

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

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

2016
Open to Public Inspection

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

A For the **2016** calendar year, or tax year beginning **JUL 1, 2016** and ending **JUN 30, 2017**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization LIVINGSTON HEALTHCARE		D Employer identification number 81-0378200	
	Doing business as		E Telephone number 406-222-5011	
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 504 S 13TH STREET		G Gross receipts \$ 52,184,141.	
	City or town, state or province, country, and ZIP or foreign postal code LIVINGSTON, MT 59047		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
	F Name and address of principal officer: BREN LOWE SAME AS C ABOVE		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No	

I Tax-exempt status: 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

J Website: **WWW.LIVINGSTONHEALTHCARE.ORG**

K Form of organization: Corporation Trust Association Other **L** Year of formation: **1955** **M** State of legal domicile: **MT**

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: LIVINGSTON HEALTHCARE IS A UNIQUE GROUP OF HEALTHCARE PROFESSIONALS PROVIDING SERVICES TO THE		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	12
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	428
	6 Total number of volunteers (estimate if necessary)	6	10
	7 a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	3,198,867.	2,993,419.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	41,451,411.	47,919,055.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	69,161.	57,539.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	303,823.	1,214,128.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	45,023,262.	52,184,141.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	21,324,877.	22,837,557.
	b Total fundraising expenses (Part IX, column (D), line 25) 151,580.	0.	0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	19,670,367.	21,531,501.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	40,995,244.	44,369,058.
19 Revenue less expenses. Subtract line 18 from line 12	4,028,018.	7,815,083.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	61,459,701.	66,258,800.
	22 Net assets or fund balances. Subtract line 21 from line 20	40,282,359.	38,334,935.
		21,177,342.	27,923,865.

Part II Signature Block

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

Sign Here	Signature of officer		Date		
	DEB AN CZAK, CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	NATHAN D MCCARTHY, CPA	NATHAN D MCCARTHY, C	05/16/18	<input type="checkbox"/>	P00368408
Firm's name WIPFLI LLP			Firm's EIN 39-0758449		
Firm's address PO BOX 1699 HELENA, MT 59624			Phone no. 406.442.5520		

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: THE OFFICIAL MISSION OF LIVINGSTON HEALTHCARE IS EXCELLENCE IN PATIENT-CENTERED CARE. WE HAVE BEEN, AND CONTINUE TO BE, SUCCESSFUL IN THAT ENDEAVOR BECAUSE OF OUR EMPLOYEES. EACH OF OUR EMPLOYEES IS COMMITTED TO MAINTAINING AND UPHOLDING OUR STANDARDS OF EXCELLENCE IN

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 [X] 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 [X] No If "Yes," describe these changes on Schedule O.

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

4a (Code:) (Expenses \$ 38,121,422. including grants of \$) (Revenue \$ 49,133,183.) MEDICAL TREATMENT OF SICK AND INJURED PATIENTS REGARDLESS OF ABILITY TO PAY. INCLUDES PRIVATE PAYORS, INSURED PAYORS, MEDICARE, MEDICAID AND CHARITY CARE.

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

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

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 38,121,422.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules (continued)

	Yes	No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>		X
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>		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	X	
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question numbers (1a-14b), descriptions, and Yes/No checkboxes. Includes sub-questions for backup withholding, employee reporting, foreign accounts, and charitable contributions.

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	1a 12		
b	Enter the number of voting members included in line 1a, above, who are independent		
	1b 10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?	X	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

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

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

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed **NONE**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **THE ORGANIZATION - 406-222-5006**
LIVINGSTON HEALTHCARE 504 S 13TH, LIVINGSTON, MT 59047

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, 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 (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MICHELLE BECKER PRESIDENT	15.00	X		X				0.	0.	0.
(2) DENIS PRAGER VICE PRESIDENT	2.00	X		X				0.	0.	0.
(3) RUTH STRIEGEL WEISSMAN SECRETARY	2.00	X		X				0.	0.	0.
(4) JOSEPH SWINDLEHURST TREASURER	4.00	X		X				0.	0.	0.
(5) D. SCOTT COLEMAN, MD DIRECTOR	40.00 1.00	X					278,204.	0.	0.	0.
(6) DAVID STANLEY DIRECTOR	2.00	X					0.	0.	0.	0.
(7) DOUGLAS P WADLE, MD DIRECTOR	40.00	X					228,681.	0.	0.	0.
(8) DAN KAUL DIRECTOR	2.00	X					0.	0.	0.	0.
(9) MICHAEL SCHAER DIRECTOR	2.00	X					0.	0.	0.	0.
(10) JEFFRY LINDENBAUM, MD DIRECTOR	2.00	X					0.	0.	0.	0.
(11) KRISTEN GALBRAITH DIRECTOR	2.00	X					0.	0.	0.	0.
(12) SHIELL ANDERSON DIRECTOR	2.00	X					0.	0.	0.	0.
(13) BREN LOWE CHIEF EXECUTIVE OFFICER	40.00 1.00			X			0.	0.	0.	0.
(14) TED R SCOFIELD, MD PHYSICIAN	40.00					X	267,073.	0.	0.	0.
(15) MICHAEL BRIGGS PHYSICIAN	40.00					X	262,741.	0.	0.	0.
(16) ALLAN SUPAK PHYSICIAN	40.00					X	253,127.	0.	0.	0.
(17) RAE STEVENSON PHYSICIAN	40.00					X	197,012.	0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) KELLY WALKER PHYSICIAN	40.00				X		193,565.	0.	0.	
1b Sub-total							1,680,403.	0.	0.	
c Total from continuation sheets to Part VII, Section A							0.	0.	0.	
d Total (add lines 1b and 1c)							1,680,403.	0.	0.	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **22**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
BILLINGS CLINIC PO BOX 30977, BILLINGS, MT 59107-0977	MANAGEMENT & OTHER MEDICAL SERVICES	2,460,592.
MEDICAL SOLUTIONS, 1010 N 102ND STREET, SUITE 300, OMAHA, NE 68114	LOCUMS	487,066.
PARK COUNTY ANESTHESIA 320 ALPENGLOW LANE, LIVINGSTON, MT 59047	ANESTHESIA SERVICES	270,627.
GRANT PALM 1750 CARRIE NYE TRAIL, BOZEMAN, MT 59715	ANESTHESIA SERVICES	226,359.
AUREUS NURSING 2425 S 171ST STREET, OMAHA, NE 68130	LOCUMS	170,455.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **5**

Part VIII Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	2,723,769.				
	e Government grants (contributions)	1e	53,876.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	215,774.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			2,993,419.			
	Program Service Revenue	2 a NET PATIENT REVENUE	Business Code 621110	47,547,226.	47,547,226.		
b NON-PATIENT REVENUE		446110	239,611.	239,611.			
c SWEETGRASS PHYSICIANS		621110	132,218.	132,218.			
d							
e							
f All other program service revenue							
g Total. Add lines 2a-2f				47,919,055.			
Other Revenue		3 Investment income (including dividends, interest, and other similar amounts)		15,533.			15,533.
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	76,914.				
		(ii) Personal					
		Less: rental expenses	0.				
	c Rental income or (loss)		76,914.				
	d Net rental income or (loss)			76,914.	76,914.		
	7 a Gross amount from sales of assets other than inventory	(i) Securities	42,006.				
		(ii) Other					
		Less: cost or other basis and sales expenses	0.				
		c Gain or (loss)		42,006.			
	d Net gain or (loss)			42,006.		42,006.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a 340B REVENUE	621110	497,009.	497,009.				
b MEANINGFUL USE INCENTIVE INCOME	621110	382,276.	382,276.				
c CAFETERIA SALES	446110	257,929.	257,929.				
d All other revenue							
e Total. Add lines 11a-11d			1,137,214.				
12 Total revenue. See instructions.			52,184,141.	49,133,183.	0.	57,539.	

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 ...				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	18,307,982.	14,693,155.	3,521,117.	93,710.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	414,777.	413,720.	1,057.	
9 Other employee benefits	2,813,461.	2,813,461.		
10 Payroll taxes	1,301,337.	1,301,337.		
11 Fees for services (non-employees):				
a Management				
b Legal	35,576.		35,576.	
c Accounting	101,944.		98,444.	3,500.
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	9,343.	9,343.		
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch. O.)	6,637,233.	5,393,276.	1,222,151.	21,806.
12 Advertising and promotion	143,397.	6,612.	121,263.	15,522.
13 Office expenses	65,912.	32,301.	32,078.	1,533.
14 Information technology	447,308.	16,487.	430,196.	625.
15 Royalties				
16 Occupancy	496,477.	452,173.	44,304.	
17 Travel	74,947.	50,523.	23,425.	999.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	94,814.	70,179.	20,024.	4,611.
20 Interest	822,766.	822,766.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,007,812.	3,007,812.		
23 Insurance	600,176.	600,176.		
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a MEDICAL SUPPLIES	3,812,752.	3,808,247.	4,505.	
b PROVISION FOR BAD DEBT	2,638,455.	2,638,455.		
c OTHER SUPPLIES	1,045,796.	939,612.	102,212.	3,972.
d OTHER OPERATING EXPENSE	470,615.	168,887.	300,898.	830.
e All other expenses	1,026,178.	882,900.	138,806.	4,472.
25 Total functional expenses. Add lines 1 through 24e	44,369,058.	38,121,422.	6,096,056.	151,580.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	3,383,326.	1	1,929,111.
	2 Savings and temporary cash investments	10,042.	2	6,559,541.
	3 Pledges and grants receivable, net		3	90,320.
	4 Accounts receivable, net	9,120,574.	4	11,942,141.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net	307,806.	7	0.
	8 Inventories for sale or use	1,385,314.	8	1,386,335.
	9 Prepaid expenses and deferred charges	337,882.	9	187,857.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 49,907,259.		
	b Less: accumulated depreciation	10b 7,037,845.		
	11 Investments - publicly traded securities	481,442.	11	7,507.
	12 Investments - other securities. See Part IV, line 11	695,871.	12	660,754.
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	327,651.	15	625,820.
16 Total assets. Add lines 1 through 15 (must equal line 34)	61,459,701.	16	66,258,800.	
Liabilities	17 Accounts payable and accrued expenses	2,699,774.	17	2,695,914.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	37,580,088.	23	35,639,021.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	2,497.	25	0.
	26 Total liabilities. Add lines 17 through 25	40,282,359.	26	38,334,935.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	18,176,253.	27	26,061,320.
	28 Temporarily restricted net assets	2,620,849.	28	1,482,305.
	29 Permanently restricted net assets	380,240.	29	380,240.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	21,177,342.	33	27,923,865.	
34 Total liabilities and net assets/fund balances	61,459,701.	34	66,258,800.	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	52,184,141.
2	Total expenses (must equal Part IX, column (A), line 25)	2	44,369,058.
3	Revenue less expenses. Subtract line 2 from line 1	3	7,815,083.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	21,177,342.
5	Net unrealized gains (losses) on investments	5	4,061.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	-1,072,621.
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	27,923,865.

Part XII Financial Statements and Reporting

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

- 1** Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- 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

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.

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

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, 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 (Form 990 or 990-EZ).)
- 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 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.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
 - f Enter the number of supported organizations
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
Total						

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2016. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2015. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% -facts-and-circumstances test - 2016. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% -facts-and-circumstances test - 2015. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

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

(Complete only if you checked the box on line 10 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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2016. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2015. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>		

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>		

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

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

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

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

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

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

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions	
9 Distributable amount for 2016 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions			
6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
7 Excess distributions carryover to 2017. Add lines 3j and 4c			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2016

Name of the organization

LIVINGSTON HEALTHCARE

Employer identification number

81-0378200

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

Name of organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
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Part I Contributors (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	<hr/> <hr/> <hr/>	\$ <u>2,723,769.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	<hr/> <hr/> <hr/>	\$ <u>95,038.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
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Part II Noncash Property (See instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
		\$ _____	

Name of organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
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Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ _____
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990.

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

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization: LIVINGSTON HEALTHCARE; Employer identification number: 81-0378200

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

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate value of contributions, grants, and end of year, and two yes/no questions about donor property and grant fund usage.

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

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include purpose(s) of conservation easements, a table for lines 2a-2d (Total number, acreage, certified historic structures, acquired after 8/17/06), and questions about monitoring, expenses, and reporting.

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

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include questions about reporting works of art, historical treasures, or other similar assets, and amounts for revenue and assets.

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

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other _____
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

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

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---------------------------------|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	436,740.	350,332.	350,332.	350,332.	362,920.
b Contributions	907,288.				
c Net investment earnings, gains, and losses	88,778.	86,408.			39,781.
d Grants or scholarships					
e Other expenditures for facilities and programs					52,369.
f Administrative expenses					
g End of year balance	1,432,806.	436,740.	350,332.	350,332.	350,332.

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment 10.39 %
 - b Permanent endowment 89.61 %
 - c Temporarily restricted endowment _____ %
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|--|-----|----|
| (i) unrelated organizations | | X |
| (ii) related organizations | X | |
| b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? | X | |
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,439,317.		2,439,317.
b Buildings		36,212,092.	3,008,051.	33,204,041.
c Leasehold improvements				
d Equipment		11,255,850.	4,029,794.	7,226,056.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				42,869,414.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information.

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

PART V, LINE 4:

THE ORGANIZATION HAS ADOPTED INVESTMENT AND SPENDING POLICIES FOR ENDOWMENT ASSETS THAT ATTEMPT TO PROVIDE A PREDICTABLE STREAM OF FUNDING TO PROGRAMS SUPPORTED BY ITS ENDOWMENT WHILE SEEKING TO MAINTAIN THE PURCHASING POWER OF THE ENDOWMENT ASSETS. ENDOWMENT ASSETS INCLUDE THOSE ASSETS OF DONOR-RESTRICTED FUNDS THAT THE ORGANIZATION MUST HOLD IN PERPETUITY OR FOR A DONOR-SPECIFIED PERIOD(S) AS WELL AS BOARD-DESIGNATED FUNDS.

UNDER THIS POLICY, AS APPROVED BY THE BOARD OF DIRECTORS, THE ENDOWMENT ASSETS ARE INVESTED IN A MANNER THAT IS INTENDED TO PRESERVE ENDOWMENT CAPITAL. FUNDS SHALL BE INVESTED SUCH THAT NO LESS THAN 30% AND NO MORE

Part XIII Supplemental Information *(continued)*

THAN 70% OF SUCH FUNDS SHALL BE INVESTED IN EQUITIES, WITH THE BALANCE INVESTED IN FIXED INCOME SECURITIES, WHILE ASSUMING A MODERATE LEVEL OF INVESTMENT RISK. THE ORGANIZATION EXPECTS ITS ENDOWMENT FUNDS, OVER TIME, TO PROVIDE A REASONABLE CURRENT RATE OF RETURN.

PART X, LINE 2:

THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (THE "CODE") AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE. THE HOSPITAL IS ALSO EXEMPT FROM STATE INCOME TAXES ON RELATED INCOME.

FEDERAL AND STATE INCOME TAXES ARE PAID ON NONEXEMPT UNRELATED BUSINESS INCOME IN ACCORDANCE WITH THE CODE.

CURRENT ACCOUNTING GUIDELINES REQUIRE AN ORGANIZATION TO DETERMINE WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION. IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THAT POSITION IS NOT RECOGNIZED ON THE FINANCIAL STATEMENTS.

THE HOSPITAL RECORDED NO ASSETS OR LIABILITIES RELATED TO UNCERTAIN TAX POSITIONS. FEDERAL RETURNS FOR TAX YEARS 2015 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE.

PART V, LINE 1(B)

THE \$907,288 "CONTRIBUTION" IS AN ADJUSTMENT TO CORRECT THE BALANCE OF THE

Part XIII Supplemental Information *(continued)*

ENDOWMENT FUND.

PART V, LINE 3A(II)

A PORTION OF THIS ENDOWMENT FUND IS HELD BY THE OUGH CHARITABLE TRUST, A TRUST ESTABLISHED TO MAKE CHARITABLE CONTRIBUTIONS TO LIVINGSTON HEALTHCARE.

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization **LIVINGSTON HEALTHCARE** Employer identification number **81-0378200**

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		X
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	X	
b If "Yes," did the organization make it available to the public?	X	

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

	(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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			336,534.		336,534.	.81%
b Medicaid (from Worksheet 3, column a)			9435728.	11230960.	0.	.00%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			9772262.	11230960.	336,534.	.81%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			161,544.		161,544.	.39%
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			15,846.		15,846.	.04%
j Total. Other Benefits			177,390.		177,390.	.43%
k Total. Add lines 7d and 7j			9949652.	11230960.	513,924.	1.24%

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?			1	X
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	2,638,455.		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	2,638,455.		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.				

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	10,578,210.		
6 Enter Medicare allowable costs of care relating to payments on line 5	6	10,578,210.		
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7			
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other				

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 BILLINGS CLINIC	MANAGES THE HOSPITAL AND AFFILIATED WITH HOSPITAL	25.00%		

Part V Facility Information

Section A. Hospital Facilities

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

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

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

**1 LIVINGSTON HEALTHCHARE
504 S 13TH STREET
LIVINGSTON, MT 59047**

Licensed hospital	gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
				X					

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group LIVINGSTON HEALTHCARE

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>16</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>LIVINGSTONHEALTHCARE.ORG/ABOUT-US.ASPX</u>		
b <input type="checkbox"/> Other website (list url): _____		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>16</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>LIVINGSTONHEALTHCARE.ORG/ABOUT-US.ASPX</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group LIVINGSTON HEALTHCARE

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>100</u> % and FPG family income limit for eligibility for discounted care of <u>200</u> %		
b	<input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	X	
15	Explained the method for applying for financial assistance?	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a	<input type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Was widely publicized within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input type="checkbox"/> The FAP was widely available on a website (list url): _____		
b	<input type="checkbox"/> The FAP application form was widely available on a website (list url): _____		
c	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): _____		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j	<input checked="" type="checkbox"/> Other (describe in Section C)		

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group LIVINGSTON HEALTHCARE

	Yes	No
<p>17 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?</p>	X	
<p>18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:</p> <p>a <input checked="" type="checkbox"/> Reporting to credit agency(ies)</p> <p>b <input type="checkbox"/> Selling an individual's debt to another party</p> <p>c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP</p> <p>d <input type="checkbox"/> Actions that require a legal or judicial process</p> <p>e <input type="checkbox"/> Other similar actions (describe in Section C)</p> <p>f <input type="checkbox"/> None of these actions or other similar actions were permitted</p>		
<p>19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?</p> <p>If "Yes," check all actions in which the hospital facility or a third party engaged:</p> <p>a <input checked="" type="checkbox"/> Reporting to credit agency(ies)</p> <p>b <input type="checkbox"/> Selling an individual's debt to another party</p> <p>c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP</p> <p>d <input type="checkbox"/> Actions that require a legal or judicial process</p> <p>e <input type="checkbox"/> Other similar actions (describe in Section C)</p>	X	
<p>20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):</p> <p>a <input type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs</p> <p>b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process</p> <p>c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications</p> <p>d <input type="checkbox"/> Made presumptive eligibility determinations</p> <p>e <input type="checkbox"/> Other (describe in Section C)</p> <p>f <input type="checkbox"/> None of these efforts were made</p>		

Policy Relating to Emergency Medical Care

<p>21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?</p> <p>If "No," indicate why:</p> <p>a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions</p> <p>b <input type="checkbox"/> The hospital facility's policy was not in writing</p> <p>c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)</p> <p>d <input type="checkbox"/> Other (describe in Section C)</p>	X	
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Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group LIVINGSTON HEALTHCARE

	Yes	No
22 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d <input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	23	X
If "Yes," explain in Section C.		
24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	24	X
If "Yes," explain in Section C.		

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

LIVINGSTON HEALTHCARE:

PART V, SECTION B, LINE 5: THE HOSPITAL FACILITY CONSULTED A STEERING

COMMITTEE THAT WAS MADE UP OF A DIVERSE GROUP OF COMMUNITY MEMBERS

REPRESENTING VARIOUS ORGANIZATIONS AND POPULATIONS WITHIN THE COMMUNITY.

THE VARIOUS ORGANIZATIONS FOLLOW: CHILD AND FAMILY SERVICES, CLINICS,

COMMUNITY HEALTH PARTNERS, HEALTH DEPARTMENT, SPECIAL ED CO-OP AND SCHOOL

NURSES, CHEMICAL DEPENDENCY PROGRAM, MENTAL HEALTH CENTER, HEALTH AND

NUTRITION COORDINATOR, COMMUNITY FOUNDATION, AGENCY ON AGING,

ENVIRONMENTAL HEALTH, AND FROM THE HOSPITAL ITSELF. THE STEERING

COMMITTEE MET TO DISCUSS HEALTH CONCERNS IN THE COMMUNITY AND OFFER THEIR

PERSPECTIVE IN DESIGNING THE SURVEY AND THEY MET AGAIN TO REVIEW THE

RESULTS OF THE SURVEY AND THE FOCUS GROUPS INTERVIEWS.

THE ADOPTED IMPLEMENTATION PLAN CAN BE FOUND ON LIVINGSTON HEALTHCARE'S

WEBSITE ON THE FOLLOWING WEB PAGE UNDER COMMUNITY HEALTH NEEDS ASSESSMENT:

[HTTPS://WWW.LIVINGSTONHEALTHCARE.ORG/ABOUT-US/COMMUNITY-HEALTH-NEEDS-ASSESSMENT.ASPX](https://www.livingstonhealthcare.org/about-us/community-health-needs-assessment.aspx)

LIVINGSTON HEALTHCARE:

PART V, SECTION B, LINE 11: NEEDS NOT ADDRESSED ARE 1) MORE AFFORDABLE

HEALTHCARE, 2) MORE SPECIALISTS, 3) AGING SERVICES. THESE NEEDS ARE NOT

ADDRESSED DUE TO LIMITED STAFF TIME AND RESOURCES; THEY WILL BE ADDRESSED

AT A FUTURE DATE.

Part V Facility Information *(continued)*

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

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

How many non-hospital health care facilities did the organization operate during the tax year? 6

Name and address	Type of Facility (describe)
1 RIVER DRIVE LHC CLINIC 1001 RIVER DRIVE LIVINGSTON, MT 59047	CLINIC
2 WEST CRAWFORD LHC CLINIC 1315 WEST CRAWFORD LIVINGSTON, MT 59047	CLINIC
3 LIVINGSTON HEALTHCARE HOME CARE/HOSPIC 1429 WEST MONTANA LIVINGSTON, MT 59047	HOME CARE
4 LIVINGSTON HEALTHCARE HOME OXYGEN/DME 1429 WEST MONTANA LIVINGSTON, MT 59047	HOME OXYGEN
5 LIVINGSTON URGENT CARE 104 CENTENNIAL DR. #103 LIVINGSTON, MT 59047	CLINIC
6 LIVINGSTON CLINIC, SHIELDS VALLEY 309 ELLIOT ST N WILSALL, MT 59086	CLINIC

Part VI Supplemental Information

Provide the following information.

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

PART I, LINE 3C:

FINANCIAL ASSISTANCE WILL BE PROVIDED TO LIVINGSTON HEALTHCARE PATIENTS WHO MEET SPECIFIED FINANCIAL CRITERIA AND REQUEST SUCH ASSISTANCE.

PART I, LINE 7, COLUMN (F):

THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25(A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 2,638,455.

PART III, LINE 4:

THE FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE IS ON PAGE 10 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS.

PART III, LINE 8:

THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED WAS THE COST REPORT.

PART III, LINE 9B:

Part VI Supplemental Information

Provide the following information.

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

ONCE A PATIENT IS APPROVED FOR FINANCIAL ASSISTANCE, IT IS EXPECTED THAT THE PATIENT CONTINUE TO MEET HIS/HER FINANCIAL COMMITMENTS TO LIVINGSTON HEALTHCARE. IF A PATIENT IS APPROVED FOR A PERCENTAGE ALLOWANCE DUE TO FINANCIAL HARDSHIP AND THE PATIENT DOES NOT MAKE THE REQUIRED INITIAL PAYMENT WITHIN 60 DAYS TOWARD THEIR PART OF THE BILL, THE FINANCIAL ASSISTANCE ALLOWANCE WILL BE REVERSED AND THE PATIENT WILL OWE THE ENTIRE AMOUNT. THE ORGANIZATION RECOMMENDS THAT THE PATIENT MAKE A GOOD FAITH PAYMENT AT THE BEGINNING OF THE FINANCIAL ASSISTANCE PERIOD.

PART VI, LINE 2:

SINCE 1955, LIVINGSTON HEALTHCARE HAS PROVIDED PREMIER QUALITY HEALTHCARE TO THE RESIDENTS OF PARK COUNTY AND SURROUNDING COMMUNITIES. THE ORGANIZATION KEEPS ITS COMMUNITY HEALTHY WITH A BROAD SCOPE OF SERVICES, PROVIDED BY WELL-TRAINED AND HIGHLY-SKILLED PROFESSIONALS. INCLUDED IN THOSE SERVICES ARE A 25-BED CRITICAL ACCESS HOSPITAL (CAH), A MULTI-SPECIALTY PHYSICIAN PRACTICE, HOME CARE, HOME OXYGEN, HOSPICE CARE, AND THE REGIONALLY-RENOWNED ORTHOPEDIC AND REHABILITATION INSTITUTE.

Part VI Supplemental Information

Provide the following information.

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

PART VI, LINE 3:

FINANCIAL ASSISTANCE WILL BE PROVIDED TO LIVINGSTON HEALTHCARE PATIENTS WHO MEET SPECIFIED FINANCIAL CRITERIA AND REQUEST SUCH ASSISTANCE. A NOTICE OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAM WILL BE POSTED AT PATIENT REGISTRATION SITES WITHIN EACH FACILITY AND PRESENTED TO PATIENTS UPON REQUEST.

PART VI, LINE 4:

LIVINGSTON IS A CITY IN AND THE COUNTY SEAT OF PARK COUNTY, MONTANA, UNITED STATES. THE POPULATION WAS APPROXIMATELY 7,380 PEOPLE IN 2009. LIVINGSTON IS LOCATED IN SOUTHWESTERN MONTANA, ON THE YELLOWSTONE RIVER, NORTH OF YELLOWSTONE NATIONAL PARK. THE MEDIAN INCOME FOR A HOUSEHOLD IN LIVINGSTON IS ABOUT \$35,907.

PART VI, LINE 5:

LIVINGSTON HEALTHCARE IS ALSO THE LARGEST EMPLOYER IN PARK COUNTY. AS SUCH, WE HAVE A SIGNIFICANT ECONOMIC IMPACT ON THIS AREA. SOME OF THE EFFECTS OF THAT IMPACT INCLUDE:

Part VI Supplemental Information

Provide the following information.

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

(1) FOR EVERY 3 FULL-TIME JOBS AT LIVINGSTON HEALTHCARE, ANOTHER FULL-TIME JOB IS SUPPORTED IN PARK COUNTY.

(2) FOR EVERY \$1 IN WAGES AND BENEFITS PAID TO LIVINGSTON HEALTHCARE EMPLOYEES, ANOTHER \$0.19 IS GENERATED IN WAGES AND BENEFITS IN THE COMMUNITY.

(3) FOR EACH \$10 SPENT ON HEALTHCARE SERVICES PROVIDED BY LIVINGSTON HEALTHCARE AN ESTIMATED \$2.50 OF LOCAL ECONOMIC ACTIVITY IS PRODUCED IN THE COMMUNITY.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

MT

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

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

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

2016

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Department of the Treasury
Internal Revenue Service

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

Name of the organization

LIVINGSTON HEALTHCARE

Employer identification number

81-0378200

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on 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 indemnification 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 (such as, maid, chauffeur, chef) |

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

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

5 For persons listed on 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" on line 5a or 5b, describe in Part III.

6 For persons listed on 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" on line 6a or 6b, describe in Part III.

7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

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

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

Schedule J (Form 990) 2016

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 on 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 aren't listed on Form 990, Part VII.

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) D. SCOTT COLEMAN, MD DIRECTOR	(i)	278,204.	0.	0.	0.	0.	278,204.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) DOUGLAS P WADLE, MD DIRECTOR	(i)	228,681.	0.	0.	0.	0.	228,681.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) TED R SCOFIELD, MD PHYSICIAN	(i)	267,073.	0.	0.	0.	0.	267,073.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) MICHAEL BRIGGS PHYSICIAN	(i)	262,741.	0.	0.	0.	0.	262,741.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) ALLAN SUPAK PHYSICIAN	(i)	253,127.	0.	0.	0.	0.	253,127.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) RAE STEVENSON PHYSICIAN	(i)	197,012.	0.	0.	0.	0.	197,012.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) KELLY WALKER PHYSICIAN	(i)	193,565.	0.	0.	0.	0.	193,565.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2016

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
Attach to Form 990 or Form 990-EZ.
Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization: LIVINGSTON HEALTHCARE
Employer identification number: 81-0378200

Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only).

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

Table with 4 columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No).

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ... \$
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ... \$

Part II Loans to and/or From Interested Persons.

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

Table with columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization? (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No).

Total ... \$

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance.

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
BREN LOWE	MR. LOWE IS THE CEO	0.	MR. LOWE IS		X

Part V Supplemental Information

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

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: BREN LOWE

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

MR. LOWE IS THE CEO OF LIVINGSTON HEALTHCARE

(D) DESCRIPTION OF TRANSACTION: MR. LOWE IS AN EMPLOYEE OF BILLINGS

CLINIC, THE INDEPENDENT CONTRACTOR HIRED TO MANAGE THE HOSPITAL, AND

RECEIVED ALL COMPENSATION FOR HIS SERVICES AS CEO FROM BILLINGS CLINIC.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

OMB No. 1545-0047

2016

Open to Public
Inspection

Name of the organization

LIVINGSTON HEALTHCARE

Employer identification number

81-0378200

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

RESIDENTS OF PARK COUNTY, MONTANA, AND SURROUNDING COMMUNITIES.

INCLUDED IN THOSE SERVICES ARE A 25-BED CRITICAL ACCESS HOSPITAL, A

MULTISPECIALTY PHYSICIAN PRACTICE, REHABILITATION SERVICES, AND

HOME-BASED SERVICES SUCH AS HOME CARE AND HOSPICE CARE.

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

THE PERFORMANCE OF THEIR JOB DUTIES AND RESPONSIBILITIES.

LHC'S STANDARDS OF EXCELLENCE GUIDE EACH AND EVERY EMPLOYEE, INCLUDING

LEADERSHIP, MEDICAL STAFF, AND MANAGERS, IN ACHIEVING AND SUSTAINING

THE GOALS DEFINED BY OUR MISSION, VISION, AND VALUES.

FORM 990, PART VI, SECTION A, LINE 3:

LHC HAS A MANAGEMENT CONTRACT WITH THE BILLINGS CLINIC. THE CEO AND CLINIC

DIRECTOR ARE EMPLOYEES OF BILLINGS CLINIC.

FORM 990, PART VI, SECTION A, LINE 6:

THE ORGANIZATION HAS MEMBERS.

FORM 990, PART VI, SECTION A, LINE 7A:

THE ORGANIZATION'S MEMBERS HAVE THE AUTHORITY TO ELECT MORE MEMBERS PER THE

BY-LAWS.

FORM 990, PART VI, SECTION B, LINE 11B:

THE FINANCE COMMITTEE REVIEWS THE 990 PRIOR TO ITS ISSUING.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2016)

Name of the organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
---	--

FORM 990, PART VI, SECTION B, LINE 12C:

THROUGH OPEN COMMUNICATION AND REVIEW OF THE POLICY.

FORM 990, PART VI, SECTION B, LINE 15A:

LHC'S CEO IS EMPLOYED BY THE BILLINGS CLINIC, AS PART OF THE MANAGEMENT CONTRACT. THEY RECOMMEND THE SALARY, AND THE LHC BOARD MAKES FINAL APPROVAL.

FORM 990, PART VI, SECTION C, LINE 19:

FORMS ARE AVAILABLE UPON REQUEST. THE ORGANIZATION ALSO HAS AN ANNUAL REPORT AVAILABLE ON ITS WEBSITE.

FORM 990, PART IX, LINE 11G, OTHER FEES:

PURCHASED SERVICES:

PROGRAM SERVICE EXPENSES	4,755,141.
MANAGEMENT AND GENERAL EXPENSES	1,158,335.
FUNDRAISING EXPENSES	21,806.
TOTAL EXPENSES	5,935,282.

CRNA FEES:

PROGRAM SERVICE EXPENSES	614,802.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	614,802.

OTHER FEES:

PROGRAM SERVICE EXPENSES	23,333.
--------------------------	---------

Name of the organization LIVINGSTON HEALTHCARE	Employer identification number 81-0378200
--	---

MANAGEMENT AND GENERAL EXPENSES **63,816.**

FUNDRAISING EXPENSES **0.**

TOTAL EXPENSES **87,149.**

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A **6,637,233.**

FORM 990, PART XII, LINE 2C:

LHC HAS NOT CHANGED ITS METHOD FOR OVERSIGHT OF THE EXTERNAL AUDIT.

**SCHEDULE R
(Form 990)**

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990.

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

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization

LIVINGSTON HEALTHCARE

Employer identification number

81-0378200

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
LIVINGSTON HEALTHCARE FOUNDATION - 81-0621997, 504 S 13TH STREET, LIVINGSTON, MT 59047	TO SUPPORT LIVINGSTON HEALTHCARE PROGRAMS	MONTANA	501(C)(3)	LINE 12A, I			X
THE OUGH CHARITABLE TRUST - 81-6080844 504 S 13TH STREET LIVINGSTON, MT 59047	TO SUPPORT LIVINGSTON HEALTHCARE PROGRAMS	MONTANA	501(C)(3)	LINE 12C, III-FI			X

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

Schedule R (Form 990) 2016

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

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

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

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

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

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

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

	Yes	No
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)	X	
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Dividends from related organization(s)		X
g Sale of assets to related organization(s)		X
h Purchase of assets from related organization(s)		X
i Exchange of assets with related organization(s)		X
j Lease of facilities, equipment, or other assets to related organization(s)		X
k Lease of facilities, equipment, or other assets from related organization(s)		X
l Performance of services or membership or fundraising solicitations for related organization(s)		X
m Performance of services or membership or fundraising solicitations by related organization(s)		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	X	
o Sharing of paid employees with related organization(s)	X	
p Reimbursement paid to related organization(s) for expenses		X
q Reimbursement paid by related organization(s) for expenses		X
r Other transfer of cash or property to related organization(s)		X
s Other transfer of cash or property from related organization(s)		X

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) LIVINGSTON HEALTHCARE FOUNDATION	C	2,723,769.	CASH
(2) LIVINGSTON HEALTHCARE FOUNDATION	O	93,710.	CASH
(3)			
(4)			
(5)			
(6)			

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

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

Table with 11 main columns: (a) Name, address, and EIN of entity; (b) Primary activity; (c) Legal domicile (state or foreign country); (d) Predominant income (related, unrelated, excluded from tax under sections 512-514); (e) Are all partners sec. 501(c)(3) orgs.? (Yes/No); (f) Share of total income; (g) Share of end-of-year assets; (h) Disproportionate allocations? (Yes/No); (i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065); (j) General or managing partner? (Yes/No); (k) Percentage ownership.

Part VII Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

Horizontal lines for providing supplemental information.

Application for Automatic Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

▶ **Information about Form 8868 and its instructions is at www.irs.gov/form8868 .**

Electronic filing (e-file). You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile, click on Charities & Non-Profits, and click on e-file for Charities and Non-Profits.

Automatic 6-Month Extension of Time. Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

		Enter filer's identifying number
Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of exempt organization or other filer, see instructions. LIVINGSTON HEALTHCARE	Employer identification number (EIN) or 81-0378200
	Number, street, and room or suite no. If a P.O. box, see instructions. 504 S 13TH STREET	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. LIVINGSTON, MT 59047	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

THE ORGANIZATION

- The books are in the care of ▶ **LIVINGSTON HEALTHCARE 504 S 13TH - LIVINGSTON, MT 59047**
Telephone No. ▶ **406-222-5006** Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **MAY 15, 2018**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶ calendar year _____ or
- ▶ tax year beginning **JUL 1, 2016**, and ending **JUN 30, 2017**.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

**MAIL TO: DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE CENTER
OGDEN, UT 84201-0045**

Electronic Filing PDF Attachment

Livingston Healthcare and Subsidiary

Consolidated Financial Statements

Years Ended June 30, 2017 and 2016

WIPFLi^{LLP}
CPAs and Consultants

Livingston Healthcare and Subsidiary

Years Ended June 30,

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Independent Auditor's Report

Board of Directors
Livingston Healthcare and Subsidiary
Livingston, Montana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Livingston Healthcare and Subsidiary, which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Livingston Healthcare and Subsidiary as of June 30, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

Helena, MT
January 29, 2018

Livingston Healthcare and Subsidiary
Consolidated Balance Sheets
as of June 30

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,303,189	\$ 3,267,440
Patient accounts receivable - net	9,518,692	9,120,574
Current portion of pledges receivable, net	856,091	1,490,487
Other accounts receivable	2,423,449	307,806
Inventories	1,386,335	1,385,314
Estimated third party settlements receivable	497,864	15,840
Other current assets	190,457	337,882
Total current assets	23,176,077	15,925,343
Assets whose use is limited or restricted:		
Restricted cash	846,217	836,386
By board for designated purposes	1,117,555	1,913,736
By donor for specific purposes	1,432,806	1,355,124
Total assets whose use is limited or restricted	3,396,578	4,105,246
Equity investments	7,507	10,042
Property and equipment, net	42,869,414	44,943,987
Other assets:		
Long-term portion of pledges receivable	261,718	454,289
Other assets	125,356	220,725
Total other assets	387,074	675,014
Total assets	\$ 69,836,650	\$ 65,659,632

Livingston Healthcare and Subsidiary

Consolidated Balance Sheets, Continued

as of June 30

	2017	2016
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 853,428	\$ 1,030,626
Accrued salaries and benefits	1,637,001	1,212,901
Current maturities of long-term debt	420,607	469,391
Current portion of obligation under capital leases	36,840	69,437
Other liabilities	98,023	295,134
Total current liabilities	3,045,899	3,077,489
Other liabilities:		
Long-term debt, excluding current maturities	35,218,414	37,003,772
Capital lease obligation, excluding current portion	70,622	107,516
Total other liabilities	35,289,036	37,111,288
Total liabilities	38,334,935	40,188,777
Net assets:		
Unrestricted	28,258,372	19,879,405
Temporarily restricted	1,959,466	4,307,573
Permanently restricted	1,283,877	1,283,877
Total net assets	31,501,715	25,470,855
Total liabilities and net assets	\$ 69,836,650	\$ 65,659,632

See accompanying notes to the consolidated financial statements.

Livingston Healthcare and Subsidiary
Consolidated Statements of Operations and Changes in Net Assets
for the years ended June 30

	2017	2016
Unrestricted net assets:		
Revenue:		
Net patient service revenue, net of contractual allowance and discounts	\$ 47,547,226	\$ 41,020,185
Bad debt expense	(2,500,569)	(3,400,583)
Net patient service revenue, less provision for bad debt	45,046,657	37,619,602
Operating grant income	84,292	41,702
Rental income	76,914	55,024
Other revenue	709,161	549,009
Total revenue	45,917,024	38,265,337
Operating Expenses:		
Salaries and wages	18,307,982	17,249,885
Medical supplies	3,812,752	3,323,864
Employee benefits	2,504,829	4,101,271
Purchased services	5,935,282	5,376,468
Other supplies	1,110,769	1,344,801
Depreciation	3,007,918	2,263,792
Professional fees	614,802	529,250
Insurance	2,624,922	659,746
Utilities	418,590	563,355
Other operating expenses	840,243	447,755
Rents and leases	173,062	381,494
Repairs and maintenance	469,787	436,833
Other fees	224,563	157,233
Education and travel	169,761	107,538
Recruitment expenses	75,087	276,349
Interest	919,905	622,671
Computer expenses	350,169	95,877
Advertising and promotional expenses	143,397	147,478
Total operating expenses	41,703,820	38,085,660
Income from operations	4,213,204	179,677
Other income (expense)		
Non-operating income	784,377	164,178
Contributions	82,818	38,094
Net realized/unrealized gains on other than trading securities	83,345	20,357
Earnings on investments	58,594	72,283
Investment expenses	(1,768)	(20,204)
Total other income, net	1,007,366	274,708
Excess of revenue over expenses	5,220,570	454,385

Livingston Healthcare and Subsidiary
Consolidated Statements of Operations and Changes in Net Assets, Continued
for the years ended June 30

	2017	2016
Other changes in unrestricted net assets:		
Excess of revenues, gains and other support over expenses, continued from previous page	5,220,570	454,385
Net assets released from restriction	3,158,397	3,429,194
Increase in unrestricted net assets	8,378,967	3,883,579
Temporarily restricted net assets		
Contributions and grants	467,186	19,229
Contributions - building fund	343,104	2,284,294
Net assets released from restriction	(3,158,397)	(3,429,194)
Decrease in temporarily restricted net assets	(2,348,107)	(1,125,671)
Change in net assets	6,030,860	2,757,908
Net assets, beginning of year	25,470,855	22,712,947
Net assets, end of year	\$ 31,501,715	\$ 25,470,855

See accompanying notes to the consolidated financial statements.

Livingston Healthcare and Subsidiary

Consolidated Statements of Cash Flows

for the years ended June 30

	2017	2016
Increase (decrease) in cash and cash equivalents:		
Net cash flows from operating activities		
Change in net assets	\$ 6,030,860	\$ 2,757,908
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	3,007,918	2,263,792
Provision for bad debts	2,500,569	3,400,583
Realized and unrealized (gains) losses on investments	(83,345)	(20,357)
Change in operating assets and liabilities:		
Patient accounts receivable	(2,898,687)	(6,306,996)
Pledges receivable	826,967	301,648
Other accounts receivable	(2,115,643)	261,322
Inventories	(1,021)	(34,993)
Estimated third-party settlements receivable	(482,024)	(689,863)
Other current assets	147,425	(220,749)
Other assets	95,369	(106,826)
Accounts payable	(177,198)	(207,905)
Accrued salaries and benefits	424,100	131,666
Other liabilities	(197,111)	257,574
Net cash provided by operating activities	7,078,179	1,786,804
Cash flows from investing activities		
Sale of investments, net	804,379	925,509
(Increase) decrease in restricted cash	(9,831)	8,665,885
Purchase of property and equipment	(933,345)	(14,580,110)
Net cash used in investment activities	(138,797)	(4,988,716)
Cash flows from financing activities		
Proceeds from long-term debt	-	1,625,045
Repayment of long-term debt	(1,834,142)	(262,530)
Proceeds from capital leases	-	150,799
Repayment of obligations under capital leases	(69,491)	(108,909)
Net cash provided by (used in) financing activities	(1,903,633)	1,404,405
Net increase (decrease) in cash and cash equivalents	5,035,749	(1,797,504)
Cash and cash equivalents, beginning of year	3,267,440	5,064,944
Cash and cash equivalents, end of year	\$ 8,303,189	\$ 3,267,440
Supplemental disclosures:		
Total cash paid for interest	\$ 1,182,702	\$ 364,860

See accompanying notes to the consolidated financial statements.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Organization

Livingston Memorial Hospital, Inc., DBA Livingston Healthcare (the "Hospital") is a not-for-profit 25-bed acute care hospital providing inpatient, outpatient, clinical, and emergency services in Livingston, Montana, and the surrounding area. Livingston Healthcare Foundation (the "Foundation") is a not-for-profit organization with the purpose of soliciting and receiving gifts and distributing them to the Hospital.

Basis of Consolidation

The consolidated financial statements include the accounts of the Hospital and the Foundation (collectively, the "Organization"). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP), and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate sums of unrestricted net assets to assure adequate financing of such improvements and acquisitions.

Temporarily restricted net assets are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by board designation or other arrangements under trust agreements or with third-party payors.

Restricted Cash

Restricted cash consists of funds restricted for the use of building a new hospital.

Cash Balances

The Organization maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At June 30, 2017, the Hospital's uninsured bank balances totaled \$9,500,667.

Inventories

Inventories are recorded at the lower of cost (average cost) or market.

Assets Limited as to Use

Assets whose use is limited include assets set aside by the board of directors for future capital improvements and deferred compensation over which the board retains control and may at its discretion subsequently use for other purposes and assets held by donors for specific purposes.

Investment Income

The Organization carries investments in marketable equity securities and all debt securities with readily determinable fair values at their fair market values. Unrealized gains and losses are included in other income (expense) unless the income or loss is restricted by donor or law.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivables and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Hospital bills third-party payors on the patient's behalf, or if a patient is uninsured, that patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patient's responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Hospital does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and discounts, and an allowance for doubtful accounts which reflects management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements and uninsured patient discounts through a reduction of gross revenue and a credit to patient accounts receivable.

In evaluating the collectability of patient accounts receivable, the Hospital analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Equipment and Depreciation

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

Buildings and improvements	31 1/2 years
Vehicles	5 to 7 years

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

Patient Service Revenue

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage primarily on the basis of contractual rates for the services rendered at the time of service. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of discounted rates established under the Organization's uninsured patient policy. The provision for contractual adjustments (that is, the difference between established rates and expected third-party payor payments) and the discounts (that is, the difference between established rates and the amount billable) are recognized on the accrual basis. These amounts are deducted from gross patient service revenue to determine patient service revenue (net of contractual allowances and discounts). The provision for bad debts is based on historical loss experience and is deducted from patient service revenue (net of contractual allowances and discounts) to determine net patient service revenue, less provision for bad debts. The Organization also accrues retroactive adjustments under reimbursement agreements with third-party payors on an estimated basis in the period the related services are provided. Estimates are adjusted in future periods as final settlements are determined.

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since collection is not pursued on amounts determined to qualify as charity care, these amounts are not included in net patient service revenue less provision for bad debts in the accompanying consolidated statements of operations and changes in net assets.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions and Unconditional Promises to Give

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. 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 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 as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Deferred bond issuance costs are amortized over the period the obligation is outstanding using the interest method.

Income Taxes

The Hospital and Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital and Foundation are also exempt from state income taxes on related income.

Federal and state income taxes are paid on nonexempt unrelated business income in accordance with the Code.

Current accounting guidelines require an organization to determine whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements.

The Organization recorded no assets or liabilities related to uncertain tax positions. Federal returns for tax years 2015 and beyond remain subject to examination by the Internal Revenue Service.

Subsequent Events

Subsequent events have been evaluated through January 29, 2018, which is the date the financial statements were available to be issued. No additional disclosures were identified.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Advertising Expenses

Advertising and promotional costs are expensed as incurred. Advertising and promotional expenses charged to expense totaled approximately \$143,397 and \$147,478 for the years ended June 30, 2017 and 2016, respectively.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09: *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASC 606.

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities ("Update")*. The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function, and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted. The Organization has not elected to early implement the amendments.

Note 2: Pledges Receivable

The Foundation has entered into a capital campaign for the purpose of raising funds for a new hospital. The Foundation has pledges receivable as follows at June 30:

	2017	2016
Gross pledges receivable - less than one year	\$ 856,091	\$ 1,490,487
Gross pledges receivable - one year to five years	629,241	1,121,984
Less - allowance for uncollectible amounts	(277,203)	(505,409)
Less - discount to present value	(90,320)	(162,286)
Total	\$ 1,117,809	\$ 1,944,776

The Foundation has discounted the pledges receivable to recognize the long-term nature of anticipated collections. The discount rate used for collections was 3.8%.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30:

	2017	2016
Hospital accounts receivable	\$ 12,383,176	\$ 11,909,515
Home health accounts receivable	181,472	84,924
Hospice accounts receivable	73,313	134,558
Refund suspense/clearing	-	2,655
Total patient accounts receivable	12,637,961	12,131,652
Less:		
Allowance for doubtful accounts	(392,755)	(865,595)
Allowance for contractual adjustments	(2,726,514)	(2,145,483)
Patient accounts receivable - net	\$ 9,518,692	\$ 9,120,574

Write-offs as a percentage of gross revenue decreased from 6% in 2016 to 4% in 2017, however, gross revenue increased approximately 17% in 2017 compared to 2016. These factors reduced the amount of past due accounts and contributed to the allowance for doubtful accounts decreasing from 7% of patient accounts receivable at June 30, 2016, to 3% of patient accounts receivable at June 30, 2017. The Hospital has not changed its charity care or uninsured discount policies during 2017 or 2016.

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

	2017	2016
Medicare/Medicaid	\$ 7,182,242	\$ 5,478,377
Other third party payors	4,334,112	3,215,569
Self-pay	866,822	3,215,569
Total	\$ 12,383,176	\$ 11,909,515

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Patient Accounts Receivable (Continued)

The Hospital's percentage of receivables by payor is as follows for the years ended June 30:

	2017	2016
Medicare/Medicaid	58 %	46 %
Other third party payors	35	27
Self-pay	7	27
Total	100 %	100 %

Note 4: Reimbursement Arrangements With Third-Party Payors

Agreements are maintained with third-party payors that provide for reimbursement at amounts which vary from established rates. A summary of the basis of reimbursement with major third-party payors follows:

Medicare - The Hospital is designated as a critical access hospital (CAH). Under this designation, inpatient and outpatient services provided to Medicare program beneficiaries are paid based on a cost-reimbursement methodology, with the exception of certain lab and therapy services, which remain on a fee schedule.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

Physician and Professional Services - Certain physician and professional services rendered to Medicare and Medicaid beneficiaries qualify for reimbursement as Medicare-approved rural health clinic services. The Hospital's primary care clinic is designated as a rural health clinic and paid on a cost-per-visit basis. The Hospital is reimbursed for cost at a tentative rate, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. All other physician and professional services rendered to Medicare and Medicaid beneficiaries are paid based on prospectively determined fee schedules.

Other payors - The Organization has entered into payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determines daily rates.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 4: Reimbursement Arrangements With Third-Party Payors (Continued)

Accounting for Contractual Arrangements

The Hospital is reimbursed for certain cost-reimbursable items at an interim rate, and final settlements are determined after audit of the Hospital's related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements. The Hospital's cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through June 30, 2016.

Laws and Regulations

The health care 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 health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of fines and penalties, as well as repayments for patient services previously billed. Management believes the Organization is in compliance with applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of its efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. Certain states have also hired Medicaid Integrity Contractors (MICs) to perform audits similar to RACs. The Hospital will have the ability to appeal adjustments before final settlement of the claim is made. As of June 30, 2017, the Hospital has not been notified by the RAC or MIC of any potential significant reimbursement adjustments.

Note 5: Assets Whose Use is Limited

The composition of assets whose use is limited at June 30 is set forth in the following table.

	2017		2016	
	FMV	Cost	FMV	Cost
By board for designated purposes:				
Cash	\$ 1,031,105	\$ 1,031,105	\$ 1,768,738	\$ 1,768,738
Equity securities	86,450	68,504	144,998	116,121
Totals by board for designated purposes	\$ 1,117,555	\$ 1,099,609	\$ 1,913,736	\$ 1,884,859

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 5: Assets Whose Use is Limited (Continued)

	2017		2016	
	FMV	Cost	FMV	Cost
By donors for specific purposes:				
Cash	\$ 69,660	\$ 66,502	\$ 114,243	\$ 111,392
Equity securities	709,337	475,914	606,107	455,743
Government securities	487,450	482,852	327,359	315,101
Mutual funds	97,677	106,901	106,501	110,508
Corporate bonds	68,682	67,712	200,914	192,234
Totals by donors for specific purposes	\$ 1,432,806	\$ 1,199,881	\$ 1,355,124	\$ 1,184,978

Note 6: Investment Return

Investment return on all investments is summarized as follows on June 30:

	2017	2016
Dividend and interest income	\$ 58,594	\$ 72,283
Investment fees	(1,768)	(20,204)
Net realized and unrealized gains on investments carried at fair value	83,345	20,357
Total investment return included in other income (expense)	\$ 140,171	\$ 72,436

Note 7: Property and Equipment

Property and equipment consisted of the following at June 30:

	2017	2016
Building and fixed equipment	\$ 36,212,092	\$ 37,970,153
Equipment and capitalized leases	11,255,850	8,751,053
Land	2,439,317	2,079,972
Total property and equipment	49,907,259	48,801,178
Construction in progress	-	172,841
Accumulated depreciation	(7,037,845)	(4,030,032)
Property and equipment, net	\$ 42,869,414	\$ 44,943,987

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 8: Line of Credit

The Hospital established a line of credit with First Interstate Bank on August 28, 2008. Under the terms of the financing agreement, the Hospital was granted a \$600,255 revolving line of credit with interest at .75% over prime. The interest rate at June 30, 2017 and 2016 was 4.0%. Payment of all outstanding accrued interest is due the first of each month. Substantially all of the Hospital's assets are pledged as collateral to this loan. The Hospital has no outstanding balance on the line of credit at June 30, 2017 and 2016.

Note 9: Long-Term Debt

Long-term debt consisted of the following at June 30:

	2017	2016
Original note payable dated December 7, 2012 for \$3,500,000 plus interest on the unpaid principal balance at the rate of 3.5% per annum. As of June 30, 2016, the Hospital had drawn \$1,663,698 on the note. Loan was paid in full in 2017.	\$ -	\$ 1,663,698
Original note payable dated November 20, 2013 for \$10,000,000 plus interest on the unpaid principal balance at the rate of 4% per annum. Interest-only payments began on February 1, 2014 in the amount of \$56,888 through December 1, 2015. Thereafter payments of principal and interest are due monthly at \$55,416 through October 1, 2043 with balloon payment due on November 1, 2043.	9,742,046	9,916,390
Note payable dated November 26, 2013 for \$26,000,000, plus interest on the unpaid principal balance at the rate of 3.5% per annum. Equal amortized payments of \$101,921 will be due monthly December 2017 through December 26, 2052.	26,000,000	26,000,000
Total long-term debt	35,742,046	37,580,088
Less: bond issuance costs, net	103,025	106,925
Less: current portion of long term debt	420,607	469,391
Long-term debt, excluding current maturities	\$ 35,218,414	\$ 37,003,772

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 9: Long-Term Debt (Continued)

Scheduled payments of principal on long-term debt at June 30, 2017, including current maturities, are summarized as follows:

2018	\$	420,607
2019		607,777
2020		627,545
2021		648,052
2022		669,331
Thereafter		32,768,734
<hr/>		
Total	\$	35,742,046

Note 10: Lease Commitments

Leases that do not meet the criteria for capitalization are classified as operating leases with related rentals charged to operations as incurred. Rent expense paid for operating leases was \$173,062 and \$381,494 for the years ending June 30, 2017 and 2016, respectively.

The Hospital leases certain medical equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the accompanying consolidated balance sheets as property, and equipment and totaled \$683,555 and \$683,555 at June 30, 2017 and 2016, respectively. Accumulated amortization of the leased equipment at June 30, 2017 and 2016 totaled \$577,966 and \$532,756, respectively.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 10: Lease Commitments (Continued)

The following is a schedule by years of the future minimum lease payments under the capital leases as of June 30, 2017:

2018	\$	41,969
2019		34,889
2020		34,889
2021		5,983
<hr/>		
Total minimum lease payments		117,730
Less: amount representing interest		(10,268)
<hr/>		
	\$	107,462

The hospital entered into two leases on May 1, 2015. The Shield's Valley lease is a five year lease for clinic space. The Urgent Care lease is a three year lease for the operation of the urgent care medical facility in Livingston.

The following is a schedule by years of the future minimum lease payments under the operating lease contracts as of June 30, 2017:

2018	\$	38,710
2019		27,600
2020		2,300
<hr/>		
Total	\$	68,610

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 11: Net Patient Service Revenue

The following table sets forth the detail of patient service revenue (net of contractual allowances and discounts) for the years ended June 30:

	2017	2016
Gross patient service revenue:		
Medicare	\$ 30,947,879	\$ 27,034,577
Medicaid	9,495,579	5,919,607
Commercial insurance	20,096,196	17,761,821
Private pay and other	5,378,605	5,832,951
Totals	65,918,259	56,548,956
Less - Contractual allowances and discounts:		
Medicare	10,225,318	8,577,989
Medicaid	1,240,132	2,022,375
Commercial insurance	5,199,265	3,421,376
Other	1,706,318	1,507,031
Total	18,371,033	\$ 15,528,771
Patient service revenue - Net of contractual allowances and discounts	\$ 47,547,226	\$ 41,020,185

Patient service revenue - net of contractual allowances and discounts recognized from major sources was as follows:

<i>Years Ended June 30,</i>	2017	2016
Medicare, medicaid and commercial	\$ 44,800,707	\$ 37,491,729
Uninsured patients	2,746,519	3,528,456
Patient service revenue - net of contractual allowances and discounts	\$ 47,547,226	\$ 41,020,185

Note 12: Charity Care

The Hospital provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, including the health of low-income patients. The Hospital gives discounts from established charges to self-pay patients without regard for ability to pay and considers these discounts a part of their community benefit.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 12: Charity Care (Continued)

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care based on qualifying criteria as defined in the Hospital's charity care policy and from applications completed by patients and their families.

The Hospital tracks and maintains records to identify and monitor the amount of revenue that is forgone in providing charity care based upon established rates for services. The estimated cost of providing charity care to patients under the Hospital's charity care policy was approximately \$508,330 and \$580,838 for the years ended June 30, 2017 and 2016, respectively.

Note 13: Medical Malpractice Claims

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

Note 14: Retirement Plan

Effective November 1, 1983, the Hospital established a defined contribution retirement plan. Employees must meet certain age and length of service requirements to be eligible to participate in the plan. Contributions by the employer are discretionary.

Employer contributions and administrative fees to the plan were \$354,977 and \$293,861 during the years ending June 30, 2017 and 2016, respectively.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 15: Related-Party Transactions

The Hospital entered into one-year physician employment agreements with two members of the board.

On June 20, 2002, the Hospital entered into a management services agreement with Billings Clinic (BC) for a period of three years, and renewable annually after June 19, 2005, unless terminated by either party. The agreement authorizes BC to operate and manage Livingston Healthcare subject to certain conditions and limitations. BC is compensated for a chief executive officer and a general management fee for its services. The following is a summary of related party fees paid for the years ending June 30:

	2017	2016
CEO reimbursement	\$ 348,037	\$ 267,255
Clinic practice manager reimbursement	12,164	150,601
Management fees	42,242	36,720
Case management fees	24,480	24,480
Clinic lab consulting	4,500	4,500
Software	54,518	51,922
CIS project	182,996	178,936
Meaningful use fee	2,475	2,358
Provider reimbursement	257,859	182,959
Ortho provided coverage	94,993	170,169
360 project	6,600	6,600
Radiology administration fee	40,200	40,200
Physician salary and benefits	1,122,101	-
Other	267,427	115,578
Totals	\$ 2,460,592	\$ 1,232,278

The Hospital also entered into an affiliation agreement with Billings Clinic on March 26, 2014. The purpose of the transaction is for Billings Clinic to assume a 25% minority role in the governance of the Hospital, with certain defined rights and obligations. It is the objective of the parties, among other things, to work cooperatively in the development and operation of the new hospital and clinic facility in Livingston, Montana (the "Replacement Facility") to replace the existing hospital, with a view to creating a new model for the delivery of high quality health care services in rural communities.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 16: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at June 30 are restricted as to:

	2017	2016
Time	\$ 148,929	\$ 60,151
Purpose - Building and Hospice	1,810,537	4,247,422
Total	\$ 1,959,466	\$ 4,307,573

Permanently restricted net assets available for the following purposes at June 30 are restricted as to:

	2017	2016
Investments to be held in perpetuity, the income from which is expendable to support:		
Education/Equipment	\$ 813,037	\$ 810,463
Gateway Hospice	470,840	473,414
Totals	\$ 1,283,877	\$ 1,283,877

Note 17: Endowment Net Assets

The endowment consists of numerous individual funds established for a variety of purposes. The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 17: Endowment Net Assets (Continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

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

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

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

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

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 17: Endowment Net Assets (Continued)

Change in net asset composition by type of fund for the years ended June 30, 2017 and 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2015	\$ -	\$ 42,627	\$ 1,283,877	\$ 1,326,504
Investment return:				
Interest & dividends, net of investment expenses	-	26,829	-	26,829
Net depreciation	-	(9,305)	-	(9,305)
Total investment return	-	17,524	-	17,524
Endowment net assets, June 30, 2016	-	60,151	1,283,877	1,344,028
Investment return:				
Interest & dividends, net of investment expenses	-	28,321	-	28,321
Net appreciation	-	60,457	-	60,457
Total investment return	-	88,778	-	88,778
Endowment net assets, June 30, 2017	\$ -	\$ 148,929	\$ 1,283,877	\$ 1,432,806

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that occur shortly after the investment of net permanently restricted contributions and appropriation for certain programs that was deemed prudent by the Board of Directors.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 17: Endowment Net Assets (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve endowment capital. Funds shall be invested such that no less than 30% and no more than 70% of such funds shall be invested in equities, with the balance invested in fixed income securities, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide a reasonable rate of return.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Organization targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How Investment Objectives Relate to Spending Policy

Ough Trust – The Organization Board of Directors, based on recommendations by a committee comprised of Hospital and community members, approves appropriations for distribution limited to the accumulated income of the fund.

Stafford Hospice Endowment - The Hospital's Board of Directors, based on recommendations by Hospital administration, approves appropriations for distribution limited to 7% of the total fund value in any given year.

In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 18: Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Hospital can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2017 and 2016.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

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

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 18: Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of June 30, 2017 and 2016. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 97,677	\$ -	\$ -	\$ 97,677
Common stocks	795,787	-	-	795,787
U.S. government securities	-	487,450	-	487,450
Corporate bonds	-	68,682	-	68,682
Total investment assets at fair value	\$ 893,464	\$ 556,132	\$ -	\$ 1,449,596

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 106,501	\$ -	\$ -	\$ 106,501
Common stocks	751,105	-	-	751,105
U.S. government securities	-	327,359	-	327,359
Corporate bonds	-	200,914	-	200,914
Total investment assets at fair value	\$ 1,385,879	\$ 528,273	\$ -	\$ 1,385,879

Note 19: Functional Expenses

The Organization provides general health care services to residents within its geographic location and contracts with various health care providers to provide medical services. Expenses related to providing these services are as follows on June 30:

	2017	2016
Health care services	\$ 35,603,819	\$ 32,461,345
General and administrative	6,100,001	5,624,315
Totals	\$ 41,703,820	\$ 38,085,660

Livingston Healthcare and Subsidiary

Notes to Consolidated Financial Statements

Note 20: Contingencies

In the ordinary course of conducting business, the Organization occasionally becomes involved in legal proceedings relating to contracts, environmental issues, or other matters. While any proceeding or litigation has an element of uncertainty, management of the Organization believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Organization.

Note 21: Livingston Healthcare Foundation Financial Statements and Related Party Transactions

The financial statements of Livingston Healthcare Foundation, which are included in the consolidated financial statements, for the years ended June 30, are summarized as follows:

	2017	2016
Assets	\$ 2,622,205	\$ 3,708,020
Net assets	\$ 2,622,205	\$ 3,708,020
Revenue	\$ 1,038,707	\$ 2,369,614
Expenses	151,580	3,383,933
Revenue in excess (deficiency of) expenses	\$ 887,127	\$ (1,014,319)

Livingston Healthcare Foundation - Related Transactions:

	2017	2016
Grants paid to the Hospital	\$ -	\$ 3,234,016