue a variable rate issue?								
<b>3a</b> Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?								
<b>b</b> Name of provider								
<b>c</b> Term of hedge								
<b>d</b> Was the hedge superintegrated?								
<b>e</b> Was a hedge terminated?								
<b>4a</b> Were gross proceeds invested in a GIC?								
<b>b</b> Name of provider								
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>5</b> Were any gross proceeds invested beyond an available temporary period?								
<b>6</b> Did the bond issue qualify for an exception to rebate?								

**Part V Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation
SCHEDULE K, PART II, LINE 3	TOTAL PROCEEDS OF ISSUE	TOTAL PROCEEDS OF \$24,146,299 ON PART II, LINE 3 DOES NOT EQUAL THE ISSUE PRICE OF \$24,400,061 INCLUDED IN PART I, LINE A, COLUMN E THE DIFFERENCE OF \$253,768 IS EQUAL TO THE UNDERWRITERS' DISCOUNTS

**SCHEDULE O**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

**Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.**  
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

**2010**

**Open to Public  
Inspection**

**Name of the organization**  
COMMUNITY MEDICAL CENTER INC

**Employer identification number**

81-0247705

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 1		THE ROLE OF THE EXECUTIVE COMMITTEE IS TO TRANSACT THE BUSINESS OF THE COMMUNITY MEDICAL CENTER BOARD OF DIRECTORS IN THE INTERIM BETWEEN MEETINGS OF THE FULL BOARD, WHEN A MEETING OF THE FULL BOARD IS NOT FEASIBLE THEIR RESPONSIBILITIES INCLUDE - ACT ON MATTERS THAT CANNOT REASONABLY WAIT ACTION BY THE FULL BOARD - ACT ON OTHER MATTERS DELEGATED TO THE EXECUTIVE COMMITTEE BY THE BOARD - REPORT ACTIONS AT THE NEXT MEETING OF THE BOARD FOR RATIFICATION - FUNCTION AS AN ADVISOR TO THE PRESIDENT/CEO ON SENSITIVE TOPICS - PROVIDE INPUT INTO THE CONTENT AND STRUCTURING OF THE BOARD AGENDA - CONDUCT THE EVALUATION AND SET THE SALARY OF THE PRESIDENT/CEO THE EXECUTIVE COMMITTEE SHALL CONSIST OF THE OFFICERS OF THE BOARD AND ONE ADDITIONAL BOARD MEMBER AT LARGE THE PRESIDENT/CEO SHALL BE AN EX OFFICIO MEMBER WITHOUT VOTE THE CHAIR OF THE BOARD APPOINTS THE COMMITTEE MEMBERS ANNUALLY, TO COINCIDE WITH THE ELECTION OF OFFICERS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		SUBSEQUENT TO FILING THE FORM 990 WITH THE IRS, THE FORM 990 AND RELATED SCHEDULES WILL BE PROVIDED OF THE BOARD OF DIRECTORS FOR A COMPLETE REVIEW

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	<p>THE BOARD OF DIRECTORS SHALL BY RESOLUTION APPROVE A CONFLICT OF INTEREST POLICY FOR CMC THAT IS CONSISTENT WITH AND AT LEAST HAS PROTECTIVE AS THE APPLICABLE CONFLICT OF INTEREST PROVISIONS UNDER THE MONTANA NONPROFIT CORPORATION ACT THE PURPOSE OF THE POLICY IS TO PROTECT CMC'S INTEREST WHEN IT IS CONTEMPLATING ENTRY INTO A TRANSACTION OR ARRANGEMENT THAT MIGHT BENEFIT THE PRIVATE INTEREST OF A DIRECTOR, OFFICER OF THE BOARD, OFFICER OF THE ORGANIZATION, OR MEMBER OF A COMMITTEE ("INTERESTED PERSON") THE POLICY SHALL CONTAIN AT LEAST THE FOLLOWING PROVISIONS (A) A DEFINITION OR DESCRIPTION OF WHAT CONSTITUTES A "CONFLICT OF INTEREST TRANSACTION," (B) A DEFINITION OR DESCRIPTION OF AN "INTERSTED PERSON," (C) A DEFINITION OR DESCRIPTION OF WHEN A PERSON HAS A "FINANCIAL INTERST" IN A TRANSACTION OR ARRANGEMENT, (D) DISCLOSURE PROCEDURES, (E) PROCEDURES FOR DETERMINING WHETHER THE FINANCIAL INTEREST OF AN INTERESTED PERSON MAY RESULT IN A CONFLICT OF INTEREST, (F) PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST AFTER DETERMINING THAT THERE IS A CONFLICT, INCLUDING VOTING REQUIREMENTS AND PROCEDURES, (G) PROCEDURES FOR ADEQUATE RECORD KEEPING, AND (H) PROCEDURES FOR ENSURING THAT ALL DIRECTORS, PRINCIPAL OFFICERS, AND MEMBERS OF COMMITTEES, UNDERSTAND AND COMPLY WITH THE CONFLICT OF INTEREST POLICY ALL REAL OR POTENTIAL CONFLICT OF INTEREST MUST BE IMMEDIATELY REFERRED TO THE INTEGRITY OFFICER FOR RESOLUTION CMC'S EMPLOYEE HANDBOOK AND STANDARDS OF CONDUCT IS GIVEN TO EACH NEW HIRE UPON EMPLOYMENT, UNDER THE STANDARDS OF CONDUCT THERE IS A SECTION ON CONFLICTS OF INTEREST AND HOW TO HANDLE THE CONFLICT CONFLICTS ARE TO BE REPORTED DIRECTLY TO THE IMMEDIATE SUPERVISOR AND CMC ALSO OFFERS AN ANONYMOUS HOTLINE SERVICES ONCE A YEAR THE CONFLICT OF INTEREST POLICY IS REVIEWED AT A BOARD MEETING</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	WE HIRED AN INDEPENDENT SERVICE (INTEGRATED HEALTHCARE STRATEGIES) TO DO AN EXECUTIVE COMPENSATION SURVEY THIS SURVEY WAS CONDUCTED FOR THE TOP 12 COMPENSATED EMPLOYEES OF THE HOSPITAL THE DATA WAS PRESENTED TO A COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS, AND SALARY ADJUSTMENTS (IF ANY) WERE DETERMINED THE SURVEY INCLUDED REGIONAL AND NATIONAL COMPARISONS TO INSTITUTIONS OF A SIMILAR SIZE AND REVENUE GENERATION TO MAKE THE RESULTS COMPARABLE AS MENTIONED ABOVE, THE SAME PROCESS THAT WAS USED FOR THE CEO, WAS USED TO COMPARE THE SALARIES OF OTHER KEY EXECUTIVES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE MADE AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -79,191 PRIOR PERIOD ADJUSTMENTS 158,388 CHANGE IN BENEFICIAL INTEREST OF CMC FOUNDATION 855,232 TOTAL TO FORM 990, PART XI, LINE 5 934,429

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.**  
▶ **Attach to Form 990.** ▶ **See separate instructions.**

Department of the Treasury  
Internal Revenue Service

**Name of the organization**  
COMMUNITY MEDICAL CENTER INC

**Employer identification number**

81-0247705

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

(a) Name, address, and EIN 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 organization	
						Yes	No
(1) COMMUNITY MEDICAL CENTER FOUNDATION 2827 FORT MISSOULA ROAD MISSOULA, MT 59804 36-3627205	TO PROVIDE FUNDING TO COMMUNITY MEDICAL CENTER HOSPITAL	MT	501(C)(3)	7	N/A		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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	
(1) MONTANA HEART ANGIO LAB LLC  2827 FORT MISSOULA ROAD MISSOULA, MT58904 81-0542065	CATH LAB	MT	COMMUNITY MEDICAL CENTER	RELATED	-445,680	2,651,244		No			No	92.900 %

**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

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

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

**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 **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to other organization(s)
- c** Gift, grant, or capital contribution from other organization(s)
- d** Loans or loan guarantees to or for other organization(s)
- e** Loans or loan guarantees by other organization(s)
  
- f** Sale of assets to other organization(s)
- g** Purchase of assets from other organization(s)
- h** Exchange of assets
- i** Lease of facilities, equipment, or other assets to other organization(s)
  
- j** Lease of facilities, equipment, or other assets from other organization(s)
- k** Performance of services or membership or fundraising solicitations for other organization(s)
- l** Performance of services or membership or fundraising solicitations by other organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets
- n** Sharing of paid employees
  
- o** Reimbursement paid to other organization for expenses
- p** Reimbursement paid by other organization for expenses
  
- q** Other transfer of cash or property to other organization(s)
- r** Other transfer of cash or property from other organization(s)

	Yes	No
<b>1a</b>		No
<b>1b</b>		No
<b>1c</b>	Yes	
<b>1d</b>		No
<b>1e</b>		No
<b>1f</b>		No
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>		No
<b>1k</b>		No
<b>1l</b>		No
<b>1m</b>	Yes	
<b>1n</b>	Yes	
<b>1o</b>		No
<b>1p</b>	Yes	
<b>1q</b>		No
<b>1r</b>		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 other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
<b>(1)</b> COMMUNITY MEDICAL CENTER FOUNDATION	C	465,841	CASH
<b>(2)</b> COMMUNITY MEDICAL CENTER FOUNDATION	P	437,552	EXPENSE
<b>(3)</b>			
<b>(4)</b>			
<b>(5)</b>			
<b>(6)</b>			



**Part VII** **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

**Identifier****Return Reference****Explanation****Schedule R (Form 990) 2010**

**COMMUNITY MEDICAL CENTER, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

**COMMUNITY MEDICAL CENTER, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community Medical Center, Inc  
Missoula, Montana

We have audited the accompanying consolidated balance sheets of Community Medical Center, Inc (the Hospital) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of June 30, 2011 and 2010, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

As discussed in Note 1 to the consolidated financial statements, the Hospital has applied the standard on noncontrolling interests in consolidated financial statements.

*LarsonAllen LLP*  
LarsonAllen LLP

Minneapolis, Minnesota  
September 16, 2011



(1)

An independent member of Nexia International

**COMMUNITY MEDICAL CENTER, INC.  
CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2011 AND 2010**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 22,199,290	\$ 12,356,323
Restricted Cash	51,324	-
Current Portion of Assets Limited as to Use	806,096	119,292
Short-Term Investments	13,326,509	18,710,398
Patient Receivables, Net of Allowance for Doubtful Accounts of \$4,041,000 in 2011 and \$3,841,000 in 2010	17,893,802	18,583,191
Other Receivables	2,479,023	2,161,811
Inventory	3,336,757	3,145,847
Prepaid and Other Assets	803,489	974,189
Total Current Assets	60,896,290	56,051,051
 <b>LONG-TERM INVESTMENTS</b>	 7,127,504	 4,467,040
<b>ASSETS LIMITED AS TO USE</b>		
By Board	21,257	14,998
Restricted by Contributors for Capital	-	1,600,131
Restricted for Construction Project, Net of Current Portion	14,793,799	-
Held by Trustee Under Indenture Agreement, Net of Current Portion	4,119,044	6,053
Total Assets Limited as to Use, Net of Current Portion	18,934,100	1,621,182
 <b>BENEFICIAL INTEREST IN COMMUNITY MEDICAL CENTER FOUNDATION</b>	 5,732,745	 4,877,513
 <b>PROPERTY AND EQUIPMENT, NET</b>	 48,105,479	 35,646,148
 <b>OTHER ASSETS</b>		
Unamortized Bond Issuance Costs	952,862	202,111
Notes Receivable	5,154,301	5,154,301
Investment in Joint Ventures	3,474,241	3,267,488
Total Other Assets	9,581,404	8,623,900
Total Assets	\$ 150,377,522	\$ 111,286,834

See accompanying Notes to Consolidated Financial Statements

<b>LIABILITIES AND NET ASSETS</b>	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable and Capital Lease Obligations	\$ 2,398,254	\$ 2,532,451
Accounts Payable		
Trade	6,821,772	7,628,102
Construction and Equipment	4,238,113	-
Estimated Third-Party Payor Settlements	8,848,125	5,875,000
Accrued Salaries and Related Liabilities	10,046,857	9,285,637
Accrued Interest Payable	158,302	-
Total Current Liabilities	<u>32,511,423</u>	<u>25,321,190</u>
 <b>LONG-TERM DEBT OBLIGATIONS</b>		
Long-Term Obligations Under Bond Indenture	24,409,555	-
Notes Payable and Capital Lease Obligations, Less Current Maturities	<u>12,808,908</u>	<u>15,208,446</u>
Long-Term Debt Obligations, Less Current Maturities	<u>37,218,463</u>	<u>15,208,446</u>
Total Liabilities	69,729,886	40,529,636
 <b>NET ASSETS</b>		
Unrestricted Net Assets		
Undesignated	74,718,151	64,047,732
Board Designated	21,257	14,998
Noncontrolling Interest in Subsidiary	124,160	158,388
Total Unrestricted Net Assets	<u>74,863,568</u>	<u>64,221,118</u>
Temporarily Restricted Net Assets	2,731,191	3,532,702
Permanently Restricted Net Assets	<u>3,052,877</u>	<u>3,003,378</u>
Total Net Assets	<u>80,647,636</u>	<u>70,757,198</u>
Total Liabilities and Net Assets	<u>\$ 150,377,522</u>	<u>\$ 111,286,834</u>

**COMMUNITY MEDICAL CENTER, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>UNRESTRICTED REVENUES AND GAINS</b>		
Net Patient Service Revenue	\$ 144,948,966	\$ 137,277,154
Other Operating Revenue	2,753,602	2,380,007
Total Unrestricted Revenue and Gains	147,702,568	139,657,161
<b>OPERATING EXPENSES</b>		
Salaries and Wages	56,766,370	53,618,529
Employee Benefits	14,036,787	13,124,334
Professional Fees	8,004,398	7,869,916
Purchased Services	13,976,567	11,935,763
Medical Supplies	22,923,459	21,921,129
Non-Medical Supplies	3,457,678	3,213,087
Utilities	1,702,529	1,614,621
Depreciation and Amortization	6,455,998	5,667,420
Bad Debt Expense	6,894,654	6,590,813
Interest Expense	739,685	1,418,713
Leases and Rents	2,187,867	2,075,508
Education and Travel	999,416	756,739
Other Direct Expenses	3,658,449	4,219,554
Total Operating Expenses	141,803,857	134,026,126
<b>OPERATING INCOME</b>	5,898,711	5,631,035
<b>OTHER INCOME AND EXPENSE</b>		
Investment Income	394,141	533,283
Equity Earnings in Joint Venture Income	2,098,769	2,292,067
Loss on Bond Refinancing	-	(500,596)
Other Nonoperating Loss, Net	(174,248)	(88,236)
Total Other Income and Expense	2,318,662	2,236,518
<b>EXCESS OF REVENUE OVER EXPENSES</b>	8,217,373	7,867,553
Net Change in Unrealized Loss on Marketable Securities	(79,191)	(157,828)
Net Assets Released from Restriction	2,504,268	675,363
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	\$ 10,642,450	\$ 8,385,088

See accompanying Notes to Consolidated Financial Statements

**COMMUNITY MEDICAL CENTER, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	Unrestricted Net Assets	Noncontrolling Interest	Total Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
<b>NET ASSETS - JUNE 30, 2009</b>	\$ 55,707,638	\$ 128,392	\$ 55,836,030	\$ 2,582,291	\$ 2,964,700	\$ 61,383,021
<b>CHANGES IN NET ASSETS</b>						
Excess of Revenue Over Expenses	7,865,957	1,596	7,867,553	-	-	7,867,553
Net Change in Unrealized Loss on Marketable Securities	(157,828)	-	(157,828)	-	-	(157,828)
Contributions (Distributions) to Members	(28,400)	28,400	-	-	-	-
Net Assets Released from Restriction	675,363	-	675,363	(675,363)	-	-
Temporarily Restricted Donations and Grants	-	-	-	2,332,902	-	2,332,902
Change in Beneficial Interest in Temporarily and Permanently Restricted Net Assets of Community Medical Center Foundation	-	-	-	(707,128)	38,678	(668,450)
Increase in Net Assets	<u>8,355,092</u>	<u>29,996</u>	<u>8,385,088</u>	<u>950,411</u>	<u>38,678</u>	<u>9,374,177</u>
<b>NET ASSETS - JUNE 30, 2010</b>	64,062,730	158,388	64,221,118	3,532,702	3,003,378	70,757,198
<b>CHANGES IN NET ASSETS</b>						
Excess of Revenue Over Expenses	8,249,016	(31,643)	8,217,373	-	-	8,217,373
Net Change in Unrealized Loss on Marketable Securities	(79,191)	-	(79,191)	-	-	(79,191)
Contributions (Distributions) to Members	2,585	(2,585)	-	-	-	-
Net Assets Released from Restriction	2,504,268	-	2,504,268	(2,504,268)	-	-
Temporarily Restricted Donations and Grants	-	-	-	897,024	-	897,024
Change in Beneficial Interest in Temporarily and Permanently Restricted Net Assets of Community Medical Center Foundation	-	-	-	805,733	49,499	855,232
Increase (Decrease) in Net Assets	<u>10,676,678</u>	<u>(34,228)</u>	<u>10,642,450</u>	<u>(801,511)</u>	<u>49,499</u>	<u>9,890,438</u>
<b>NET ASSETS - JUNE 30, 2011</b>	<u>\$ 74,739,408</u>	<u>\$ 124,160</u>	<u>\$ 74,863,568</u>	<u>\$ 2,731,191</u>	<u>\$ 3,052,877</u>	<u>\$ 80,647,636</u>

See accompanying Notes to Consolidated Financial Statements

**COMMUNITY MEDICAL CENTER, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 9,890,438	\$ 9,374,177
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Changes in Beneficial Interest in Net Assets of Community Medical Center Foundation	(855,232)	668,450
Depreciation and Amortization	6,455,998	5,667,420
Provision for Bad Debts	6,894,654	6,590,813
Unrealized Loss on Investments	79,191	157,828
Temporarily Restricted Donations and Grants	(897,024)	(2,332,902)
Equity in Earnings from Joint Ventures	(2,098,769)	(2,292,067)
Loss on Bond Refinancing	-	500,596
Impairment of Construction in Progress	-	159,230
(Increase) Decrease in		
Accounts Receivable and Other Receivables	(6,124,949)	(7,933,176)
Inventory and Prepaid Expenses	(20,210)	(12,261)
Increase (Decrease) in		
Accounts Payable and Accrued Salaries and Related Liabilities	(45,110)	(1,082,271)
Estimated Third-Party Payor Settlements	2,973,125	546,100
Accrued Interest Payable	158,302	(98,637)
Net Cash Provided by Operating Activities	16,410,414	9,913,300
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(14,623,173)	(7,782,467)
Sale of Funds Under Indenture Agreement used for Refinancing of Bonds and Notes Payable	-	2,931,267
Change in Investments Restricted by Contributors and Grantors for Capital	1,600,131	(1,600,131)
Change in Investments and Assets Limited as to Use	(16,955,619)	(7,010,725)
Cash Paid for Bond Issuance Costs	(795,306)	(202,211)
Distributions from Investments in Joint Ventures	1,689,431	1,549,231
Net Cash Used by Investing Activities	(29,084,536)	(12,115,036)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Notes Payable and Capital Lease Obligations	(2,533,735)	(1,692,100)
Principal Payments on Obligations Under Bond Indenture	-	(1,250,000)
Proceeds from Long-Term Obligations Under Bond Indenture and Notes Payable	24,400,067	15,758,000
Principal Refinanced on Bond Obligations and Notes Payable	-	(17,545,000)
Other Financing Activities	2,585	28,400
Temporarily Restricted Donations and Grants	648,172	2,054,870
Net Cash Provided (Used) by Financing Activities	22,517,089	(2,645,830)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,842,967	(4,847,566)
Cash and Cash Equivalents - Beginning of Year	12,356,323	17,203,889
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 22,199,290	\$ 12,356,323
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Payments for Interest	\$ 1,135,382	\$ 1,517,187
Issuance of Capital Lease Obligations for Equipment	\$ -	\$ 72,644

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Community Medical Center, Inc (the Hospital) is a private, not-for-profit corporation exempt from income tax under Section 501(C)(3) of the Internal Revenue Code. The Hospital operates an acute care hospital and rehabilitation center for Western Montana patients whose bills are paid in whole or in part by third-party payors, e.g. Medicare, Medicaid, and private insurance carriers. The accompanying consolidated financial statements include the accounts and transactions of Community Medical Center, Inc and its majority owned limited liability company Montana Heart Angio Lab, LLC. All intercompany transactions and balances have been eliminated in the consolidation.

**Adoption of New Accounting Standard**

During 2011 the Hospital adopted a new accounting standard on noncontrolling interests in consolidated financial statements. The standard requires noncontrolling interests to be presented as a component of net assets on the consolidated balance sheet. This standard was retroactively applied to the consolidated financial statements for the year ending June 30, 2010. See note 18 regarding the impact on the consolidated financial statements for the fiscal year ended June 30, 2010.

**Use of Estimates**

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

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited under indenture agreement, or by board for capital improvements.

**Patient Receivables**

The Hospital maintains an allowance for uncollectible self-pay accounts. Patients are not required to provide collateral for services rendered. Payment for services is required at the time of service when the amount due is known or upon receipt of an invoice, after payment by insurance, if any. Management determines the allowance for doubtful accounts by identifying troubled accounts, by historical experience applied to an aging of accounts and by considering the patients' financial history, credit history and current economic conditions. When all collection efforts have been exhausted, the account is written off against the related allowance. At June 30, 2011 and 2010, the allowance for uncollectible accounts was approximately \$4,041,000 and \$3,841,000, respectively.

**Inventories**

Inventories are stated at the lower of cost or market using a weighted average of the latest invoice cost which approximates the first-in, first-out method.

COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Investments and Investment Income**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses unless the investments are trading securities. Investments are regularly reviewed for impairment and a charge is recognized when the decline in fair value is below cost basis and is judged to be other than temporary.

**Assets Limited as to Use**

Assets limited as to use include assets held by trustees under indenture agreements, grant funds received and not yet expended, and assets designated by the board of trustees for capital improvements, over which the board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Hospital are reported as current assets.

**Property and Equipment**

Property and equipment acquisitions are carried at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation in the consolidated financial statements. 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.

Gifts of long-lived assets such as land, buildings, or equipment are recorded 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.

**Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

**Unamortized Bond Issuance Costs**

Unamortized bond issuance costs are being amortized over the period the related obligations are outstanding using the interest method.

COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Patient Service Revenue**

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. 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 with third-party payors are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

**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. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not included in net patient service revenue.

The amount of charges forgone for services and supplies furnished under the Hospital's charity policy aggregated approximately \$4,518,000 and \$4,282,000 for the years ended June 30, 2011 and 2010, respectively.

**Excess of Revenues over Expenses**

Excess of revenue over expenses includes operating expenses, interest, dividends, and realized gains and losses. Changes in unrestricted net assets which are excluded from excess of support and revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, 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 purposes of acquiring such assets).

**Donor-Restricted Gifts**

Contributions received, including unconditional promises to give cash and other assets, are recognized as revenues in the period received at their fair values. Unconditional promises to give with payments due in future periods are reported as restricted support. Gifts of land, buildings, and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently 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 as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Income Taxes**

The Hospital is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code

The Hospital follows the guidance in the accounting standards regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized.

The Hospital's income tax returns are subject to review and examination by federal, state, and local authorities. The Hospital is not aware of any activities that would jeopardize its tax-exempt status. The tax returns for the years ended 2008 to 2010 are open to examination by federal, local, and state authorities.

The Hospital's majority owned limited liability company, Montana Heart Angio Lab, LLC is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, by Montana Heart Angio Lab, LLC.

**Fair Value of Financial Instruments**

The Hospital adopted accounting standards regarding the fair value measurement of financial assets and liabilities. Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Hospital emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Hospital has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. See Note 5 to the consolidated financial statements for the fair market value disclosures of the Hospital's financial instruments as of June 30, 2011 and 2010.

Available for Sale securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities. Securities valued using Level 3 inputs include annuities that are non-transferable.

Additionally, from time to time, the Hospital may be required to record at fair value other assets on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

**Subsequent Events**

In preparing the consolidated financial statements, the Hospital has considered events and transactions that have occurred through September 16, 2011, the date in which the consolidated financial statements were available to be issued.

**NOTE 2 BENEFICIAL INTEREST IN COMMUNITY MEDICAL CENTER FOUNDATION**

The Hospital's beneficial interest in the unrestricted and temporarily restricted net assets of the Foundation and its share of the change in those net assets are reported in the consolidated financial statements as temporarily restricted net assets. The Hospital's beneficial interest in permanently restricted net assets of the Foundation and its share of changes therein are reported in the consolidated financial statements as permanently restricted net assets.

Transfers the Hospital receives from the Foundation are reported in the consolidated financial statements as a reduction in the beneficial interest in the Foundation.

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 3 NOTES RECEIVABLE**

Notes receivable at June 30, 2011 and 2010, consist of \$5,154,301 in subordinated notes receivable from New West Health Plan (see Note 13), interest at 4%, and are payable on demand

**NOTE 4 CONCENTRATIONS OF CREDIT RISK**

The Hospital grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The approximate mix of patient receivables from patients and third-party payors at June 30, 2011 and 2010 was as follows

	2011	2010
Medicare	22 %	22 %
Medicaid	14	13
Patients	26	22
Other Third-Party Payors	38	43
Total	<u>100 %</u>	<u>100 %</u>

**FDIC Coverage**

During the year ending June 30, 2011, the Hospital had cash balances in individual financial institutions in excess of FDIC insurance limits. Effective October 3, 2008 FDIC insurance coverage increased from \$100,000 per depositor account to \$250,000 per account and has subsequently been extended indefinitely. In addition, all non-interest bearing accounts are entirely covered by FDIC insurance through December 2012. Prior to the changes in FDIC insurance coverage, at times, cash balances may have been in excess of insured limits.

**NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE**

**Investments**

The composition of investments, stated at fair value, at June 30, 2011 and 2010 is set forth in the following table

	2011	2010
Short-Term Investments		
Cash and Short-Term Investments	\$ 9,594,164	\$ 2,782,090
U S Treasury Obligations	-	1,152,793
Mortgage Backed Government Securities	3,732,345	14,775,515
Total Short-Term Investments	<u>13,326,509</u>	<u>18,710,398</u>
Long-Term Investments		
Mortgage Backed Government Securities	7,127,504	4,467,040
Total Investments	<u>\$ 20,454,013</u>	<u>\$ 23,177,438</u>

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)**

**Assets Limited as to Use**

The composition of assets limited as to use, stated at fair value, at June 30, 2011 and 2010 is set forth in the following table

	<u>2011</u>	<u>2010</u>
Held by Trustee Under Indenture Agreement		
Cash and Short-Term Investments	\$ 4,228,386	\$ 125,345
Restricted for Construction Project		
Cash and Short-Term Investments	15,490,553	-
Restricted by Contributors and Grantors for Capital		
Cash and Short-Term Investments	-	1,600,131
Other Investments Designated by the Board		
Cash and Short-Term Investments	21,257	14,998
Total Assets Limited as to Use	<u>19,740,196</u>	<u>1,740,474</u>
Less Current Portion of Assets Limited as to Use	<u>(806,096)</u>	<u>(119,292)</u>
Assets Limited as to Use, Net of Current Portion	<u>\$ 18,934,100</u>	<u>\$ 1,621,182</u>

**Investment Income**

Investment income and gains for assets limited as to use, cash equivalents and other investments are comprised of the following for the years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Investment Income	\$ 394,141	\$ 533,283
Net Change in Unrealized Loss on Marketable Securities	(79,191)	(157,828)
Total	<u>\$ 314,950</u>	<u>\$ 375,455</u>

**Unrealized Losses**

The following table reflects the fair value and unrealized losses, by investment category at June 30, 2011 and 2010

	<u>2011</u>		<u>2010</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
US Treasury Obligations	\$ -	\$ -	\$ 652,793	\$ (3,707)
Mortgage Backed				
Government Securities	3,256,356	(13,539)	11,649,238	(46,420)
Total	<u>\$ 3,256,356</u>	<u>\$ (13,539)</u>	<u>\$ 12,302,031</u>	<u>\$ (50,127)</u>

The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost of the investment. Because the Hospital has the ability and intent to hold these investments until a market price recovery, which may be at maturity, the Hospital does not consider the investment value declines to be other-than-temporary at June 30, 2011 and 2010.

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)**

The Hospital's investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term.

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2011 and 2010 are as follows:

	2011	2010
Land and Improvements	\$ 1,107,419	\$ 762,970
Buildings	44,504,431	40,111,540
Fixed Equipment	6,687,078	6,476,251
Major Movable Equipment	42,135,994	36,919,384
Construction in Progress	9,287,829	2,084,701
Subtotal	103,722,751	86,354,846
Less Accumulated Depreciation	(55,617,272)	(50,708,698)
Property and Equipment, Net	\$ 48,105,479	\$ 35,646,148

Construction in progress at June 30, 2011 and 2010 includes costs associated with the construction of a new Woman and Children's Center which has an estimated total cost of construction and equipment of \$18,500,000. The project is anticipated to be completed in September 2012 and is being financed with a combination of the Series 2010 D and E bond issuance and capital contributions raised through the Foundation. In 2011, approximately \$675,000 of interest expense, net of interest earnings, was capitalized as part of the construction project.

In addition, construction in progress at June 30, 2011 includes various remodeling projects and equipment upgrades that are planned to be finished in fiscal 2012 and 2013. The total estimated costs of these projects are approximately \$6,640,000 and are expected to be financed with internal funds.

**NOTE 7 LONG-TERM OBLIGATIONS UNDER BOND INDENTURE**

Long-term obligations under bond indenture consists of the following at June 30, 2011 and 2010:

	2011	2010
Series 2010D Health Care Facility Revenue Bonds, Bearing Fixed Rates of Interest Ranging from 4.0% to 5.5%, Maturing June 1, 2035	\$ 19,015,000	\$ -
Series 2010E Health Care Facility Revenue Bonds, Bearing Fixed Rates of Interest Ranging from 4.5% to 5.6%, Maturing June 1, 2025	5,850,000	-
Series 2010D Unamortized Bond Discount	(455,445)	-
Total Long-Term Obligations Under Bond Indenture	\$ 24,409,555	\$ -

**COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**NOTE 7 LONG-TERM OBLIGATIONS UNDER BOND INDENTURE (CONTINUED)**

**Series 2010 Bonds**

On December 29, 2010, the Hospital issued Health Care Facility Revenue Bonds, Series 2010 D and E, in the amount \$24,865,000. The bond issuance provided funding of reserves to pay interest payments on the bonds partially through 2013, funded a debt service reserve fund, paid cost of issuance and provided financing for the ongoing construction project. Interest payments are due annually beginning on June 1, 2013 through maturity and principal payments are due annually beginning on June 1, 2019 through maturity.

**Restrictive Covenants**

Under the terms of the Bond and Note agreements, the Hospital is required to maintain rates, fees and charges so that excess revenues (excluding depreciation and interest) in any fiscal year during the life of the bonds and notes would not be less than 125% of the Maximum Annual Debt Service Requirement. If in any year this provision is not met, the Hospital is to retain an Independent Consultant to make recommendations to increase the Debt Service Coverage ratio for subsequent years to at least 125%. Management believes the Hospital was in compliance with the Debt Service Coverage Ratio requirement for June 30, 2011.

**NOTE 8 NOTES PAYABLE AND CAPITAL LEASE OBLIGATIONS**

<u>Notes Payable</u>	<u>Interest Rate</u>	<u>2011</u>	<u>2010</u>
Promissory Note, First Interstate Bank, unsecured, fixed monthly interest and principal payments of \$38,347 through July 2013	5.65%	\$ 902,061	\$ 1,298,970
Promissory Note, unsecured, fixed monthly payments of \$13,963 through June of 2015	5.10%	603,723	738,000
Montana Facility Finance Authority Health Facilities Revenue Note Series 2010A, bi-annual interest and principal payments through December 2013	2.20% - 2.91%	4,120,000	5,135,000
Montana Facility Finance Authority Health Facilities Revenue Note Series 2010B, bi-annual interest and principal payments through December 2021	5.10%	9,390,000	9,390,000
Montana Facility Finance Authority Health Facilities Taxable Revenue Note Series 2010C, a lump sum interest and principal payment matured December 2010	3.55%	-	495,000
<b><u>Capital Lease Obligations</u></b>			
Various capital leases with interest rates ranging from 3.27% to 8.25%, monthly interest and principal payments through 2015	3.27% - 8.25%	191,378	683,927
Total Notes Payable and Capital Lease Obligations		15,207,162	17,740,897
Less Current Maturities		(2,398,254)	(2,532,451)
Non-Current Notes Payable and Capital Lease Obligations		<u>\$ 12,808,908</u>	<u>\$ 15,208,446</u>

**COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**NOTE 8 NOTES PAYABLE AND CAPITAL LEASE OBLIGATIONS (CONTINUED)**

Scheduled principal repayments on notes payable and payments on capital lease obligations for the next five years are as follows

<u>Year Ending June 30,</u>	<u>Notes Payable</u>	<u>Obligations Under Capital Lease</u>
2012	\$ 2,249,766	\$ 155,979
2013	2,321,512	23,813
2014	1,977,892	14,700
2015	2,031,614	610
2016	1,965,000	-
Thereafter	4,470,000	-
	<u>\$ 15,015,784</u>	<u>195,102</u>
Less Amount Representing Interest on Obligation Under Capital Leases		<u>(3,724)</u>
Total		<u>\$ 191,378</u>

**Refinancing Transaction**

On June 1, 2010, the Hospital entered into Series 2010(A), (B) and (C) loan agreements with the Montana Facility Finance Authority for the advance of \$15,020,000 of notes to refinance previously outstanding bonds. The refinancing transaction resulted in a loss of \$500,596 included in the consolidated statements of operations for the year ended June 30, 2010.

**NOTE 9 LINE OF CREDIT**

The Hospital has a revolving line of credit from a local bank which allows the Hospital to borrow up to \$3,000,000. The interest rate on any outstanding balance is variable, and is indexed with the Prime Rate which was 5% on June 30, 2011. The revolving line of credit is unsecured. As of June 30, 2011 and 2010, the Hospital has \$0- outstanding on the line of credit. The line of credit expires December 31, 2011.

**NOTE 10 DESCRIPTION OF LEASING ARRANGEMENTS**

**Capital Leases – Equipment**

The Hospital has entered into capital lease contracts for the use of medical and office equipment, varying in maturity through 2015. These leases are collateralized by leased equipment with a cost of \$1,712,365 and \$2,011,762 and accumulated depreciation of \$1,615,152 and \$1,635,236 as of June 30, 2011 and 2010, respectively.

**Operating Leases**

The Hospital leases various equipment and facilities under operating leases expiring at various dates through 2016. The total rental expense in fiscal 2011 and 2010 for all operating leases was \$2,201,397 and \$2,100,232, respectively.

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 10 DESCRIPTION OF LEASING ARRANGEMENTS (CONTINUED)**

**Operating Leases (Continued)**

The following is a schedule by year of the future minimum lease payments under operating leases as of June 30, 2011

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 1,101,497
2013	928,845
2014	685,850
2015	250,253
2016	77,500
Total	<u>\$ 3,043,945</u>

**NOTE 11 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**

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Medicare pays outpatient services under the Ambulatory Payment Classification (APC) method. Under this method, Medicare reimburses the Hospital a predetermined amount for most outpatient services. The following services are excluded from the APC payment methodology, services already paid on a fee schedule and certain drugs, biologicals and medical devices identified as pass-through items. The APC payments are not based on the provider's annual cost report. Professional fees for clinic and other services are paid according to the Medicare fee schedule.

**Montana Medicaid**

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a reimbursement methodology similar to inpatient Medicare. Outpatient Medicaid services are reimbursed under the lower of usual or customary charge fee structure.

**Idaho Medicaid**

Due to its proximity to Idaho, the Hospital provides services to Idaho residents who receive health care benefits under the Idaho Medicaid program. Payments are received from Idaho Medicaid for inpatient and outpatient services throughout the year based on established interim payment amounts, with final settlement at year-end based on the Medicare cost report.

**COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**NOTE 11 NET PATIENT SERVICE REVENUE (CONTINUED)**

**Medicare and Medicaid Reimbursement**

Revenue from the Medicare and Medicaid programs accounted for approximately 25% and 10%, respectively, of the Hospital's net patient revenue for the year ended 2011, and 23% and 15%, respectively, of the Hospital's net patient revenue for the year ended 2010. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2011 and 2010 net patient service revenue increased approximately \$640,000 and \$501,000, respectively due to prior-year retroactive adjustments in excess of amounts previously estimated.

**Commercial Insurance**

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

**Montana State Bed Tax**

During calendar 2003, the Montana State Legislature passed an act imposing a utilization fee on hospital facilities for inpatient bed days, and authorized the State Department of Revenue to collect and deposit fees in a state special revenue account for funding increases in Medicaid payments to Montana hospitals (the Montana State Bed Tax). The state special revenue account received an appropriation from a federal special revenue fund to match the state special revenue collected through the utilization fee, thereby providing increased Medicaid reimbursement for Montana hospitals.

The increased Medicaid payment received by the Hospital from the state special revenue amounted to approximately \$6,964,000 and \$7,646,000 for the fiscal years ended June 30, 2011 and 2010, respectively, and is included in net patient service revenues in the consolidated statements of operations. The total utilization fee paid by the Hospital for the fiscal years ended June 30, 2011 and 2010 amounted to approximately \$1,324,000 and \$1,271,000, respectively, and is included in other direct expenses in the consolidated statements of operations. Thus the net impact of the Montana State Bed Tax on the changes in net assets in the accompanying consolidated statements of operations was approximately \$5,640,000 and \$6,375,000 for the years ended June 30, 2011 and 2010, respectively.

A summary of patient revenue and contractual adjustments is as follows:

	<u>2011</u>	<u>2010</u>
Gross Patient Revenue	\$ 254,261,195	\$ 234,357,201
Contractual Adjustments		
Medicare	53,433,403	50,912,272
Medicaid	23,141,971	15,034,165
Other Insurance	32,736,855	31,133,610
Total Contractual Adjustments	<u>109,312,229</u>	<u>97,080,047</u>
Net Patient Revenue	<u>\$ 144,948,966</u>	<u>\$ 137,277,154</u>

**COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**NOTE 12 RETIREMENT PLAN**

The Hospital maintains a Defined Contribution Plan for employees with one or more year's service. Employees are allowed to contribute up to 15% of their compensation and the Hospital will contribute an amount equal to 3 25% for all Participants' wages. The Hospital shall make a Matching Contribution equal to 25% of the Elective Contributions, but not in excess of 6% of compensation for Participants.

Contributions to the total Elective Contributions for all Participants for contract employees only, but not in excess of 6% of compensation. The expense for the years ended June 30, 2011 and 2010 was \$2,041,711 and \$1,885,656, respectively.

The Hospital also maintains a Supplemental Retirement Plan [403(b)]. Substantially all employees may contribute up to 15% of their wages [401(k) and 403(b) combined] but not over \$9,500. The Hospital does not make a contribution to the 403(b) plan.

**NOTE 13 INVESTMENTS IN JOINT VENTURES AND RELATED PARTY TRANSACTIONS**

Investment in joint ventures consists of the following at June 30

	<u>2011</u>	<u>2010</u>
Big Sky Surgery Center	\$ 1,163,723	\$ 1,023,487
Partners in Home Care (through the Missoula Hospital Alliance)	1,510,243	1,418,758
Advanced Imaging Inc , LLC	182,316	247,362
Missoula Sleep Medicine, LLC	84,217	75,512
VHA Cooperative	34,763	17,081
VHA Captive Insurance Investment	272,312	258,621
New West Capital Investment	<u>226,667</u>	<u>226,667</u>
Total Investment in Joint Ventures	<u>\$ 3,474,241</u>	<u>\$ 3,267,488</u>

Equity in earnings of the joint venture investments for fiscal years 2011 and 2010 was \$2,098,769 and \$2,292,067, respectively. Distributions declared to the Hospital from the joint ventures for fiscal years 2011 and 2010 were \$1,928,577 and \$1,971,481, respectively.

A description of investments in joint ventures and various related party transactions at June 30, 2011 and 2010 is as follows:

**Missoula Hospitals Alliance, Inc.**

The Hospital, along with St. Patrick Hospital, are the two members comprising the Missoula Hospital Alliance, Inc., a membership corporation. Missoula Hospital Alliance, Inc. is the parent company of Partners in Home Care, Inc. and Plains Hospital Corporation. Under terms of Missoula Hospital Alliance, Inc. bylaws, the Hospital is represented on their board of directors by one of the Hospital's management team members. There was no substantive activity in the membership entity Missoula Hospital Alliance, Inc. for the Hospital's fiscal years ended June 30, 2011 and 2010.

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 13 INVESTMENTS IN JOINT VENTURES AND RELATED PARTY TRANSACTIONS  
(CONTINUED)**

**Community Medical Center Foundation**

The Foundation's purpose is to educate the citizens of the Missoula area about services provided by the Hospital, to develop new facilities and services, and to raise funds for the operation, maintenance and development of those facilities and services

The majority of the Foundation's administrative costs are billed to and paid by the Hospital, and reimbursement is made quarterly by the Foundation to the Hospital. Operating costs paid by the Hospital for the Foundation amounted to approximately \$420,000 and \$395,000 for fiscal years ended June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, the Foundation has reflected a liability to the Hospital of \$101,071 and \$73,204, respectively, related to these payments included in "Other Receivables" on the Hospital's Consolidated Balance Sheet.

Support payments made by the Foundation to the Hospital during the years ended June 30, 2011 and 2010 were \$465,841 and \$1,705,665, respectively.

The Foundation's unrestricted net assets, which represent the Foundation's unrestricted resources, are used for internal operation and administration and to benefit the Hospital at the discretion of the Foundation's Board of Trustees. Current restricted funds and assets obtained from income from endowment funds of the Foundation are distributed to the Hospital as required to comply with the purposes specified by the donor.

A summary of the Foundation's assets, liabilities, and results of operations and changes in net assets as of June 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Assets	\$ 5,963,551	\$ 5,062,384
Liabilities	\$ 230,806	\$ 184,871
Net Assets		
Unrestricted	1,390,995	1,084,443
Temporarily Restricted	1,288,873	789,692
Permanently Restricted	3,052,877	3,003,378
Total Net Assets	<u>5,732,745</u>	<u>4,877,513</u>
Total Liabilities and Net Assets	<u>\$ 5,963,551</u>	<u>\$ 5,062,384</u>
Support and Revenue	\$ 1,999,354	\$ 1,723,520
Expenses Including Distributions to the Hospital	1,144,122	2,391,970
Deficit of Support and Revenue over Expenses	<u>\$ 855,232</u>	<u>\$ (668,450)</u>

**COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**NOTE 13 INVESTMENTS IN JOINT VENTURES AND RELATED PARTY TRANSACTIONS  
(CONTINUED)**

**Big Sky Surgery Center**

The Hospital invested \$299,066 for a 35% general partner equity interest in the limited liability company. The investment is recorded on the equity method of accounting that approximates the Hospital's equity in the underlying book value of Big Sky Surgery Center. At June 30, 2011 and 2010, the Big Sky Surgery Center owes the Hospital \$5,391 and \$13,864, respectively, which is included in other receivables. The Hospital was billed and recorded expenses in the amount of \$10,140 and \$13,434 in 2011 and 2010, respectively.

Summarized financial information from the unaudited financial statements of Big Sky Surgery Center at June 30, 2011 and 2010 follows:

	2011	2010
Assets	<u>\$ 5,124,988</u>	<u>\$ 5,052,008</u>
Liabilities	\$ 1,987,279	\$ 2,083,700
Equity	<u>3,137,709</u>	<u>2,968,308</u>
Total Liabilities and Equity	<u>\$ 5,124,988</u>	<u>\$ 5,052,008</u>
Revenue	\$ 8,916,507	\$ 8,751,418
Expenses	<u>6,276,971</u>	<u>5,798,970</u>
Net Income	<u>\$ 2,639,536</u>	<u>\$ 2,952,448</u>

**Partners in Home Care**

The Hospital participates on a 50/50 ownership basis with St. Patrick Hospital (through the Missoula Hospital's Alliance, Inc.) in the operations of Partners in Home Care, a Missoula based home health agency. During the most recent fiscal year, the Hospital did not make any equity contributions. The Hospital records this investment on the equity method which approximates their equity in the underlying book value of Partners in Home Care. The Hospital was billed nothing and recorded no expenses in 2011 and 2010.

Summarized financial information from the audited financial statements of Partners in Home Care at December 31, 2010 and 2009 follows:

	2010	2009
Assets	<u>\$ 3,446,309</u>	<u>\$ 3,105,579</u>
Liabilities	\$ 760,822	\$ 940,402
Equity	<u>2,685,487</u>	<u>2,165,177</u>
Total Liabilities and Equity	<u>\$ 3,446,309</u>	<u>\$ 3,105,579</u>
Revenue	\$ 9,697,821	\$ 9,368,229
Expenses	<u>9,182,654</u>	<u>8,575,113</u>
Net Income	<u>\$ 515,167</u>	<u>\$ 793,116</u>

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 13 INVESTMENTS IN JOINT VENTURES AND RELATED PARTY TRANSACTIONS  
(CONTINUED)**

**New West Health Services**

The Hospital, along with other health care providers, has invested in a Health Maintenance Organization (HMO), named New West Health Services. As of June 30, 2011 and 2010, the Hospital had invested capital of \$226,667. In addition to the capital investment, the Hospital has subordinated notes receivable from New West at June 30, 2011 and 2010 amounting to \$5,154,301, respectively.

**VHA Cooperative**

The Hospital is a member of VHA Cooperative, a cooperative of organizations put together to negotiate discount prices on various supplies and other items purchased by the Hospital. The investment balance in VHA Cooperative amounted to \$34,763 and \$17,081 at June 30, 2011 and 2010, respectively.

**VHA Mountain States**

The Hospital has joined the VHA Mountain States Captive Insurance Company. The captive company was organized to provide hospitals and physicians professional liability and general liability coverage to its subscribers and their affiliates on a claims-made basis. An aggregate excess reinsurance policy provides the subscribers and their affiliates with an additional sum of funds for protection from the total cost of all losses not covered by the specific excess. Each member of the insurance reciprocal is required to pay a premium based on industry pure premiums, claims experience, scheduled credits and administration expenses.

**Advanced Imaging, LLC**

The Hospital has a 50% equity interest in the limited liability company. The investment is recorded on the equity method of accounting that approximates the Hospital's equity in the underlying book value of Advanced Imaging, LLC. At June 30, 2011 and 2010, Advanced Imaging, LLC owed the Hospital \$221,386 and \$4,835, respectively, which is included in other receivables and the Hospital owed Advanced Imaging, LLC \$26,982 and \$305, respectively. The Hospital was billed and recorded expenses in the amount of \$348,446 and \$322,018 in 2011 and 2010, respectively.

During fiscal year 2011, the Hospital purchased the building that Advanced Imaging, LLC occupies. The Hospital receives monthly rent payments from Advanced Imaging, LLC of approximately \$17,000.

**COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**NOTE 13 INVESTMENTS IN JOINT VENTURES AND RELATED PARTY TRANSACTIONS  
(CONTINUED)**

**Advanced Imaging, LLC (Continued)**

Summarized financial information from the unaudited financial statements of Advanced Imaging, LLC at June 30, 2011 and 2010 follows

	2011	2010
Assets	\$ 2,203,126	\$ 2,617,375
Liabilities	\$ 1,840,566	\$ 2,122,651
Equity	362,560	494,724
Total Liabilities and Equity	\$ 2,203,126	\$ 2,617,375
Revenue	\$ 7,398,112	\$ 7,960,271
Expenses	5,671,088	5,649,879
Net Income	\$ 1,727,024	\$ 2,310,392

**Missoula Sleep Medicine, LLC**

The Hospital purchased a 25% equity interest in the limited liability company in fiscal 2006. The investment is recorded on the equity method of accounting that approximates the Hospital's equity in the underlying book value of Missoula Sleep Medicine, LLC. For fiscal 2011 and 2010, there were no receivables, payables, or expenses between the Hospital and Missoula Sleep Medicine, LLC.

Summarized financial information from the unaudited financial statements of Missoula Sleep Medicine, LLC at June 30, 2011 and 2010 follows

	2011	2010
Assets	\$ 253,281	\$ 225,971
Liabilities	\$ 2,772	\$ 4,483
Equity	250,509	221,588
Total Liabilities and Equity	\$ 253,281	\$ 226,071

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Hospital uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Hospital measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Hospital measured at fair value on a recurring basis as of June 30, 2011 and 2010.

2011	Level 1	Level 2	Level 3	Total
Short-Term Investments				
Mortgage Backed				
Government Securities	\$ -	\$ 3,732,345	\$ -	\$ 3,732,345
Long-Term Investments				
Mortgage Backed				
Government Securities	-	7,127,504	-	7,127,504
Beneficial Interest in Net Assets of Community Medical Center Foundation	-	-	5,732,745	5,732,745
	<u>\$ -</u>	<u>\$ 10,859,849</u>	<u>\$ 5,732,745</u>	<u>\$ 16,592,594</u>
2010	Level 1	Level 2	Level 3	Total
Short-Term Investments				
U S Treasury Obligations	\$ -	\$ 1,152,793	\$ -	\$ 1,152,793
Mortgage Backed				
Government Securities	-	14,775,515	-	14,775,515
Long-Term Investments				
Mortgage Backed				
Government Securities	-	4,467,040	-	4,467,040
Beneficial Interest in Net Assets of Community Medical Center Foundation	-	-	4,877,513	4,877,513
	<u>\$ -</u>	<u>\$ 20,395,348</u>	<u>\$ 4,877,513</u>	<u>\$ 25,272,861</u>

The following table provides a summary of changes to fair value of the Hospital's Level 3 financial assets for the years ended June 30, 2011 and 2010.

2011	Foundation
Beginning Balance	\$ 4,877,513
Change in Value of Beneficial Interest in Net Assets of CMC Foundation	855,232
Ending Balance	<u>\$ 5,732,745</u>
2010	Foundation
Beginning Balance	\$ 5,545,963
Change in Value of Beneficial Interest in Net Assets of CMC Foundation	(668,450)
Ending Balance	<u>\$ 4,877,513</u>

**COMMUNITY MEDICAL CENTER, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following is a summary of financial instruments for which the Hospital did not elect the fair value option. The fair values of such instrument have been derived, in part, by management's assumptions, the estimated amount and timing of future cash flows, and estimated discount rates. Different assumptions could significantly affect these estimated fair values. Accordingly, the net realizable value could be materially different from the estimates presented below. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the Hospital.

The following disclosures represent financial instruments in which the ending balances at June 30, 2011 and 2010, are not carried at fair value in their entirety on the consolidated balance sheet.

	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Health Care Facility Revenue Bonds	\$ 24,409,555	\$ 28,223,854	\$ -	\$ -

The fair value of the Hospital's health care revenue bonds were estimated based on the quoted market prices for similar issues or by discounting expected cash flows at the rates currently offered to the Hospital for debt of the same remaining maturities, as advised by investment bankers.

**NOTE 15 LONG-TERM ILLNESS BENEFIT**

Eligible Hospital employees accrue long-term illness hours up to a maximum of 600 hours per employee. The hours are a benefit granted to employees to protect against loss of income during absences due to employee illness. Additionally, employees with fifteen or more years of continuous service who leave hospital employment giving a minimum of thirty days written notice receive 50% to 75% of their accumulated illness balance depending on date of hire and contract status. The Hospital paid out approximately \$99,000 and \$96,000 during fiscal 2011 and 2010, respectively, and this has been recorded as an expense. As of June 30, 2011 and 2010, the Hospital has accrued a liability of \$135,000 as a potential payout.

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 16 FUNCTIONAL EXPENSES**

The Hospital provides general health care services and/or financial support for those services to residents within its geographic region. Expenses related to providing these services for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Healthcare Services	\$ 108,588,927	\$ 110,817,647
General and Administrative	33,196,765	23,208,479
Fundraising	18,165	-
Total	\$ 141,803,857	\$ 134,026,126

**NOTE 17 COMMITMENTS AND CONTINGENCIES**

**Litigation**

The Hospital is involved in various legal actions in the normal course of business. The actions are in various stages of processing, and some may ultimately be brought to trial. As of June 30, 2011 and 2010, management has estimated and recorded a liability reserve for a range of potential costs associated with these legal actions, included in accounts payable on the consolidated balance sheet.

**Healthcare Legislation and Regulation**

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital is in substantial compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**COMMUNITY MEDICAL CENTER, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

**NOTE 18 ADOPTION OF NEW ACCOUNTING STANDARD**

During the year ending June 30, 2011 the Hospital adopted the accounting standard for noncontrolling interest in the consolidated financial statements. The adoption of this standard was applied retroactively to the consolidated financial statements for the year ending June 30, 2010. The following table reflects the impact of the reclassifications to the June 30, 2010 consolidated balance sheet and statement of operations.

	<u>As Previously Reported</u>	<u>Reclassifications</u>	<u>As Reclassified</u>
<b><u>Consolidated Balance Sheet</u></b>			
Minority Interest in Subsidiary	<u>\$ 158,388</u>	<u>\$ (158,388)</u>	<u>\$ -</u>
Unrestricted Net Assets	<u>\$ 70,598,810</u>	<u>\$ 158,388</u>	<u>\$ 70,757,198</u>
<b><u>Consolidated Statement of Operations</u></b>			
Minority Interest in Net Income of Subsidiary	<u>\$ (1,596)</u>	<u>\$ 1,596</u>	<u>\$ -</u>
Increase in Unrestricted Net Assets	<u>\$ 8,355,092</u>	<u>\$ (29,996)</u>	<u>\$ 8,385,088</u>

## SUPPLEMENTARY INFORMATION

**COMMUNITY MEDICAL CENTER  
CONSOLIDATING BALANCE SHEET  
JUNE 30, 2011**

<b>ASSETS</b>	Community Medical Center	Montana Heart Angio Lab, LLC	Eliminations	Consolidated
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	21,577,563	\$ 621,727	\$ -	\$ 22,199,290
Restricted Cash	51,324	-	-	51,324
Assets Limited as to Use, Required for Current Liabilities	806,096	-	-	806,096
Short-Term Investments	13,326,509	-	-	13,326,509
Patient Receivables, Net	17,791,959	301,546	(199,703)	17,893,802
Other Receivables	2,650,511	-	(171,488)	2,479,023
Inventory	3,180,393	156,364	-	3,336,757
Prepaid and Other Assets	713,124	90,365	-	803,489
Total Current Assets	<u>60,097,479</u>	<u>1,170,002</u>	<u>(371,191)</u>	<u>60,896,290</u>
<b>LONG-TERM INVESTMENTS</b>	7,127,504	-	-	7,127,504
<b>ASSETS LIMITED AS TO USE</b>				
By Board	21,257	-	-	21,257
Restricted for Construction Project, Net of Current Portion	14,793,799	-	-	14,793,799
Held by Trustee Under Indenture Agreement, Net of Current Portion	4,119,044	-	-	4,119,044
Total Assets Limited as to Use, Net of Current Portion	<u>18,934,100</u>	<u>-</u>	<u>-</u>	<u>18,934,100</u>
<b>BENEFICIAL INTEREST IN COMMUNITY MEDICAL CENTER FOUNDATION</b>	5,732,745	-	-	5,732,745
<b>PROPERTY AND EQUIPMENT, NET</b>	46,624,237	1,481,242	-	48,105,479
<b>OTHER ASSETS</b>				
Unamortized Bond Issuance Costs	952,862	-	-	952,862
Notes Receivable	5,154,301	-	-	5,154,301
Investment in Majority Owned Subsidiary	1,624,596	-	(1,624,596)	-
Investment in Joint Ventures	3,474,241	-	-	3,474,241
Total Other Assets	<u>11,206,000</u>	<u>-</u>	<u>(1,624,596)</u>	<u>9,581,404</u>
<b>Total Assets</b>	<u>\$ 149,722,065</u>	<u>\$ 2,651,244</u>	<u>\$ (1,995,787)</u>	<u>\$ 150,377,522</u>

**COMMUNITY MEDICAL CENTER  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
JUNE 30, 2011**

	Community Medical Center	Montana Heart Angio Lab, LLC	Eliminations	Consolidated
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Notes Payable and Capital Lease Obligations	\$ 2,262,327	\$ 135,927	\$ -	\$ 2,398,254
Accounts Payable				
Trade	6,923,155	269,808	(371,191)	6,821,772
Construction and Equipment	4,238,113	-	-	4,238,113
Estimated Third-Party Payor Settlements	8,848,125	-	-	8,848,125
Accrued Salaries and Related Liabilities	10,017,900	28,957	-	10,046,857
Accrued Interest Payable	158,302	-	-	158,302
Total Current Liabilities	<u>32,447,922</u>	<u>434,692</u>	<u>(371,191)</u>	<u>32,511,423</u>
<b>LONG-TERM DEBT OBLIGATIONS</b>				
Long-Term Obligations Under Bond Indenture	24,409,555	-	-	24,409,555
Notes Payable and Capital Lease Obligations, Less Current Maturities	12,341,112	467,796	-	12,808,908
Long-Term Debt Obligations, Less Current Maturities	<u>36,750,667</u>	<u>467,796</u>	<u>-</u>	<u>37,218,463</u>
Total Liabilities	69,198,589	902,488	(371,191)	69,729,886
<b>NET ASSETS</b>				
Unrestricted Net Assets				
Undesignated	74,718,151	1,624,596	(1,624,596)	74,718,151
Board Designated	21,257	-	-	21,257
Noncontrolling Interest in Subsidiary	-	124,160	-	124,160
Total Unrestricted Net Assets	<u>74,739,408</u>	<u>1,748,756</u>	<u>(1,624,596)</u>	<u>74,863,568</u>
Temporarily Restricted Net Assets	2,731,191	-	-	2,731,191
Permanently Restricted Net Assets	3,052,877	-	-	3,052,877
Total Net Assets	<u>80,523,476</u>	<u>1,748,756</u>	<u>(1,624,596)</u>	<u>80,647,636</u>
Total Liabilities and Net Assets	<u>\$ 149,722,065</u>	<u>\$ 2,651,244</u>	<u>(1,995,787)</u>	<u>\$ 150,377,522</u>

**COMMUNITY MEDICAL CENTER  
CONSOLIDATING BALANCE SHEET  
JUNE 30, 2010**

	Community Medical Center	Montana Heart Angio Lab, LLC	Eliminations	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 11,570,726	\$ 785,597	\$ -	\$ 12,356,323
Assets Limited as to Use, Required for Current Liabilities	119,292	-	-	119,292
Short-Term Investments	18,710,398	-	-	18,710,398
Patient Receivables, Net	18,505,206	586,933	(508,948)	18,583,191
Other Receivables	2,387,745	4,395	(230,329)	2,161,811
Inventory	2,999,057	146,790	-	3,145,847
Prepaid and Other Assets	968,347	5,842	-	974,189
Total Current Assets	<u>55,260,771</u>	<u>1,529,557</u>	<u>(739,277)</u>	<u>56,051,051</u>
<b>LONG-TERM INVESTMENTS</b>	4,467,040	-	-	4,467,040
<b>ASSETS LIMITED AS TO USE</b>				
By Board	14,998	-	-	14,998
Restricted by Contributors for Capital	1,600,131	-	-	1,600,131
Held by Trustee Under Indenture Agreement, Net of Current Portion	6,053	-	-	6,053
Total Assets Limited as to Use, Net of Current Portion	<u>1,621,182</u>	<u>-</u>	<u>-</u>	<u>1,621,182</u>
<b>BENEFICIAL INTEREST IN COMMUNITY MEDICAL CENTER FOUNDATION</b>				
	4,877,513	-	-	4,877,513
<b>PROPERTY AND EQUIPMENT, NET</b>	33,892,559	1,753,589	-	35,646,148
<b>OTHER ASSETS</b>				
Unamortized Bond Issuance Costs	202,111	-	-	202,111
Notes Receivable	5,154,301	-	-	5,154,301
Investment in Majority Owned Subsidiary	2,072,427	-	(2,072,427)	-
Investment in Joint Ventures	3,267,488	-	-	3,267,488
Total Other Assets	<u>10,696,327</u>	<u>-</u>	<u>(2,072,427)</u>	<u>8,623,900</u>
Total Assets	<u>\$ 110,815,392</u>	<u>\$ 3,283,146</u>	<u>\$ (2,811,704)</u>	<u>\$ 111,286,834</u>

**COMMUNITY MEDICAL CENTER  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
JUNE 30, 2010**

	Community Medical Center	Montana Heart Angio Lab, LLC	Eliminations	Consolidated
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Notes Payable and Capital Lease Obligations	\$ 2,399,464	\$ 132,987	\$ -	\$ 2,532,451
Trade Accounts Payable	8,053,048	314,331	(739,277)	7,628,102
Estimated Third-Party Payor Settlements	5,875,000	-	-	5,875,000
Accrued Salaries and Related Liabilities	9,285,637	-	-	9,285,637
<b>Total Current Liabilities</b>	<b>25,613,149</b>	<b>447,318</b>	<b>(739,277)</b>	<b>25,321,190</b>
<b>LONG-TERM DEBT OBLIGATIONS</b>				
Notes Payable and Capital Lease Obligations, Less Current Maturities	14,603,433	605,013	-	15,208,446
<b>Total Liabilities</b>	<b>40,216,582</b>	<b>1,052,331</b>	<b>(739,277)</b>	<b>40,529,636</b>
<b>NET ASSETS</b>				
Unrestricted Net Assets				
Undesignated	64,047,732	2,072,427	(2,072,427)	64,047,732
Board Designated	14,998	-	-	14,998
Noncontrolling Interest in Subsidiary	-	158,388	-	158,388
<b>Total Unrestricted Net Assets</b>	<b>64,062,730</b>	<b>2,230,815</b>	<b>(2,072,427)</b>	<b>64,221,118</b>
Temporarily Restricted Net Assets	3,532,702	-	-	3,532,702
Permanently Restricted Net Assets	3,003,378	-	-	3,003,378
<b>Total Net Assets</b>	<b>70,598,810</b>	<b>2,230,815</b>	<b>(2,072,427)</b>	<b>70,757,198</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 110,815,392</b>	<b>\$ 3,283,146</b>	<b>(2,811,704)</b>	<b>\$ 111,286,834</b>

**COMMUNITY MEDICAL CENTER  
CONSOLIDATING STATEMENT OF OPERATIONS  
YEAR ENDED JUNE 30, 2011**

	Community Medical Center	Montana Heart Angio Lab, LLC	Eliminations	Consolidated
<b>UNRESTRICTED REVENUES AND GAINS</b>				
Net Patient Service Revenue	\$ 144,626,212	\$ 1,824,391	\$ (1,501,637)	\$ 144,948,966
Other Operating Revenue	2,867,372	25,541	(139,311)	2,753,602
Total Unrestricted Revenue and Gains	<u>147,493,584</u>	<u>1,849,932</u>	<u>(1,640,948)</u>	<u>147,702,568</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	56,664,105	-	102,265	56,766,370
Employee Benefits	14,036,787	-	-	14,036,787
Professional Fees	7,953,632	152,779	(102,013)	8,004,398
Purchased Services	14,493,021	1,007,935	(1,524,389)	13,976,567
Medical Supplies	22,397,172	527,287	(1,000)	22,923,459
Non-Medical Supplies	3,448,023	9,655	-	3,457,678
Utilities	1,701,681	24,429	(23,581)	1,702,529
Depreciation and Amortization	6,070,095	385,903	-	6,455,998
Bad Debt Expense	6,890,807	3,847	-	6,894,654
Interest Expense	703,930	35,755	-	739,685
Leases and Rents	2,182,518	97,119	(91,770)	2,187,867
Education and Travel	999,230	186	-	999,416
Other Direct Expenses	3,598,301	60,608	(460)	3,658,449
Total Operating Expenses	<u>141,139,302</u>	<u>2,305,503</u>	<u>(1,640,948)</u>	<u>141,803,857</u>
<b>OPERATING INCOME (LOSS)</b>	6,354,282	(455,571)	-	5,898,711
<b>OTHER INCOME AND EXPENSE</b>				
Investment Income	394,141	-	-	394,141
Equity Earnings in Joint Venture Income	1,687,317	-	411,452	2,098,769
Other Nonoperating Loss, Net	(184,139)	9,891	-	(174,248)
Total Other Income and Expense	<u>1,897,319</u>	<u>9,891</u>	<u>411,452</u>	<u>2,318,662</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSES</b>	8,251,601	(445,680)	411,452	8,217,373
Net Change in Unrealized Loss on Marketable Securities	(79,191)	-	-	(79,191)
Net Assets Released from Restriction	2,504,268	-	-	2,504,268
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<u>\$ 10,676,678</u>	<u>\$ (445,680)</u>	<u>\$ 411,452</u>	<u>\$ 10,642,450</u>

**COMMUNITY MEDICAL CENTER  
CONSOLIDATING STATEMENT OF OPERATIONS  
YEAR ENDED JUNE 30, 2010**

	Medical Center	Heart Angio Lab, LLC	Eliminations	Consolidated
<b>UNRESTRICTED REVENUES AND GAINS</b>				
Net Patient Service Revenue	\$ 136,835,515	\$ 1,622,513	\$ (1,180,874)	\$ 137,277,154
Other Operating Revenue	2,534,844	62,448	(217,285)	2,380,007
Total Unrestricted Revenue and Gains	<u>139,370,359</u>	<u>1,684,961</u>	<u>(1,398,159)</u>	<u>139,657,161</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	53,618,529	-	-	53,618,529
Employee Benefits	13,124,334	-	-	13,124,334
Professional Fees	7,805,542	64,374	-	7,869,916
Purchased Services	12,248,245	868,392	(1,180,874)	11,935,763
Medical Supplies	21,685,653	363,074	(127,598)	21,921,129
Non-Medical Supplies	3,190,879	22,208	-	3,213,087
Utilities	1,592,761	21,860	-	1,614,621
Depreciation and Amortization	5,550,166	117,254	-	5,667,420
Bad Debt Expense	6,567,343	23,470	-	6,590,813
Interest Expense	1,418,550	163	-	1,418,713
Leases and Rents	2,067,839	97,356	(89,687)	2,075,508
Education and Travel	755,724	1,015	-	756,739
Other Direct Expenses	4,136,316	83,238	-	4,219,554
Total Operating Expenses	<u>133,761,881</u>	<u>1,662,404</u>	<u>(1,398,159)</u>	<u>134,026,126</u>
<b>OPERATING INCOME</b>	5,608,478	22,557	-	5,631,035
<b>OTHER INCOME AND EXPENSE</b>				
Investment Income	533,283	-	-	533,283
Equity Earnings in Joint Venture Income	2,284,555	-	7,512	2,292,067
Loss on Bond Refinancing	(500,596)	-	-	(500,596)
Other Nonoperating Loss, Net	(88,163)	(73)	-	(88,236)
Total Other Income and Expense	<u>2,229,079</u>	<u>(73)</u>	<u>7,512</u>	<u>2,236,518</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	7,837,557	22,484	7,512	7,867,553
Net Change in Unrealized Gain on Marketable Securities	(157,828)	-	-	(157,828)
Net Assets Released from Restriction	675,363	-	-	675,363
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>\$ 8,355,092</u>	<u>\$ 22,484</u>	<u>\$ 7,512</u>	<u>\$ 8,385,088</u>