Public Disclosure for Tax-Exempt Organizations

Tax-exempt organizations are required to make a copy of their application for exemption and Form(s) 990 (and 990-T, if applicable) available for public inspection and to provide copies of such forms to individuals or organizations that request copies. Alternatively, the Internet may be used to make these documents available. (See the "Using the Internet" section which follows.) These rules apply to an organization's Form(s) 990 (and 990-T, if applicable) for the last three years and to its application for exemption.[1] If the application was filed prior to July 15, 1987, disclosure is not required unless the organization had a copy of the application on July 15, 1987. An organization **may omit names and addresses of contributors from its return(s)**. Failure to comply with disclosure requirements can result in an enforcement action by the IRS.

While disclosure rules create an additional burden, they also provide an opportunity for your organization to showcase the community benefits that it provides. The rules also heighten the need to carefully review all responses, including narrative explanations, contained on your Form(s) 990/990-T before filing.

Where Must Information Be Provided?

Generally, an organization must make its documents available for public inspection at any location where it has three or more employees. If the only services provided at the site are in furtherance of exempt purposes and the site does not serve as an office for management staff, the documents are not required to be made available there.

How Quickly Must Organizations Reply?

Requests for copies can be made in person or in writing. When requests are made in person, the copies must generally be provided on the same business day. There are provisions for delays due to unusual circumstances. However, in no event may the period of delay exceed five business days. Unusual circumstances include times when those staff that are capable of fulfilling a request are absent.

Written Requests

Requested copies generally must be mailed within 30 days from the date of the receipt of the written request. However, if the organization requires advance payment of a reasonable fee for copying and postage, it may provide the copies within 30 days from the date it receives payment rather than the date of the original request.

What Can an Organization Charge?

You are currently allowed to charge a maximum fee of $.20 cents per page in addition to actual postage costs.

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[1] Certain information within an application for exemption can be withheld from public inspection if public availability would adversely affect the organization, *e.g.*, information relating to a trade secret, patent, process, style of work or apparatus of the organization.

If any organization receives a written request for copies with no payment enclosed and the organization requires payment in advance, the organization must request payment within seven days from the date it received the request. An organization is required to accept a personal check for written requests if it does not accept payment by credit card. If an organization does not require prepayment and the requester does not enclose a prepayment with the request, the organization must receive consent from a requester before providing copies for which the fee charge for copying and postage would be in excess of $20.

Local or Subordinate Organizations

A local or subordinate organization that is covered by a group exemption letter is given additional time for responding to some requests. If this type of organization receives a request made in person for inspection of its application for tax exemption, the local organization is required to acquire and make available the application for a group exemption letter filed by the central or parent organization within not more than two weeks. The same general rule would apply with respect to a local or subordinate organization that does not file its own Form(s) 990/990-T but is covered under a group return. Again, the local or subordinate organization must make the group return available for inspection within a reasonable period which is defined as not more than two weeks. If the group return includes separate schedules with respect to each local or subordinate organization, the local or subordinate organization may exclude or omit any schedules relating only to other organizations which are included in the group return.

If a request is made for a personal inspection to a local or subordinate organization, it has the option of mailing the return to the requester rather than allowing an inspection. However, if this is done, the local or subordinate organization may not charge for the copying of the document unless the requester consents to the charge. If a local or subordinate organization receives a request for copies, then it must comply with the rules stated previously.

Using the Internet

As an alternative to providing copies, an organization may provide access to its exemption application and Form(s) 990 (and 990-T, if applicable) through the Internet. The website must provide instructions for downloading the document(s). The information on the Internet must be in such a format that it may be accessed, downloaded, viewed or printed in the same format as the actual documents. An organization would need to make the web address available to the general public.

There is nothing that prevents others from posting your Forms 990, 990-T and exemption application on the Internet. Based on this fact and the potential strain on your organization's resources from providing copies, organizations should consider posting these documents on the Internet.

What if the Requests Are a Form of Harassment?

If an organization believes it is subject to a harassment campaign, it can file an application for a harassment determination with the Internal Revenue Service. This would allow the organization to suspend compliance with these requests. In addition, an organization may disregard requests for copies in excess of two per month or four per year made by a single individual or sent from a single address, without submitting an application for a harassment determination.

Please contact your BKD advisor if you have questions about these rules.

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

▶ **Do not enter Social Security numbers on this form as it may be made public.**

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

OMB No. 1545-0047

2017

Open to Public Inspection

A For the 2017 calendar year, or tax year beginning 10/01, **2017, and ending** 09/30, **20** 18

B Check if applicable: Address change; Name change; Initial return; Terminated; Amended return; Application pending

C Name of organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Doing Business As

Number and street (or P.O. box if mail is not delivered to street address): 189 PROUTY DR | Room/suite

City or town, state or province, country, and ZIP or foreign postal code: NEWPORT, VT 05855

D Employer identification number 03-0185556

E Telephone number (802) 334-7331

G Gross receipts $ 99,790,998.

F Name and address of principal officer: CLAUDIO FORT
189 PROUTY DR NEWPORT, VT 05855

H(a) Is this a group return for subordinates? Yes [ ] No [X]

H(b) Are all subordinates included? Yes [ ] No [ ]

If "No," attach a list. (see instructions)

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

J Website: ▶ WWW.NCHSI.ORG

H(c) Group exemption number ▶

K Form of organization: [X] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation: 1919 **M** State of legal domicile: VT

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities: TO PROVIDE HEALTH CARE SERVICES TO THE RESIDENTS OF ORLEANS AND ESSEX COUNTIES, ENSURING THAT HEALTH CARE IS AVAILABLE TO ALL PEOPLE.

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	15.
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11.
5	Total number of individuals employed in calendar year 2017 (Part V, line 2a)	5	658.
6	Total number of volunteers (estimate if necessary)	6	40.
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	8,306.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	77,646.

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	232,121.	181,559.
	9	Program service revenue (Part VIII, line 2g)	84,121,838.	84,634,595.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,467,603.	2,019,176.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	127,483.	11,439.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	85,949,045.	86,846,769.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	65,500.	0.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	49,922,431.	50,815,978.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶ 0.		
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	36,283,015.	36,012,174.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	86,270,946.	86,828,152.
	19	Revenue less expenses. Subtract line 18 from line 12	-321,901.	18,617.
			Beginning of Current Year	**End of Year**
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	83,751,010.	86,415,286.
	21	Total liabilities (Part X, line 26)	31,989,170.	32,562,799.
	22	Net assets or fund balances. Subtract line 21 from line 20	51,761,840.	53,852,487.

COPY FOR PUBLIC INSPECTION

Part II Signature Block

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

Sign Here

▶ Signature of officer — Date

▶ Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
BRIAN D TODD				P00422601

Firm's name ▶ BKD, LLP — Firm's EIN ▶ 44-0160260

Firm's address ▶ 910 E ST LOUIS #200/PO BOX 1190 SPRINGFIELD, MO 65806-2523 — Phone no. 417 865-8701

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

For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2017)

JSA
7E1065 1.000

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:

QUALITY PATIENT CARE IS OUR GREATEST COMMITMENT, EMPLOYEES ARE OUR GREATEST ASSET, EXCELLENT PATIENT EXPERIENCE IS OUR GREATEST ACCOMPLISHMENT, AND THE HEALTH OF OUR COMMUNITY IS OUR GREATEST RESPONSIBILITY.

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 $ 50,719,177. including grants of $ _____) (Revenue $ 58,812,581.)

THE HOSPITAL OFFERS OUTPATIENT SERVICES INCLUDING EMERGENCY ROOM, LAB WORK, DIAGNOSTIC IMAGING (X-RAY, CT SCAN, MRI, MAMMOGRAMS, NUCLEAR IMAGING ULTRASOUND), OUTPATIENT SURGERIES, PULMONARY, CARDIAC CARE AND THERAPY SERVICES (PHYSICAL, SPEECH AND REHABILITATIVE).

4b (Code: _____) (Expenses $ 12,115,964. including grants of $ _____) (Revenue $ 14,049,343.)

INPATIENT HOSPITAL CARE WAS PROVIDED AT A CRITICAL ACCESS HOSPITAL TOTALING 6,287 PATIENT DAYS FOR THE YEAR. THE HOSPITAL'S INPATIENT CARE SERVICES INCLUDE A 24 HOUR EMERGENCY DEPARTMENT, MEDICAL AND SURGICAL SERVICES, INTENSIVE CARE UNITS, BIRTHING CENTER, CLINICAL LABORATORY, MRI AND ULTRASOUND, NEUROLOGY, ORTHOPEDICS, PHARMACY, REHABILITATION SERVICES, OCCUPATIONAL AND PHYSICAL THERAPY AMONG OTHERS. THE HOSPITAL ALSO PROVIDED COMMUNITY GRANTS.

4c (Code: _____) (Expenses $ 10,152,594. including grants of $ _____) (Revenue $ 11,772,671.)

THE HOSPITAL'S PHYSICIAN PRACTICE CLINICS PROVIDE INTERNAL MEDICINE RADIOLOGY PROGRAM, PSYCHIATRIC, OB/GYN, NEUROLOGY, ORTHOPEDICS, OCCUPATIONAL HEALTH, PULMONARY-SLEEP, AND SURGICAL SERVICES.

4d Other program services (Describe in Schedule O.)

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

4e Total program service expenses ▶ 72,987,735.

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)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		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? *If "Yes," complete Schedule C, Part II*	4	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? *If "Yes," complete Schedule C, Part III*	5		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? *If "Yes," complete Schedule D, Part I*	6		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? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		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? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	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? *If "Yes," complete Schedule D, Part VI*	11a	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? *If "Yes," complete Schedule D, Part VII*	11b		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? *If "Yes," complete Schedule D, Part VIII*	11c		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? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		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? *If "Yes," complete Schedule F, Parts I and IV*	14b		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? *If "Yes," complete Schedule F, Parts II and IV*	15		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? *If "Yes," complete Schedule F, Parts III and IV*	16		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? *If "Yes," complete Schedule G, Part I* (see instructions)	17		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? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	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? *If "Yes," complete Schedule I, Parts I and II*	21		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? *If "Yes," complete Schedule I, Parts I and III*	22		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? *If "Yes," complete Schedule J*	23	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? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		X
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
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? *If "Yes," complete Schedule L, Part I*	25a		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? *If "Yes," complete Schedule L, Part I*	25b		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? *If "Yes," complete Schedule L, Part II*	26		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? *If "Yes," complete Schedule L, Part III*	27		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? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		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? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		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? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		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)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		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? *If "Yes," complete Schedule R, Part VI*	37		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O.	38	X	

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

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	**1a**	94		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	**1b**	0.		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		**1c**	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	**2a**	658		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		**2b**	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		**3a**	X	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*		**3b**	X	
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)?		**4a**		X
b	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?		**5a**		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		**5b**		X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		**5c**		
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?		**6a**		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		**7a**		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		**7c**		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		**7e**		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		**7f**		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		**7h**		
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?		**8**		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the sponsoring organization make any taxable distributions under section 4966?		**9a**		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		**9b**		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		**13a**		
	Note. See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		**14a**		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		**14b**		

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 . . . . . [X]

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . . 1a 15 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			
b	Enter the number of voting members included in line 1a, above, who are independent 1b 11			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		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?	3		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		X
6	Did the organization have members or stockholders?	6	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?	7a	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:			
a	The governing body?	8a	X	
b	Each committee with authority to act on behalf of the governing body?	8b	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*	9		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?	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	12c	X	
13	Did the organization have a written whistleblower policy?	13	X	
14	Did the organization have a written document retention and destruction policy?	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	X	
b	Other officers or key employees of the organization	15b	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?	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ VT,

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 [X] 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: ▶
ANDRE BISSONNETTE 189 PROUTY DRIVE NEWPORT, VT 05855 802-334-7331

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. X

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 dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(1) CLAUDIO FORT	40.00									
CEO	2.00	X		X				340,587.	0.	43,837.
(2) KATHRYN AUSTIN	10.00									
CHAIR	2.00	X		X				0.	0.	0.
(3) GARY GILLESPIE	5.00									
VICE CHAIR FINANCE	2.00	X		X				0.	0.	0.
(4) MELISSA PETTERSSON	5.00									
SECRETARY/CLERK	2.00	X		X				0.	0.	0.
(5) RICHARD BARAW	5.00									
TRUSTEE	2.00	X						0.	0.	0.
(6) MARK BEAMS	5.00									
VICE CHAIR - BOARD	2.00	X		X				0.	0.	0.
(7) FRANK KNOLL	5.00									
TRUSTEE	2.00	X						0.	0.	0.
(8) THOMAS MILNAMOW	5.00									
TRUSTEE	2.00	X						0.	0.	0.
(9) CHRISTOPHER RICKMAN, MD	40.00									
TRUSTEE/PHYSICIAN	2.00	X						369,495.	0.	36,885.
(10) MARIA FATIGATI MD	40.00									
MEDICAL STAFF PRES BEG 10/2017	2.00	X		X				275,229.	0.	38,901.
(11) BOB WILSON	5.00									
TRUSTEE	2.00	X						0.	0.	0.
(12) HEIDI BROWN	5.00									
TRUSTEE	2.00	X						0.	0.	0.
(13) JANET OSBORNE	5.00									
TRUSTEE	2.00	X						0.	0.	0.
(14) UMAR MALIK MD	40.00									
MEDICAL STAFF VP BEG 10/2017	2.00	X		X				346,724.	0.	36,747.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(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
(15) JIM BIERNAT	5.00									
TRUSTEE BEG 10/2017	2.00	X						0.	0.	0.
(16) ANDRE BISSONNETTE	40.00									
CHIEF FINANCIAL OFFICER	2.00			X				205,858.	0.	38,801.
(17) THOMAS FRANK	40.00									
CHIEF OPERATING OFFICER	2.00				X			247,894.	0.	7,927.
(18) AVRIL COCHRAN	40.00									
VP PATIENT CARE SERVICES	2.00				X			179,170.	0.	25,514.
(19) S.G. NEALE, MD	40.00									
PHYSICIAN	0.					X		542,159.	0.	45,513.
(20) GREG WALKER, MD	40.00									
PHYSICIAN	0.					X		565,019.	0.	53,552.
(21) PETER STUART, MD	40.00									
PHYSICIAN	0.					X		599,374.	0.	21,667.
(22) VERONIKA JEDLOVSZKY MD	40.00									
PHYSICIAN	0.					X		529,295.	0.	49,424.
(23) LARRY SISSON, MD	40.00									
PHYSICIAN	0.					X		595,646.	0.	23,843.
1b Sub-total ▶								1,332,035.	0.	156,370.
c Total from continuation sheets to Part VII, Section A ▶								3,464,415.	0.	266,241.
d Total (add lines 1b and 1c) ▶								4,796,450.	0.	422,611.

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 ▶ 69

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 1		

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

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	171,654.			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	9,905.			
	g	Noncash contributions included in lines 1a-1f: $					
	h	**Total.** Add lines 1a-1f ▶		181,559.			
			Business Code				
Program Service Revenue	2a	PATIENT SERVICE REVENUE	624100	78,745,591.	78,745,591.		
	b	340B PHARMACY	446110	3,225,895.	3,225,895.		
	c	OTHER PATIENT SERVICE REVENUE	624100	2,390,455.	2,390,455.		
	d	CAFETERIA	722514	272,654.	272,654.		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a-2f ▶		84,634,595.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		919,436.			919,436.
	4	Income from investment of tax-exempt bond proceeds ▶		0.			
	5	Royalties ▶		0.			
			(i) Real / (ii) Personal				
	6a	Gross rents					
	b	Less: rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) ▶		0.			
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	14,023,799. / 20,170.				
	b	Less: cost or other basis and sales expenses	12,858,946. / 85,283.				
	c	Gain or (loss)	1,164,853. / -65,113.				
	d	Net gain or (loss) ▶		1,099,740.			1,099,740.
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from fundraising events ▶		0.			
	9a	Gross income from gaming activities. See Part IV, line 19	a				
	b	Less: direct expenses	b				
	c	Net income or (loss) from gaming activities ▶		0.			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less: cost of goods sold	b				
	c	Net income or (loss) from sales of inventory ▶		0.			
		Miscellaneous Revenue	**Business Code**				
	11a	ADMIN SERVICES	561000	3,175.		3,175.	
	b	HOUSEKEEPING	900099	5,131.		5,131.	
	c	GAIN ON INVEST IN EQUITY INVESTEE	812900	3,133.			3,133.
	d	All other revenue					
	e	**Total.** Add lines 11a-11d ▶		11,439.			
	12	**Total revenue.** See instructions. ▶		86,846,769.	84,634,595.	8,306.	2,022,309.

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	0.			
2 Grants and other assistance to domestic individuals. See Part IV, line 22	0.			
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16	0.			
4 Benefits paid to or for members	0.			
5 Compensation of current officers, directors, trustees, and key employees	2,193,569.	1,564,486.	629,083.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.			
7 Other salaries and wages	37,187,338.	28,061,455.	9,125,883.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,668,195.	1,475,811.	192,384.	
9 Other employee benefits	7,105,507.	6,271,128.	834,379.	
10 Payroll taxes	2,661,369.	2,333,395.	327,974.	
11 Fees for services (non-employees):				
a Management	229,193.		229,193.	
b Legal	59,168.		59,168.	
c Accounting	73,000.		73,000.	
d Lobbying	0.			
e Professional fundraising services. See Part IV, line 17	0.			
f Investment management fees	361,359.		361,359.	
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	8,346,827.	8,273,080.	73,747.	
12 Advertising and promotion	276,848.		276,848.	
13 Office expenses	3,127,070.	2,907,765.	219,305.	
14 Information technology	22,207.	22,207.		
15 Royalties	0.			
16 Occupancy	1,452,394.	1,358,354.	94,040.	
17 Travel	138,072.	134,673.	3,399.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0.			
19 Conferences, conventions, and meetings	199,414.	199,414.		
20 Interest	650,516.	580,487.	70,029.	
21 Payments to affiliates	0.			
22 Depreciation, depletion, and amortization	4,240,897.	3,784,359.	456,538.	
23 Insurance	779,208.		779,208.	
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 & DRUGS	4,818,694.	4,818,694.		
b PROVIDER TAX	4,550,596.	4,550,596.		
c REPAIRS & MAINTENANCE	3,150,232.	3,115,352.	34,880.	
d BAD DEBT	3,089,396.	3,089,396.		
e All other expenses	447,083.	447,083.		
25 **Total functional expenses.** Add lines 1 through 24e	86,828,152.	72,987,735.	13,840,417.	
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)	0.			

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	2,966.	1	498,403.
	2	Savings and temporary cash investments	2,978,899.	2	2,476,694.
	3	Pledges and grants receivable, net	27,119.	3	31,142.
	4	Accounts receivable, net	7,526,105.	4	8,588,342.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0.	5	0.
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0.	6	0.
	7	Notes and loans receivable, net	0.	7	0.
	8	Inventories for sale or use	2,433,140.	8	2,628,596.
	9	Prepaid expenses and deferred charges	1,176,800.	9	887,834.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a 77,302,397.			
	b	Less: accumulated depreciation — 10b 53,899,039.	24,697,926.	10c	23,403,358.
	11	Investments - publicly traded securities	41,077,194.	11	43,306,575.
	12	Investments - other securities. See Part IV, line 11	259,399.	12	262,532.
	13	Investments - program-related. See Part IV, line 11	882,188.	13	950,085.
	14	Intangible assets	0.	14	0.
	15	Other assets. See Part IV, line 11	2,689,274.	15	3,381,725.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	83,751,010.	16	86,415,286.
Liabilities	17	Accounts payable and accrued expenses	9,948,886.	17	11,310,983.
	18	Grants payable	0.	18	0.
	19	Deferred revenue	0.	19	0.
	20	Tax-exempt bond liabilities	17,806,674.	20	17,027,790.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0.	21	0.
	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	0.	22	0.
	23	Secured mortgages and notes payable to unrelated third parties	918,995.	23	1,673,839.
	24	Unsecured notes and loans payable to unrelated third parties	0.	24	0.
	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	3,314,615.	25	2,550,187.
	26	**Total liabilities.** Add lines 17 through 25	31,989,170.	26	32,562,799.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	47,631,673.	27	49,444,068.
	28	Temporarily restricted net assets	3,335,308.	28	3,613,560.
	29	Permanently restricted net assets	794,859.	29	794,859.
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ [ ] 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	51,761,840.	33	53,852,487.
	34	Total liabilities and net assets/fund balances	83,751,010.	34	86,415,286.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	86,846,769.
2	Total expenses (must equal Part IX, column (A), line 25)	2	86,828,152.
3	Revenue less expenses. Subtract line 2 from line 1	3	18,617.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	51,761,840.
5	Net unrealized gains (losses) on investments	5	1,191,883.
6	Donated services and use of facilities	6	0.
7	Investment expenses	7	0.
8	Prior period adjustments	8	0.
9	Other changes in net assets or fund balances (explain in Schedule O)	9	880,147.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	53,852,487.

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: [ ] Cash [X] Accrual [ ] Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		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: [ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	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: [ ] Separate basis [X] Consolidated basis [ ] Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	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?	3a		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.	3b		

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047
2017
Open to Public Inspection

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

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

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

1 [ ] A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 [ ] A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
3 [X] A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 [ ] A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
5 [ ] An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
6 [ ] A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 [ ] An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
8 [ ] A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
9 [ ] An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
10 [ ] An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
11 [ ] An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
12 [ ] An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.

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

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

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

Schedule A (Form 990 or 990-EZ) 2017
JSA
7E1210 1.000

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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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** . . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) . . . . . **14** %

15 Public support percentage from 2016 Schedule A, Part II, line 14 . . . . . **15** %

16a **33 1/3 % support test - 2017.** If the organization did not check the box on line 13, and line 14 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

b **33 1/3 % support test - 2016.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3 % or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

17a **10%-facts-and-circumstances test - 2017.** 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 . . . . . ▶ ☐

b **10%-facts-and-circumstances test - 2016.** 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 . . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . ▶ ☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(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 2017 (line 8, column (f) divided by line 13, column (f))	15	%
16	Public support percentage from 2016 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2017** (line 10c, column (f) divided by line 13, column (f))	17	%
18	Investment income percentage from **2016** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2017.** 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 - 2016.** 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? *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.*	1		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? *If "Yes," explain in **Part VI** how the organization determined that the supported organization was described in section 509(a)(1) or (2).*	2		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? *If "Yes," answer (b) and (c) below.*	3a		
b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? *If "Yes," describe in **Part VI** when and how the organization made the determination.*	3b		
c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? *If "Yes," explain in **Part VI** what controls the organization put in place to ensure such use.*	3c		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? *If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.*	4a		
b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? *If "Yes," describe in **Part VI** how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.*	4b		
c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? *If "Yes," explain in **Part VI** what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.*	4c		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? *If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in **Part VI**, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).*	5a		
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?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
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? *If "Yes," provide detail in **Part VI.***	6		
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? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	7		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	8		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? *If "Yes," provide detail in **Part VI.***	9a		
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? *If "Yes," provide detail in **Part VI.***	9b		
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? *If "Yes," provide detail in **Part VI.***	9c		
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)? *If "Yes," answer 10b below.*	10a		
b	Did the organization have any excess business holdings in the tax year? *(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)*	10b		

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?	**11a**		
b	A family member of a person described in (a) above?	**11b**		
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.***	**11c**		

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.*	**1**		
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.*	**2**		

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).*	**1**		

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?	**1**		
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).*	**2**		
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.*	**3**		

Section E. Type III Functionally Integrated Supporting Organizations

1 *Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (****see instructions****).*

a ☐ The organization satisfied the Activities Test. *Complete* ***line 2*** *below.*

b ☐ The organization is the parent of each of its supported organizations. *Complete* ***line 3*** *below.*

c ☐ The organization supported a governmental entity. *Describe in* ***Part VI*** *how you supported a government entity (see instructions).*

			Yes	No
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.*	**2a**		
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.*	**2b**		
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.***	**3a**		
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.*	**3b**		

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

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

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

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

Section C - Distributable Amount			Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	**1**		
2 Enter 85% of line 1.	**2**		
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	**3**		
4 Enter greater of line 2 or line 3.	**4**		
5 Income tax imposed in prior year	**5**		
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	**6**		

7 ☐ 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 2017 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-2017	(iii) Distributable Amount for 2017
1	Distributable amount for 2017 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2017 (reasonable cause required-explain in **Part VI**). See instructions.			
3	Excess distributions carryover, if any, to 2017			
a				
b	From 2013			
c	From 2014			
d	From 2015			
e	From 2016			
f	**Total** of lines 3a through e			
g	Applied to underdistributions of prior years			
h	Applied to 2017 distributable amount			
i	Carryover from 2012 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2017 from Section D, line 7: $			
a	Applied to underdistributions of prior years			
b	Applied to 2017 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4.			
5	Remaining underdistributions for years prior to 2017, 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 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in **Part VI**. See instructions.			
7	**Excess distributions carryover to 2018**. Add lines 3j and 4c.			
8	Breakdown of line 7:			
a	Excess from 2013			
b	Excess from 2014			
c	Excess from 2015			
d	Excess from 2016			
e	Excess from 2017			

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.)

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.**
▶ **Go to *www.irs.gov/Form990* for the latest information.**

OMB No. 1545-0047

2017

Name of the organization	**Employer identification number**
NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.	03-0185556

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	[X] 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

[X] 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).

Name of organization NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number 03-0185556

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		$ 157,272.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
2		$ 9,905.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
3		$ 9,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II for noncash contributions.)

Name of organization NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number 03-0185556

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
		$	

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

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

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

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

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

Name of organization NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number 03-0185556

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 information once. See instructions.) ▶ $ _____

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 C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **Go to *www.irs.gov/Form990* for instructions and the latest information.**

OMB No. 1545-0047

2017

Open to Public Inspection

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

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

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

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

If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

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

Name of organization	Employer identification number
NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.	03-0185556

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV. (see instructions for definition of "political campaign activities")

2 Political campaign activity expenditures (see instructions) . . . . . ▶ $

3 Volunteer hours for political campaign activities (see instructions) . . . . . .

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 . . . . . ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? . . . . . ☐ Yes ☐ No

4a Was a correction made? . . . . . ☐ Yes ☐ No

b If "Yes," describe in Part IV.

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities . . . . . ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities . . . . . ▶ $

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b . . . . . ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? . . . . . ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

	(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds. If none, enter -0-.	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

Schedule C (Form 990 or 990-EZ) 2017

JSA
7E1264 1.000

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	**(a)** Filing organization's totals	**(b)** Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a. If zero or less, enter -0-		
i Subtract line 1f from line 1c. If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	**The lobbying nontaxable amount is:**
Not over $500,000	20% of the amount on line 1e.
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000.
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000.
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000.
Over $17,000,000	$1,000,000.

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

4-Year Averaging Period Under section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	**(a)** 2014	**(b)** 2015	**(c)** 2016	**(d)** 2017	**(e)** Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column (e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		17,213.
j Total. Add lines 1c through 1i			17,213.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

SEE PAGE 4

Part IV **Supplemental Information** *(continued)*

SCHEDULE C, PART II-B, LINE 1(I)

OTHER LOBBYING ACTIVITIES:

THE ORGANIZATION PAYS DUES TO THE VERMONT HOSPITAL ASSOCIATION, WHICH HAS REPORTED THAT APPROXIMATELY 12.48% OF DUES SUPPORT LOBBYING EFFORTS. IN ADDITION, THE ORGANIZATION PAYS DUES TO THE AMERICAN HOSPITAL ASSOCIATION, WHICH HAS REPORTED THAT APPROXIMATELY 22.98% OF DUES SUPPORT LOBBYING EFFORTS.

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.

▶ Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

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? ☐ Yes ☐ No

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

Part II Conservation Easements.

Complete if the organization answered "Yes" 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)
☐ Protection of natural habitat
☐ Preservation of open space
☐ Preservation of a historically important land area
☐ Preservation of a certified historic structure

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 7/25/06, 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? ☐ Yes ☐ No

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)? ☐ Yes ☐ No

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" 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	3,247,829.	2,855,688.	2,647,384.	2,745,606.	2,835,712.
b Contributions					
c Net investment earnings, gains, and losses	210,355.	392,141.	208,304.	-98,222.	-84,286.
d Grants or scholarships					5,820.
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	3,458,184.	3,247,829.	2,855,688.	2,647,384.	2,745,606.

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 ▶ 22.9800 %
c Temporarily restricted endowment ▶ 77.0200 %
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)		X
(ii) related organizations	3a(ii)		X
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		405,921.		405,921.
b Buildings		19,595,919.	14,821,224.	4,774,695.
c Leasehold improvements		24,071,615.	16,854,157.	7,217,458.
d Equipment		29,869,940.	20,707,434.	9,162,506.
e Other		3,359,002.	1,516,224.	1,842,778.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10c.)* ▶				23,403,358.

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. *(Column (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. *(Column (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) EST AMTS DUE TO 3RD PARTY PAYER	1,916,912.
(3) INTEREST RATE SWAP	633,275.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	2,550,187.

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	82,939,868.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:				
a	Net unrealized gains (losses) on investments	2a	-446,543.		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII.)	2d	-3,460,358.		
e	Add lines **2a** through **2d**			2e	-3,906,901.
3	Subtract line **2e** from line **1**			3	86,846,769.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 12.)*			5	86,846,769.

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	83,367,794.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII.)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	83,367,794.
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	361,359.		
b	Other (Describe in Part XIII.)	4b	3,098,999.		
c	Add lines **4a** and **4b**			4c	3,460,358.
5	Total expenses. Add lines **3** and **4c.** *(This must equal Form 990, Part I, line 18.)*			5	86,828,152.

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.

SEE PAGE 5

Part XIII Supplemental Information *(continued)*

SCHEDULE D, PART V, LINE 4

ENDOWMENT FUNDS:

NORTH COUNTRY HEALTH SYSTEMS (NCHS), A RELATED ORGANIZATION, HAS ADOPTED INVESTMENT AND SPENDING POLICIES FOR ENDOWMENT ASSETS THAT ATTEMPT TO PROVIDE A PREDICTABLE STREAM OF FUNDING TO PROGRAMS AND OTHER ITEMS SUPPORTED BY ITS ENDOWMENT WHILE SEEKING TO MAINTAIN THE PURCHASING POWER OF THE ENDOWMENT. UNDER NCHS'S POLICIES, THE PRIMARY INVESTMENT GOAL IS GROWTH IN THE ENDOWMENT ACCOUNTS. NCHS EXPECTS ITS ENDOWMENT FUNDS TO PROVIDE AN AVERAGE RATE OF RETURN THAT EXCEEDS BENCH MARK RETURNS INDICATED FOR VARIOUS ASSET CLASSES.

SCHEDULE D, PART X, LINE 2

UNCERTAIN TAX POSITIONS:

MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.

SCHEDULE D, PART XI, LINE 2D

AMOUNTS INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12:

$ (3,089,396) BAD DEBT EXPENSE

(361,359) INVESTMENT MANAGEMENT FEES

(9,603) OTHER EXPENSES INCLUDED IN REVENUE

$ (3,460,358)

Part XIII Supplemental Information *(continued)*

SCHEDULE D, PART XII, LINE 4B

AMOUNTS INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1:

$ 3,089,396	BAD DEBT EXPENSE
9,603	OTHER EXPENSES INCLUDED IN REVENUE

$ 3,098,999	

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.
▶ Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b	If "Yes," was it a written policy?	1b	X	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. [X] Applied uniformly to all hospital facilities [ ] Applied uniformly to most hospital facilities [ ] 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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: [ ] 100% [ ] 150% [ ] 200% [X] Other 300.0000 %	3a	X	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: [ ] 200% [ ] 250% [ ] 300% [ ] 350% [ ] 400% [ ] Other _____ %	3b		X
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		X
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	X	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		X
6a	Did the organization prepare a community benefit report during the tax year?	6a	X	
b	If "Yes," did the organization make it available to the public?	6b	X	

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			760,369.		760,369.	.91
b Medicaid (from Worksheet 3, column a)			25,311,464.	10,009,969.	15,301,495.	18.27
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			26,071,833.	10,009,969.	16,061,864.	19.18
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			14,370.		14,370.	.02
f Health professions education (from Worksheet 5)			34,707.		34,707.	.04
g Subsidized health services (from Worksheet 6)			19,552,629.	13,558,412.	5,994,217.	7.16
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			10,100.		10,100.	.01
j **Total.** Other Benefits			19,611,806.	13,558,412.	6,053,394.	7.23
k **Total.** Add lines 7d and 7j			45,683,639.	23,568,381.	22,115,258.	26.41

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

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

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

Section A. Bad Debt Expense

			Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1			X
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	3,089,396.		
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	478,856.		
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	27,239,429.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	28,919,263.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-1,679,834.

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:

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

		Yes	No
9a Did the organization have a written debt collection policy during the tax year?	9a	X	
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	X	

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

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

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, from largest to smallest - see instructions)

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

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 NORTH COUNTRY HOSPITAL 189 PROUTY DRIVE NEWPORT VT 05855 NCHSI.ORG 832	X	X			X		X			
2										
3										
4										
5										
6										
7										
8										
9										
10										

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 NORTH COUNTRY HOSPITAL

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	[X] A definition of the community served by the hospital facility			
b	[X] Demographics of the community			
c	[X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	[X] How data was obtained			
e	[X] The significant health needs of the community			
f	[X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	[X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	[X] The process for consulting with persons representing the community's interests			
i	[X] The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)			
j	[ ] Other (describe in Section C)			
4	Indicate the tax year the hospital facility last conducted a CHNA: 20 18			
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	X	
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a		X
b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b		X
7	Did the hospital facility make its CHNA report widely available to the public?	7	X	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a	[X] Hospital facility's website (list url): SEE PART V, SECTION C			
b	[ ] Other website (list url):			
c	[ ] Made a paper copy available for public inspection without charge at the hospital facility			
d	[ ] 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	X	
9	Indicate the tax year the hospital facility last adopted an implementation strategy: 20 18			
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X	
a	If "Yes," (list url): SEE PART V, SECTION C			
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		
c	If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group NORTH COUNTRY HOSPITAL

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	13	X	
	If "Yes," indicate the eligibility criteria explained in the FAP:			
a	[X] Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 300.0000 % and FPG family income limit for eligibility for discounted care of 000 %			
b	[X] Income level other than FPG (describe in Section C)			
c	[X] Asset level			
d	[X] Medical indigency			
e	[X] Insurance status			
f	[X] Underinsurance status			
g	[X] Residency			
h	[ ] Other (describe in Section C)			
14	Explained the basis for calculating amounts charged to patients?	14	X	
15	Explained the method for applying for financial assistance?	15	X	
	If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
a	[X] Described the information the hospital facility may require an individual to provide as part of his or her application			
b	[X] Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application			
c	[X] Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process			
d	[ ] Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications			
e	[ ] Other (describe in Section C)			
16	Was widely publicized within the community served by the hospital facility?	16	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	[X] The FAP was widely available on a website (list url): SEE PART V, SECTION C			
b	[X] The FAP application form was widely available on a website (list url): SEE PART V, SECTION C			
c	[X] A plain language summary of the FAP was widely available on a website (list url): SEE PART V, SECTION C			
d	[X] The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
e	[X] The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)			
f	[X] A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
g	[ ] Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention			
h	[ ] Notified members of the community who are most likely to require financial assistance about availability of the FAP			
i	[ ] The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations			
j	[ ] Other (describe in Section C)			

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group NORTH COUNTRY HOSPITAL

			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?	17	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	[ ] Reporting to credit agency(ies)			
b	[ ] Selling an individual's debt to another party			
c	[ ] 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	[ ] Actions that require a legal or judicial process			
e	[ ] Other similar actions (describe in Section C)			
f	[X] 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?	19		X
	If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	[ ] Reporting to credit agency(ies)			
b	[ ] Selling an individual's debt to another party			
c	[ ] 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	[ ] Actions that require a legal or judicial process			
e	[ ] 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 [X] 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 [X] Made a reasonable effort to orally notify individuals about the FAP and FAP application process
- c [X] Processed incomplete and complete FAP applications
- d [ ] Made presumptive eligibility determinations
- e [X] Other (describe in Section C)
- f [ ] 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?	21	X	
	If "No," indicate why:			
a	[ ] The hospital facility did not provide care for any emergency medical conditions			
b	[ ] The hospital facility's policy was not in writing			
c	[ ] The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d	[ ] 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 NORTH COUNTRY HOSPITAL

			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	☐ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period			
b	☐ 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	☒ 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	☐ 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? . . . . . If "Yes," explain in Section C.	**23**		X
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Section C.	**24**		X

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.

SCHEDULE H, PART V, SECTION B, LINE 5

COMMUNITY INPUT:

IN KEEPING WITH THE GUIDELINES FOR A COMPREHENSIVE CHNA, A NUMBER OF KEY COMMUNITY STAKEHOLDERS WHO REPRESENT THE BROAD INTEREST OF THE NEWPORT HOSPITAL SERVICE AREA, INCLUDING LEADERS AND REPRESENTATIVES OF ORGANIZATIONS THAT SERVE VARIOUS SEGMENTS OF THE POPULATION IN THE NCH SERVICE AREA WERE INVITED TO PARTICIPATE ON THE CHNA ADVISORY TEAM. WITH THE NCH CORE TEAM AS A SUBGROUP OF THE CHNA ADVISORY TEAM, THE ADVISORY TEAM WAS LEAD AND DISCUSSION WAS FACILITATED BY J. RIFFON.

SCHEDULE H, PART V, SECTION B, LINE 7A & 10

WEBSITE URL FOR CHNA REPORT/IMPLEMENTATION STRATEGY:

HTTPS://WWW.NORTHCOUNTRYHOSPITAL.ORG/COMMUNITY-HEALTH-NEEDS-ASSESSMENT/

SCHEDULE H, PART V, SECTION B, LINE 11

ADDRESSING IDENTIFIED NEEDS:

AFTER REVIEW OF THE COMBINATION OF DATA AND THE RESULTS OF THE COMMUNITY SURVEY AND FOCUS GROUP PROCESSES, THE ADVISORY TEAM PRIORITIZED THE FOLLOWING AS KEY HEALTH CONCERNS RECOMMENDED FOR DEVELOPMENT OF IMPLEMENTATION STRATEGIES FOR THE 2018 NCH COMMUNITY HEALTH NEEDS ASSESSMENT:

- SUPPORTING SUBSTANCE FREE LIFE STYLE AND MENTAL WELLNESS
- SUPPORTING OLDER VERMONTERS AGING IN PLACE
- SUPPORTING TOBACCO FREE LIFE STYLES
- SUPPORTING HEALTHY EATING AND PHYSICAL ACTIVITY

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.

- SUPPORTING ACCESS TO MEDICAL AND ORAL HEALTH RESOURCES

ADDITIONALLY, THE ADVISORY TEAM ACKNOWLEDGES THERE ARE RELATED KEY CONCERNS WHICH WERE IDENTIFIED THROUGH THE ASSESSMENT PROCESS THAT IMPACT THE HEALTH OF THE NCH SERVICE AREA BUT WHICH NCH'S IMPLEMENTATION STRATEGY DOES NOT INTEND TO DIRECTLY ADDRESS WITH SPECIFIC MEASURES OR ACTIVITIES TO ASSESS PROGRESS. THESE RELATED KEY CONCERNS INCLUDE:

- HIGHER RATES OF UNEMPLOYMENT AND POVERTY
- LOWER RATE OF HIGH SCHOOL EDUCATION AMONG ADULTS
- TRANSPORTATION CHALLENGES
- REDUCED ACCESS TO POST HIGH SCHOOL EDUCATION FOR SOME COMMUNITY MEMBERS DUE TO FINANCIAL BARRIERS

HOWEVER, NCH'S IMPLEMENTATION STRATEGY CONTAINS A RECOMMENDATION TO ADDRESS THE RELATED HEALTH CONCERNS LISTED ABOVE BY A COMMITMENT TO ASSESS THE NEED AND COMMUNITY CAPACITY TO IMPLEMENT THE BRIDGES OUT OF POVERTY INITIATIVE IN THE NCH SERVICE AREA. THIS IS A NATIONALLY RECOGNIZED COMMUNITY SUPPORT PROGRAM WHICH HELPS A COMMUNITY MOVE INDEPENDENTLY FROM POVERTY TO SELF-SUFFICIENCY.

SCHEDULE H, PART V, SECTION B, LINE 16A

WEBSITE URL FOR FAP:

HTTPS://WWW.NORTHCOUNTRYHOSPITAL.ORG/FINANCIAL-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.

SCHEDULE H, PART V, SECTION B, LINE 16B

WEBSITE URL FOR FAP APPLICATION:

HTTPS://WWW.NORTHCOUNTRYHOSPITAL.ORG/FINANCIAL-SERVICES/

SCHEDULE H, PART V, SECTION B, LINE 16C

WEBSITE URL FOR PLAIN LANGUAGE FAP SUMMARY:

HTTPS://WWW.NORTHCOUNTRYHOSPITAL.ORG/FINANCIAL-SERVICES/

SCHEDULE H, PART V, SECTION B, LINE 20E

EFFORTS INITIATED BY THE HOSPITAL:

EVERY PATIENT THAT IS FLAGGED FOR COLLECTION IS INVITED TO A FINANCIAL

AID APPOINTMENT.

Part V **Facility Information** *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 7

	Name and address	Type of Facility (describe)
1	NORTH COUNTRY PRIMARY CARE BARTON 488 ELM ST BARTON VT 05822	FAMILY MED, NEWBORN CARE, PEDIATRICS, GERIATRICS, ETC
2	NORTH COUNTRY PRIMARY CARE NEWPORT 186 MEDICAL VILLAGE DRIVE NEWPORT VT 05855	FAMILY CARE, NEWBORN CARE, PEDIATRICS, GERIATRICS, ETC.
3	NORTH COUNTRY HOSPITAL OB/GYN SERVICES 81 MEDICAL VILLAGE DRIVE, SUITE 2 NEWPORT VT 05855	OB/GYN SERVICES
4	NORTH COUNTRY SURGICAL ASSOCIATES 41 MEDICAL VILLAGE DR NEWPORT VT 05855	SURGERY
5	NORTH COUNTRY ORTHOPEDICS 81 MEDICAL VILLAGE DR, SUITE 1 NEWPORT VT 05855	ORTHOPEDICS
6	NORTH COUNTRY NEUROLOGY SERVICES MEDICAL ARTS BLDG, 2ND FLOOR, 189 PROUTY NEWPORT VT 05855	NEUROLOGY
7	NORTH COUNTRY PEDIATRICS 121 MEDICAL VILLAGE DR NEWPORT VT 05855	NEWBORN CARE, PEDIATRICS
8		
9		
10		

Part VI Supplemental Information

Provide the following information.

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

SCHEDULE H, PART I, LINE 7, COLUMN F

PERCENT OF TOTAL EXPENSE:

TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS

TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 WAS

REDUCED BY BAD DEBT EXPENSE OT $3,089,396.

SCHEDULE H, PART I, LINE 7

COSTING METHODOLOGY:

THE COST TO CHARGE RATIO CALCULATED ON IRS WORKSHEET 2 WAS USED IN THE

CALCULATION OF COST ON IRS WORKSHEETS 1, 3, AND 6.

SCHEDULE H, PART I, LINE 7G

SUBSIDIZED SERVICES:

AMOUNTS USED IN THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G

PRIMARILY CAME FROM COSTS ASSOCIATED WITH RURAL HEALTH CENTERS (RHCS).

NORTH COUNTRY HOSPITAL PROVIDES PRIMARY CARE SERVICES TO THE SURROUNDING

COMMUNITIES AT THE CENTERS. THESE SERVICES ARE PROVIDED IN RURAL AREAS

WHERE THERE WOULD BE A SHORTAGE OF QUALITY MEDICAL CARE WITHOUT THE

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.

SERVICES. NORTH COUNTRY HOSPITAL CONTINUES TO PROVIDE THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT FINANCIAL SHORTFALLS WILL BE SUSTAINED.

SCHEDULE H, PART II

COMMUNITY BUILDING ACTIVITIES:

OUR ORGANIZATION'S COMMUNITY-BUILDING ACTIVITIES INCLUDE ACTIVE PARTICIPATION BY HOSPITAL STAFF ON A NUMBER OF ECONOMIC-BUILDING COLLABORATIONS SUCH AS THE LOCAL ROTARY AND CHAMBER OF COMMERCE AS WELL AS ON LOCAL PARTNERSHIPS SUCH AS THOSE THAT FOCUS ON PREVENTION AND REDUCTION OF DOMESTIC VIOLENCE, PREVENTION/REDUCTION OF ALCOHOL, DRUGS AND TOBACCO, PROMOTION OF PHYSICAL ACTIVITY AND HEALTHY LIFESTYLE CHOICES. THE HOSPITAL ALSO PROVIDES MEETING SPACE AT NO CHARGE FOR NUMEROUS AGENCIES AND GROUPS THAT TARGET VARIOUS ASPECTS OF COMMUNITY HEALTH SUCH AS ALCOHOLICS ANONYMOUS, EARLY CHILDHOOD DEVELOPMENT, GRIEVING SUPPORT GROUPS, DRIVING SAFETY COURSES, YOUTH BEHAVIOR SUPPORT TEAMS AND YOUTH COURT DIVERSION TEAMS.

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.

SCHEDULE H, PART III, SECTION A, LINE 2

BAD DEBT EXPENSE:

BAD DEBT EXPENSE REPORTED ON LINE 2 IS THE AMOUNT PER THE AUDITED

FINANCIAL STATEMENTS.

SCHEDULE H, PART III, SECTION A, LINE 3

BAD DEBT EXPENSE ATTRIBUTABLE TO FINANCIAL ASSISTANCE:

THE ORGANIZATION HAS ESTIMATED THE AMOUNT OF BAD DEBT EXPENSE

ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE

POLICY FOR LINE 3 BY UTILIZING DATA FROM THE U.S. CENSUS BUREAU. THE

ORGANIZATION ESTIMATED THE PERCENTAGE BY OBTAINING THE PERCENT OF THE

POPULATION IN ITS SERVICE AREA FALLING BELOW THE FEDERAL POVERTY

GUIDELINES.

SCHEDULE H, PART III, SECTION A, LINE 4

BAD DEBT EXPENSE FOOTNOTE:

THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES

BAD DEBT EXPENSE. THEY DO, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES

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.

PATIENT ACCOUNTS RECEIVABLE. THAT FOOTNOTE READS AS FOLLOWS: ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS. IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, NCHS ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS.

SCHEDULE H, PART III, SECTION B, LINE 8

COMMUNITY BENEFIT:

THE COMMUNITY IS BETTER SERVED WITH PROVIDERS AVAILABLE IN THE ORGANIZATION'S REMOTE REGION. THE ENTIRETY OF ANY SHORTFALL REPORTED SHOULD BE TREATED AS COMMUNITY BENEFIT. THE ORGANIZATION ACCEPTS ALL MEDICARE PATIENTS KNOWING THAT THERE WILL LIKELY BE SHORTFALLS. ADDITIONALLY, TREATING MEDICARE PATIENTS IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO.

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.

SCHEDULE H, PART III, SECTION C, LINE 9B

COLLECTION POLICY:

WHEN IDENTIFIED AS A POSSIBLE WRITE OFF TO MEDICARE BAD DEBT, AN ACCOUNT MUST MEET MEDICARE'S CRITERIA FOR REPORTING ON THE COST REPORT. AN ACCOUNT FOR A MEDICARE PATIENT MUST UNDERGO HOSPITAL COLLECTION EFFORTS FOR AT LEAST 120 DAYS FROM THE INITIAL DATE OF BILLING TO THE PATIENT BEFORE BEING CONSIDERED FOR WRITE-OFF TO A THIRD PARTY AGENCY. THESE MEDICARE ACCOUNTS WILL BE CLOSED AND RETURNED BY THE AGENCIES AFTER 120 DAYS FROM PLACEMENT IF COLLECTION EFFORTS FAIL AND THEY ARE DEEMED UNCOLLECTIBLE.

IF A MEDICARE PATIENT IS DECEASED AND NO ESTATE CAN BE IDENTIFIED, IT WILL BE DEEMED UNCOLLECTIBLE AND MAY BE DIRECTLY CONSIDERED FOR WRITE-OFF RATHER THAN TURNED OVER TO A THIRD PARTY AGENCY. IF A MEDICARE PATIENT FILES FOR BANKRUPTCY, THE ACCOUNTS WILL BE DEEMED UNCOLLECTIBLE AND WILL BE DIRECTLY CONSIDERED FOR WRITE-OFF. IF A MEDICARE PATIENT QUALIFIES FOR FREE CARE UNDER THE HOSPITAL'S GUIDELINES, THE ACCOUNT(S) WILL BE DEEMED UNCOLLECTIBLE AND WILL BE WRITTEN OFF TO THE APPROPRIATE PAT

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.

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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.

CODE(S).

WHEN A MEDICARE ACCOUNT IS DEEMED UNCOLLECTIBLE, THE DEDUCTIBLE AND/OR COINSURANCE AMOUNTS WILL BE WRITTEN OFF USING THE APPROPRIATE PAT CODE(S). NON COVERED AMOUNTS DO NOT QUALIFY FOR MEDICARE BAD DEBT. ALL SUPPORTING DOCUMENTATION REGARDING DEDUCTIBLE AND COINSURANCE AMOUNTS WILL BE COLLECTED AND FILED FOR COST REPORTING PURPOSES.

THE HOSPITAL ALSO COMPLETED A COMMUNITY HEALTH NEEDS ASSESSMENT TO COMPLY WITH IRS 501(R) REQUIREMENTS.

SCHEDULE H, PART VI, LINE 2

NEEDS ASSESSMENT:

THE HOSPITAL ACTIVELY PARTICIPATES IN A NUMBER OF COMMUNITY PARTNERSHIPS THAT FOCUS ON VARIOUS ASPECTS OF LOCAL HEALTH NEEDS - INCLUDING, FOR EXAMPLE, HEALTH DISPARITIES, ALCOHOL, DRUG AND TOBACCO PREVENTION, PROMOTING HEALTHY EATING AND PHYSICAL ACTIVITY. THE VT DEPARTMENT OF HEALTH REMAINS AN EXCELLENT AND VERY THOROUGH DATA SOURCE, WITH DATA

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.

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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.

AVAILABLE STATEWIDE, BY COUNTY AND BY SCHOOL SUPERVISORY DISTRICTS. DATA IS AVAILABLE ACROSS THE LIFESPAN AND INCLUDES, FOR EXAMPLE TOPICS SUCH AS COMMUNICABLE DISEASE, CHRONIC DISEASE, OCCUPATIONAL HEALTH DATA, RISK FACTORS SUCH AS ALCOHOL, DRUG AND TOBACCO USE, OBESITY, LIFESTYLE CHOICES. DATA REGARDING SOCIOECONOMIC STATUS AND EDUCATION LEVEL IS ALSO READILY AVAILABLE, AGAIN FOR THE STATE AS WELL AS BY COUNTY AND SCHOOL DISTRICT. ALL DATA IS EASILY ACCESSIBLE ONLINE AT WWW.HEALTHVERMONT.GOV AND AT HUMANSERVICES.VERMONT.GOV.

THE HOSPITAL ALSO COMPLETED A COMMUNITY HEALTH NEEDS ASSESSMENT TO COMPLY WITH NEW IRS 501(R) REQUIREMENTS.

SCHEDULE H, PART VI, LINE 3

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE:

FOR BALANCES OVER $500.00 A HELP IS AVAILABLE LETTER IS MAILED WITH THE INITIAL BILL, REGARDLESS OF WHETHER THE BALANCE IS SELF-PAY, PRIMARY OR AFTER INSURANCE. IN ADDITION, OUR COLLECTION LETTERS ALL REFER TO OUR FREE CARE PROGRAM ASKING THE PATIENT TO CALL TO DISCUSS THIS AND OTHER

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.

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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.

OPTIONS. WHEN FREE CARE IS DISCUSSED WITH THE PATIENT, IT IS EXPLAINED THAT THEY ARE REQUIRED TO APPLY FOR OTHER ASSISTANCE AND WE OFFER OUR HELP IN THE APPLICATION PROCESS. FOR SELF-PAY PATIENTS THAT ARE IP, ONE OF THE FINANCIAL COUNSELORS ATTEMPTS TO DISCUSS MEDICAID AS WELL AS FREE CARE.

SCHEDULE H, PART VI, LINE 4

COMMUNITY INFORMATION:

WE SERVE TWO OF THE MOST ECONOMICALLY CHALLENGED COUNTIES IN VERMONT. WITH A TOTAL OF APPROXIMATELY 30,000 RESIDENTS IN OUR SERVICE AREA, OUR POPULATION, AS COMPARED TO VT AND THE US, HAS A SIGNIFICANTLY HIGHER PERCENTAGE OF PERSONS LIVING UNDER THE FEDERAL POVERTY LEVEL AND A VERY HIGH RATE OF ADULTS AGE 25+ WITHOUT A HIGH SCHOOL EDUCATION, WHILE THE MEDIAN HOUSEHOLD INCOME IS SIGNIFICANTLY LOWER, AGAIN AS COMPARED TO VT AND THE US. OUR REGION CONSISTENTLY HAS ONE OF THE HIGHEST RATES OF UNEMPLOYMENT IN THE STATE. THIS PRIMARILY WHITE POPULATION IS FOUND IN VERY SMALL COMMUNITIES SCATTERED OVER A RURAL, MOUNTAINOUS, AND LAKE-DOTTED AREA, MAKING TRAVELING AND NETWORKING A CHALLENGE,

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.

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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.

PARTICULARLY IN THE HARSH WINTER MONTHS.

SCHEDULE H, PART VI, LINE 5

PROMOTION OF COMMUNITY HEALTH:

COMMUNITY BENEFITS INCLUDE ACTIVITIES SUCH AS PROVIDING SKILLED NURSING SERVICES WHILE ACUTELY ILL PATIENTS ARE TRANSFERRED BY AMBULANCE TO A TERTIARY CARE CENTER, PROVIDING SUPPORT AND SUPERVISION IN THE EDUCATION OF STUDENT NURSES AND MEDICAL STUDENTS, DONATING SUPPLIES AND EQUIPMENT TO OTHER NON-PROFIT ORGANIZATIONS FOR THEIR CONTINUED USE, ACTIVE PARTICIPATION ON THE BOARDS OF SEVERAL HEALTH RELATED AGENCIES SUCH AS THE VISITING NURSE ASSOCIATION, THE DOMESTIC VIOLENCE TASK FORCE, AND THE AREA AGENCY ON AGING. THE ORGANIZATION ALSO IMPLEMENTS A HELP LINE FOR THE HOMEBOUND OR FRAIL INDIVIDUALS WHO LIVE ALONE. A NUMBER OF LOCAL RESIDENTS RECEIVE THIS SERVICE AT NO COST TO THEM.

SCHEDULE H, PART VI, LINE 6

AFFILIATED HEALTH CARE SYSTEM ROLES:

NORTH COUNTRY HEALTH SYSTEMS, INC. AND ITS SUBSIDIARIES COLLECTIVELY DO

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.

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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.

BUSINESS AS NORTH COUNTRY HEALTH SYSTEM (NCHS).

NORTH COUNTRY HEALTH SYSTEMS, INC. (HEALTH SYSTEM) IS THE PARENT HOLDING COMPANY FOR ITS WHOLLY OWNED SUBSIDIARIES, WHICH INCLUDE NORTH COUNTRY HOSPITAL AND HEALTH CENTER, INC. (HOSPITAL) AND NORTH COUNTRY HEALTH SERVICES, INC., D/B/A DERBY GREEN (DERBY GREEN).

NORTH COUNTRY HOSPITAL AND HEALTH CENTER, INC. OPERATES A 25-BED ACUTE CARE HOSPITAL FACILITY IN NEWPORT, VERMONT. THE HOSPITAL PRIMARILY EARNS REVENUES BY PROVIDING INPATIENT, OUTPATIENT AND EMERGENCY CARE SERVICES TO PATIENTS IN NEWPORT, VERMONT, AND THE SURROUNDING AREA. THE HOSPITAL ALSO OPERATES A NUMBER OF PHYSICIAN CLINICS IN THE SAME GEOGRAPHIC AREA.

DERBY GREEN OPERATES A 23-BED NURSING HOME LOCATED IN DERBY, VERMONT.

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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.
▶ Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.			
	[ ] First-class or charter travel [ ] Travel for companions [ ] Tax indemnification and gross-up payments [ ] Discretionary spending account [ ] Housing allowance or residence for personal use [ ] Payments for business use of personal residence [X] Health or social club dues or initiation fees [ ] 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	**1b**	X	
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?	**2**	X	
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.			
	[ ] Compensation committee [X] Independent compensation consultant [ ] Form 990 of other organizations [X] Written employment contract [X] Compensation survey or study [X] 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?	**4a**		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		X
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		X
	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?	**5a**	X	
b	Any related organization?	**5b**		X
	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?	**6a**		X
b	Any related organization?	**6b**		X
	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	**7**	X	
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	**8**		X
9	If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	**9**		

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

Schedule J (Form 990) 2017

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				
ANDRE BISSONNETTE	(i)	184,648.	18,318.	2,892.	9,934.	28,867.	244,659.	0.
1 CHIEF FINANCIAL OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
CLAUDIO FORT	(i)	304,423.	36,164.	0.	10,698.	33,139.	384,424.	0.
2 CEO	(ii)	0.	0.	0.	0.	0.	0.	0.
CHRISTOPHER RICKMAN, MD	(i)	322,409.	12,744.	34,342.	14,465.	22,420.	406,380.	0.
3 TRUSTEE/PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
MARIA FATIGATI MD	(i)	233,774.	20,865.	20,590.	8,513.	30,388.	314,130.	0.
4 MEDICAL STAFF PRES BEG 10/2017	(ii)	0.	0.	0.	0.	0.	0.	0.
UMAR MALIK MD	(i)	315,332.	18,151.	13,241.	6,139.	30,608.	383,471.	0.
5 MEDICAL STAFF VP BEG 10/2017	(ii)	0.	0.	0.	0.	0.	0.	0.
S.G. NEALE, MD	(i)	542,159.	0.	0.	11,879.	33,634.	587,672.	0.
6 PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
GREG WALKER, MD	(i)	436,472.	99,781.	28,766.	19,720.	33,832.	618,571.	0.
7 PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
PETER STUART, MD	(i)	385,411.	186,776.	27,187.	17,110.	4,557.	621,041.	0.
8 PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
VERONIKA JEDLOVSZKY MD	(i)	396,541.	132,754.	0.	17,252.	32,172.	578,719.	0.
9 PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
LARRY SISSON, MD	(i)	539,746.	25,000.	30,900.	20,250.	3,593.	619,489.	0.
10 PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
THOMAS FRANK	(i)	227,183.	20,711.	0.	5,974.	1,953.	255,821.	0.
11 CHIEF OPERATING OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
AVRIL COCHRAN	(i)	161,738.	14,439.	2,993.	4,618.	20,896.	204,684.	0.
12 VP PATIENT CARE SERVICES	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
13	(ii)							
	(i)							
14	(ii)							
	(i)							
15	(ii)							
	(i)							
16	(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.

SCHEDULE J, PART I, LINE 1A

HEALTH CLUB BENEFITS:

ALL EMPLOYEES OF THE ORGANIZATION RECEIVE THE BENEFIT OF A LOCAL HEALTH CLUB'S MEMBERSHIP.

SCHEDULE J, PART I, LINE 5A

COMPENSATION CONTINGENT ON THE REVENUES OF THE ORGANIZATION:

PHYSICIANS EARN COMPENSATION BASED UPON THEIR PRODUCTIVITY AGAINST ESTABLISHED TARGETS. INCREASED PRODUCTIVITY IS DIRECTLY RELATED TO INCREASED REVENUES FOR THE ORGANIZATION.

SCHEDULE J, PART I, LINE 7

NON FIXED PAYMENTS:

THE SENIOR TEAM AND CERTAIN DOCTORS ARE GIVEN BONUSES BASED ON SPECIFIC PROGRAM PERFORMANCE.

SCHEDULE K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

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

▶ Attach to Form 990.

▶ Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	VERMONT EDUCATIONAL AND HLTH BLDGS FINANCING AGNCY	03-0292808	924166AR2	06/01/2007	23,795,000.	REFUND 04 BONDS, CAP IMPROV		X		X		X
B	VERMONT EDUCATIONAL AND HLTH BLDGS FINANCING AGENC	23-7154467		06/01/2016	18,743,131.	BOND REFUNDING- NORTH COUNTRY HOSP		X		X		X
C												
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	24,215,685.	18,743,131.		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows	16,900,515.			
7	Issuance costs from proceeds	171,170.	222,402.		
8	Credit enhancement from proceeds	9,000.			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	7,135,000.			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2010			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

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

Part III Private Business Use *(Continued)* GROUP 1

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

Part IV Arbitrage

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

Part IV **Arbitrage** *(Continued)*

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

Part V **Procedures To Undertake Corrective Action**

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

Part VI **Supplemental Information.** Provide additional information for responses to questions on Schedule K. See instructions

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

SCHEDULE K, PART IV, LINE 2C

A REBATE CALCULATION IS BEING PERFORMED FOR THE BONDS AS OF 6/1/12. NO

REBATE IS EXPECTED.

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
2017
Open to Public Inspection

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

FORM 990, PART III, LINE 1

ORGANIZATION'S MISSION:

OUR MISSION: OUR MISSION IS TO PROVIDE EXCEPTIONAL CARE THAT MAKES A DIFFERENCE IN THE LIVES OF OUR PATIENTS AND COMMUNITY.

VISION: WE WILL BE REGARDED AS AN EXCEPTIONAL COMMUNITY RESOURCE THAT HAS SIGNIFICANTLY IMPROVED THE HEALTH OF THE COMMUNITY.

OUR VALUES:

- QUALITY PATIENT CARE IS OUR GREATEST COMMITMENT
- EMPLOYEES ARE OUR GREATEST ASSETS
- EXCELLENT PATIENT EXPERIENCE IS OUR GREATEST ACCOMPLISHMENT
- THE HEALTH OF THE COMMUNITY IS OUR GREATEST RESPONSIBILITY

FORM 990, PART VI, SECTION A, LINE 6, 7A, & 7B

MEMBERS/STOCKHOLDERS/OTHER PERSONS:

THE SOLE MEMBER OF THE HOSPITAL SHALL BE NORTH COUNTRY HEALTH SYSTEMS, INC., A VERMONT NOT-FOR-PROFIT CORPORATION, ACTING THROUGH ITS BOARD OF TRUSTEES AND HEREINAFTER REFERRED TO AS THE MEMBER WHEN ACTING IN ITS CAPACITY AS SUCH. THE MEMBER SHALL HAVE THE EXCLUSIVE RIGHT TO ENJOY AND EXERCISE ALL RIGHTS AND POWERS CONFERRED ON MEMBERS OF NON-PROFIT CORPORATIONS UNDER THE LAWS OF THE STATE OF VERMONT, SUBJECT TO THE TERMS AND CONDITIONS OF THE AFFILIATION. THE MEMBER SHALL HAVE SUCH OTHER POWERS AS ARE SPECIFIED IN THE ARTICLES OF ASSOCIATION AND IN THESE

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

BYLAWS, INCLUDING, WITHOUT THE POWER TO ELECT AND REMOVE TRUSTEES AND TO AMEND AND RESTATE THE ARTICLES OF ASSOCIATION. TWELVE OF THE TRUSTEES SHALL BE ELECTED BY THE MEMBER. THE AUTHORITY OF THE BOARD OF TRUSTEES TO EXERCISE THE FOLLOWING POWERS IS CONDITIONED ON THE PRIOR APPROVAL OF THE MEMBER:

(1) THE ADOPTION OF ANNUAL OPERATING BUDGETS;

(2) THE ADOPTION OF CAPITAL BUDGETS;

(3) ANY VOLUNTARY DISSOLUTION, MERGER, OR CONSOLIDATION OF THE HOSPITAL OR THE SALE OR TRANSFER OF ALL OR SUBSTANTIALLY ALL OF THE HOSPITAL'S ASSETS, OR THE CREATION OR ACQUISITION OF ANY SUBSIDIARY OR AFFILIATE CORPORATION OF THE HOSPITAL;

(4) ANY AGREEMENT OR TRANSACTION, EITHER OF WHICH IS OF A MATERIAL NATURE, WITH ANOTHER CORPORATION CONTROLLED DIRECTLY BY OR AFFILIATED WITH THE MEMBER; AND

(5) THE BORROWING OF ANY SUM IN EXCESS OF $100,000 WHICH HAS A STATED TERM GREATER THAN ONE YEAR OR WHICH IS SECURED BY A MORTGAGE OF ALL OR ANY PORTION OF THE HOSPITAL'S REAL PROPERTY OR BY A SECURITY INTEREST IN THE HOSPITAL'S ASSETS OR REVENUES, BUT NOT INCLUDING ANY BORROWING OF LESS THAN $ 100,000 TO PURCHASE OR LEASE EQUIPMENT OR OTHER PERSONAL PROPERTY THAT IS SECURED SOLELY BY A PURCHASE MONEY TITLE RETENTION OR OTHER FORM OF SECURITY INSTRUMENT OR AGREEMENT IN THE EQUIPMENT OR PERSONAL PROPERTY BEING ACQUIRED.

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

FORM 990 REVIEW PROCESS:

THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION. THE FORM 990 IS REVIEWED BY THE ORGANIZATION'S MANAGEMENT AND FINANCE TEAM IN DETAIL. AFTER IT HAS BEEN REVIEWED, IT IS THEN PROVIDED TO THE FULL BOARD.

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

MONITORING COMPLIANCE WITH CONFLICT OF INTEREST POLICY:

IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL INTEREST AND MUST BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE BOARD, COMMITTEE, OR OTHER INDIVIDUALS WHO, ON BEHALF OF THE CORPORATION, ARE CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT.

IN THE EVENT THAT A TRUSTEE, OFFICER, COMMITTEE MEMBER OR MEMBER OF THE CORPORATION'S LEADERSHIP GROUP BECOMES CONCERNED THAT ANOTHER INTERESTED PERSON HAS AN UNDISCLOSED FINANCIAL INTEREST OR IS EXERTING INAPPROPRIATE INFLUENCE RELATED TO A FINANCIAL INTEREST, THIS CONCERN SHOULD BE RAISED WITH THE CHAIR OF THE APPROPRIATE BOARD OR COMMITTEE OR, IF INVOLVING THE LEADERSHIP GROUP, AN APPROPRIATE CORPORATE OFFICER.

AFTER DISCLOSURE OF THE FINANCIAL INTEREST AND ALL MATERIAL FACTS, AND AFTER ANY DISCUSSION WITH THE INTERESTED PERSON, HE/SHE SHALL LEAVE THE BOARD OR COMMITTEE MEETING WHILE THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON BY THE REMAINING BOARD OR COMMITTEE MEMBERS.

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

IT SHALL BE THE RESPONSIBILITY OF THE CHAIR OF THE BOARD OR COMMITTEE TO INSTRUCT AN INTERESTED PERSON ON THE RESTRICTIONS ON HIS OR HER PARTICIPATION PURSUANT TO THIS POLICY IN ANY FURTHER CONSIDERATION OF THE SUBJECT MATTER OF THE CONFLICT OF INTEREST AND TO ENFORCE THESE RESTRICTIONS.

AWARENESS/COMPLIANCE WITH POLICY EACH INTERESTED PERSON SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICTS OF INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE CORPORATION IS A CHARITABLE ORGANIZATION AND THAT, IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION, IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ONE OR MORE OF ITS TAX-EXEMPT PURPOSES.

EACH INTERESTED PERSON SHALL DISCLOSE ON AN ANNUAL SURVEY FORM POTENTIAL CONFLICTS OF INTEREST AND FINANCIAL INTERESTS RELEVANT TO THIS POLICY. EACH INTERESTED PERSON SHALL ALSO PROVIDE ON AN ANNUAL SURVEY FORM A LIST OF IMMEDIATE FAMILY MEMBERS, INCLUDING SPOUSE, CHILDREN, GRANDCHILDREN, PARENTS, SIBLINGS AND ANY OTHER PERSON WHO LIVES IN HIS/HER HOUSEHOLD, IN ORDER THAT THE CORPORATION MAY HAVE A RECORD OF ALL INDIVIDUALS WHO MAY BE CONSIDERED DISQUALIFIED PERSONS UNDER INTERNAL REVENUE SERVICE REGULATIONS FOR THE PURPOSE OF ENSURING COMPLIANCE WITH TAX EXEMPT STATUS REQUIREMENTS FOR CHARITABLE ORGANIZATIONS.

PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

AN INTERESTED PERSON MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING, BUT AFTER SUCH PRESENTATION, HE/SHE SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT INVOLVES THE CONFLICT OF INTEREST. THE CHAIR OF THE BOARD OR COMMITTEE SHALL, IF APPROPRIATE, APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE ALTERNATIVES TO THE PROPOSED TRANSACTION OR ARRANGEMENT. AFTER EXERCISING DUE DILIGENCE, INCLUDING A CONSIDERATION OF INDEPENDENT COMPARABILITY DATA, VALUATIONS OR APPRAISALS, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE CORPORATION CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT WITH REASONABLE EFFORT FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST. IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY ATTAINABLE UNDER CIRCUMSTANCES THAT WOULD NOT GIVE RISE TO A CONFLICT OF INTEREST, THE BOARD OR COMMITTEE SHALL DETERMINE BY A MAJORITY VOTE (OR QUORUM) OF ALL OF THE DISINTERESTED TRUSTEES OR COMMITTEE MEMBERS (REGARDLESS OF THE NUMBER PRESENT AT A MEETING): (I) WHETHER THE TRANSACTION OR ARRANGEMENT IS IN THE CORPORATION'S BEST INTEREST AND FOR ITS OWN BENEFIT, (II) WHETHER THE TRANSACTION IS FAIR AND REASONABLE TO THE CORPORATION, AND (III) WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT IN CONFORMITY WITH SUCH DETERMINATIONS.

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

COMPENSATION REVIEW:

THE BOARD ANNUALLY REVIEWS THE CEO AND SENIOR TEAM SALARIES USING COMPARABILITY DATA. THE REVIEW PROCESS IS DOCUMENTED IN THE BOARD MINUTES.

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

FORM 990, PART VI, SECTION C, LINE 19

DOCUMENT DISCLOSURE:

THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO BE VIEWED BY THE PUBLIC UPON AN APPOINTMENT WITH THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER OR ASSISTANT.

FORM 990, PART VII, SECTION A

BOARD OF DIRECTORS:

NORTH COUNTRY HOSPITAL AND HEALTH CENTER, NORTH COUNTRY HEALTH SERVICES, AND NORTH COUNTRY HEALTH SYSTEMS SHARE A BOARD OF DIRECTORS.

NO BOARD MEMBERS RECEIVE COMPENSATION FOR THEIR DUTIES AS DIRECTORS.

CLAUDIO FORT, CEO, AND ANDRE BISSONNETTE, CHIEF FINANCIAL OFFICER, EACH WORK APPROXIMATELY 40 HOURS PER WEEK BETWEEN NORTH COUNTRY HOSPITAL AND HEALTH CENTER, NORTH COUNTRY HEALTH SERVICES, AND NORTH COUNTRY HEALTH SYSTEMS. THEY ARE COMPENSATED FOR THEIR DUTIES IN THAT CAPACITY.

CHRISTOPHER RICKMAN, UMAR MALIK AND MARIA FATIGATI ARE COMPENSATED AS EMPLOYEES OF NORTH COUNTRY HOSPITAL. THEY DO NOT RECEIVE ANY COMPENSATION FOR THEIR DUTIES AS BOARD OF DIRECTORS MEMBERS.

FORM 990, PART XI, LINE 9

OTHER CHANGES IN NET ASSETS:

$	812,250	CHANGE IN FAIR VALUE OF INTEREST RATE SWAP
	67,897	CHANGE IN INTEREST IN NET ASSETS OF NCHS

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

$ 880,147

ATTACHMENT 1

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
NORTH COUNTRY RADIOLOGY 189 PROUTY DR NEWPORT, VT 05855	PHYSICIAN	1,020,940.
MORRISON MANAGEMENT SPECIALISTS 400 NORTHRIDGE ROAD SUITE 600 ATLANTA, GA 30350	CAFE MGMT	578,647.
UVM MEDICAL CENTER INC 111 COLCHESTER AVENUE BURLINGTON, VT 05401	MEDICAL	600,968.
WEATHERBY LOCUMS INC PO BOX 972633 DALLAS, TX 753972633	LOCUM	703,134.
OMNICELL PO BOX 204650 DALLAS, TX 753204650	LEASE EQUIPMENT	583,631.

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.**

▶ **Go to *www.irs.gov/Form990* for instructions and the latest information.**

OMB No. 1545-0047

2017

Open to Public Inspection

Name of the organization: NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Employer identification number: 03-0185556

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
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(1) NORTH COUNTRY HEALTH SYSTEMS 22-2566964 189 PROUTY DRIVE NEWPORT, VT 05829	PARENT/FUNDRS	VT	501(C)(3)	12B II	N/A		X
(2) NORTH COUNTRY HLTH SRVCS DBA DERBY GREEN 22-2570334 2853 US-5 DERBY, VT 05829	SKILLED NURSG	VT	501(C)(3)	10	NCHS		X
(3)							
(4)							
(5)							
(6)							
(7)							

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

Schedule R (Form 990) 2017

JSA
7E1307 1.000

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? Yes	(h) No	(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) NORTHEAST KINGDOM HLTHCARE COL 55 SHERMAN DRIVE ST. JOHNSBURY	SLEEP LAB SVC	VT	N/A	RELATED	-63,382.	379,674.		X	0.	X		60.0000
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												

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	(i) No
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									

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.

			Yes	No
1	During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a	Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity	**1a**		X
b	Gift, grant, or capital contribution to related organization(s)	**1b**		X
c	Gift, grant, or capital contribution from related organization(s)	**1c**		X
d	Loans or loan guarantees to or for related organization(s)	**1d**		X
e	Loans or loan guarantees by related organization(s)	**1e**		X
f	Dividends from related organization(s)	**1f**		X
g	Sale of assets to related organization(s)	**1g**		X
h	Purchase of assets from related organization(s)	**1h**		X
i	Exchange of assets with related organization(s)	**1i**		X
j	Lease of facilities, equipment, or other assets to related organization(s)	**1j**		X
k	Lease of facilities, equipment, or other assets from related organization(s)	**1k**		X
l	Performance of services or membership or fundraising solicitations for related organization(s)	**1l**		X
m	Performance of services or membership or fundraising solicitations by related organization(s)	**1m**	X	
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1n**	X	
o	Sharing of paid employees with related organization(s)	**1o**	X	
p	Reimbursement paid to related organization(s) for expenses	**1p**		X
q	Reimbursement paid by related organization(s) for expenses	**1q**	X	
r	Other transfer of cash or property to related organization(s)	**1r**		X
s	Other transfer of cash or property from related organization(s)	**1s**		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)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part VII **Supplemental Information**

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

North Country Health Systems, Inc.

Independent Auditor's Report and Consolidated Financial Statements

September 30, 2018 and 2017

BKD
CPAs & Advisors

North Country Health Systems, Inc.

September 30, 2018 and 2017

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BKD
CPAs & Advisors

910 E. St. Louis Street, Suite 200 | P.O. Box 1190 | Springfield, MO 65801-1190
417.865.8701 | Fax 417.865.0682 | bkd.com

Independent Auditor's Report

Board of Trustees
North Country Health Systems, Inc.
Newport, Vermont

We have audited the accompanying consolidated financial statements of North Country Health Systems, Inc., which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North Country Health Systems, Inc. as of September 30, 2018 and 2017, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Springfield, Missouri
January 14, 2019

North Country Health Systems, Inc.

Consolidated Balance Sheets

September 30, 2018 and 2017

Assets

	2018	2017
Current Assets		
Cash and cash equivalents	$ 1,743,941	$ 2,139,045
Patient accounts receivable, net of allowance; 2018 – $6,100,000, 2017 – $5,000,000	8,483,759	7,253,308
Other receivables	288,487	463,314
Supplies	2,628,696	2,433,240
Estimated amounts due from third-party payers	219,803	100,955
Prepaid expenses and other	904,974	1,201,045
Total current assets	14,269,660	13,590,907
Assets Limited As To Use		
Internally designated	41,682,287	39,075,746
Externally restricted by donors	4,485,883	4,245,448
Held by trustee		
Under deferred compensation arrangements	3,400,829	3,049,789
	49,568,999	46,370,983
Property and Equipment, At Cost	78,906,793	76,870,423
Less accumulated depreciation	54,961,044	51,636,817
	23,945,749	25,233,606
Other Assets	81,286	30,267
Total assets	$ 87,865,694	$ 85,225,763

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2018	2017
Current Liabilities		
Line of credit agreement	$ 1,001,134	$ -
Current maturities of long-term debt	1,074,420	1,099,637
Accounts payable	3,555,421	2,630,733
Accrued expenses	4,329,048	4,261,427
Resident personal funds payable	176	599
Due to affiliate	16,297	13,047
Estimated amounts due to third-party payers	1,916,912	1,791,945
Total current liabilities	11,893,408	9,797,388
Deferred Compensation and Other	3,493,102	3,136,839
Long-Term Debt	16,952,467	17,968,122
Interest Rate Swap Agreements	633,275	1,445,525
Total liabilities	32,972,252	32,347,874
Net Assets		
Unrestricted net assets attributable to the Health System	50,308,765	48,573,554
Unrestricted net assets attributable to noncontrolling interest	176,258	174,168
Total unrestricted net assets	50,485,023	48,747,722
Temporarily restricted	3,613,560	3,335,308
Permanently restricted	794,859	794,859
Total net assets	54,893,442	52,877,889
Total liabilities and net assets	$ 87,865,694	$ 85,225,763

North Country Health Systems, Inc.

Consolidated Statements of Operations

Years Ended September 30, 2018 and 2017

	2018	2017
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue (net of contractual discounts and allowances)	$ 77,309,930	$ 78,952,663
Provision for uncollectible accounts	(3,164,467)	(1,751,358)
Net patient service revenue less provision for uncollectible accounts	74,145,463	77,201,305
Fixed prospective revenue	4,330,490	-
Other	5,544,597	7,627,756
Net assets released from restriction used for operations	85,621	124,779
Total unrestricted revenues, gains and other support	84,106,171	84,953,840
Expenses and Losses		
Salaries	40,202,368	39,687,953
Employee benefits	11,309,775	11,606,058
Supplies and other	29,744,985	30,194,808
Depreciation and amortization	4,292,801	4,677,579
Interest	663,912	733,912
Total expenses and losses	86,213,841	86,900,310
Operating Loss	(2,107,670)	(1,946,470)
Other Income (Expense)		
Contributions received	207,780	240,052
Investment return	1,748,162	1,224,970
Investment return – change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	(446,543)	(149,243)
Other	19,148	72,571
Total other income	1,528,547	1,388,350
Deficiency of Revenues Over Expenses	(579,123)	(558,120)
Investment return – change in unrealized gains and losses on other than trading securities	1,443,174	2,490,245
Change in fair value of interest rate swap agreements	812,250	1,034,307
Net assets released from restriction used for property and equipment	61,000	81,440
Distributions to noncontrolling interest	-	(40,000)
Increase in Unrestricted Net Assets	$ 1,737,301	$ 3,007,872

North Country Health Systems, Inc.

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2018 and 2017

	2018	2017
Unrestricted Net Assets Attributable to the Health System		
Deficiency of revenues over expenses	$ (581,213)	$ (638,260)
Investment return – change in unrealized gains and losses on other than trading securities	1,443,174	2,490,245
Change in fair value of interest rate swap agreement	812,250	1,034,307
Net assets released from restriction used for property and equipment	61,000	81,440
Increase in unrestricted net assets attributable to the Health System	1,735,211	2,967,732
Unrestricted Net Assets Attributable to Noncontrolling Interest		
Excess of revenues over expenses	2,090	80,140
Distributions to noncontrolling interest	-	(40,000)
Increase in unrestricted net assets attributable to noncontrolling interest	2,090	40,140
Increase in unrestricted net assets	1,737,301	3,007,872
Temporarily Restricted Net Assets		
Contributions received	148,467	102,096
Investment return – change in unrealized gains and losses on other than trading securities	276,406	466,076
Net assets released from restriction	(146,621)	(206,219)
Increase in temporarily restricted net assets	278,252	361,953
Permanently Restricted Net Assets		
Contributions received	-	150
Increase in permanently restricted net assets	-	150
Change in Net Assets	2,015,553	3,369,975
Net Assets, Beginning of Year	52,877,889	49,507,914
Net Assets, End of Year	$ 54,893,442	$ 52,877,889

North Country Health Systems, Inc.

Consolidated Statements of Cash Flows

Years Ended September 30, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	$ 2,015,553	$ 3,369,975
Items not requiring (providing) cash		
Loss on disposal of property and equipment	65,113	22,136
Depreciation and amortization	4,292,801	4,677,579
Net gain on investments	(2,242,446)	(3,412,651)
Change in fair value of interest rate swap agreements	(812,250)	(1,034,307)
Restricted contributions received	(148,467)	(102,246)
Distributions to noncontrolling interest	-	40,000
Changes in		
Patient accounts receivable, net	(1,230,451)	(61,422)
Estimated amounts due to third-party payers	6,119	1,567,190
Accounts payable and accrued expenses	1,185,703	790,990
Other current assets and liabilities	232,473	1,366,633
Net cash provided by operating activities	3,364,148	7,223,877
Investing Activities		
Proceeds from disposition of assets limited as to use	14,023,799	7,703,978
Purchases of assets limited as to use	(14,628,329)	(12,632,572)
Purchase of property and equipment	(3,261,883)	(2,297,772)
Proceeds from sale of property and equipment	20,170	45,059
Net cash used in investing activities	(3,846,243)	(7,181,307)
Financing Activities		
Distributions to noncontrolling interest	-	(40,000)
Proceeds from restricted contributions	148,467	102,246
Borrowings under line of credit agreement	1,001,134	-
Principal payments on long-term debt	(1,062,610)	(1,204,864)
Net cash provided by (used in) financing activities	86,991	(1,142,618)
Decrease in Cash and Cash Equivalents	(395,104)	(1,100,048)
Cash and Cash Equivalents, Beginning of Year	2,139,045	3,239,093
Cash and Cash Equivalents, End of Year	$ 1,743,941	$ 2,139,045
Supplemental Cash Flows Information		
Interest paid	$ 663,912	$ 733,717
Property and equipment in accounts payable	$ 312,287	$ 113,670
Capital lease obligations incurred for property and equipment	$ -	$ 163,819

North Country Health Systems, Inc.

Notes to Consolidated Financial Statements

September 30, 2018 and 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

North Country Health Systems, Inc. and its subsidiaries collectively do business as North Country Health System.

North Country Health Systems, Inc. (Health System) is the parent holding company for its wholly owned subsidiaries, which include North Country Hospital and Health Center, Inc. (Hospital), North Country Health Services, Inc., d/b/a Derby Green (Derby Green).

North Country Hospital and Health Center, Inc. operates a 25-bed acute care hospital facility in Newport, Vermont. The Hospital primarily earns revenues by providing inpatient, outpatient and emergency care services to patients in Newport, Vermont, and the surrounding area. The Hospital also operates a number of physician clinics in the same geographic area.

Derby Green operates a 23-bed nursing home located in Derby, Vermont.

North Country Hospital and Health Center, Inc. is the majority general shareholder of Northeast Kingdom Healthcare Collaborative, LLC (NEK), which is a limited liability corporation. The Hospital controls Northeast Kingdom Healthcare Collaborative, LLC through its 60 percent majority interest of the general partnership membership units. The noncontrolling interest represents the proportionate share of Northeast Kingdom Healthcare Collaborative, LLC equity owned by a third party.

Principles of Consolidation

The consolidated financial statements include the financial statements of North Country Health Systems, Inc., its wholly owned subsidiaries, North Country Hospital and Health Center, Inc., North Country Health Services,, d/b/a Derby Green and the majority owned Northeast Kingdom Healthcare Collaborative, LLC (collectively, NCHS). All significant intercompany accounts and transactions have been eliminated in consolidation.

Noncontrolling Interest

Noncontrolling interest represents the third-party member's equity contribution and the proportionate share of income or loss in NEK. Income passes through to its members and any associated income taxes are paid by the members under their respective income tax status.

Use of Estimates

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

Cash and Cash Equivalents

NCHS considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2018 and 2017, cash equivalents consisted primarily of repurchase agreements in sweep accounts with financial institutions.

At September 30, 2018, NCHS had approximately $456,000 of cash accounts in excess of FDIC limits that were not fully collateralized.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in hedge funds are carried at fair value pursuant to the provisions of ASC Topic 825. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. NCHS recognizes an impairment loss when an impairment is deemed other than temporary. For the years ended September 30, 2018 and 2017, respectively, NCHS did not record any other-than-temporary impairment.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Assets Limited as to Use

Assets limited as to use include (1) assets held by trustees under bond indentures and deferred compensation agreements, (2) assets restricted by donors and (3) assets set aside by the Board of Trustees for future capital improvements and debt service over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of NCHS are included in current assets.

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivable, NCHS analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts.

For receivables associated with services provided to patients who have third-party coverage, NCHS analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers 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), NCHS records a significant provision for uncollectible accounts 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 uncollectible accounts.

NCHS's allowance for uncollectible accounts for self-pay patients increased from 67 percent of self-pay accounts receivable at September 30, 2017, to 87 percent of self-pay accounts receivable at September 30, 2018. NCHS's write-offs decreased approximately $622,000 from approximately $2,616,000 for the year ended September 30, 2017, to approximately $1,994,000 for the year ended September 30, 2018.

Supplies

NCHS states supply inventories at the lower of cost, determined using the first-in, first-out method, or market.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	5 – 25 years
Buildings	10 – 40 years
Fixed equipment	5 – 20 years
Moveable equipment	3 – 20 years
Vehicles	4 years
Equipment under capital lease	4 – 5 years

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

Long-Lived Asset Impairment

NCHS evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended September 30, 2018 and 2017.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method and are included as a component of long-term debt on the consolidated balance sheets.

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

The Hospital and Derby Green have agreements with third-party payers that provide for payments at amounts different from their established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Fixed Prospective Revenue

Beginning January 1, 2018, the Hospital began to receive monthly fixed prospective payments for services provided by hospitals and hospital-owned physician practices participating in the Vermont Medicaid next Generation Accountable Care Organization (ACO) Pilot Program. This is a monthly, per member payment received in advance of the services being performed and is recognized as revenue in the month to which it relates.

Medicaid fee-for service payments continue for all other nonhospital providers in the ACO, for all providers who are not part of the ACO, and for all services that are not in the fixed prospective payment. The ACO is responsible for both the cost and the quality of care for each attributed member, regardless of individual member's utilization. The Hospital is subject to an annual contracted maximum risk corridor, of which for calendar 2018 is a maximum potential gain or loss of $385,000. As of September 30, 2018, the Hospital has recorded a liability related to this risk corridor of $290,000, which is recorded within estimated amounts due to third-party payers.

Charity Care

NCHS provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Professional Liability Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 6*.

Estimated Self-Insurance Costs

NCHS accrues estimated liabilities for self-insurance losses associated with employee health insurance, employee unemployment claims and workers' compensation claims by estimating the ultimate costs for both reported claims and claims incurred but not reported. NCHS has purchased insurance that limits its exposure for individual claims.

Income Taxes

NCHS and its subsidiaries have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, NCHS and its subsidiaries are subject to federal income tax on any unrelated business taxable income.

NCHS files tax returns in the U.S. federal jurisdiction. With a few exceptions, NCHS is no longer subject to U.S. federal examinations by tax authorities for years before 2015.

Deficiency of Revenues Over Expenses

The consolidated statements of operations include deficiency of revenues over expenses. Changes in unrestricted net assets which are excluded from deficiency of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, the change in fair value of interest rate swap agreements and distributions to noncontrolling interest.

Contract Pharmacy Program

NCHS participates in the 340B outpatient drug discount program administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). NCHS contracts with local retail pharmacies under the program, which resulted in significant additional revenues and discounts of outpatient pharmaceuticals. In 2018 and 2017, net revenue from this program was approximately $2,465,000 and $2,740,000, respectively, greater than the cost of operating the program. The benefits from this program allow NCHS to continue to provide, improve and expand access to health care services in the surrounding communities. Laws and regulations surrounding the 340B drug program are complex and are subject to interpretation and change.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Critical access hospitals (CAHs) are eligible to receive incentive payments in the cost reporting period beginning in the federal fiscal year in which meaningful use criteria have been met. The Medicare incentive payment is for qualifying costs of the purchase of certified EHR technology multiplied by the Hospital's Medicare share fraction, which includes a 20 percent incentive. This payment is an acceleration of amounts that would have been received in future periods based on reimbursable costs incurred, including depreciation. If meaningful use criteria are not met in future periods, the Hospital is subject to penalties that would reduce future payments for services. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

NCHS has recognized the incentive payment revenue received for qualified EHR technology expenditures during 2018 and 2017, respectively, which was the period during which management was reasonably assured meaningful use was achieved and the earnings process was complete. Management believes the incentive payments reflect a change in how "allowable costs" are determined in paying CAHs for providing services to Medicare beneficiaries. In 2018 and 2017, NCHS recorded approximately $0 and $255,000, respectively, of revenue related to the meaningful use programs which is recorded in other operating revenue.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Subsequent Events

Subsequent events have been evaluated through January 14, 2019, which is the date the consolidated financial statements were issued.

Reclassifications

Certain reclassifications have been made to the 2017 consolidated financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Net Patient Service Revenue

NCHS recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, NCHS recognizes revenue on the basis of its standard rates for services. On the basis of historical experience, a significant portion of NCHS' uninsured patients will be unable or unwilling to pay for the services provided. Thus, NCHS records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the consolidated statements of operations as a component of net patient service revenue.

The Hospital and Derby Green have agreements with third-party payers that provide for payments at amounts different from its established rates. These payment arrangements include:

Medicare. The Hospital is designated as a critical access hospital and is paid based on cost formulas for most inpatient and outpatient services from the Medicare program.

Skilled nursing services rendered to Medicare program beneficiaries at Derby Green are paid at prospectively determined per diem rates.

The Hospital and Derby Green are reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and Derby Green and audits thereof by the Medicare Administrative Contractor. The most recent Hospital cost report audited by the Medicare Administrative Contractor is for the period ended September 30, 2014.

The 2018 and 2017 net patient service revenue increased approximately $500,000 and $300,000, respectively, due to settlements in excess of amounts previously estimated.

Medicaid. Inpatient, outpatient and skilled nursing services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates.

Blue Cross. Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed at submitted charges less a contractually determined discount.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended September 30, 2018 and 2017, respectively, was approximately:

	2018	2017
Medicare	$ 31,272,859	$ 26,756,925
Medicaid	5,524,954	10,680,561
Other third-party payers	18,798,922	22,809,014
Blue Cross	20,628,130	17,845,532
Self-pay	1,085,065	860,631
Total	$ 77,309,930	$ 78,952,663

Note 3: Concentration of Credit Risk

NCHS grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at September 30, 2018 and 2017, is:

	2018	2017
Medicare	31%	36%
Medicaid	5%	10%
Other third-party payers	28%	20%
Blue Cross	20%	19%
Self-pay	16%	15%
	100%	100%

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use, at September 30, 2018 and 2017, include:

	2018	2017
Cash and cash equivalents	$ 2,497,622	$ 1,955,503
U.S. Treasury securities	1,526,879	1,898,337
Government agency securities	223,301	249,749
Corporate fixed income securities	6,079,274	5,614,272
Equities		
Consumer discretionary industry	3,243,473	2,997,505
Consumer staples industry	2,646,995	2,570,990
Energy industry	2,165,965	2,034,648
Financial industry	4,498,349	4,169,830
Health care industry	3,179,881	3,325,779
Industrial industry	3,820,026	3,396,739
Information technology industry	5,683,784	5,633,296
Materials and manufacturing industry	979,450	531,915
Telecommunications industry	3,159,070	1,996,649
Utilities industry	1,254,407	1,171,770
Real estate industry	3,279,670	3,434,448
Other industries	10,955	-
Mutual funds – equities	979,837	891,590
Exchange-traded funds	92,095	140,805
Alternative investments	1,505,203	1,951,746
Life insurance policies and deferred compensation arrangements	2,742,763	2,405,412
	$ 49,568,999	$ 46,370,983

The alternative investments were acquired to balance the investment portfolio risks associated with the volatility of fluctuations in the financial market through diversification and, as such, are subject to varying degrees of market and credit risks.

Total investment return is comprised of the following:

	2018	2017
Interest and dividend income	$ 778,753	$ 619,397
Realized and unrealized gains and losses on other than trading securities	2,242,446	3,412,651
	$ 3,021,199	$ 4,032,048

Total investment return is reflected in the consolidated statements of operations and changes in net assets as follows:

	2018	2017
Unrestricted net assets		
Other nonoperating income	$ 1,748,162	$ 1,224,970
Change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	(446,543)	(149,243)
Change in unrealized gains and losses on other than trading securities	1,443,174	2,490,245
Temporarily restricted net assets		
Change in unrealized gains and losses on other than trading securities	276,406	466,076
	$ 3,021,199	$ 4,032,048

Unrealized Losses on Investments

Certain investments in debt and marketable equity securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at September 30, 2018 and 2017, was $12,662,946 and $9,085,353, which is approximately 26 percent and 20 percent, respectively, of NCHS' assets limited as to use. These declines primarily resulted from recent increases in market interest rates, failure of certain investments to maintain consistent credit quality ratings, changes in the market's perception of the current risks or failure to meet projected earnings targets.

Management believes the declines in fair value for these securities are temporary.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

NCHS' investments in marketable equity securities consist primarily of investments in companies in various industries in domestic and international markets. NCHS routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. For each security in the investment portfolio (including but not limited to those whose fair value is less than their amortized cost basis), an extensive, regular review is conducted to determine if an other-than-temporary impairment has occurred. Various inputs to the economic models are used to determine if an unrealized loss is other than temporary such as severity of loss, length of time in a loss position and other significant factors.

No other-than-temporary impairment losses were recorded during the years ended September 30, 2018 and 2017.

The following table shows NCHS' investments' gross unrealized losses and fair value for investments in a loss position for which other-than-temporary impairment has not been taken as of year end, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2018 and 2017:

	September 30, 2018					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities	$ 3,448,783	$ 80,491	$ 1,784,345	$ 68,283	$ 5,233,128	$ 148,774
Equity securities	4,578,041	586,988	2,851,777	628,643	7,429,818	1,215,631
Total temporarily impaired securities	$ 8,026,824	$ 667,479	$ 4,636,122	$ 696,926	$ 12,662,946	$ 1,364,405

	September 30, 2017					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities	$ 2,774,594	$ 32,198	$ 681,717	$ 31,632	$ 3,456,311	$ 63,830
Equity securities	3,634,550	298,442	1,994,492	300,801	5,629,042	599,243
Total temporarily impaired securities	$ 6,409,144	$ 330,640	$ 2,676,209	$ 332,433	$ 9,085,353	$ 663,073

Alternative Investments

The fair value of alternative investments that have been estimated using the net asset value per share as a practical expedient consist of the following at September 30:

	September 30, 2018 Fair Value	September 30, 2017 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multistrategy hedge funds (A)	$ 1,505,203	$ 1,951,746	$ -	Quarterly	65 days' written notice

(A) This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. For the investment, the Funds' primary investment objective is to provide capital appreciation consistent with the return characteristics of alternative investment portfolios of larger endowments through investments in the six asset classes of Opportunistic Equity, Enhanced Fixed Income, Absolute Return, Real Estate, Private Equity and Energy and Natural Resources.

Note 5: Property and Equipment

Property and equipment are stated at cost. A summary of cost by category follows:

	2018	2017
Land	$ 486,559	$ 435,921
Land improvements	2,076,440	1,781,495
Buildings	44,792,083	44,247,974
Fixed equipment	1,777,108	1,781,029
Moveable equipment	27,577,495	25,662,721
Vehicles	54,850	54,850
Equipment under capital lease	1,792,941	1,792,941
Construction in progress	349,317	1,113,492
	$ 78,906,793	$ 76,870,423

Construction in progress at September 30, 2018, primarily consists of several smaller projects which the anticipated costs of completion combined are approximately $320,625 and are anticipated to be completed during fiscal year 2019.

Note 6: Contingent Liabilities

Professional Liability Claims

NCHS purchases medical malpractice insurance under a claims made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. NCHS also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

Based upon the claims experience, no such accrual had been made for NCHS' estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy, as of September 30, 2018 and 2017. It is reasonably possible that this estimate could change materially in the near term.

Self-Insurance

NCHS is self-insured for employee health and workers' compensation claims and has accrued an estimate of the ultimate costs for reported claims and claims incurred but not reported. Actual results could differ from these estimates. Effective October 1, 2013, NCHS purchased a commercial workers' compensation policy and is no longer self-insured for claims after September 30, 2013.

NCHS is self-insured for employee unemployment insurance benefits. The accrual for self-insurance is evaluated periodically throughout the fiscal year for adequacy based on staffing changes. Actual results could differ from these estimates.

Note 7: Line of Credit

The Hospital has a $2,000,000 revolving bank line of credit which the term is the shorter of twelve months or March 1, 2020. At September 30, 2018 and 2017, there was $1,001,134 and $0, respectively, borrowed against this line. The line is collateralized by substantially all of the Hospital's assets. Interest varies with the bank's prime rate, with a 1 percent margin added to the prime rate, with a minimum rate of 4.25 percent. At September 30, 2018, the interest rate was 6.25 percent.

The Hospital has a $200,000 revolving bank line of credit which expires in December 2019. At September 30, 2018 and 2017, there was $0 borrowed against this line. The line is collateralized by substantially all of the Hospital's assets and has an interest rate of 8.25 percent at September 30, 2018.

Note 8: Long-Term Debt

	2018	2017
Hospital Revenue Bonds, Series 2016 (A)	$ 17,027,790	$ 17,806,674
Note payable (B)	214,196	238,446
Note payable (C)	326,392	342,090
Capital lease obligations (D)	626,976	870,754
	18,195,354	19,257,964
Less unamortized debt issuance costs	168,467	190,205
Less current maturities	1,074,420	1,099,637
	$ 16,952,467	$ 17,968,122

(A) Vermont Educational and Health Buildings Financing Agency Revenue Refunding Bond (North Country Hospital Project), Series 2016 A in the original amount of $18,743,131 dated June 1, 2016, which bear interest at a variable rate equal to the sum of 68 percent of one-month LIBOR plus 78.2 basis points per annum (2.21 percent and 1.62 percent at September 30, 2018 and 2017, respectively), and are due in graduated installments through October 2034 with a due on demand clause June 1, 2026, and thereafter. Proceeds from the bonds were used to repay the outstanding debt from the Series 2007 bonds. The Bonds are collateralized by equipment, personal property, hardware, supplies and inventory of the Hospital. The Hospital is subject to certain financial covenants related to this bond issue. Unamortized debt issuance costs associated with the borrowing are $168,467 and $190,205 at September 30, 2018 and 2017, respectively.

(B) Note payable to Vermont Economic Development Authority for assistance with development of renal dialysis services. Principal on the note is due annually and the rate of interest on this loan is 0 percent. The note is collateralized by an interest in the gross receipts of the Hospital.

(C) Note payable originally issued in the amount of $400,000 for capital improvements. Principal on the note is due monthly and the rate of interest on this loan is 4.00 percent until September 2023, with the interest rate varying thereafter. The note is collateralized by real estate at Derby Green.

(D) Capital lease obligations at varying rates of imputed interest from 1.3 percent to 12.4 percent, collateralized by leased equipment expiring at various dates through 2022. Property and equipment include the following equipment under capital leases:

	2018	2017
Moveable equipment	$ 1,792,941	$ 1,792,941
Less accumulated depreciation	1,335,703	1,023,185
	$ 457,238	$ 769,756

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at September 30, 2018, are:

	Long-Term Debt Excluding Capital Lease Obligations	Capital Lease Obligations
2019	$ 846,821	$ 288,859
2020	874,882	237,129
2021	906,074	93,689
2022	936,468	44,751
2023	968,550	-
Thereafter	13,035,583	-
	$ 17,568,378	664,428
Less amount representing interest		37,452
Present value of future minimum lease payments		626,976
Less current maturities		227,599
Noncurrent portion		$ 399,377

Note 9: Derivative Financial Instrument

2007 Interest Rate Swap

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, NCHS entered into an interest rate swap agreement for $15,466,750 of the outstanding Hospital Revenue Bonds, Series 2007, in December 2007. During the year ended September 30, 2016, the Hospital paid in full the Hospital Revenue Bonds, Series 2007 and entered into a new financing arrangement with the issuance of the Hospital Revenue Bonds, Series 2016 A. Upon execution of the Hospital Revenue Bonds, Series 2016 A the Hospital elected to continue its strategy to limit its exposure to interest rate risk by applying this swap agreement to the 2016 debt.

The agreement provides for NCHS to receive interest from the counterparty of 68 percent of LIBOR and to pay interest to the counterparty at a fixed rate of 3.285 percent on notional amounts of $11,394,500 and $11,878,750 at September 30, 2018 and 2017, respectively. Under the agreement, NCHS pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The interest rate swap agreement terminates on November 1, 2027. This swap is valued at $(913,356) and $(1,548,240) at September 30, 2018 and 2017, respectively.

2016 Interest Rate Swap

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, NCHS entered into an interest rate swap agreement for $6,396,381 of the outstanding Hospital Revenue Bonds, Series 2016, in June 2016.

The agreement provides for NCHS to receive interest from the counterparty of 68 percent of LIBOR and to pay interest to the counterparty at a fixed rate of 1.12 percent on a notional amount of $6,396,381 and $5,927,924 at September 30, 2018 and 2017, respectively. Under the agreement, NCHS pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The interest rate swap agreement terminates on June 1, 2026. The swap is valued at $280,381 and $102,715 at September 30, 2018 and 2017, respectively.

Management has designated the interest rate swap agreements as cash flow hedging instruments. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of unrestricted net assets and reclassified into excess revenues over expenses in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current excess revenues over expenses.

The table below presents certain information regarding NCHS' interest rate swap agreements designated as cash flow hedges. NCHS did not have any derivative instruments at September 30, 2018 and 2017, that were not designated as hedging instruments.

	2018	2017
Other Liabilities		
Fair value of interest rate swap agreements	$ (633,275)	$ (1,445,525)
Changes in Unrestricted Net Assets		
Change in interest rate swap agreements	812,250	1,034,307
Interest Expense		
Loss reclassified from unrestricted net assets into deficiency of revenues over expenses	247,016	200,900

Note 10: Deferred Compensation

During the year ended September 30, 2002, the Hospital established the North Country Hospital Executive and Physician Stock Option Plan. This plan provides options as a form of compensation for a select group of management, physicians or highly compensated employees of the Hospital and its affiliates. The balance in this plan was $658,066 and $644,377 at September 30, 2018 and 2017, respectively. At September 30, 2003, this plan was frozen and no more employee contributions will be put into the plan.

During the year ended September 30, 2003, the Hospital established the Split Dollar Insurance and Death Benefit Only Programs to certain key employees of the Hospital and its affiliates. Eligible employees may elect to have a minimum of $10,000 withheld from their compensation, up to a maximum of 75 percent of annual gross compensation. At September 30, 2018 and 2017, three employees were participating in this plan, with a balance of $360,569 and $ 265,843 at September 30, 2018 and 2017, respectively.

The Hospital has established a 457(b) deferred compensation plan eligible to certain key employees of the Hospital and its affiliates. At September 30, 2018 and 2017, four employees were participating in this plan with a balance of $2,382,194 and $2,139,569, respectively.

Note 11: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purpose or periods:

	2018	2017
Healthcare services	$ 2,005,179	$ 1,780,475
Purchase of equipment	1,413,156	1,358,927
Nursing scholarships	195,225	195,906
	$ 3,613,560	$ 3,335,308

During 2018 and 2017, net assets were released from donor restriction by incurring expenses satisfying the restricted purposes in the amount of $85,621 and $124,779, respectively. During 2018 and 2017, net assets of $61,000 and $81,440, respectively, were released to purchase equipment.

Permanently restricted net assets are restricted to:

	2018	2017
Investments to be held in perpetuity, the income is expendable to support		
Purchases of equipment	$ 402,631	$ 402,631
Health care services	392,228	392,228
	$ 794,859	$ 794,859

Note 12: Endowments

NCHS' endowment consists of various individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NCHS' governing body has interpreted the State of Vermont Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, NCHS classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of NCHS and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the NCHS
7. Investment policies of the NCHS

The composition of net assets by type of endowment fund and changes in net assets for the years ended September 30, 2018 and 2017, were:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds				
Endowment net assets, beginning of the year	$ -	$ 2,453,120	$ 794,859	$ 3,247,979
Investment return	-	210,355	-	210,355
Endowment net assets, end of year	$ -	$ 2,663,475	$ 794,859	$ 3,458,334

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds				
Endowment net assets, beginning of the year	$ -	$ 2,060,979	$ 794,859	$ 2,855,838
Investment return	-	392,141	-	392,141
Endowment net assets, end of year	$ -	$ 2,453,120	$ 794,859	$ 3,247,979

NCHS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under NCHS' policies, the primary investment goal is growth in the endowment accounts. NCHS expects its endowment funds to provide an average rate of return that exceeds benchmark returns indicated for various asset classes. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the NCHS relies on a strategy in which investment returns are achieved through both current yield and capital appreciation (both realized and unrealized). NCHS invests in a variety of securities to achieve its long-term return objectives within prudent risk constraints.

NCHS has a spending policy of appropriating amounts for expenditure that do not exceed the temporarily restricted net assets for an individual purpose. The original amount of the permanently restricted net assets is not to be spent by NCHS.

Note 13: Charity Care

The costs of charity care provided under NCHS' charity care policy were approximately $618,000 and $615,000 for 2018 and 2017, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Note 14: Functional Expenses

NCHS provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	2018	2017
Health care services	$ 68,819,955	$ 71,489,906
General and administrative	17,393,886	15,410,404
	$ 86,213,841	$ 86,900,310

Note 15: Pension Plan

The Hospital has a 403(b) defined contribution pension plan covering substantially all employees. Employee contributions, which are at the discretion of the employee, are matched by NCHS at a maximum of 50 percent of the employee's contributions not exceeding 5 percent of an employee's gross salary. Additional contributions are made to the plan based on amounts determined annually by the Board of Trustees. Pension expense was $1,370,000 and $1,155,000 for 2018 and 2017, respectively.

Note 16: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2018 and 2017:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2018				
Investments				
Money market funds	$ 2,190,020	$ 2,190,020	$ -	$ -
Mutual funds – equity	979,837	979,837	-	-
Equity securities	33,922,025	33,922,025	-	-
Exchange traded funds	92,095	92,095	-	-
U.S. Treasury securities	1,526,879	-	1,526,879	-
Government agencies securities	223,301	-	223,301	-
Corporate fixed income securities	6,079,274	-	6,079,274	-
Alternative investment measured at net asset value (A)	1,505,203			
Total investments	46,518,634			
Interest rate swap agreements	(633,275)	-	(633,275)	-
Total fair value of recurring measurements	$ 45,885,359			

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2017				
Investments				
Money market funds	$ 1,471,613	$ 1,471,613	$ -	$ -
Mutual funds - equity	891,590	891,590	-	-
Equity securities	31,263,569	31,263,569	-	-
Exchange traded funds	140,805	140,805		
U.S. Treasury securities	1,898,337	-	1,898,337	-
Government agencies securities	249,749	-	249,749	-
Corporate fixed income securities	5,614,272	-	5,614,272	-
Alternative investment measured at net asset value (A)	1,951,746	-	-	-
Total investments	43,481,681			
Interest rate swap agreements	(1,445,525)	-	(1,445,525)	-
Total fair value of recurring measurements	$ 42,036,156			

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheets.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2018.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2018 and 2017, there were no securities classified as Level 3 within the hierarchy.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Note 17: The Fair Value Option

As permitted by Topic 825, NCHS has elected to measure its hedge fund investment at fair value. Management has elected the fair value option for these items because it more accurately reflects the portfolio returns and financial position of NCHS. The fair value of the hedge investments at September 30, 2018 and 2017, is $1,505,203 and $1,951,746, respectively.

See *Note 4* for additional disclosures regarding fair value of the hedge fund listed in the preceding paragraph.

Changes in Fair Value

Changes in fair value for items for which the fair value option has been elected are reported as investment return in other income (expense) in the financial statements. The change for 2018 and 2017 was a decrease of $446,543 and $149,243, respectively, which reflects all investment return from the hedge fund investment.

Note 18: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

Contingencies

Estimates related to the accrual for medical malpractice claims, employee health insurance, workers' compensation and employee unemployment insurance are described in *Notes 1* and *6*.

Litigation

In the normal course of business, NCHS is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the NCHS' self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. NCHS evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Interest Rate Swap Agreements

As discussed in *Note 9,* NCHS has recorded a liability representing estimated fair value of the interest rate swap agreement.

Asset Retirement Obligation

As discussed in *Note 19*, NCHS has recorded a liability for its conditional asset retirement obligations related to asbestos abatement.

Investments

The Hospital invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets.

Note 19: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard). NCHS' conditional asset retirement obligations primarily relate to asbestos contained in buildings that the NCHS owns. Environmental regulations exist that require NCHS to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. A liability of $92,273 and $87,050 has been recognized in the accompanying 2018 and 2017 financial statements, respectively, for the portion of the liability that can be reasonably estimated.

Note 20: Other Information

Contractual Obligation

NCHS entered into a one-year agreement, with automatic optional renewal provisions, with a national information technology vendor to provide electronic medical records, billing and clinical information systems. NCHS has agreed to pay a 2.67 percent service fee based on total net patient service revenue.

Note 21: Future Changes in Accounting Principles

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The Health System has adopted this standard as of October 1, 2018, with a full retrospective transition method. The Health System expects no significant changes to its previously reported net patient service revenue as a result of this adoption; however, the disclosures within the annual consolidated financial statements will be significantly expanded.

In connection with the revenue recognition accounting standard update above, Financial Accounting Standards Board recently clarified grants and contract guidance for not-for-profit entities. Based upon the updated guidance, the Health System expects many of its grants to be considered contributions when effective, as commensurate value is not received by the resource provider. The Health System has adopted this standard as of October 1, 2018.

Presentation of Financial Statements for Not-for-Profit Entities

The Financial Accounting Standards Board recently issued guidance which changes reporting and disclosure requirements for the financial statements of not-for-profit (NFP) entities. The Health System has adopted this standard as of October 1, 2018. The significant impacts on the financial statements are as follows:

- Previously reported unrestricted, temporarily restricted and permanently restricted net assets will be changed to net assets with donor-imposed restrictions and those without.

- Expenses are reported by both nature and function in one location (either an additional statement or within the footnotes).
- Expanded disclosures regarding liquidity and cash flows available to meet operating expenses for one year from the balance sheet date.
- Amounts and purposes of governing board designations and appropriations as of the end of the period.

Restricted Cash

The Financial Accounting Standards Board clarified its standard related to the presentation of restricted cash on the consolidated statements of cash flows to remove diversity in practice. The Health System, which presents cash and cash equivalents with restrictions in multiple line items on the consolidated balance sheets, will now report these items as cash and cash equivalents for the consolidated statements of cash flows, and will disclose the location of its the cash and cash equivalents to reconcile the two statements for each period presented. The Health System has adopted this standard as of October 1, 2018.

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual and interim periods beginning after December 15, 2018. The Health System is evaluating the impact the standard will have on the consolidated financial statements.

Accounting for Financial Instruments – Credit Losses

The Financial Accounting Standards Board amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables and finance receivables. The new standard is effective for annual and interim periods beginning after December 15, 2019. The Health System is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

Supplementary Information

North Country Health Systems, Inc.

Consolidating Schedule – Balance Sheet Information

September 30, 2018

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Current Assets								
Cash and cash equivalents	$ 865,123	$ 358,839	$ -	$ 1,223,962	$ 336,773	$ 183,206	$ -	$ 1,743,941
Patient accounts receivable, net of allowance	8,252,015	87,793	-	8,339,808	-	143,951	-	8,483,759
Other receivables	336,327	-	(47,840)	288,487	-	-	-	288,487
Due from affiliate	419,159	-	-	419,159	-	-	(419,159)	-
Supplies	2,628,596	-	-	2,628,596	-	100	-	2,628,696
Estimated amounts due from third-party payers	219,803	-	-	219,803	-	-	-	219,803
Prepaid expenses and other	887,834	-	-	887,834	721	16,419	-	904,974
Total current assets	13,608,857	446,632	(47,840)	14,007,649	337,494	343,676	(419,159)	14,269,660
Assets Limited As To Use								
Internally designated	41,302,964	-	-	41,302,964	-	379,323	-	41,682,287
Externally restricted by donors	3,455,519	-	-	3,455,519	1,030,364	-	-	4,485,883
Held by trustee								
Under deferred compensation arrangements	3,400,829	-	-	3,400,829	-	-	-	3,400,829
	48,159,312	-	-	48,159,312	1,030,364	379,323	-	49,568,999
Property and Equipment, At Cost	77,302,397	87,517	-	77,389,914	-	1,516,879	-	78,906,793
Less accumulated depreciation	53,899,039	28,090	-	53,927,129	-	1,033,915	-	54,961,044
	23,403,358	59,427	-	23,462,785	-	482,964	-	23,945,749
Other Assets								
Interest in net assets of North Country Health Systems, Inc.	950,085	-	-	950,085	-	-	(950,085)	-
Other	293,674	-	(264,388)	29,286	52,000	-	-	81,286
	1,243,759	-	(264,388)	979,371	52,000	-	(950,085)	81,286
Total assets	$ 86,415,286	$ 506,059	$ (312,228)	$ 86,609,117	$ 1,419,858	$ 1,205,963	$ (1,369,244)	$ 87,865,694

North Country Health Systems, Inc.

Consolidating Schedule – Balance Sheet Information

September 30, 2018

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Current Liabilities								
Line of credit agreement	$ 1,001,134	$ -	$ -	$ 1,001,134	$ -	$ -	$ -	$ 1,001,134
Current maturities of long-term debt	1,058,034	-	-	1,058,034	-	16,386	-	1,074,420
Accounts payable	3,508,611	47,848	(47,840)	3,508,619	4,218	42,584	-	3,555,421
Accrued expenses	4,309,270	79	-	4,309,349	-	19,699	-	4,329,048
Resident personal funds payable	-	-	-	-	-	176	-	176
Due to affiliate	-	17,486	-	17,486	8,605	409,365	(419,159)	16,297
Estimated amounts due to third-party payers	1,916,912	-	-	1,916,912	-	-	-	1,916,912
Total current liabilities	11,793,961	65,413	(47,840)	11,811,534	12,823	488,210	(419,159)	11,893,408
Deferred Compensation and Other	3,493,102	-	-	3,493,102	-	-	-	3,493,102
Long-Term Debt	16,642,461	-	-	16,642,461	-	310,006	-	16,952,467
Interest Rate Swap Agreement	633,275	-	-	633,275	-	-	-	633,275
Total liabilities	32,562,799	65,413	(47,840)	32,580,372	12,823	798,216	(419,159)	32,972,252
Net Assets								
Unrestricted net assets attributable to the Health System	49,444,068	264,388	(264,388)	49,444,068	456,950	407,747	-	50,308,765
Unrestricted net assets attributable to noncontrolling interest	-	176,258	-	176,258	-	-	-	176,258
Total unrestricted net assets	49,444,068	440,646	(264,388)	49,620,326	456,950	407,747	-	50,485,023
Temporarily restricted	3,613,560	-	-	3,613,560	950,085	-	(950,085)	3,613,560
Permanently restricted	794,859	-	-	794,859	-	-	-	794,859
Total net assets	53,852,487	440,646	(264,388)	54,028,745	1,407,035	407,747	(950,085)	54,893,442
Total liabilities and net assets	$ 86,415,286	$ 506,059	$ (312,228)	$ 86,609,117	$ 1,419,858	$ 1,205,963	$ (1,369,244)	$ 87,865,694

North Country Health Systems, Inc.

Consolidating Schedule – Statement of Operations Information

Year Ended September 30, 2018

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Unrestricted Revenues, Gains and Other Support								
Net patient service revenue (net of contractual discounts and allowances)	$ 74,786,020	$ 745,706	$ -	$ 75,531,726	$ -	$ 1,778,204	$ -	$ 77,309,930
Provision for uncollectible accounts	(3,089,396)	(69,859)	-	(3,159,255)	-	(5,212)	-	(3,164,467)
Net patient service revenue less provision for uncollectible accounts	71,696,624	675,847	-	72,372,471	-	1,772,992	-	74,145,463
Fixed prospective revenue	4,330,490	-	-	4,330,490	-	-	-	4,330,490
Other	5,522,221	-	-	5,522,221	-	22,376	-	5,544,597
Net assets released from restriction used for operations	-	-	-	-	85,621	-	-	85,621
Total unrestricted revenues, gains and other support	81,549,335	675,847	-	82,225,182	85,621	1,795,368	-	84,106,171
Expenses and Losses								
Salaries	39,152,295	-	-	39,152,295	-	1,050,073	-	40,202,368
Employee benefits	10,795,974	-	-	10,795,974	-	513,801	-	11,309,775
Supplies and other	28,528,112	666,115	-	29,194,227	250,575	384,633	(84,450)	29,744,985
Depreciation and amortization	4,240,897	4,509	-	4,245,406	-	47,395	-	4,292,801
Interest	650,516	-	-	650,516	-	13,396	-	663,912
Total expenses and losses	83,367,794	670,624	-	84,038,418	250,575	2,009,298	(84,450)	86,213,841
Operating Income (Loss)	(1,818,459)	5,223	-	(1,813,236)	(164,954)	(213,930)	84,450	(2,107,670)
Other Income (Expense)								
Contributions received	84,450	-	-	84,450	207,780	-	(84,450)	207,780
Investment return and other-than-temporary losses	1,722,937	4	-	1,722,941	-	25,221	-	1,748,162
Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	(446,543)	-	-	(446,543)	-	-	-	(446,543)
Gain on investments in equity investee	3,137	-	(3,137)	-	-	-	-	-
Other	26,552	-	-	26,552	-	(7,404)	-	19,148
Total other income (expense)	1,390,533	4	(3,137)	1,387,400	207,780	17,817	(84,450)	1,528,547
Excess (Deficiency) of Revenues Over Expenses	$ (427,926)	$ 5,227	$ (3,137)	$ (425,836)	$ 42,826	$ (196,113)	$ -	$ (579,123)

North Country Health Systems, Inc.

Consolidating Schedule – Statement of Changes in Net Assets Information

Year Ended September 30, 2018

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Unrestricted Net Assets Attributable to the Health System								
Excess (deficiency) of revenues over expenses	$ (427,926)	$ 3,137	$ (3,137)	$ (427,926)	$ 42,826	$ (196,113)	$ -	$ (581,213)
Investment return - change in unrealized gains and losses on other than trading securities	1,428,071	-	-	1,428,071	-	15,103	-	1,443,174
Change in fair value of interest rate swap agreements	812,250	-	-	812,250	-	-	-	812,250
Net assets released from restriction used for property, plant and equipment, net	-	-	-	-	61,000	-	-	61,000
Increase (decrease) in unrestricted net assets attributable to the Health System	1,812,395	3,137	(3,137)	1,812,395	103,826	(181,010)	-	1,735,211
Unrestricted Net Assets Attributable to Noncontrolling Interest								
Excess of revenues over expenses	-	2,090	-	2,090	-	-	-	2,090
Increase in unrestricted net assets attributable to noncontrolling interest	-	2,090	-	2,090	-	-	-	2,090
Increase (decrease) in unrestricted net assets	1,812,395	5,227	(3,137)	1,814,485	103,826	(181,010)	-	1,737,301
Temporarily Restricted Net Assets								
Contributions received	-	-	-	-	148,467	-	-	148,467
Change in interest in net assets of North Country Health Systems, Inc.	67,897	-	-	67,897	-	-	(67,897)	-
Investment return - change in unrealized gains and losses on other than trading securities	210,355	-	-	210,355	66,051	-	-	276,406
Net assets released from restriction	-	-	-	-	(146,621)	-	-	(146,621)
Increase (decrease) in temporarily restricted net assets	278,252	-	-	278,252	67,897	-	(67,897)	278,252
Change in Net Assets	2,090,647	5,227	(3,137)	2,092,737	171,723	(181,010)	(67,897)	2,015,553
Net Assets, Beginning of Year	51,761,840	435,419	(261,251)	51,936,008	1,235,312	588,757	(882,188)	52,877,889
Net Assets, End of Year	$ 53,852,487	$ 440,646	$ (264,388)	$ 54,028,745	$ 1,407,035	$ 407,747	$ (950,085)	$ 54,893,442

North Country Health Systems, Inc.

Consolidating Schedule – Balance Sheet Information

September 30, 2017

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Current Assets								
Cash and cash equivalents	$ 1,567,456	$ 304,034	$ -	$ 1,871,490	$ 237,880	$ 29,675	$ -	$ 2,139,045
Patient accounts receivable, net of allowance	7,016,024	94,226	-	7,110,250	-	143,058	-	7,253,308
Other receivables	510,081	-	(46,767)	463,314	-	-	-	463,314
Due from affiliate	182,907	77,145	(77,145)	182,907	-	-	(182,907)	-
Supplies	2,433,140	-	-	2,433,140	-	100	-	2,433,240
Estimated amounts due from third-party payers	100,955	-	-	100,955	-	-	-	100,955
Prepaid expenses and other	1,176,800	-	-	1,176,800	710	23,535	-	1,201,045
Total current assets	12,987,363	475,405	(123,912)	13,338,856	238,590	196,368	(182,907)	13,590,907
Assets Limited As To Use								
Internally designated	38,599,398	-	-	38,599,398	-	476,348	-	39,075,746
Externally restricted by donors	3,247,828	-	-	3,247,828	997,620	-	-	4,245,448
Held by trustee								
Under deferred compensation arrangements	3,049,789	-	-	3,049,789	-	-	-	3,049,789
	44,897,015	-	-	44,897,015	997,620	476,348	-	46,370,983
Property and Equipment, At Cost	75,320,123	44,094	-	75,364,217	-	1,506,206	-	76,870,423
Less accumulated depreciation	50,622,197	23,581	-	50,645,778	-	991,039	-	51,636,817
	24,697,926	20,513	-	24,718,439	-	515,167	-	25,233,606
Other Assets								
Interest in net assets of North Country Health Systems, Inc.	882,188	-	-	882,188	-	-	(882,188)	-
Other	286,518	-	(261,251)	25,267	5,000	-	-	30,267
	1,168,706	-	(261,251)	907,455	5,000	-	(882,188)	30,267
Total assets	$ 83,751,010	$ 495,918	$ (385,163)	$ 83,861,765	$ 1,241,210	$ 1,187,883	$ (1,065,095)	$ 85,225,763

North Country Health Systems, Inc.

Consolidating Schedule – Balance Sheet Information

September 30, 2017

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Current Liabilities								
Current maturities of long-term debt	$ 1,083,889	$ -	$ -	$ 1,083,889	$ -	$ 15,748	$ -	$ 1,099,637
Accounts payable	2,564,388	47,452	(46,767)	2,565,073	3,376	62,284	-	2,630,733
Accrued expenses	4,247,659	-	-	4,247,659	-	13,768	-	4,261,427
Resident personal funds payable	-	-	-	-	-	599	-	599
Due to affiliate	77,145	13,047	(77,145)	13,047	2,522	180,385	(182,907)	13,047
Estimated amounts due to third-party payers	1,791,945	-	-	1,791,945	-	-	-	1,791,945
Total current liabilities	9,765,026	60,499	(123,912)	9,701,613	5,898	272,784	(182,907)	9,797,388
Deferred Compensation and Other	3,136,839	-	-	3,136,839	-	-	-	3,136,839
Long-Term Debt	17,641,780	-	-	17,641,780	-	326,342	-	17,968,122
Interest Rate Swap Agreement	1,445,525	-	-	1,445,525	-	-	-	1,445,525
Total liabilities	31,989,170	60,499	(123,912)	31,925,757	5,898	599,126	(182,907)	32,347,874
Net Assets								
Unrestricted net assets attributable to the Health System	47,631,673	261,251	(261,251)	47,631,673	353,124	588,757	-	48,573,554
Unrestricted net assets attributable to noncontrolling interest	-	174,168	-	174,168	-	-	-	174,168
Total unrestricted net assets	47,631,673	435,419	(261,251)	47,805,841	353,124	588,757	-	48,747,722
Temporarily restricted	3,335,308	-	-	3,335,308	882,188	-	(882,188)	3,335,308
Permanently restricted	794,859	-	-	794,859	-	-	-	794,859
Total net assets	51,761,840	435,419	(261,251)	51,936,008	1,235,312	588,757	(882,188)	52,877,889
Total liabilities and net assets	$ 83,751,010	$ 495,918	$ (385,163)	$ 83,861,765	$ 1,241,210	$ 1,187,883	$ (1,065,095)	$ 85,225,763

North Country Health Systems, Inc.

Consolidating Schedule – Statement of Operations Information

Year Ended September 30, 2017

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Unrestricted Revenues, Gains and Other Support								
Net patient service revenue (net of contractual discounts and allowances)	$ 76,523,614	$ 726,171	$ -	$ 77,249,785	$ -	$ 1,702,878	$ -	$ 78,952,663
Provision for uncollectible accounts	(1,738,501)	(12,857)	-	(1,751,358)	-	-	-	(1,751,358)
Net patient service revenue less provision for uncollectible accounts	74,785,113	713,314	-	75,498,427	-	1,702,878	-	77,201,305
Other	7,556,184	50,545	-	7,606,729	-	21,027	-	7,627,756
Net assets released from restriction used for operations	-	-	-	-	124,779	-	-	124,779
Total unrestricted revenues, gains and other support	82,341,297	763,859	-	83,105,156	124,779	1,723,905	-	84,953,840
Expenses and Losses								
Salaries	38,756,651	-	-	38,756,651	-	931,302	-	39,687,953
Employee benefits	11,158,426	-	-	11,158,426	-	447,632	-	11,606,058
Supplies and other	28,918,280	557,721	-	29,476,001	304,508	414,299	-	30,194,808
Depreciation and amortization	4,625,613	5,789	-	4,631,402	-	46,177	-	4,677,579
Interest	719,901	-	-	719,901	-	14,011	-	733,912
Total expenses and losses	84,178,871	563,510	-	84,742,381	304,508	1,853,421	-	86,900,310
Operating Income (Loss)	(1,837,574)	200,349	-	(1,637,225)	(179,729)	(129,516)	-	(1,946,470)
Other Income (Expense)								
Contributions received	108,524	-	-	108,524	131,528	-	-	240,052
Investment return and other-than-temporary losses	1,213,650	-	-	1,213,650	-	11,320	-	1,224,970
Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	(149,243)	-	-	(149,243)	-	-	-	(149,243)
Gain on investments in equity investee	120,209	-	(120,209)	-	-	-	-	-
Other	73,140	-	-	73,140	-	(569)	-	72,571
Total other income (expense)	1,366,280	-	(120,209)	1,246,071	131,528	10,751	-	1,388,350
Excess (Deficiency) of Revenues Over Expenses	$ (471,294)	$ 200,349	$ (120,209)	$ (391,154)	$ (48,201)	$ (118,765)	$ -	$ (558,120)

North Country Health Systems, Inc.

Consolidating Schedule – Statement of Changes in Net Assets Information

Year Ended September 30, 2017

	North Country Hospital and Health Center	Northeast Kingdom Healthcare Collaborative, LLC	Eliminations	Consolidated North Country Hospital and Health Center	North Country Health Systems	Derby Green	Eliminations	Consolidated Total
Unrestricted Net Assets Attributable to the Health System								
Excess (deficiency) of revenues over expenses	$ (471,294)	$ 120,209	$ (120,209)	$ (471,294)	$ (48,201)	$ (118,765)	$ -	$ (638,260)
Investment return - change in unrealized gains and losses on other than trading securities	2,471,189	-	-	2,471,189	-	19,056	-	2,490,245
Change in fair value of interest rate swap agreement	1,034,307	-	-	1,034,307		-	-	1,034,307
Net assets released from restriction used for property, plant and equipment, net					81,440			81,440
Distributions	-	(60,000)	60,000	-	-	-	-	-
Increase (decrease) in unrestricted net assets attributable to the Health System	3,034,202	60,209	(60,209)	3,034,202	33,239	(99,709)	-	2,967,732
Unrestricted Net Assets Attributable to Noncontrolling Interest								
Excess of revenues over expenses	-	80,140	-	80,140	-	-	-	80,140
Distributions to noncontrolling interest	-	(40,000)	-	(40,000)	-	-	-	(40,000)
Increase in unrestricted net assets attributable to noncontrolling interest	-	40,140	-	40,140	-	-	-	40,140
Increase in unrestricted net assets	3,034,202	100,349	(60,209)	3,074,342	33,239	(99,709)	-	3,007,872
Temporarily Restricted Net Assets								
Contributions received	-	-	-	-	102,096	-	-	102,096
Change in interest in net assets of North Country Health Systems, Inc.	(30,188)	-	-	(30,188)	-	-	30,188	-
Investment return - change in unrealized gains and losses on other than trading securities	392,141	-	-	392,141	73,935	-	-	466,076
Net assets released from restriction	-	-	-	-	(206,219)	-	-	(206,219)
Increase in temporarily restricted net assets	361,953	-	-	361,953	(30,188)	-	30,188	361,953
Permanently Restricted Net Assets								
Contributions received	150	-	-	150	-	-	-	150
Increase in permanently restricted net assets	150	-	-	150	-	-	-	150
Change in Net Assets	3,396,305	100,349	(60,209)	3,436,445	3,051	(99,709)	30,188	3,369,975
Net Assets, Beginning of Year	48,365,535	335,070	(201,042)	48,499,563	1,232,261	688,466	(912,376)	49,507,914
Net Assets, End of Year	$ 51,761,840	$ 435,419	$ (261,251)	$ 51,936,008	$ 1,235,312	$ 588,757	$ (882,188)	$ 52,877,889

Form **990-T**

Department of the Treasury
Internal Revenue Service

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

For calendar year 2017 or other tax year beginning 10/01, 2017, and ending 09/30, 2018.

▶ Go to *www.irs.gov/Form990T* for instructions and the latest information.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

OMB No. 1545-0687

2017

Open to Public Inspection for 501(c)(3) Organizations Only

A [ ] Check box if address changed

B Exempt under section
[X] 501(C)(3)
[ ] 408(e) [ ] 220(e)
[ ] 408A [ ] 530(a)
[ ] 529(a)

C Book value of all assets at end of year
86,415,286.

Print or Type

Name of organization ([ ] Check box if name changed and see instructions.)
NORTH COUNTRY HOSPITAL & HEALTH CENTER, INC.

Number, street, and room or suite no. If a P.O. box, see instructions.
189 PROUTY DR

City or town, state or province, country, and ZIP or foreign postal code
NEWPORT, VT 05855

D Employer identification number (Employees' trust, see instructions.)
03-0185556

E Unrelated business activity codes (See instructions.)
812900 561000

F Group exemption number (See instructions.) ▶

G Check organization type ▶ [X] 501(c) corporation [ ] 501(c) trust [ ] 401(a) trust [ ] Other trust

H Describe the organization's primary unrelated business activity. ▶ ATTACHMENT 1

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ [X] Yes [ ] No
If "Yes," enter the name and identifying number of the parent corporation. ▶ ATTACHMENT 2

J The books are in care of ▶ ANDRE BISSONNETTE Telephone number ▶ 802-334-7331

Part I Unrelated Trade or Business Income

			(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales 8,306.				
b	Less returns and allowances c Balance ▶	1c	8,306.		
2	Cost of goods sold (Schedule A, line 7)	2			
3	Gross profit. Subtract line 2 from line 1c	3	8,306.		8,306.
4a	Capital gain net income (attach Schedule D)	4a			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)	4b			
c	Capital loss deduction for trusts	4c			
5	Income (loss) from partnerships and S corporations (attach statement)	5			
6	Rent income (Schedule C)	6			
7	Unrelated debt-financed income (Schedule E)	7			
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)	8			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)	9			
10	Exploited exempt activity income (Schedule I)	10			
11	Advertising income (Schedule J)	11			
12	Other income (See instructions; attach schedule)	12	85,772.	ATCH 3	85,772.
13	**Total.** Combine lines 3 through 12	13	94,078.		94,078.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)			14	
15	Salaries and wages			15	
16	Repairs and maintenance			16	
17	Bad debts			17	
18	Interest (attach schedule)			18	
19	Taxes and licenses			19	6,694.
20	Charitable contributions (See instructions for limitation rules)			20	8,738.
21	Depreciation (attach Form 4562)	21			
22	Less depreciation claimed on Schedule A and elsewhere on return	22a		22b	
23	Depletion			23	
24	Contributions to deferred compensation plans			24	
25	Employee benefit programs			25	
26	Excess exempt expenses (Schedule I)			26	
27	Excess readership costs (Schedule J)			27	
28	Other deductions (attach schedule)			28	
29	**Total deductions.** Add lines 14 through 28			29	15,432.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			30	78,646.
31	Net operating loss deduction (limited to the amount on line 30)			31	
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			32	78,646.
33	Specific deduction (Generally $1,000, but see line 33 instructions for exceptions)			33	1,000.
34	**Unrelated business taxable income.** Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			34	77,646.

For Paperwork Reduction Act Notice, see instructions.

Part III Tax Computation

35	**Organizations Taxable as Corporations.** See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here ▶ ☐ **See instructions** and:		
a	Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order): (1) $ (2) $ (3) $		
b	Enter organization's share of: **(1)** Additional 5% tax (not more than $11,750) $		
	(2) Additional 3% tax (not more than $100,000) $		
c	Income tax on the amount on line 34 ATCH 4 ▶	35c	15,889.
36	**Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from: ☐ Tax rate schedule or ☐ Schedule D (Form 1041) ▶	36	
37	**Proxy tax.** See instructions ▶	37	
38	Alternative minimum tax	38	
39	**Tax on Non-Compliant Facility Income.** See instructions	39	
40	**Total.** Add lines 37, 38 and 39 to line 35c or 36, whichever applies	40	15,889.

Part IV Tax and Payments

41 a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	41a			
b	Other credits (see instructions)	41b			
c	General business credit. Attach Form 3800 (see instructions)	41c			
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	41d			
e	**Total credits.** Add lines 41a through 41d			41e	
42	Subtract line 41e from line 40			42	15,889.
43	Other taxes. Check if from: ☐ Form 4255 ☐ Form 8611 ☐ Form 8697 ☐ Form 8866 ☐ Other (attach schedule)			43	
44	**Total tax.** Add lines 42 and 43			44	15,889.
45 a	Payments: A 2016 overpayment credited to 2017	45a	420.		
b	2017 estimated tax payments	45b			
c	Tax deposited with Form 8868	45c	13,000.		
d	Foreign organizations: Tax paid or withheld at source (see instructions)	45d			
e	Backup withholding (see instructions)	45e			
f	Credit for small employer health insurance premiums (Attach Form 8941)	45f			
g	Other credits and payments: ☐ Form 2439 ☐ Form 4136 ☐ Other Total ▶	45g			
46	**Total payments.** Add lines 45a through 45g			46	13,420.
47	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐			47	
48	**Tax due.** If line 46 is less than the total of lines 44 and 47, enter amount owed ▶			48	2,469.
49	**Overpayment.** If line 46 is larger than the total of lines 44 and 47, enter amount overpaid ▶			49	
50	Enter the amount of line 49 you want: **Credited to 2018 estimated tax** ▶ **Refunded** ▶			50	

Part V Statements Regarding Certain Activities and Other Information (see instructions)

		Yes	No
51	At any time during the 2017 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶		X
52	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
53	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ $		

Sign Here ▶ 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 taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer | Date | Title ▶

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
BRIAN D TODD				P00422601
Firm's name ▶ BKD, LLP			Firm's EIN ▶ 44-0160260	
Firm's address ▶ 910 E ST LOUIS #200/PO BOX 1190, SPRINGFIELD, MO 65806-2523			Phone no. 417 865-8701	

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ▶

1	Inventory at beginning of year	1		6	Inventory at end of year	6	
2	Purchases	2		7	**Cost of goods sold.** Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3	Cost of labor	3					
4a	Additional section 263A costs (attach schedule)	4a		8	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
b	Other costs (attach schedule)	4b					
5	**Total.** Add lines 1 through 4b	5					

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)
(see instructions)

1. Description of property

(1)
(2)
(3)
(4)

2. Rent received or accrued		
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	**(b)** From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	**3(a)** Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	Total	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶		**(b) Total deductions.** Enter here and on page 1, Part I, line 6, column (B) ▶

Schedule E - Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	**2.** Gross income from or allocable to debt-financed property	**3.** Deductions directly connected with or allocable to debt-financed property	
		(a) Straight line depreciation (attach schedule)	**(b)** Other deductions (attach schedule)
(1)			
(2)			
(3)			
(4)			

4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	**5.** Average adjusted basis of or allocable to debt-financed property (attach schedule)	**6.** Column 4 divided by column 5	**7.** Gross income reportable (column 2 x column 6)	**8.** Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
			Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Totals ▶				
Total dividends-received deductions included in column 8 ▶				

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable Income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
Totals ▶			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals ▶	Enter here and on page 1, Part I, line 9, column (A).			Enter here and on page 1, Part I, line 9, column (B).

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals ▶	Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5)) ▶						

Part II **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	**2.** Gross advertising income	**3.** Direct advertising costs	**4.** Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	**5.** Circulation income	**6.** Readership costs	**7.** Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I. . . . . . ▶						
Totals, Part II (lines 1-5) . . . . ▶	Enter here and on page 1, Part I, line 11, col (A).	Enter here and on page 1, Part I, line 11, col (B).				Enter here and on page 1, Part II, line 27.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	**2.** Title	**3.** Percent of time devoted to business	**4.** Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14 . . . . . ▶			

ATTACHMENT 1

ORGANIZATION'S PRIMARY UNRELATED BUSINESS ACTIVITY.

HOUSEKEEPING SERVICES TO PRIVATE PHYSICIAN PRACTICES AND WATER TESTING SERVICES OFFERED TO THE COMMUNITY

ATTACHMENT 2

NAME AND FEIN OF PARENT CORPORATION

NORTH COUNTRY HEALTH SYSTEMS, INC
22-2566964

ATTACHMENT 3

PART I - LINE 12 - OTHER INCOME

NONDEDUCTIBLE PARKING FRINGE BENEFITS	85,772.
PART I - LINE 12 - OTHER INCOME	85,772.

FORM 990-T: FISCAL YEAR CORPORATION TAX COMPUTATION APPLYING BLENDED TAX RATE

1	UNRELATED BUSINESS TAXABLE INCOME (PAGE1, PART II, LINE 34).	77,646.
2	TAX ON LINE 1 FIGURED USING THE TAX RATE SCHEDULE OR TAX COMPUTATION WORKSHEET FOR MEMBERS OF A CONTROLLED GROUP.....	14,650.
3	TAX ON LINE 1 FIGURED USING THE 21% RATE.....	16,306.
4	MULTIPLY LINE 2 BY THE NUMBER OF DAYS 92 IN THE CORPORATION'S TAX YEAR BEFORE 01/01/2018.....	1,347,800.
5	MULTIPLY LINE 3 BY THE NUMBER OF DAYS 273 IN THE CORPORATION'S TAX YEAR AFTER 12/31/2017.....	4,451,538.
6	DIVIDE LINE 4 BY THE TOTAL NUMBER OF DAYS 365 IN THE CORPORATION'S TAX YEAR.....	3,693.
7	DIVIDE LINE 5 BY THE TOTAL NUMBER OF DAYS 365 IN THE CORPORATION'S TAX YEAR.....	12,196.
8	ADD LINES 6 AND 7: THE TOTAL TAX FOR THE FISCAL YEAR.....	15,889.

NORTH COUNTRY HOSPITAL & HEALTH CENTER
990-T Charitable Contribution Carryforward
EIN: 03-0185556

Carryforward to 9/30/14		134,704
9/30/14 Contributions	8,081	
Contribution Utilized on Form 990-T	(782)	7,299
Carryforward to 9/30/15		142,003
9/30/15 Contributions	200,998	
Contribution Utilized on Form 990-T	(947)	200,051
Carryforward to 9/30/16		342,054
9/30/16 Contributions	50,000	
Contribution Utilized on Form 990-T	(608)	
9/30/16 Expired Charitable Contributions	(126,630)	(77,238)
Carryforward to 9/30/17		264,816
9/30/17 Contributions	60,000	
09/30/17 Expired Contributions	(125,978)	
Contribution Utilized on Form 990-T	(694)	(66,672)
Carryforward to 9/30/18		198,144
9/30/18 Contributions	-	
09/30/18 Expired Contributions	(144,154)	
Contribution Utilized on Form 990-T	(8,738)	(152,892)
Carryforward to 9/30/19		45,252