

Faulkton Area Medical Center

2016 FYE (02-2017)
Public Disclosure Copy

STATEMENT THAT THIS IS A TAX RETURN NOT A FINANCIAL STATEMENT

The accompanying federal income tax return does **NOT** constitute a financial statement. We have not audited, reviewed or compiled the accompanying income tax return and, accordingly, do not express an opinion or any other form of assurance on it.

An income tax return is not intended to constitute financial statements prepared in accordance with generally accepted accounting principles. Accordingly, it does not necessarily include all financial information or disclosures required by generally accepted accounting principles. If the omitted financial information or disclosures were included with the tax return, they might influence the users' conclusions about the taxpayer's financial position, results of operations and cash flows. Accordingly, this income tax return is not designed to be used in lieu of financial statements.

RECORD RETENTION

Copies of your tax returns are enclosed for your files. It is your responsibility to retain copies of your tax information. We recommend the following guidelines:

- Tax returns – keep indefinitely.
- Supporting documentation – keep for 8 years.
- Records supporting your tax basis in personal, investment and business assets and gift documentation – keep indefinitely.

Please note: Eide Bailly retains copies of tax returns, workpapers and other tax information for a period of eight years. After that, we dispose of all records. If you have questions regarding retention of tax records, please contact us.

Caution: Forms printed from within Adobe Acrobat products may not meet IRS or state taxing agency specifications. When using Acrobat 9.x products and later products, select "None" in the "Page Scaling" selection box in the Adobe "Print" dialog.

PUBLIC DISCLOSURE COPY



December 27, 2017

Faulkton Area Medical Center
PO Box 100
Faulkton, SD 57438
Attention: Jay Jahnig

Dear Jay,

Enclosed are the original and one copy of the 2016 Exempt Organization returns, as follows...

2016 Form 990

2016 Form 4720

2016 IRS E-File Signature Authorization For An Exempt Organization (Form 8879-EO)

Please review the return for completeness and accuracy.

In addition, we have included a public disclosure copy of the Form 990 and Form 990-T (if applicable). All exempt organizations are required to have a copy of its current year Form 990 and two prior year returns available for public inspection. If the Form 990 includes a Schedule of Contributors (Schedule B), we have removed the names and addresses of contributors from this return, as this information is not open to public inspection. Only organizations exempt under 501(c)(3) must make the current year Form 990-T and two prior year returns available. You should sign the copy of these returns and keep them available at your primary office location.

We have prepared the return from information you furnished us without verification. Upon examination of the return by tax authorities, requests may be made for underlying data. We therefore recommend that you preserve all records which you may be called upon to produce in connection with such possible examinations.

Many states require legal entities to register with them in order to do business in their state. Please remember to keep your registration active and current for each state that you have business activities.

What inspires you, inspires us. Let's talk. | eidebailly.com

200 E. 10th St., Ste. 500 | P.O. Box 5125 | Sioux Falls, SD 57117-5125 | T 605.339.1999 | F 605.339.1306 | EOE

South Dakota nonprofit organizations receiving grants, pass-through grants, or any other awards granted by a state agency after July 1, 2016, are required to display their public disclosure Form 990 on the organization's website immediately following filing of the Form 990 with the IRS. Please make sure the public disclosure copy of the organizations' Form 990 is posted to your website, if applicable. This is a requirement under South Dakota Codified Law Chapter 1-56 Paragraph 10.

We sincerely appreciate the opportunity to serve you. Please contact us if you have any questions concerning the tax return.

Sincerely,

Laurie Hanson

TAX RETURN FILING INSTRUCTIONS

** FORM 990 PUBLIC DISCLOSURE COPY **

FOR THE YEAR ENDING
February 28, 2017

Prepared for	Faulkton Area Medical Center PO Box 100 Faulkton, SD 57438
Prepared by	EIDE BAILLY LLP 200 EAST 10TH ST, PO BOX 5125 SIOUX FALLS, SD 57117-5125
Amount due or refund	Not applicable
Make check payable to	Not applicable
Mail tax return and check (if applicable) to	Not applicable
Return must be mailed on or before	Not applicable
Special Instructions	This copy of the return is provided ONLY for Public Disclosure purposes. Any confidential information regarding large donors has been removed.

Form **990**

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

2016

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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 **MAR 1, 2016** and ending **FEB 28, 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 <p align="center">FAULKTON AREA MEDICAL CENTER</p> Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite <p>PO BOX 100</p> City or town, state or province, country, and ZIP or foreign postal code <p>FAULKTON, SD 57438</p> F Name and address of principal officer: JAY JAHNIG SAME AS C ABOVE	D Employer identification number <p align="center">36-3317416</p> E Telephone number <p align="center">605.598.6262</p> G Gross receipts \$ 10,005,822. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.FAULKTONMEDICAL.ORG		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
L Year of formation: 1952		M State of legal domicile: SD

Part I Summary

1	Briefly describe the organization's mission or most significant activities: TO PROVIDE HEALTH CARE SERVICES FOR FAULK COUNTY.	
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)	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	7
5	Total number of individuals employed in calendar year 2016 (Part V, line 2a)	102
6	Total number of volunteers (estimate if necessary)	10
7a	Total unrelated business revenue from Part VIII, column (C), line 12	0.
7b	Net unrelated business taxable income from Form 990-T, line 34	0.
8	Contributions and grants (Part VIII, line 1h)	146,539.
9	Program service revenue (Part VIII, line 2g)	9,547,601.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-3,477.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	34,256.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	9,724,919.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.
14	Benefits paid to or for members (Part IX, column (A), line 4)	0.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	5,545,701.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.
b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.	
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	3,672,811.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	9,218,512.
19	Revenue less expenses. Subtract line 18 from line 12	506,407.
20	Total assets (Part X, line 16)	9,513,862.
21	Total liabilities (Part X, line 26)	7,449,919.
22	Net assets or fund balances. Subtract line 21 from line 20	2,063,943.

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 <p align="center">JAY JAHNIG, CEO</p> Type or print name and title	Date _____
Paid Preparer Use Only	Print/Type preparer's name LAURIE HANSON	Preparer's signature LAURIE HANSON
	Firm's name ▶ EIDE BAILLY LLP	Date 12/27/17
	Firm's address ▶ 200 EAST 10TH ST, PO BOX 5125 SIOUX FALLS, SD 57117-5125	Check if self-employed <input type="checkbox"/> PTIN P00851848
		Firm's EIN ▶ 45-0250958
		Phone no. 605-339-1999

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 GOAL OF FAMC IS TO PROVIDE THE APPROPRIATE LEVEL OF HEALTH CARE ON THE CONTINUUM, FROM CLINIC AND OUTPATIENT/OUTREACH CARE, EMERGENCY CARE, ROUTINE INPATIENT CARE, SKILLED SWING-BED, AND INTERMEDIATE SWING-BED. FAMC IS DEDICATED TO BEST SERVING THE MEDICAL NEEDS OF THE

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 \$ 8,686,239. including grants of \$) (Revenue \$ 9,734,198.) FAULKTON AREA MEDICAL CENTER (FAMC) OPERATES A 12-BED CRITICAL ACCESS HOSPITAL AND RURAL HEALTH CLINIC IN FAULKTON, SOUTH DAKOTA. FAMC HAD 162 ACUTE ADMISSIONS; 97 SWING BED ADMISSIONS; 431 ACUTE PATIENT DAYS; AND 1,071 SWING BED DAYS.

FAMC ALSO OPERATED FAMC - FAULKTON CLINIC IN FAULKTON, SD. DURING THE FISCAL YEAR 2017 THERE WERE 5,411 VISITS AT THE FAMC - FAULKTON CLINIC.

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 8,686,239.

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>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
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>		X
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>		X
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>		X
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>		X
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>		X
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>		X
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>		X
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>		X
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>	X	
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>		X
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>		X
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>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
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>	X	
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>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
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>		X
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>		X
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>		X
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>		X
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>		X
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>		X

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?	X	

Note. All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
3b	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
4b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		X
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7d	If "Yes," indicate the number of Forms 8282 filed during the year		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the sponsoring organization make any taxable distributions under section 4966?		
9b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter:		
10a	Initiation fees and capital contributions included on Part VIII, line 12		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter:		
11a	Gross income from members or shareholders		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
13c	Enter the amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to 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.		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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
7b	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:		
8a	a The governing body?	X	
8b	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
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
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?		
15a	a The organization's CEO, Executive Director, or top management official	X	
15b	b Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

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: **SUSAN MILLER - 605.598.6262**
PO BOX 100, FAULKTON, SD 57438

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) VERNE HANSEN PRESIDENT	0.50	X		X				0.	0.	0.
(2) RON BOWAR VICE PRESIDENT	0.50	X		X				0.	0.	0.
(3) BEVERLY FISCHER SECRETARY/TREASURER	0.50	X		X				0.	0.	0.
(4) CHUCK HUSS DIRECTOR	0.50	X						0.	0.	0.
(5) JOANNE MELIUS DIRECTOR	0.50	X						0.	0.	0.
(6) LORI HOLT DIRECTOR	0.50	X						0.	0.	0.
(7) BERNARD VOGEL DIRECTOR	0.50	X						0.	0.	0.
(8) LINDA BARTHOLOMEW DIRECTOR (BEGAN DEC. 2016)	0.50	X						0.	0.	0.
(9) ROBERT HADRICK DIRECTOR	0.50	X						0.	0.	0.
(10) TOM BARTHOLOMEW DIRECTOR (UNTIL NOV. 2016)	0.50	X						0.	0.	0.
(11) JAY JAHNIG CEO	40.00			X				136,679.	0.	20,118.
(12) SUSAN MILLER CFO	40.00			X				66,275.	0.	14,747.
(13) TOM HERICKS DPCS	40.00					X		124,912.	0.	18,729.
(14) SYLVIA ANDERSON FAMILY PRACTITIONER	40.00					X		212,366.	0.	50,925.
(15) TIM QUINN PHYSICIANS ASSISTANT	40.00					X		129,566.	0.	8,489.
(16) PAULA WINTHER PHARMACIST	40.00					X		120,738.	0.	18,254.
(17) JESSECA KAST CNP	40.00					X		119,498.	0.	39,522.

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			
1b Sub-total							910,034.	0.	170,784.	
c Total from continuation sheets to Part VII, Section A							0.	0.	0.	
d Total (add lines 1b and 1c)							910,034.	0.	170,784.	

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 **8**

	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>		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>	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>		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
KENNETH BARTHOLOMEW, MD 3404 N FRONTIER ROAD, FORT PIERRE, SD 57532	MEDICAL DIRECTOR, PATIENT CARE	146,294.

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 **1**

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					
	e Government grants (contributions)	1e	47,607.				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	221,926.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			269,533.			
Program Service Revenue	2 a PATIENT SERVICE REVENUE	Business Code 622110	9,637,950.	9,637,950.			
	b OTHER REVENUE	900099	96,248.	96,248.			
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f			9,734,198.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		2,759.			2,759.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	-1,671.				
		(ii) Personal					
		b Less: rental expenses	0.				
		c Rental income or (loss)	-1,671.				
	d Net rental income or (loss)		-1,671.			-1,671.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other	1,003.				
		b Less: cost or other basis and sales expenses	0.				
		c Gain or (loss)	1,003.				
	d Net gain or (loss)		1,003.			1,003.	
	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							
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						
	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						
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a _____							
	b _____						
	c _____						
	d All other revenue						
e Total. Add lines 11a-11d							
12 Total revenue. See instructions.			10,005,822.	9,734,198.	0.	2,091.	

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	237,767.		237,767.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	146,294.	146,294.		
7 Other salaries and wages	4,071,275.	3,717,911.	353,364.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	240,388.	219,370.	21,018.	
9 Other employee benefits	790,160.	698,953.	91,207.	
10 Payroll taxes	371,789.	329,543.	42,246.	
11 Fees for services (non-employees):				
a Management				
b Legal	5,028.		5,028.	
c Accounting	63,932.		63,932.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch. O.)	897,108.	864,993.	32,115.	
12 Advertising and promotion	16,516.	2,651.	13,865.	
13 Office expenses	361,187.	227,455.	133,732.	
14 Information technology	20,922.		20,922.	
15 Royalties				
16 Occupancy	115,796.	115,427.	369.	
17 Travel	38,153.	27,780.	10,373.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	45,544.	37,530.	8,014.	
20 Interest	273,749.	273,749.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	737,830.	737,830.		
23 Insurance	53,337.	53,337.		
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	711,737.	711,737.		
b REPAIRS & MAINTENANCE	339,242.	325,974.	13,268.	
c BAD DEBTS	191,070.	191,070.		
d DUES & SUBSCRIPTIONS	8,948.		8,948.	
e All other expenses	4,635.	4,635.		
25 Total functional expenses. Add lines 1 through 24e	9,742,407.	8,686,239.	1,056,168.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here 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		1	
	2 Savings and temporary cash investments	887,228.	2	1,010,838.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	1,233,000.	4	1,481,904.
	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		7	
	8 Inventories for sale or use	165,461.	8	155,151.
	9 Prepaid expenses and deferred charges	168,584.	9	60,205.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 12,336,690.		
	b Less: accumulated depreciation	10b 5,448,137.	10c	6,888,553.
	11 Investments - publicly traded securities		11	387,512.
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	816,600.	15	381,677.
16 Total assets. Add lines 1 through 15 (must equal line 34)	9,513,862.	16	10,365,840.	
Liabilities	17 Accounts payable and accrued expenses	614,821.	17	651,392.
	18 Grants payable		18	
	19 Deferred revenue	209,963.	19	0.
	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	6,625,135.	23	7,372,013.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	7,449,919.	26	8,023,405.
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	1,707,343.	27	1,970,758.
	28 Temporarily restricted net assets	356,600.	28	371,677.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	2,063,943.	33	2,342,435.	
34 Total liabilities and net assets/fund balances	9,513,862.	34	10,365,840.	

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	10,005,822.
2	Total expenses (must equal Part IX, column (A), line 25)	2	9,742,407.
3	Revenue less expenses. Subtract line 2 from line 1	3	263,415.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,063,943.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	15,077.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,342,435.

Part XII Financial Statements and Reporting

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

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:		
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
b Were the organization's financial statements audited by an independent accountant?	X	
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:		
<input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?	X	
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?		X
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		

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? If "Yes" to a, b, or c, provide detail in Part VI .		

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

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)? 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).		

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? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

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? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI .		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		

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		(A) Prior Year	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			

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

Multiple horizontal lines for providing supplemental information.

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

FAULKTON AREA MEDICAL CENTER

Employer identification number

36-3317416

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 FAULKTON AREA MEDICAL CENTER	Employer identification number 36-3317416
-----------------------------------------------------------------	---------------------------------------------------------

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>211,478.</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.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization FAULKTON AREA MEDICAL CENTER	Employer identification number 36-3317416
-----------------------------------------------------------------	---------------------------------------------------------

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 FAULKTON AREA MEDICAL CENTER	Employer identification number 36-3317416
-----------------------------------------------------------------	---------------------------------------------------------

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 FAULKTON AREA MEDICAL CENTER **Employer identification number** 36-3317416

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.

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

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

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

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

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

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

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

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

(i) Revenue included on Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

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

a Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

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

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

- a 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					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment _____ %
- b Permanent endowment _____ %
- c Temporarily restricted endowment _____ %

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

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

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" 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		58,238.		58,238.
b Buildings		7,681,847.	3,384,246.	4,297,601.
c Leasehold improvements				
d Equipment		2,821,174.	1,804,915.	1,016,259.
e Other		1,775,431.	258,976.	1,516,455.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				6,888,553.

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	9,829,829.
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	-175,993.	
	e Add lines 2a through 2d		2e	-175,993.
3	Subtract line 2e from line 1		3	10,005,822.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
	a Investment expenses not included on Form 990, Part VIII, line 7b	4a		
	b Other (Describe in Part XIII.)	4b		
	c Add lines 4a and 4b		4c	0.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)		5	10,005,822.

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	9,551,337.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
	a Donated services and use of facilities	2a		
	b Prior year adjustments	2b		
	c Other losses	2c		
	d Other (Describe in Part XIII.)	2d		
	e Add lines 2a through 2d		2e	0.
3	Subtract line 2e from line 1		3	9,551,337.
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	191,070.	
	c Add lines 4a and 4b		4c	191,070.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)		5	9,742,407.

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 X, LINE 2:

THE ORGANIZATION IS ORGANIZED AS A NONPROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE CODE. THE ORGANIZATION IS ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS. IN ADDITION, THE ORGANIZATION IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE. THE ORGANIZATION HAS DETERMINED IT IS NOT SUBJECT TO UNRELATED BUSINESS INCOME TAX AND HAS NOT FILED AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS.

Part XIII Supplemental Information (continued)

THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES WERE INCURRED.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE	-191,070.
CHANGE IN THE NET INTEREST OF THE FOUNDATION	15,077.
TOTAL TO SCHEDULE D, PART XI, LINE 2D	-175,993.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE	191,070.
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**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 **FAULKTON AREA MEDICAL CENTER** Employer identification number **36-3317416**

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	<input checked="" type="checkbox"/>	
b If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	
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 checked="" 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"/>	
<input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:	<input checked="" type="checkbox"/>	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>202</u> %		
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"?	<input checked="" type="checkbox"/>	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	<input checked="" type="checkbox"/>	
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?		<input checked="" type="checkbox"/>
6a Did the organization prepare a community benefit report during the tax year?		<input checked="" type="checkbox"/>
b If "Yes," did the organization make it available to the public?		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

	(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)			35,000.		35,000.	.37%
b Medicaid (from Worksheet 3, column a)			401,629.	364,751.	36,878.	.39%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			436,629.	364,751.	71,878.	.76%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			75,001.	790.	74,211.	.78%
f Health professions education (from Worksheet 5)			29,376.		29,376.	.31%
g Subsidized health services (from Worksheet 6)			1943459.	1168787.	774,672.	8.11%
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits			2047836.	1169577.	878,259.	9.20%
k Total. Add lines 7d and 7j			2484465.	1534328.	950,137.	9.96%

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?		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	191,070.	
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	14,521.	
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)	5,452,604.	
	5	5,452,604.	
6	Enter Medicare allowable costs of care relating to payments on line 5	5,495,480.	
	6	5,495,480.	
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	-42,876.	
	7	-42,876.	
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?	X	
9b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	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 %

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)

	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
1 FAULKTON AREA MEDICAL CENTER 1300 OAK STREET FAULKTON, SD 57438 HTTP://WWW.FAULKTONMEDICAL.ORG/ 10539	X				X		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 FAULKTON AREA MEDICAL CENTER

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?	1	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	2	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	3	X
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The significant health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> 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 _____		
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	5	
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	6a	
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	6b	
7 Did the hospital facility make its CHNA report widely available to the public?	7	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input type="checkbox"/> Hospital facility's website (list url): _____		
b <input type="checkbox"/> Other website (list url): _____		
c <input type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 _____		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	
a If "Yes," (list url): _____		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	
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)?	12a	X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	X
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? \$ <u>50,000.</u>		

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group FAULKTON AREA MEDICAL CENTER

	Yes	No
<p>Did the hospital facility have in place during the tax year a written financial assistance policy that:</p> <p>13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?</p> <p>If "Yes," indicate the eligibility criteria explained in the FAP:</p> <p>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>202</u> %</p> <p>b <input type="checkbox"/> Income level other than FPG (describe in Section C)</p> <p>c <input checked="" type="checkbox"/> Asset level</p> <p>d <input checked="" type="checkbox"/> Medical indigency</p> <p>e <input type="checkbox"/> Insurance status</p> <p>f <input type="checkbox"/> Underinsurance status</p> <p>g <input type="checkbox"/> Residency</p> <p>h <input checked="" type="checkbox"/> Other (describe in Section C)</p>	X	
14 Explained the basis for calculating amounts charged to patients?	X	
15 Explained the method for applying for financial assistance?	X	
<p>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):</p> <p>a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application</p> <p>b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application</p> <p>c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process</p> <p>d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications</p> <p>e <input type="checkbox"/> Other (describe in Section C)</p>		
16 Was widely publicized within the community served by the hospital facility?	X	
<p>If "Yes," indicate how the hospital facility publicized the policy (check all that apply):</p> <p>a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>FAULKTONMEDICAL.ORG</u></p> <p>b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>FAULKTONMEDICAL.ORG</u></p> <p>c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>FAULKTONMEDICAL.ORG</u></p> <p>d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)</p> <p>e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)</p> <p>f <input checked="" 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)</p> <p>g <input checked="" 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</p> <p>h <input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP</p> <p>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</p> <p>j <input checked="" type="checkbox"/> Other (describe in Section C)</p>		

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group FAULKTON AREA MEDICAL CENTER

	Yes	No
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?	X	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
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		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
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?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
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		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" 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		
b <input type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

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

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 FAULKTON AREA MEDICAL CENTER

	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 checked="" 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.

FAULKTON AREA MEDICAL CENTER:

PART V, SECTION B, LINE 5: INFORMATION OBTAINED IN VARIOUS FORMATS WAS ALL USED IN THE ANALYSIS AND IMPLEMENTATION STRATEGY TO IDENTIFY THE MOST CRITICAL HEALTH NEEDS. OUTSIDE ENTITIES INVOLVED WERE:

FAULK COUNTY CANCER SUPPORT GROUP

FAULK COUNTY HEALTH OFFICE

FAULKTON AREA SCHOOL DISTRICT

IN ADDITION, THE GENERAL PUBLIC COMPLETED BOTH ONLINE AND/OR PAPER SURVEYS.

FAULKTON AREA MEDICAL CENTER:

PART V, SECTION B, LINE 7D: PRESENTED TO HOSPITAL BOARD AND MEDICAL STAFF

FAULKTON AREA MEDICAL CENTER:

PART V, SECTION B, LINE 11: OUR 2013 IMPLEMENTATION STRATEGY FOCUSED ON ALL ASPECTS OF THE HIGHEST PRIORITY OF NEEDS THAT BEST ACCOMMODATE OUR COMMUNITY.

1) HOME HEALTH CARE/HOSPICE: THIS SERVICE IS NOT CURRENTLY OFFERED BY FAMC. THERE HAVE BEEN A SUBSTANTIAL AMOUNT OF REQUESTS AND REFERENCE TO OUR FACILITY BEING ABLE TO PROVIDE THIS SERVICE TO OUR COMMUNITY. UPON PERFORMING ADDITIONAL RESEARCH, LACK OF REIMBURSEMENT MAKES PROVIDING THIS SERVICE VERY DIFFICULT.

2) CHEMOTHERAPY/CANCER TREATMENT: CHEMOTHERAPY/CANCER TREATMENT SERVICES

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.

WERE RESEARCHED AND ADDED TO THE EXISTING OUTPATIENT CENTER. A SMALL NUMBER OF PATIENTS HAVE BEEN RECEIVING THEIR CANCER TREATMENT AT FAMC. THIS NUMBER IS ANTICIPATED TO GRADUALLY INCREASE.

3) OB/GYN: DURING THE CHNA SURVEY PROCESS, DR. JESSICA DICKES, WAS CONTACTED AND SECURED IN DOING AN OUTREACH CLINIC ONCE A MONTH AT THE FAMC CLINIC. SHE DID PROVIDE OUTREACH SERVICES FOR SEVERAL MONTHS, BUT LACK OF PATIENTS UTILIZING HER CLINIC CAUSED HER TO CEASE PROVIDING SERVICES IN 2015.

4) TRANSPORTATION FOR THE ELDERLY: APPROXIMATELY 24% OF FAULK COUNTY IS AGE 65 AND OLDER. AS THE POPULATION CONTINUES TO HAVE A LONGER LIFE EXPECTANCY, TRANSPORTATION AND SAFE TRAVEL WILL UNDENIABLY BECOME A DESIRABLE ASSET TO ANY COMMUNITY. THIS PROGRAM WAS ORIGINALLY EVALUATED BY THE FAULKTON DEVELOPMENT CORP. IT REMAINS IN THE INITIAL STAGES AND ADDITIONAL RESEARCH NEEDS TO BE COMPLETED. SUCCESS OF THIS PROGRAM WILL REQUIRE COLLABORATION BY SEVERAL OF THE COMMUNITY PARTNERS FOR FINANCIAL SUPPORT AND PROGRAM REQUIREMENTS. FAMC IS NOT AWARE OF ANY FURTHER DEVELOPMENT OF THIS SERVICE.

AS THE NEEDS OF OUR COMMUNITY CHANGE, WE WILL REVIEW OUR METHODS OF EDUCATION, PROGRAMS AND SERVICES TO RAISE AWARENESS AND FULFILL THE NEEDS OF THE COMMUNITY.

FAULKTON AREA MEDICAL CENTER:

PART V, SECTION B, LINE 13H: PATIENTS WHOSE FAMILY INCOME EXCEEDS 202% OF THE FPL MAY BE ELIGIBLE TO RECEIVE DISCOUNTED RATES ON A CASE-BY-CASE BASIS BASED ON THEIR SPECIFIC CIRCUMSTANCES, SUCH AS CATASTROPHIC ILLNESS

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.

OR MEDICAL INDIGENCE, AT THE DISCRETION OF FAULKTON AREA MEDICAL CENTER.

FAULKTON AREA MEDICAL CENTER:

PART V, SECTION B, LINE 16J: A SUMMARY OF THE POLICY WAS ATTACHED TO BILLING INVOICES, POSTED IN THE ER AND/OR WAITING ROOMS, AND MADE AVAILABLE UPON REQUEST.

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:

IN ADDITION TO FPG, THE ORGANIZATION USES AN ASSET TEST AND CONSIDERS
MEDICAL INDIGENCY.

PART I, LINE 7:

CHARITY CARE EXPENSE WAS CONVERTED TO COST ON LINE 7A BASED ON AN OVERALL
COST-TO-CHARGE RATIO ADDRESSING ALL PATIENT SEGMENTS. LINE 7B, MEDICAID,
WAS DETERMINED BASED ON THE COSTING METHODS USED TO PREPARE THE COST
REPORTS. LINE 7E WAS OBTAINED UTILIZING THE ACTUAL GENERAL LEDGER SYSTEM.
LINE 7G WAS OBTAINED FROM THE MEDICARE COST REPORT.

PART I, LN 7 COL(F):

THE AMOUNT OF BAD DEBT EXPENSE BASED ON CHARGES OF \$191,070 WAS SUBTRACTED
FROM TOTAL OPERATING EXPENSE.

PART III, LINE 2:

IF AN ACCOUNT IS WRITTEN OFF TO BAD DEBTS, PAYMENTS RECEIVED AFTER THE
WRITE OFF FOR THAT ACCOUNT ARE POSTED TO THE CURRENT YEAR BAD DEBT ACCOUNT

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.

AS AN OFFSET AGAINST THE EXPENSE.

PART III, LINE 3:

THE ESTIMATED AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS CALCULATED BASED ON THE PERCENTAGE OF INDIVIDUALS LIVING BELOW THE POVERTY LEVEL IN 2016. THE 7.6% CAN REASONABLY BE CONSIDERED A COMMUNITY BENEFIT AS IT WOULD HAVE BEEN WRITTEN OFF TO CHARITY CARE.

PART III, LINE 4:

FOOTNOTE FROM FINANCIAL STATEMENT: PLEASE SEE FINANCIAL STATEMENT NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, PATIENT RECEIVABLES ON PAGE 7 AND 8 OF THE ATTACHED FINANCIAL STATEMENTS.

PART III, LINE 8:

MEDICARE ALLOWABLE COST OF CARE WAS CALCULATED FROM THE MEDICARE COST REPORT FOR FISCAL YEAR ENDING 02/28/2017. MEDICAL SERVICES ARE PROVIDED TO PATIENTS WITH MEDICARE COVERAGE REGARDLESS OF WHETHER OR NOT A SURPLUS OR

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.

DEFICIT IS REALIZED. PROVIDING MEDICARE SERVICES PROMOTES ACCESS TO
HEALTHCARE SERVICES WHICH ARE VITALLY NEEDED BY OUR COMMUNITY.

THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS
SET FORTH BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES.

PART III, LINE 9B:

PERSONS WHO ARE KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE DO NOT ENTER
INTO COLLECTIONS, UNLESS THE AMOUNT THAT IS OWED AFTER FINANCIAL
ASSISTANCE IS NOT PAID. IF, DURING THE COLLECTION PROCESS, IT WAS
DETERMINED THAT SOMEONE MAY QUALIFY FOR FINANCIAL ASSISTANCE, THE
COLLECTION PROCESS WOULD STOP AND THE FINANCIAL ASSISTANCE APPLICATION
PROCESS WOULD BEGIN. COLLECTION WOULD BE HALTED UNTIL THE FINANCIAL
ASSISTANCE APPLICATION WAS REVIEWED AND QUALIFICATION WAS DETERMINED.

PART VI, LINE 2:

IN ADDITION TO THE PROCESS UNDERTAKEN TO COMPLETE THE COMMUNITY HEALTH
NEEDS ASSESSMENT, HEALTHCARE NEEDS OF THE COMMUNITY ARE RECOGNIZED AND

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.

NOTED BY THE DOCTORS AND MID-LEVELS WHILE PROVIDING PATIENT CARE.

PART VI, LINE 3:

SIGNS ARE POSTED AT ENTRANCES TO INFORM PATIENTS THAT THIS FACILITY IS REQUIRED BY LAW TO PROVIDE SERVICES TO ALL PATIENTS REGARDLESS OF ABILITY TO PAY OR ANY OTHER BASIS FOR DISCRIMINATION.

A SUMMARY OF THE FACILITY FINANCIAL ASSISTANCE POLICY IS INCLUDED IN ALL PATIENT ACCOUNT STATEMENTS WITH SELF PAY BALANCES. PATIENTS ARE INSTRUCTED TO CONTACT FAMC TO ACQUIRE THE NECESSARY APPLICATION FORMS. WHEN THE PATIENT CONTACTS THE OFFICE, FINANCIAL ASSISTANCE APPLICATIONS ARE DISCUSSED AS APPROPRIATE. PACKETS OF FINANCIAL ASSISTANCE APPLICATION INSTRUCTIONS AND FORMS ARE POSTED IN A POCKET ON THE WALL IN THE ER, AND AT PATIENT REGISTRATION. THERE IS ALSO A TAB ON THE HOME PAGE OF THE FACILITY WEBSITE, DIRECTING PATIENTS TO A LINK REGARDING FINANCIAL ASSISTANCE AVAILABILITY AND APPLICATION PROCESS.

PART VI, LINE 4:

FAMC'S SERVICE AREA INCLUDES MOST OF FAULK COUNTY. ACCORDING TO THE UNITED

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.

STATES CENSUS BUREAU, FAULK COUNTY'S ESTIMATED POPULATION IN 2016 WAS 2,354 AND THE MEDIAN HOUSEHOLD INCOME WAS \$43,679. FAMC IS THE ONLY HEALTHCARE FACILITY WITHIN A 40 MILE RADIUS, AND IS DESIGNATED AS A CRITICAL ACCESS HOSPITAL WITH AN ATTACHED RURAL HEALTH CLINIC. FAULK COUNTY IS DESIGNATED AS A MEDICALLY UNDERSERVED AREA AND IS A HEALTHCARE PROVIDER SHORTAGE AREA.

PART VI, LINE 5:

THE MEMBERS OF FAMC'S GOVERNING BOARD RESIDE IN THE ORGANIZATION'S SERVICE AREA, AND ARE NOT RELATED TO THE ORGANIZATION. FAMC EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PROVIDERS IN ITS COMMUNITY AND SURROUNDING AREA. FAMC REINVESTS SURPLUS FUNDS IN IMPROVEMENTS TO PATIENT CARE, INCLUDING BUT NOT LIMITED TO EXPANSION OF SERVICES OFFERED, PATIENT EDUCATION, EMPLOYEE EDUCATION, AND EQUIPMENT AND FACILITY RENOVATIONS. TELEHEALTH EQUIPMENT AND THE SERVICES OF A REGISTERED NURSE ARE PROVIDED FOR DOCTOR/PATIENT VISITS IN OTHER CITIES AT NO CHARGE TO THE PATIENT. ASSISTANCE IS PROVIDED TO PATIENTS WHO QUALIFY FOR FREE MEDICATIONS, THE CHILDREN'S HEALTH INSURANCE PROGRAM, AND THE ALL WOMEN COUNT PROGRAM.

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2016

Open to Public Inspection

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.

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

Department of the Treasury
Internal Revenue Service

Name of the organization

FAULKTON AREA MEDICAL CENTER

Employer identification number

36-3317416

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

4 During the year, did any person listed 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) JAY JAHNIG CEO	(i)	136,679.	0.	0.	9,348.	10,770.	156,797.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) SYLVIA ANDERSON FAMILY PRACTITIONER	(i)	212,366.	0.	0.	18,648.	32,277.	263,291.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) JESSECA KAST CNP	(i)	119,498.	0.	0.	7,245.	32,277.	159,020.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

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
DR. KEN BARTHOLOMEW	FAMILY RELATIONSHIP	149,043.	INDEPENDENT		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: DR. KEN BARTHOLOMEW

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

FAMILY RELATIONSHIP WITH TOM AND LINDA BARTHOLOMEW, BOARD MEMBERS.

(D) DESCRIPTION OF TRANSACTION: INDEPENDENT CONTRACTOR

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

FAULKTON AREA MEDICAL CENTER

Employer identification number

36-3317416

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

COMMUNITY WITH THE RESOURCES AVAILABLE TO THE FACILITY.

FORM 990, PART VI, SECTION A, LINE 1:

THE EXECUTIVE COMMITTEE IS COMPRISED OF THE CHAIRMAN, VICE CHAIRMAN, AND ONE BOARD MEMBER. THE EXECUTIVE COMMITTEE SHALL HAVE POWER TO TRANSACT ALL REGULAR BUSINESS OF THE FACILITY DURING THE INTERIM BETWEEN THE MEETINGS OF THE BOARD OF DIRECTORS, PROVIDED ANY ACTION TAKEN SHALL NOT CONFLICT WITH THE POLICIES AND EXPRESSED WISHES OF THE BOARD OF DIRECTORS AND THAT IT SHALL REFER ALL MATTERS OF MAJOR IMPORTANCE TO THE BOARD OF DIRECTORS. ANY ACTION TAKEN BY THE EXECUTIVE COMMITTEE IS LATER PRESENTED TO THE BOARD OF DIRECTORS AND THEY CAN ELECT TO EITHER CONDONE OR REVERSE THE ACTIONS.

FORM 990, PART VI, SECTION A, LINE 2:

VERNE HANSEN AND BERNARD VOGEL HAVE A BUSINESS RELATIONSHIP.
RON BOWAR AND BERNARD VOGEL HAVE A BUSINESS RELATIONSHIP.
LINDA BARTHOLOMEW AND TOM BARTHOLOMEW HAVE A FAMILY RELATIONSHIP.

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

THE CEO AND CFO COMPLETED A DETAILED REVIEW OF THE FORM 990 AND PRESENTED IT TO THE BOARD FOR DISCUSSION AND REVIEW AT A REGULAR BOARD MEETING.

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

FAULKTON AREA MEDICAL CENTER (FAMC) REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THEIR CONFLICT OF INTEREST POLICY. ANY OFFICER, DIRECTOR, EMPLOYEE OR COMMITTEE MEMBER OF FAMC IS CONSIDERED A COVERED

Name of the organization FAULKTON AREA MEDICAL CENTER	Employer identification number 36-3317416
----------------------------------------------------------	----------------------------------------------

INDIVIDUAL UNDER THE CURRENT CONFLICT OF INTEREST POLICY. THE DETERMINATION OF WHETHER A CONFLICT EXISTS IS MADE BY MAJORITY VOTE BY THE BODY, USUALLY THE BOARD, TO WHICH SUCH DISCLOSURE WAS MADE. CONFLICTS ARE REVIEWED ON TWO LEVELS DEPENDING ON THE INDIVIDUAL(S) INVOLVED. THE BOARD SETTLES DISPUTES REGARDING CONFLICTS INVOLVING ANY BOARD MEMBER. FAMC ADMINISTRATION SETTLES ALL OTHER CONFLICTS. AFTER A CONFLICT IS DEEMED TO EXIST, THE INDIVIDUAL(S) INVOLVED IS NOT ALLOWED TO CAST A VOTE; HOWEVER, HE/SHE IS COUNTED FOR THE PURPOSES OF A QUORUM.

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

FAULKTON AREA MEDICAL CENTER REVIEWS SDAHO SALARY SURVEY INFORMATION AND CONDUCTS AN INDIVIDUAL INTERVIEW AND/OR DISCUSSION BETWEEN THE CEO AND THE BOARD OF DIRECTORS. THIS PROCESS APPLIES TO ALL TOP MANAGEMENT OFFICIALS AND OFFICERS. THIS REVIEW WAS LAST UNDERTAKEN IN 2014, AT THE BEGINNING OF JAY JAHNIG'S FIVE YEAR CONTRACT.

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

DOCUMENTS ARE MADE AVAILABLE UPON REQUEST.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

CHANGE IN THE NET INTEREST OF THE FOUNDATION	15,077.
----------------------------------------------	---------

**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 **FAULKTON AREA MEDICAL CENTER** Employer identification number **36-3317416**

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
FAULKTON AREA MEDICAL CENTER FOUNDATION - 90-0190828, 1300 OAK STREET, FAULKTON, SD 57438	HOSPITAL SUPPORT	SOUTH DAKOTA	501(C)(3)	LINE 3	N/A		X

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)			
(2)			
(3)			
(4)			
(5)			
(6)			



Financial Statements
February 28, 2017 and February 29, 2016
Faulkton Area Medical Center

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Independent Auditor's Report

The Board of Directors
Faulkton Area Medical Center
Faulkton, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of Faulkton Area Medical Center, which comprise the balance sheets as of February 28, 2017 and February 29, 2016 and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faulkton Area Medical Center as of February 28, 2017 and February 29, 2016, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Sallee LLP

Sioux Falls, South Dakota
June 13, 2017

Faulkton Area Medical Center
Balance Sheets
February 28, 2017 and February 29, 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,010,838	\$ 523,700
Receivables		
Patient, net of estimated uncollectibles		
of \$611,000 in 2017 and \$655,000 in 2016	1,481,904	1,233,000
Estimated third-party payor settlements	10,000	460,000
Supplies	155,151	165,461
Prepaid expenses	60,205	168,584
Total current assets	2,718,098	2,550,745
Assets Limited as to Use		
Under loan agreement	168,332	144,675
By board for capital improvements and debt redemption	219,180	218,853
Total assets limited as to use	387,512	363,528
Property and Equipment, Net	6,888,553	6,242,989
Interest in Net Assets of Faulkton Area Medical Center Foundation	371,677	356,600
Total assets	\$ 10,365,840	\$ 9,513,862
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 2,082,398	\$ 432,334
Accounts payable		
Trade	220,916	207,617
Accrued expenses		
Salaries and wages	161,299	142,893
Vacation	186,288	179,263
Interest	16,456	14,806
Payroll taxes and other	66,433	70,242
Deferred revenue	-	209,963
Total current liabilities	2,733,790	1,257,118
Long-Term Debt, Less Current Maturities	5,289,615	6,192,801
Total liabilities	8,023,405	7,449,919
Net Assets		
Unrestricted	1,970,758	1,707,343
Temporarily restricted	371,677	356,600
Total net assets	2,342,435	2,063,943
Total liabilities and net assets	\$ 10,365,840	\$ 9,513,862

Faulkton Area Medical Center
Statements of Operations
Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 9,637,950	\$ 9,450,118
Provision for bad debts	(191,070)	(104,358)
Net patient service revenue less provision for bad debts	9,446,880	9,345,760
Other revenue	365,113	278,278
Net assets released from restrictions for operations - Foundation	-	3,609
	9,811,993	9,627,647
Expenses		
Salaries and wages	4,420,668	4,165,033
Employee benefits	1,437,005	1,380,666
Purchased services	816,569	637,479
Supplies	717,815	588,878
Repairs and maintenance	352,337	403,956
Other expenses	621,631	671,566
Insurance	53,337	56,235
Utilities and communication	120,396	114,524
Depreciation	737,830	812,263
Interest	273,749	283,554
	9,551,337	9,114,154
Operating Income	260,656	513,493
Other Income		
Investment income	2,759	3,446
Loss on disposal of property and equipment	-	(6,923)
	2,759	(3,477)
Revenues in Excess of Expenses and Changes in Unrestricted Net Assets	\$ 263,415	\$ 510,016

Faulkton Area Medical Center
 Statements of Changes in Net Assets
 Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Revenues in Excess of Expenses and Changes in Unrestricted Net Assets	\$ 263,415	\$ 510,016
Temporarily Restricted Net Assets		
Net assets released from restrictions - Foundation	-	(3,609)
Change in interest in net assets of foundation	15,077	67,898
Change in temporarily restricted net assets	15,077	64,289
Change in Net Assets	278,492	574,305
Net Assets, Beginning of Year	2,063,943	1,489,638
Net Assets, End of Year	\$ 2,342,435	\$ 2,063,943

Faulkton Area Medical Center
Statements of Cash Flows
Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 278,492	\$574,305
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	737,830	812,263
Loss on disposal of property and equipment	-	6,923
Provision for bad debts	191,070	104,358
Undistributed portion of change in interest in net assets of Faulkton Area Medical Center Foundation, Inc.	(15,077)	(67,898)
Changes in net assets and liabilities		
Patient receivables	(439,974)	280,085
Estimated third-party payor settlements	450,000	(700,043)
Supplies	10,310	(17,637)
Prepaid expenses	108,379	(8,762)
Trade accounts payable	13,299	17,455
Accrued expenses and other	(186,691)	118,075
Net Cash from Operating Activities	1,147,638	1,119,124
Investing Activities		
Purchase of property and equipment	(1,242,394)	(277,635)
Net (decrease) increase in assets limited as to use	(23,984)	75,529
Net Cash used for Investing Activities	(1,266,378)	(202,106)
Financing Activities		
Principal payments on long-term debt	(304,087)	(967,507)
Payments on capital lease obligations	(169,209)	(130,447)
Proceeds from long term debt	1,079,174	190,827
Distributions from foundation	-	3,609
Net Cash from (used for) Financing Activities	605,878	(903,518)
Net Increase in Cash and Cash Equivalents	487,138	13,500
Cash and Cash Equivalents, Beginning of Year	523,700	510,200
Cash and Cash Equivalents, End of Year	\$ 1,010,838	\$ 523,700
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 272,099	\$ 288,366
Supplemental Disclosure of Noncash Investing and Financing Activities		
Equipment financed through capital lease arrangement	\$ 141,000	\$ 276,759

Note 1 - Organization and Significant Accounting Policies

Organization

Faulkton Area Medical Center (“Organization”) operates a 12-bed critical access hospital and a rural health clinic in Faulkton, South Dakota. The Organization is organized as a nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less and exclude cash and cash equivalents that are included in assets limited as to use. Assets limited as to use include cash and cash equivalents held in board-designated funds and in funds restricted under a loan agreement.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. There is no interest charged on delinquent accounts.

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for 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. For receivables associated with services provided to patients who have third party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Organization's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from February 29, 2016 to February 28, 2017. The Organization does not maintain a material allowance for doubtful accounts from third-party payers, nor did it have significant write offs from third-party payers. The Organization has not significantly changed its charity care or uninsured discount policies during fiscal years 2017 or 2016.

Supplies

Supplies are valued at lower of cost (first-in, first-out) or market.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Certificates of deposit are recorded at historical cost, plus accrued interest. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements and debt redemption, over which the Board retains control and may at its discretion subsequently use for other purposes and assets held under loan agreements.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Equipment under capital lease obligations, if any, is amortized on the straight-line method over the shorter period of the lease term or estimated life of the equipment. Amortization is included in depreciation in the financial statements. Depreciation of property and equipment is computed on the straight-line method over the useful lives of the assets which range from three to forty years as follows:

Land improvements	3-20 years
Buildings and improvements	5-40 years
Equipment	3-15 years

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

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Temporarily restricted net assets as of February 28, 2017 and February 29, 2016, are comprised of net assets held by the Faulkton Area Medical Center Foundation. The net assets are reflected as temporarily restricted as there is an implied time restriction on access to the funds as distributions from the Foundation are subject to approval from the Foundation board. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. At February 28, 2017 and February 29, 2016, the Organization did not have any permanently restricted net assets.

Revenues in Excess of Expenses

Revenues in excess of expenses excludes transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients and residents in the period the services are provided.

Net patient service revenue, but before the provision for bad debts, recognized for the years ended February 28, 2017 and February 29, 2016, from these major payor sources, is as follows:

	2017	2016
Net patient and resident service revenue		
Third-party payors	\$ 9,262,710	\$ 9,162,132
Self-pay	375,240	287,986
Total all payors	\$ 9,637,950	\$ 9,450,118

Charity Care

The Organization provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Organization does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was approximately \$35,000 and \$80,000 for the years ended February 28, 2017 and February 29, 2016, calculated by multiplying the ratio of cost to gross charges for the Organization by the gross uncompensated charges associated with providing charity care to its patients.

Income Taxes

The Organization is organized as a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties were incurred.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets 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 support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the statement of operations.

Advertising Costs

The Organization expenses advertising costs as incurred. The Organization incurred \$16,517 and \$17,230 for advertising costs for the years ended February 28, 2017 and February 29, 2016, respectively.

Electronic Health Record (EHR) Incentive

The American Recovery and Reinvestment Act of 2009 (ARRA) amended the Social Security Act to establish incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that meaningfully use certified Electronic Health Records (EHR) technology.

To qualify for the EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria. In addition, hospitals must attest that they have used certified EHR technology, satisfied the meaningful use objectives, and specify the EHR reporting period. This attestation is subject to audit by the federal government or its designee. The EHR incentive payment to hospitals for each payment year is calculated as a product of (1) allowable costs as defined by the Centers for Medicare & Medicaid Services (CMS) and (2) the Medicare share. Once the initial attestation of meaningful use is completed, critical access hospitals receive the entire EHR incentive payment for submitted allowable costs of the respective periods in a lump sum, subject to a final adjustment on the cost report.

The Organization recognizes EHR incentive payments as revenue when there is reasonable assurance that the Organization will comply with the conditions attached to the incentive payments. As the entire EHR incentive payment is received in a lump sum for critical access hospitals and the Organization must annually attest to increasingly stringent meaningful use criteria, the EHR incentive payment is first recognized as deferred revenue with a ratable recognition of revenue over a specified time period. EHR incentive payments are included in other operating revenue in the accompanying financial statements. The amount of EHR incentive payments recognized are based on management's best estimate and those amounts are subject to change with such changes impacting the period in which they occur. Management has estimated the expected revenue to be recognized during the next fiscal year and recorded this portion as a current liability. During the years ending February 28, 2017 and February 29, 2016, the Organization recorded \$-0- and \$33,545 related to EHR incentive programs.

Note 2 - Net Patient Service Revenue

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

Medicare: (Approximately 65% and 64% of gross revenues for the fiscal years ended February 28, 2017 and February 29, 2016, respectively). The Organization is licensed as a Critical Access Hospital (CAH). The Organization is reimbursed for most inpatient, outpatient, and clinic services at cost with final settlement determined after submission of annual cost reports by the Organization and are subject to audits thereof by the Medicare intermediary. The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended February 28, 2015.

Medicaid: (Approximately 5% and 4% of gross revenues for the fiscal years ended February 28, 2017 and February 29, 2016, respectively). Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Clinical and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a historical cost based reimbursement methodology. There are no retroactive settlements with the Medicaid program.

Wellmark Blue Cross and Blue Shield: (Approximately 16% and 16% of gross revenues for the fiscal years ended February 28, 2017 and February 29, 2016, respectively). Services rendered to Blue Cross and Blue Shield subscribers are reimbursed under a prospectively determined percentage of charges methodology. Clinic services are paid on fixed fee schedules.

Other Insurance Programs: (Approximately 11% and 13% of gross revenues for the fiscal years ended February 28, 2017 and February 29, 2016). The Organization has also entered into payment agreements with certain commercial insurance carriers and other Organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended February 28, 2017 and February 29, 2016 increased approximately \$1,200 and \$50,000 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

A summary of patient service revenue and contractual adjustments for the years ended February 28, 2017 and February 29, 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Total patient service revenue	\$ 10,865,507	\$ 10,970,237
Contractual adjustments		
Medicare	(324,285)	(630,148)
Medicaid	(140,259)	(150,144)
Blue Cross and other insurers	(761,963)	(737,177)
Other	(1,050)	(2,650)
Total contractual adjustments	<u>(1,227,557)</u>	<u>(1,520,119)</u>
Net patient service revenue	9,637,950	9,450,118
Provision for bad debts	<u>(191,070)</u>	<u>(104,358)</u>
Net patient service revenue less provision for bad debts	<u>\$ 9,446,880</u>	<u>\$ 9,345,760</u>

Note 3 - Investments and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at February 28, 2017 and February 29, 2016 is set forth in the following table.

	2017	2016
Cash and cash equivalents	\$ 387,512	\$ 363,528

Investment Income

Investment income and gains and losses on assets limited as to use and cash equivalents consist of the following for the years ended February 28, 2017 and February 29, 2016:

	2017	2016
Other Income		
Interest income	\$ 2,759	\$ 3,446

Note 4 - Property and Equipment

A summary of property and equipment at February 28, 2017 and February 29, 2016 is as follows:

	2017		2016	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 58,238	\$ -	\$ 58,238	\$ -
Land improvements	401,623	258,976	401,623	216,404
Buildings and improvements	7,681,847	3,384,246	7,673,000	3,035,115
Equipment	2,821,174	1,804,915	2,586,748	1,458,788
Construction in progress	1,373,808	-	233,687	-
	\$ 12,336,690	\$ 5,448,137	\$ 10,953,296	\$ 4,710,307
Net property and equipment		\$ 6,888,553		\$ 6,242,989

Construction in progress at February 28, 2017 consists primarily of architecture fees and progress payments for a building addition. There are remaining construction commitments of approximately \$1.9 million as of February 28, 2017, which will be financed by a United States Department of Agriculture loan and reserve funds of the Organization.

Note 5 - Debt

Long-term debt consists of:

	2017	2016
USDA Rural Development mortgage note payable, 4.25%, due in monthly installments of \$14,780 through March 30, 2038	\$ 2,455,742	\$ 2,526,817
USDA Rural Development mortgages note payable, 3.75% through February 17, 2052		
\$907 due monthly	211,444	214,320
\$4,443 due monthly	1,033,806	1,047,845
Mortgage notes payable, 4.45%, due in monthly installments of \$25,600 through February 7, 2015 and \$21,375 through February 7, 2018, with a final balloon payment in February 2018	1,704,200	1,880,950
USDA Rural Development mortgages note payable, 3.25%, due in monthly installments of \$1,865 through May 21, 2055	481,309	185,021
USDA Rural Development mortgage note payable, 2.375%, due in monthly installments of \$9,529 through November 7, 2056	743,537	-
Capital lease obligations - Note 6	741,975	770,182
	7,372,013	6,625,135
Less current maturities	(2,082,398)	(432,334)
Long-term debt, less current maturities	\$ 5,289,615	\$ 6,192,801

Long-term debt maturities are as follows:

Years Ending	Amount
February 28, 2018	\$ 2,082,398
February 28, 2019	396,500
February 29, 2020	395,813
February 28, 2021	378,488
February 28, 2022	244,301
Thereafter	3,874,513
	\$ 7,372,013

Substantially all of the Organization's assets are pledged as collateral for the USDA and mortgage notes payable. The USDA loan agreements require funding a debt service reserve account with monthly payments of \$2,766 until the account reaches \$331,782. A deficiency in the debt service reserve account is allowable provided account funds are expended for payments on the notes payable. The reserve account balance requirement as of February 28, 2017 and February 29, 2016 was \$168,332 and \$144,675, respectively.

Note 6 - Leases

The Facility leases certain equipment under non-cancelable long-term lease agreements. Total lease expense for the years ended February 28, 2017 and February 29, 2016 for all operating leases was \$168,699 and \$179,800, respectively.

Minimum future lease payments are as follows:

<u>Years Ending</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
February 28, 2018	\$ 208,216	\$ 73,044
February 28, 2019	208,216	64,544
February 29, 2020	195,109	47,784
February 28, 2021	164,645	32,330
February 28, 2022	<u>18,640</u>	<u>19,062</u>
Total minimum lease payments	794,826	<u>\$ 236,764</u>
Less portion representing interest	<u>(52,851)</u>	
Present value of minimum lease payments - Note 5	<u>\$ 741,975</u>	

Leased property under capital leases at February 28, 2017 and February 29, 2016 includes medical equipment with a total cost of \$1,132,234, and \$991,234, respectively and accumulated depreciation of \$455,051 and \$272,620, respectively.

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at February 28, 2017 and February 29, 2016:

	<u>2017</u>	<u>2016</u>
Interest in net assets of Foundation - funds held by Foundation for health care programs and services	<u>\$ 371,677</u>	<u>\$ 356,600</u>

In 2017 and 2016, net assets were released from the Foundation in the amounts of \$-0- and \$3,609, respectively. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Note 8 - Pension Plan

Qualified employees of Faulkton Area Medical Center are covered by the South Dakota Retirement System (SDRS) which is a cost-sharing, multiple employer defined benefit pension plan administered by the State of South Dakota. The SDRS is considered part of the State of South Dakota financial reporting entity and is included in the state's financial report as a component unit. The tax ID number for the South Dakota Retirement System plan is 46-6000364 and their plan number is 001. Employees are required by state statute to contribute 6 percent of their salary to the plan. State statute also requires the employer to contribute an amount equal to the employee's contributions. Faulkton Area Medical Center contributes less than 5% of the total contributions made to the plan from all employees. As of June 30, 2016, the SDRS plan had a fiduciary net position of approximately 96.9% of the total actuarial accrued net pension liability. Contributions to SDRS are deposited monthly with the plan trustee who invests the plan assets. Total pension expense for the years ended February 28, 2017 and February 29, 2016, was \$253,698 and \$248,764, respectively.

Note 9 - Concentrations of Credit Risk

The Organization grants credit without collateral to its patients, most of which are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at February 28, 2017 and February 29, 2016, was as follows:

	2017	2016
Medicare	51%	42%
Medicaid	3%	4%
Blue Cross	12%	14%
Commercial insurance	10%	15%
Other	24%	25%
	100%	100%

The Organization's cash balances are maintained in various bank deposit accounts. At times, amounts on deposit may exceed federally-insured limits. To date, the Organization has not experienced losses in these accounts.

Note 10 - Functional Expenses

The Organization provides general health care services to patients within its geographic location. Expenses related to providing these services are as follows for the years ended February 28, 2017 and February 29, 2016:

	2017	2016
Patient health care services	\$ 8,495,171	\$ 8,094,412
General and administrative	1,056,166	1,019,742
Total	\$ 9,551,337	\$ 9,114,154

Note 11 - Related Party Transactions

Faulkton Area Medical Foundation, Inc. (Foundation) is organized as a 509 (a)(3) supporting organization under IRS code regulations to hold and solicit funds for the Organization. Funds are distributed to the Organization as determined by the Foundation’s Board of Directors. The Organization’s interest in the net assets of the Foundation is reported as a noncurrent asset in the balance sheets. The amount recorded in the balance sheet is equal to the net assets held by the Foundation that are for the benefit of the Organization. During the years ended February 28, 2017 and February 29, 2016, the Organization received distributions from the Foundation in the amounts of \$-0- and \$3,609, respectively.

Note 12 - Contingencies

Malpractice Insurance

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and \$3 million annual aggregate. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigations, Claims, and Disputes

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations of health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 13 - Commitments

The Organization has entered into certain long-term non-cancelable contracts resulting in purchase commitments.

A summary of outstanding purchase commitments is as follows:

Years Ending	Amount
February 28, 2018	\$ 231,265
February 28, 2019	130,463
February 29, 2020	123,635
February 28, 2021	106,398
February 28, 2022	14,768
	\$ 606,529

Note 14 - Subsequent Events

The Organization has evaluated subsequent events through June 13, 2017, the date which the financial statements were available to be issued.



Supplementary Information
February 28, 2017 and February 29, 2016
Faulkton Area Medical Center



Independent Auditor's Report on Supplementary Information

The Board of Directors
Faulkton Area Medical Center
Faulkton, South Dakota

We have audited the financial statements of Faulkton Area Medical Center as of and for the years ended February 28, 2017 and February 29, 2016, and our report thereon dated June 13, 2017, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for February 28, 2017 and February 29, 2016 on pages 20 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Operational, Statistical, and Financial Highlights on page 26, which is the responsibility of management, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Eide Bailly LLP

Sioux Falls, South Dakota
June 13, 2017

Faulkton Area Medical Center
Schedules of Net Patient Service Revenue
Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Patient Service Revenue - By Department		
Routine services	\$ 1,868,538	\$ 1,776,030
Laboratory	2,263,315	2,395,179
Radiology	2,045,780	2,266,491
Clinic	1,281,311	1,228,205
Pharmacy	1,493,724	1,370,518
Physical therapy	826,686	835,206
Central services and supply	236,924	292,760
Emergency room	482,059	467,408
Occupational therapy	216,004	202,658
Electrocardiology	150,847	163,039
Speech therapy	35,669	64,329
	10,900,857	11,061,823
Charity care	(35,350)	(91,586)
Total patient service revenue	\$ 10,865,507	\$ 10,970,237
Patient Service Revenue - By Patient Classification		
Inpatient	\$ 2,112,282	\$ 2,286,796
Outpatient	5,961,146	6,400,743
Clinic	1,281,311	1,228,205
Swingbed	1,546,118	1,146,079
Charity care	(35,350)	(91,586)
Total patient service revenue	10,865,507	10,970,237
Contractual Adjustments		
Medicare	(324,285)	(630,148)
Medicaid	(140,259)	(150,144)
Blue Cross and other insurers	(761,963)	(737,177)
Other	(1,050)	(2,650)
Total contractual adjustments	(1,227,557)	(1,520,119)
Net Patient Service Revenue	\$ 9,637,950	\$ 9,450,118

Faulkton Area Medical Center
Schedules of Other Revenue
Years Ended February 28, 2017 and February 29, 2016

	<u>2017</u>	<u>2016</u>
Other Revenue		
Grant income	\$ 269,533	\$ 112,994
Rent	-	34,256
Electronic health record incentive revenue	-	33,545
Education and wellness	71,258	60,396
Meals	14,411	23,473
Other	9,911	13,614
	<u> </u>	<u> </u>
Total other revenue	<u>\$ 365,113</u>	<u>\$ 278,278</u>

Faulkton Area Medical Center
Schedules of Expenses
Years Ended February 28, 2017 and February 29, 2016

	<u>2017</u>	<u>2016</u>
Routine Services		
Salaries	\$ 1,348,813	\$ 1,238,269
Supplies	24,170	35,578
Purchased services	190,925	149,129
Rental	59,124	71,719
Other	8,445	11,390
	<u>1,631,477</u>	<u>1,506,085</u>
Radiology		
Salaries	190,549	169,652
Supplies	6,613	18,238
Purchased services	122,766	137,378
Repairs & maintenance	127,525	138,627
Lease	12,070	13,374
Other	466	5,591
	<u>459,989</u>	<u>482,860</u>
Laboratory		
Salaries	291,731	264,684
Supplies	98,458	98,596
Purchased services	120,836	131,667
Repairs & maintenance	38,725	35,834
Lease	27,544	32,389
Blood	6,626	8,184
Other	8,912	5,140
	<u>592,832</u>	<u>576,494</u>
Physical Therapy		
Salaries	245,642	259,189
Supplies	8,378	13,985
Purchased services	24,217	3,250
Lease	19,099	19,278
Other	2,467	368
	<u>299,803</u>	<u>296,070</u>
Occupational Therapy		
Salaries	100,574	90,747
Supplies	4,168	4,177
	<u>104,742</u>	<u>94,924</u>

Faulkton Area Medical Center
Schedules of Expenses
Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Speech Therapy		
Purchased services	\$ 16,664	\$ 19,151
Other	5,016	6,291
	<u>21,680</u>	<u>25,442</u>
Emergency Room		
Salaries	273,603	253,362
Supplies	9,648	-
Purchased services	138,250	1,016
	<u>421,501</u>	<u>254,378</u>
Central Services		
Salaries	31,916	29,583
Supplies	65,817	64,536
Repairs & maintenance	2,424	1,585
Other	356	353
	<u>100,513</u>	<u>96,057</u>
Pharmacy		
Salaries	122,724	102,552
Supplies	298,970	177,223
Purchased services	99,150	112,820
Other	160,474	196,372
	<u>681,318</u>	<u>588,967</u>
Operation of Plant		
Salaries	69,973	61,059
Supplies	24,906	12,436
Repairs & maintenance	149,361	192,959
Utilities	120,396	114,524
Other	270	71
	<u>364,906</u>	<u>381,049</u>
Laundry and Linen		
Salaries	23,745	23,186
Supplies	3,337	2,344
Linen	27,082	25,530

Faulkton Area Medical Center
Schedules of Expenses
Years Ended February 28, 2017 and February 29, 2016

	2017	2016
Housekeeping		
Salaries	\$ 94,774	\$ 81,942
Supplies	22,913	22,328
Repairs & maintenance	186	-
	<u>117,873</u>	<u>104,270</u>
Dietary		
Salaries	217,576	199,379
Food	39,354	46,926
Supplies	22,394	21,820
Other	51,631	39,986
	<u>330,955</u>	<u>308,111</u>
Medical Records		
Salaries	140,559	141,928
Supplies	7,060	3,735
Purchased services	103,045	82,618
Repairs & maintenance	14,892	15,505
Other	547	7,193
	<u>266,103</u>	<u>250,979</u>
Clinic		
Salaries	712,026	694,944
Supplies	16,455	18,331
Repairs & maintenance	9,847	9,600
Other	39,845	57,458
	<u>778,173</u>	<u>780,333</u>
General and Administrative		
Salaries	556,463	554,557
Supplies	58,548	40,441
Purchased services	530	450
Repairs & maintenance	9,563	9,846
Rent/Lease	794	575
Other	224,571	204,018
	<u>850,469</u>	<u>809,887</u>

Faulkton Area Medical Center
Schedules of Expenses
Years Ended February 28, 2017 and February 29, 2016

	<u>2017</u>	<u>2016</u>
Unassigned Expenses		
Depreciation	\$ 737,830	\$ 812,263
Insurance	53,337	56,235
Employee benefits	1,437,005	1,380,666
Interest	<u>273,749</u>	<u>283,554</u>
	<u>2,501,921</u>	<u>2,532,718</u>
 Total expenses	 <u><u>\$ 9,551,337</u></u>	 <u><u>\$ 9,114,154</u></u>

Faulkton Area Medical Center
Operational, Statistical, and Financial Highlights - Unaudited
Years Ended February 28, 2017, February 29, 2016, and February 28, 2015

	Year Ended February 28, 2017	Year Ended February 29, 2016	Year Ended February 28, 2015
Patient Days			
Acute	431	458	456
Swing bed	1,071	792	1,052
Total	<u>1,502</u>	<u>1,250</u>	<u>1,508</u>
Admissions			
Acute	162	164	158
Swing bed	97	86	112
Total	<u>259</u>	<u>250</u>	<u>270</u>
Outpatient visits	12,191	12,758	12,903
Average length of stay	2.66	2.79	2.89
Occupancy percent	34.3%	28.5%	34.4%
Net patient service revenue per calendar day	\$ 29,769	\$ 29,973	\$ 28,107
Number of days net patient service revenue in net patient receivables at end of year	56	48	66