

Caution: Forms printed from within Adobe Acrobat products may not meet IRS or state taxing agency specifications. When using Acrobat 5.x products, uncheck the "Shrink oversized pages to page size" and uncheck the "Expand small pages to paper size" options, in the Adobe "Print" dialog. When using Acrobat 6.x and later products versions, select "None" in the "PageScaling" selection box in the Adobe "Print" dialog.

CLIENT'S COPY

CLIENT COPY

November 9, 2017

BENNETT COUNTY HOSPITAL AND NURSING HOME
PO BOX 70 D
MARTIN, SD 57551

BENNETT COUNTY HOSPITAL AND NURSING HOME:

Enclosed is the organization's 2016 Exempt Organization return.

Specific filing instructions are as follows.

FORM 990 RETURN:

This return has been prepared for electronic filing. If you wish to have it transmitted electronically to the IRS, please sign, date, and return Form 8879-EO to our office. We will then submit the electronic return to the IRS. Do not mail a paper copy of the return to the IRS. Return Form 8879-EO to us by November 15, 2017.

A copy of the return is enclosed for your files. We suggest that you retain this copy indefinitely.

Sincerely,

DEIDRE BUDAHL, CPA

CLIENT COPY

Form **8879-EO**

IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1878

For calendar year 2016, or fiscal year beginning _____, 2016, and ending _____, 20____

2016

Department of the Treasury
Internal Revenue Service

▶ **Do not send to the IRS. Keep for your records.**

▶ **Information about Form 8879-EO and its instructions is at www.irs.gov/form8879eo.**

Name of exempt organization

Employer identification number

BENNETT COUNTY HOSPITAL AND NURSING HOME

43-2040599

Name and title of officer

**ANDREW RIGGIN
CEO**

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line **1a, 2a, 3a, 4a, or 5a**, below, and the amount on that line for the return being filed with this form was blank, enter -0- on line **1b, 2b, 3b, 4b, or 5b**, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. **Do not complete more than 1 line in Part I.**

1a Form 990 check here ▶ <input checked="" type="checkbox"/>	b Total revenue , if any (Form 990, Part VIII, column (A), line 12)	1b <u>9,564,248.</u>
2a Form 990-EZ check here ▶ <input type="checkbox"/>	b Total revenue , if any (Form 990-EZ, line 9)	2b _____
3a Form 1120-POL check here ▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b _____
4a Form 990-PF check here ▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 6)	4b _____
5a Form 8868 check here ▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5b _____

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) a reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize **CASEY PETERSON LTD** ERO to enter my PIN **40599**
Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶ _____ Date ▶ _____

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

46004073830

do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.**

ERO's signature ▶ _____ Date ▶ **11/09/17**

**ERO Must Retain This Form - See Instructions
Do Not Submit This Form To the IRS Unless Requested To Do So**

Form **990**

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

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

- 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.

2016
Open to Public Inspection

A For the 2016 calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization BENNETT COUNTY HOSPITAL AND NURSING HOME		D Employer identification number 43-2040599
	Doing business as		E Telephone number (605) 685-6622
	Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	
	City or town, state or province, country, and ZIP or foreign postal code MARTIN, SD 57551		G Gross receipts or sales 9,578,649.
F Name and address of principal officer: ANDREW RIGGIN SAME AS C ABOVE			H(a) Is this a group return for subsidiaries? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subsidiaries included? <input type="checkbox"/> Yes <input type="checkbox"/> No No. Attach a list. (see instructions)
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
J Website: WWW.BENNETTCOUNTYHOSPITAL.COM			
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			L Year of formation: 2004
			M State of legal domicile: SD

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: PROVIDE HEALTHCARE AND NURSING HOME SERVICES		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 50% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	5
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	5
	5	Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5	172
	6	Total number of volunteers (estimate if necessary)	6	5
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 30,373.	Current Year 18,570.
	9	Program service revenue (Part VIII, line 2g)	8,882,062.	9,542,725.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-56,091.	2,783.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10, and 11e)	29,935.	170.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	8,886,279.	9,564,248.
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-4)	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)	3,813,851.	4,511,394.
16a		Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
16b		Total fundraising expenses (Part IX, column (D), line 25)	0.	
17		Other expenses (Part IX, column (A), lines 11a-11d, 12, and 24e)	4,100,701.	5,097,644.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	7,914,552.	9,609,038.	
19	Revenue less expenses. Subtract line 18 from line 12	971,727.	-44,790.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year 6,209,713.	End of Year 5,277,703.
	21	Total liabilities (Part X, line 26)	2,116,642.	1,229,422.
	22	Net assets or fund balances. Subtract line 21 from line 20	4,093,071.	4,048,281.

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		
	ANDREW RIGGIN, CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	DEIDRE BUDAHL, CPA		11/09/17		P01273830
Firm's name CASEY PETERSON LTD			Firm's EIN 46-0403496		
Firm's address 909 ST JOSEPH ST SUITE 101 RAPID CITY, SD 57701			Phone no. (605) 348-1930		

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: CARING PEOPLE WORKING TOGETHER, AS A TEAM, TO PROVIDE QUALITY HEALTHCARE AND EDUCATION FOR A HEALTHIER COMMUNITY.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

4 Describe the organization's program service accomplishments for each of its three largest program services supported by expenses.

4a (Code:) (Expenses \$ 8,710,592. including grants of \$) (Revenue \$ 9,542,336.) BENNETT COUNTY HOSPITAL AND NURSING HOME IS A CRITICAL ACCESS HOSPITAL LOCATED IN MARTIN, SD. THE ORGANIZATION IS THE ONLY HOSPITAL IN THE COUNTY SERVING APPROXIMATELY 3,600 RESIDENTS. BENNETT COUNTY IS LOCATED BETWEEN INDIAN RESERVATIONS IN A VERY RURAL AREA. BENNETT COUNTY HOSPITAL AND NURSING HOME HAS 14 HOSPITAL BEDS, 3 ER BEDS, AND 37 NURSING BEDS. DURING 2016, THE HOSPITAL WING HAD 248 PATIENT BED DAYS AND 563 SWING BED DAYS. THE NURSING HOME HAD 13,072 RESIDENT DAYS.

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

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

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

4e Total program service expenses 8,710,592.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule C, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability or as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	X	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 14 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 20? <i>If "Yes," complete Schedule D, Part X</i>		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under Section 481(c)(7)(C)(740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X

Part IV Checklist of Required Schedules (continued)

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

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Main form area containing questions 1a through 14b with corresponding input fields and Yes/No columns.

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

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year; 1b Enter the number of voting members included in line 1a, above, who are independent; 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?; 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?; 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?; 5 Did the organization become aware during the year of a significant diversion of the organization's assets?; 6 Did the organization have members or stockholders?; 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?; 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?; 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? b Each committee with authority to act on behalf of the governing body?; 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who could not be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.

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

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates?; 10b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?; 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990.; 12a Did the organization have a written conflict of interest policy? If "No," go to line 13; 12b Were officers, directors, or trustees, and key employees required to disclose any financial interests that could give rise to conflicts?; 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done; 13 Did the organization have a written whistleblower policy?; 14 Did the organization have a written document retention and destruction policy?; 15 Did the process for determining compensation for 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; b Other officers or key employees of the organization; 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?; 16b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed NONE
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. [] Own website [] Another's website [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: THE ORGANIZATION - 605-685-6622 102 MAJOR ALLEN, P O BOX 70D, MARTIN, SD 57551

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID JONES PRESIDENT	0.50	X		X			0.	0.	0.	
(2) DALE MCDONNELL SECRETARY	0.50	X		X			0.	0.	0.	
(3) DOUG O'BRYAN VICE PRESIDENT	0.50	X		X			0.	0.	0.	
(4) BRAD OTTE BOARD MEMBER	0.50	X					0.	0.	0.	
(5) JASON FANNING BOARD MEMBER	0.50	X					0.	0.	0.	
(6) ETHEL MARTIN FORMER CEO/CURRENT RN	40.00			X			117,127.	0.	6,109.	
(7) ANDREW RIGGIN CEO	40.00			X			33,843.	0.	2,036.	
(8) JUDY SODERLIN CFO	40.00			X			48,894.	0.	6,109.	
(9) JASON BUSTIN PHYSICIAN'S ASSISTANT	34.00				X		119,250.	0.	6,109.	
(10) HANNAH BROWN PHYSICIAN'S ASSISTANT	33.00				X		117,619.	0.	6,109.	
(11) ROSE HOITEN CERTIFIED NURSE PRACTITIONER	62.00				X		210,113.	0.	6,109.	
(12) CATHY CHILDRESS PHYSICIAN'S ASSISTANT	75.00				X		214,913.	0.	6,109.	

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	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	18,570.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f		18,570.				
Program Service Revenue	2 a PATIENT SERVICE REVENUE	Business Code 621400	9,526,446.	9,526,446.			
	b CAFETERIA	621400	7,460.			7,460.	
	c HEALTH FAIR REVENUE	621400	4,410.	4,410.			
	d OTHER REVENUE	621400	4,409.	4,409.			
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f		9,542,725.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		2,783.			2,783.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	7,500.				
		(ii) Personal					
		b Less: rental expenses	14,401.				
		c Rental income or (loss)	-6,901.				
	d Net rental income or (loss)		-6,901.			-6,901.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
		b Less: cost or other basis and sales expenses					
		c Gain or (loss)					
	d Net gain or (loss)						
	8 a Gross income from fundraising events (not including \$ _____ contributions reported on line 1c). See Part IV, line 18	a					
b Less: direct expenses							
c Net income or (loss) from fundraising events							
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses						
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold						
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a MISCELLANEOUS	900099	7,071.	7,071.				
b							
c							
d All other revenue							
e Total. Add lines 11a-11d		7,071.					
12 Total revenue. See instructions.		9,564,248.	9,542,336.	0.	3,342.		

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 ...				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	214,118.	179,277.	34,841.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	3,746,956.	3,426,485.	320,471.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	356,088.	332,043.	24,045.	
10 Payroll taxes	194,232.	168,862.	25,370.	
11 Fees for services (non-employees):				
a Management				
b Legal	17,099.		17,099.	
c Accounting	112,160.		112,160.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch. O.)	1,183,051.	1,151,340.	31,711.	
12 Advertising and promotion	76,014.	69,528.	6,486.	
13 Office expenses	137,845.	105,342.	32,503.	
14 Information technology	206,874.		206,874.	
15 Royalties				
16 Occupancy	142,730.	125,681.	17,049.	
17 Travel	39,687.	33,378.	6,309.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	51,996.	51,813.	183.	
20 Interest	10,401.	2,220.	8,181.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	624,892.	581,176.	43,716.	
23 Insurance	55,587.	51,698.	3,889.	
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 BAD DEBTS	1,418,565.	1,418,565.		
b MEDICAL SUPPLIES	657,178.	657,178.		
c EQUIPMENT MAINTENANCE	195,482.	195,414.	68.	
d DIETARY SUPPLIES	160,592.	160,592.		
e All other expenses	7,491.		7,491.	
25 Total functional expenses. Add lines 1 through 24e	9,609,038.	8,710,592.	898,446.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

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

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	798,683.	1	1,043,983.
	2 Savings and temporary cash investments	1,185,092.	2	1,187,979.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	2,034,176.	4	1,238,359.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use	160,477.	8	188,101.
	9 Prepaid expenses and deferred charges	51,816.	9	61,279.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 4,207,784.		
	b Less: accumulated depreciation	10b 2,649,782.	1,979,469.	10c 1,558,002.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	6,209,713.	16	5,277,703.	
Liabilities	17 Accounts payable and accrued expenses	489,446.	17	556,944.
	18 Grants payable		18	
	19 Deferred revenue	1,167,825.	19	230,982.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule	30,918.	21	21,161.
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	428,453.	23	420,335.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payable to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	2,116,642.	26	1,229,422.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	3,743,622.	27	3,697,618.
	28 Temporarily restricted net assets	349,449.	28	350,663.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	4,093,071.	33	4,048,281.	
34 Total liabilities and net assets/fund balances	6,209,713.	34	5,277,703.	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	9,564,248.
2	Total expenses (must equal Part IX, column (A), line 25)	2	9,609,038.
3	Revenue less expenses. Subtract line 2 from line 1	3	-44,790.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	4,093,071.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments		
9	Other changes in net assets or fund balances (explain in Schedule O)		0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	4,048,281.

Part XII Financial Statements and Reporting

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

- 1 Accounting method used to prepare the Form 990: Cash Accrual Other
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant? Yes No
- 2b Were the organization's financial statements audited by an independent accountant? Yes No
- 2c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
- 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?
- 3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

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

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

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

Section A. Public Support

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

Section B. Total Support

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

Section C. Computation of Public Support Percentage

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

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

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

Part IV Supporting Organizations

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

Section A. All Supporting Organizations

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

Part IV Supporting Organizations (continued)

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

Section B. Type I Supporting Organizations

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

Section C. Type II Supporting Organizations

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

Section D. All Type III Supporting Organizations

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

Section E. Type III Functionally Integrated Supporting Organizations

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

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

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

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

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

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

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

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

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

Schedule B

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

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

2016

Name of the organization

BENNETT COUNTY HOSPITAL AND NURSING HOME

Employer identification number

43-2040599

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

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

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

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

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

501(c)(3) taxable private foundation

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

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

General Rule

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

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked **Special Rule A** on 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 more than (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

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

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

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

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

Name of organization BENNETT COUNTY HOSPITAL AND NURSING HOME	Employer identification number 43-2040599
--	--

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	STATE OF SOUTH DAKOTA 600 EAST CAPITOL PIERRE, SD 57501	\$ 8,400.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization BENNETT COUNTY HOSPITAL AND NURSING HOME	Employer identification number 43-2040599
---	---

Part II Noncash Property (See instructions). Use duplicate copies of Part II if additional space is needed.

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

Name of organization BENNETT COUNTY HOSPITAL AND NURSING HOME	Employer identification number 43-2040599
---	---

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

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

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2016 Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

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

Name of the organization BENNETT COUNTY HOSPITAL AND NURSING HOME Employer identification number 43-2040599

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?, 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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?

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

Table with 2 columns: Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization (check all that apply), 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, 3 Number of conservation easements modified, transferred, released, 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 monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?, 6 Staff and volunteer hours devoted to monitoring, inspection, 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) satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?, 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

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

Table with 2 columns: Revenue, Assets. Rows include: 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. 1b 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 Form 990, Part XIII, line 10.

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

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

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment %
 - b Permanent endowment %
 - c Temporarily restricted endowment %
- The percentages on lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|---|--------|----|
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
| b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? <input type="checkbox"/> | 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				
b Buildings		1,261,282.	438,817.	822,465.
c Leasehold improvements				
d Equipment		2,843,653.	2,210,965.	632,688.
e Other		102,849.		102,849.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				1,558,002.

Part VII Investments - Other Securities.

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

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

Part VIII Investments - Program Related.

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

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

Part IX Other Assets.

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

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

Part X Other Liabilities.

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

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

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

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

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

1	Total revenue, gains, and other support per audited financial statements		1	8,160,084.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
a	Net unrealized gains (losses) on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII.)	2d	-1,418,565.	
e	Add lines 2a through 2d	2e		-1,418,565.
3	Subtract line 2e from line 1		3	9,578,649.
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	-14,401.	
c	Add lines 4a and 4b			-14,401.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	9,564,248.

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	8,204,872.
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	14,401.	
e	Add lines 2a through 2d	2e		14,401.
3	Subtract line 2e from line 1		3	8,190,471.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII.)	4b	1,418,567.	
c	Add lines 4a and 4b			1,418,567.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 13.)		5	9,609,038.

Part XIII Supplemental Information.

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

PART IV, LINE 2B:

THE LIABILITY ACCOUNT REFLECTS AMOUNTS HELD BY THE HOSPITAL FOR NURSING HOME RESIDENTS TO USE FOR PERSONAL EXPENSES.

PART X, LINE 2:

AS OF DECEMBER 31, 2016, THE HOSPITAL HAD NO UNCERTAIN TAX POSITIONS THAT QUALIFY FOR EITHER RECOGNITION OR DISCLOSURE IN THE FINANCIAL STATEMENTS. THE HOSPITAL'S INCOME TAX FILINGS ARE SUBJECT TO AUDIT BY VARIOUS TAXING AUTHORITIES. THE HOSPITAL IS NO LONGER SUBJECT TO FEDERAL AND STATE INCOME TAX EXAMINATIONS BY TAXING AUTHORITIES FOR YEARS BEFORE 2013. MANAGEMENT CONTINUALLY EVALUATES EXPIRING STATUTES OF LIMITATION, AUDITS, PROPOSED SETTLEMENTS, CHANGES IN TAX LAW AND NEW AUTHORITATIVE RULINGS. THE

Part XIII Supplemental Information (continued)

HOSPITAL BELIEVES THEIR ESTIMATES ARE APPROPRIATE BASED ON CURRENT FACTS AND CIRCUMSTANCES. INTEREST AND PENALTIES ASSESSED BY INCOME TAXING AUTHORITIES, IF ANY, ARE INCLUDED IN INTEREST EXPENSE.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

PROVISION FOR BAD DEBTS -1,418,565.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

RENTAL EXPENSES NETTED AGAINST REVENUE ON 990 -14,401.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

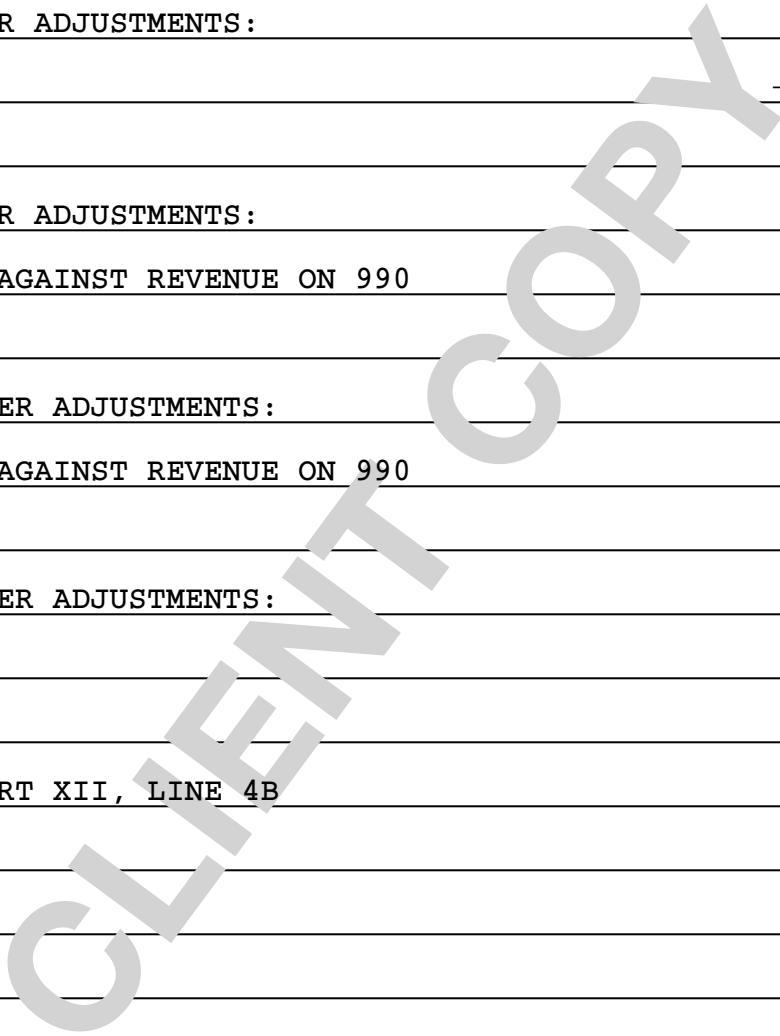
RENTAL EXPENSES NETTED AGAINST REVENUE ON 990 14,401.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

PROVISION FOR BAD DEBTS 1,418,565.

ROUNDING VARIANCE 2.

TOTAL TO SCHEDULE D, PART XII, LINE 4B 1,418,567.



**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No. 1545-0047

2016

Open to Public Inspection

Name of the organization **BENNETT COUNTY HOSPITAL AND NURSING HOME** Employer identification number **43-2040599**

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	X	
b If "Yes," was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>180</u> %	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part III the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?		X
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?		X
b If "Yes," did the organization make it available to the public?		

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

	(a) Number of activities or programs (optional)	(b) Percent of total expense	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
7 Financial Assistance and Certain Other Community Benefits at Cost						
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			48,353.		48,353.	.59%
b Medicaid (from Worksheet 3, column a)			3387717.	3025779.	361,938.	4.42%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			3436070.	3025779.	410,291.	5.01%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits						
k Total. Add lines 7d and 7j			3436070.	3025779.	410,291.	5.01%

Part V Facility Information

Section A. Hospital Facilities

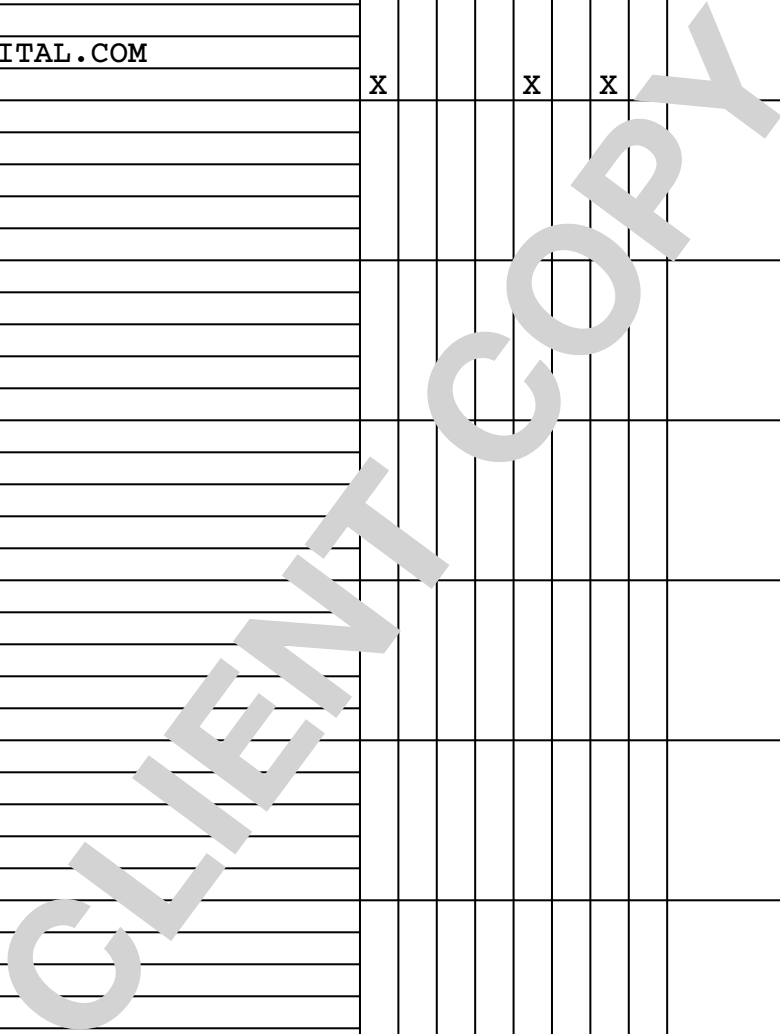
(list in order of size, from largest to smallest)

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

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

1 BENNETT COUNTY HOSPITAL
102 MAJOR ALLEN
MARTIN, SD 57551
WWW.BENNETTCOUNTYHOSPITAL.COM

Table with columns: Licensed hospital, gen. medical & surgical, Children's hospital, Teaching hospital, Critical access hospital, Research facility, ER-24 hours, ER-other, Other (describe), Facility reporting group. Row 1: X, , , , X, , X, , ,



Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group BENNETT COUNTY 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?		X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12	X	
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: <u>15</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	X	
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		X
6b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		X
7 Did the hospital facility make its CHNA report widely available to the public?	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>WWW.BENNETTCOUNTYHOSPITAL.COM</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 15</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	X	
a If "Yes," (list url): <u>WWW.BENNETTCOUNTYHOSPITAL.COM</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group BENNETT COUNTY 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?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>100</u> % and FPG family income limit for eligibility for discounted care of <u>180</u> %		
b <input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input checked="" type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	X	
15 Explained the method for applying for financial assistance?	X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
16 Was widely publicized within the community served by the hospital?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.BENNETTCOUNTYHOSPITAL.COM</u>		
b <input type="checkbox"/> The FAP application form was widely available on a website (list url): _____		
c <input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): _____		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j <input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group BENNETT COUNTY 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?	X	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Actions) and a plain language summary of the FAP at least 30 days before initiating those ECAs		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the application process		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications		
d <input type="checkbox"/> Made presumptive eligibility determinations		
e <input checked="" type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

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

Part V Facility Information *(continued)*

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

Name of hospital facility or letter of facility reporting group BENNETT COUNTY HOSPITAL

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 with health insurance covering such care?

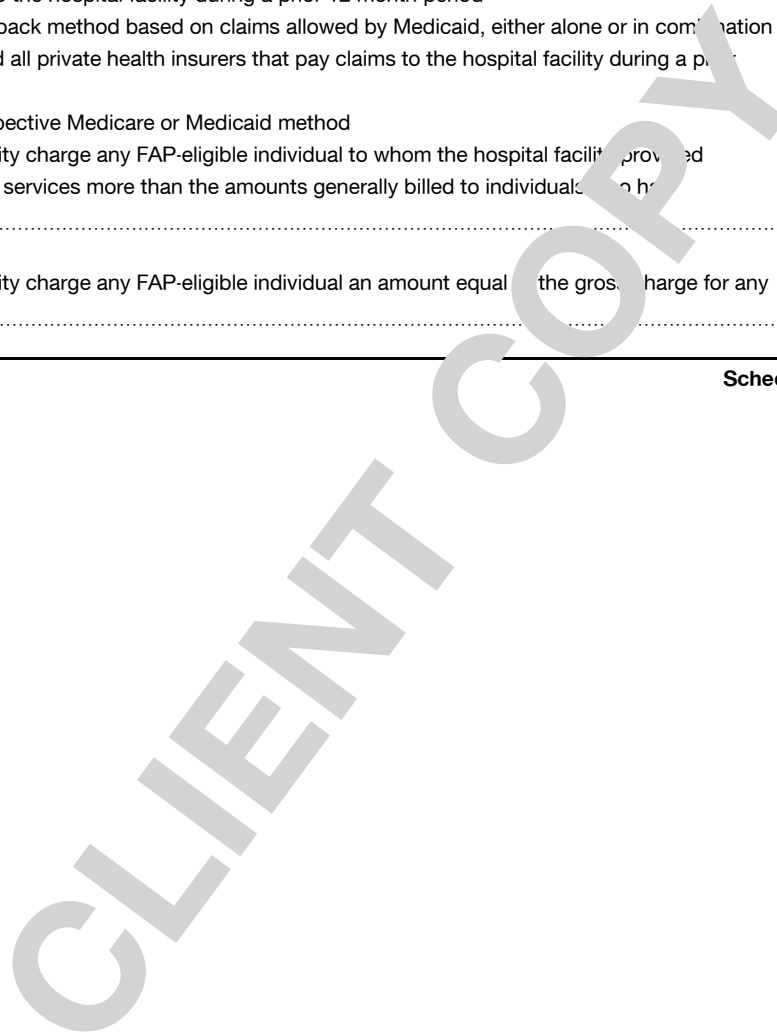
If "Yes," explain in Section C.

24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?

If "Yes," explain in Section C.

	Yes	No
23		X
24		X

Schedule H (Form 990) 2016



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.

BENNETT COUNTY HOSPITAL:

PART V, SECTION B, LINE 5: THE HOSPITAL IS AN ACTIVE PARTICIPANT IN NATIONWIDE QUALITY IMPROVEMENT PROJECTS THROUGH SOUTH DAKOTA FOUNDATION FOR MEDICAL CARE THE QIO FOR MEDICARE AND MEDICAID PROGRAMS IN SOUTH DAKOTA. THE HOSPITAL ALSO USED INFORMATION FROM THE CENTERS FOR DISEASE CONTROL AND PREVENTION AND THE NATIONAL CENTER FOR CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION. THESE SOURCES WERE COMPARED TO GOALS ESTABLISHED BY THE SURGEON GENERAL IN "HEALTHY PEOPLE 2010 (HP2010)" AND THE TARGET POPULATION OF BENNETT COUNTY HOSPITAL.

BENNETT COUNTY HOSPITAL:

PART V, SECTION B, LINE 11: SUSTAINABILITY OF BENNETT COUNTY HEALTH CARE (HOSPITAL AND NURSING HOME) WILL BE INFLUENCED BY THE FOLLOWING GOALS AND MEASURES IMPLEMENTED:

1. TO KEEP THE ORGANIZATION MOVING BY CASH FLOWING TO ENSURE ACCESS TO EMERGENCY, ACUTE, SKILLED SWING BED, HOME HEALTH AND LONG TERM CARE FOR THE COUNTY AND RESERVATION AREAS.
2. A CPA FIRM HAS BEEN INVOLVED TO ENSURE COST ACCOUNTING IS MAXIMIZED FOR ORGANIZATIONAL DIRECTION.
3. A CONSULTANT TO ASSIST WITH LONG TERM CARE BUDGETING, AND OPERATIONAL ASSISTANCE CONTINUES TO BE ENGAGED TO IMPROVE OPERATIONAL SUCCESS.
4. SUCCESSFUL OPENING AND OPERATION OF ON-SITE RURAL HEALTH CLINIC
5. THE ORGANIZATION HAS IMPLEMENTED AN ELECTRONIC HEALTH RECORD SYSTEM AND MUST CONTINUE TO MEET THE REQUIREMENTS AND DEADLINES PROPOSED BY THE CENTER FOR MEDICARE SERVICES TO MAXIMIZE QUALITY CARE AND FINANCIAL

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.

REIMBURSEMENT.

6. THE HOSPITAL IS ASSESSING THE NEED AND SUSTAINABILITY OF EMPLOYING A PHYSICIAN TO FUNCTION SPECIFICALLY ON THE BCHC TEAM.

7. THE FACILITY CONTINUES TO FACE WORK FORCE CHALLENGES.

8. THE HOSPITAL COMPLETED THE HEN PROJECT WITH THE QIO AND WILL PARTICIPATE IN THE NEW COLLABORATIVE HIIN.

THE TRANSPORTATION ISSUE HAS BEEN DISCUSSED WITH PRAIRIE HILLS TRANSIT IN SPEARFISH, SD AND THE PINE RIDGE INDIAN TRIBE WITH NO SUCCESSFUL OUTCOMES FROM COMMUNITY MEETINGS THAT HAVE BEEN HELD.

BENNETT COUNTY HOSPITAL:

PART V, SECTION B, LINE 20E: THE POLICY IS POSTED IN EMERGENCY ROOMS, WAITING ROOMS, AND IN THE ADMISSION OFFICE IN AN EFFORT TO COMMUNICATE WITH POLICY TO PATIENTS AT THE TIME OF SERVICE.

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 health care facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 7:

COSTING METHOD IS RATIO OF PATIENT COST TO CHARGES AS DETERMINED WITH WORKSHEET 2 IN THE INSTRUCTIONS FOR SCHEDULE H.

PART I, LINE 7, COLUMN (F):

THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25(A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 1,418,565.

PART II, COMMUNITY BUILDING ACTIVITIES:

THE HOSPITAL CURRENTLY DOES NOT ENGAGE IN ANY COMMUNITY BUILDING ACTIVITIES.

PART III, LINE 2:

BENNETT COUNTY HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE BAD DEBT EXPENSE.

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 medical facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART III, LINE 4:

PATIENT AND RESIDENT RECEIVABLES ARE UNCOLLATERALIZED PATIENT, RESIDENT AND THIRD-PARTY PAYOR OBLIGATIONS. PAYMENTS OF PATIENT AND RESIDENT RECEIVABLES ARE ALLOCATED TO THE SPECIFIC CLAIMS IDENTIFIED ON THE REMITTANCE ADVICE OR, IF UNSPECIFIED, ARE APPLIED TO THE EARLIEST UNPAID CLAIM.

PATIENT AND RESIDENT RECEIVABLES ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS. IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS.

PART III, LINE 8:

MEDICARE ALLOWABLE COSTS ARE DETERMINED DIRECTLY FROM MEDICARE COST REPORT USING METHODOLOGIES PRESCRIBED BY MEDICARE.

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 medical facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART III, LINE 9B:

THE FINANCIAL ASSISTANCE POLICY IS PROVIDED TO PATIENTS PRIOR TO COLLECTION PRACTICES BEING PERFORMED.

PART VI, LINE 2:

AN OUTSIDE CONSULTANT CAME TO THE FACILITY AND PERFORMED AN ENVIRONMENTAL SCAN. THIS CONSISTED OF A MEETING WITH THE BENNETT COUNTY HOSPITAL EXECUTIVE TEAM AND MEMBERS OF OUR COMMUNITY. WE INVITED FIFTEEN BUSINESS OWNERS AND PROMINENT MEMBERS OF THE COMMUNITY TO A STRATEGIC PLANNING MEETING. THIS LISTENING OPPORTUNITY ASSISTED IN MAKING RECOMMENDATIONS TO OUR BOARD OF DIRECTORS IN THE CONTINUED PLANNING AND DIRECTION TO DEVELOP SHORT AND LONG TERM VISION OF HEALTHCARE FOR THE REGION. IN ADDITION SURVEYS WERE SENT OUT TO VARIOUS MEMBERS OF THE COMMUNITY WITH A 50% RETURN RATE. IN THE SUMMER OF 2013, THE HOSPITAL HIRED A CONSULTANT TO HELP WITH STRATEGIC PLANNING. DURING THIS PLANNING SESSION WITH THE BOARD AND KEY MANAGEMENT, CONSIDERATION WAS GIVEN TO COMMUNITY NEEDS.

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 medical facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART VI, LINE 3:

WE HAVE POSTED OUR CHARITY CARE POLICY ON OUR WEB SITE,
 WWW.BENNETTCOUNTYHOSPITAL.COM. OUR BILLING STAFF IN THE FACILITY INFORM
 PATIENTS OF OUR FINANCIAL ASSISTANCE PROGRAM WHEN PATIENTS ARE HAVING
 DIFFICULTIES IN PAYING FOR THEIR HEALTHCARE. IN ADDITION, WE HAVE POSTED
 THE POLICY IN NUMEROUS LOCATIONS WITHIN THE FACILITY.

PART VI, LINE 4:

MARTIN IS A COMMUNITY WITH A POPULATION OF APPROXIMATELY 1,100, WITHIN
 BENNETT COUNTY. THE LOCAL ECONOMY IS LARGELY AGRICULTURALLY BASED. OUR
 FACILITY IS THE SOLE HOSPITAL FOR BENNETT COUNTY, WHICH HAS A POPULATION
 OF APPROXIMATELY 3,600. BENNETT COUNTY IS SITUATED BETWEEN THE PINE RIDGE
 AND ROSEBUD INDIAN RESERVATION. BECAUSE OF THIS PROXIMITY, APPROXIMATELY
 56% OF THE POPULATION IS NATIVE AMERICAN. ON AVERAGE, APPROXIMATELY 88% OF
 OUR FACILITY PATIENTS ARE NATIVE AMERICAN. ALTHOUGH PRIMARILY SERVED BY
 THE INDIAN HEALTH SERVICE (IHS), NATIVE AMERICANS WITHIN MARTIN UTILIZE
 OUR FACILITY. IN MANY SITUATIONS, OUR FACILITY DOES NOT GET REIMBURSED BY
 IHS FOR THE CARE PROVIDED TO THEIR BENEFICIARIES. THIS IS A TREMENDOUS

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 medical 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.

FINANCIAL BURDEN IMPOSED UPON US, IN ADDITION TO SERVING OTHER COMMUNITY MEMBERS WHO MAY REQUIRE FINANCIAL ASSISTANCE. IN ADDITION, BENNETT COUNTY AND IT'S NEIGHBORING COUNTY (TODD) ARE THE 25TH AND 5TH, RESPECTIVELY, POOREST COUNTIES IN THE UNITED STATES. 33.8% OF THE BENNETT COUNTY POPULATION HAS AN INCOME LEVEL BELOW 100% OF THE FEDERAL POVERTY LEVEL.

PART VI, LINE 5:

OUR BOARD OF DIRECTORS CONSISTS OF COMMUNITY MEMBERS WHO ARE ACCESSIBLE TO COMMUNITY MEMBERS FOR INPUT INTO SERVICES PROVIDED. EACH YEAR, WE PROVIDE A HEALTH FAIR FOR COMMUNITY MEMBERS. VARIOUS HEALTH INFORMATION TOPICS ARE PROVIDED TO THE COMMUNITY.

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

SD

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2016

Open to Public Inspection

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

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

▶ Attach to Form 990.

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

Department of the Treasury
Internal Revenue Service

Name of the organization

BENNETT COUNTY HOSPITAL AND NURSING HOME

Employer identification number

43-2040599

Part I Questions Regarding Compensation

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

- | | |
|--|---|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |

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

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

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

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

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

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

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

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

- a** The organization?
- b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

6 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

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

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

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

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

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

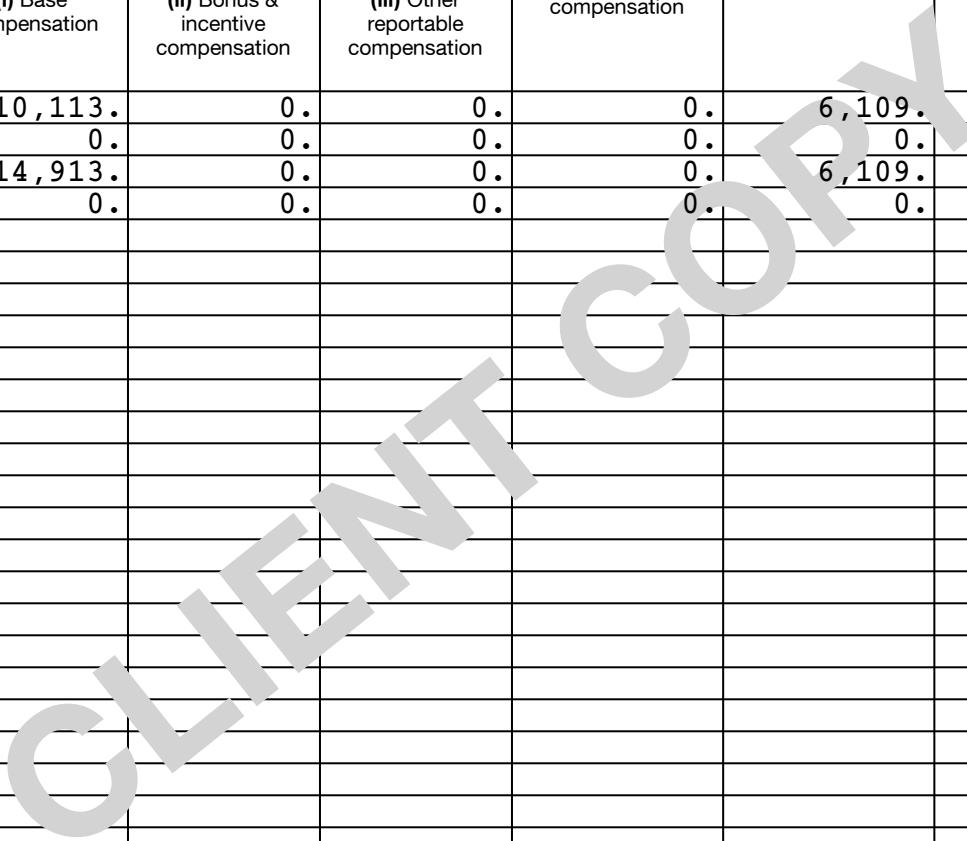
Schedule J (Form 990) 2016

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) ROSE HOITEN CERTIFIED NURSE PRACTITIONER	(i)	210,113.	0.	0.	0.	6,109.	216,222.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) CATHY CHILDRESS PHYSICIAN'S ASSISTANT	(i)	214,913.	0.	0.	0.	6,109.	221,022.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							



SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

OMB No. 1545-0047

2016

Open to Public
Inspection

Name of the organization

BENNETT COUNTY HOSPITAL AND NURSING HOME

Employer identification number

43-2040599

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

THE FORM 990 IS REVIEWED BY MANAGEMENT AS PREPARED BY A CPA. A COPY OF THE
FILED 990 IS PROVIDED TO THE BOARD.

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

THE ORGANIZATION REQUIRES OFFICERS AND BOARD MEMBERS TO DISCLOSE POTENTIAL
CONFLICTS OF INTEREST ANNUALLY AND POTENTIAL CONFLICTS ARE MONITORED BY THE
BUSINESS OFFICE THROUGHOUT THE YEAR AND BROUGHT TO THE ATTENTION OF THE
BOARD AS NECESSARY.

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

COMPENSATION FOR THE ADMINISTRATOR IS DETERMINED BY THE BOARD OF DIRECTORS.
DATA FROM THE SOUTH DAKOTA ASSOCIATION OF HEALTHCARE ORGANIZATIONS IS USED
TO DETERMINE REASONABLE COMPENSATION FOR THE ADMINISTRATOR. ALL OTHER
EMPLOYEE COMPENSATION IS DETERMINED BY THE ADMINISTRATOR. COMPARABILITY
DATA FROM THE SOUTH DAKOTA ASSOCIATION OF HEALTHCARE ORGANIZATIONS IS USED.

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

THE HOSPITAL MAKES GOVERNING DOCUMENTS, THE CONFLICT OF INTEREST POLICY,
AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST.

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

OTHER PROFESSIONAL FEES:

PROGRAM SERVICE EXPENSES 1,151,340.

MANAGEMENT AND GENERAL EXPENSES 31,711.

FUNDRAISING EXPENSES 0.

Name of the organization BENNETT COUNTY HOSPITAL AND NURSING HOME	Employer identification number 43-2040599
---	---

TOTAL EXPENSES 1,183,051.

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A 1,183,051.

FORM 990 PART XI LINE 2C

THE ORGANIZATION HAS NOT CHANGED THE PROCESS FOR THE SELECTION OF AN INDEPENDENT AUDITOR OR OVERSIGHT OF THE INDEPENDENT AUDITOR BY THE BOARD OF DIRECTORS.

CLIENT COPY

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

Department of the Treasury
Internal Revenue Service

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

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

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

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

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

Type or print	Name of exempt organization or other filer, see instructions. BENNETT COUNTY HOSPITAL AND NURSING HOME	Employer identification number (EIN) or 43-2040599
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. C/O CP - 909 ST JOSEPH ST STE 101	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. RAPID CITY, SD 57701	

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

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1120-1-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 521	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

THE ORGANIZATION

- The books are in the care of ▶ **102 MAJOR ALLEN, P O BOX 70D - MARTIN, SD 57551**
Telephone No. ▶ **605-685-6622** Fax No. ▶ _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 6-month extension of time until **NOVEMBER 15, 2017**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶ calendar year **2016** or
- ▶ tax year beginning _____, and ending _____.

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

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

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

Electronic Filing PDF Attachment

CLIENT COPY

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT

For the Years Ended December 31, 2016 and 2015

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

TABLE OF CONTENTS

* * * * *

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 17
Supplementary Information	
Schedules of Net Patient and Resident Service Revenue	19
Statement of Operations by Department	20 - 21



Independent Auditors' Report

To the Board of Directors
Bennett County Hospital and Nursing Home
Martin, South Dakota

We have audited the accompanying financial statements of Bennett County Hospital and Nursing Home (a nonprofit organization), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Bennett County Hospital and Nursing Home
Martin, South Dakota
Page -2-

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bennett County Hospital and Nursing Home as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial information on pages 19-21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gardner, Loutzenhiser + Ryan PC

Chadron, Nebraska
July 26, 2017

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

BALANCE SHEETS

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,274,450	\$ 1,018,888
Patient and resident accounts receivable, net of allowances for uncollectible accounts of \$723,129 and \$453,618	1,159,569	940,055
Supplies	188,101	160,477
Prepaid expenses	61,281	51,818
Estimated third-party payor settlements	<u>78,790</u>	<u>1,094,122</u>
Total current assets	\$ 2,762,191	\$ 3,265,360
Assets whose use is limited	957,511	964,884
Property and equipment, net	<u>1,558,002</u>	<u>1,979,469</u>
Total assets	<u>\$ 5,277,704</u>	<u>\$ 6,209,713</u>
Liabilities and net assets		
Current liabilities		
Current maturities of long-term debt	\$ 128,740	\$ 109,092
Accounts payable	222,984	264,167
Accrued salaries and wages	287,202	188,789
Accrued payroll taxes and other	46,757	36,490
Deferred revenue	230,982	1,167,825
Amounts held for others	<u>21,161</u>	<u>30,918</u>
Total current liabilities	\$ 937,826	\$ 1,797,281
Long-term debt, net of current maturities	<u>291,595</u>	<u>319,361</u>
Total liabilities	<u>\$ 1,229,421</u>	<u>\$ 2,116,642</u>
Net assets		
Unrestricted	\$ 3,697,620	\$ 3,743,622
Temporarily restricted	<u>350,663</u>	<u>349,449</u>
Total net assets	<u>\$ 4,048,283</u>	<u>\$ 4,093,071</u>
Total liabilities and net assets	<u>\$ 5,277,704</u>	<u>\$ 6,209,713</u>

See accompanying independent auditors' report
and notes to the financial statements.

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted revenues, gains and other support		
Net patient and resident service revenue	\$ 8,614,387	\$ 7,927,646
Less provision for bad debts	<u>(1,433,271)</u>	<u>(873,220)</u>
Net patient and resident service revenue, less provision for bad debts	\$ 7,181,116	\$ 7,054,426
Other revenue	<u>957,615</u>	<u>946,307</u>
Total unrestricted revenues, gains and other support	<u>\$ 8,138,731</u>	<u>\$ 8,000,733</u>
Expenses		
Salaries and wages	\$ 3,946,818	\$ 3,235,224
Benefits and taxes	564,575	578,628
Purchased services	1,321,305	1,124,637
Supplies	805,163	723,764
Equipment and vehicles	469,383	424,025
Facilities and utilities	160,032	111,585
Travel and training	83,454	43,651
Insurance	72,635	65,662
Other	148,324	104,772
Depreciation and amortization	624,891	640,449
Interest	<u>8,292</u>	<u>6,572</u>
Total expenses	<u>\$ 8,204,872</u>	<u>\$ 7,058,969</u>
Operating income (loss)	<u>\$ (66,141)</u>	<u>\$ 941,764</u>
Non-operating revenues (expenses)		
Interest income	\$ 2,420	\$ 3,167
Gain (loss) on disposal of assets	<u>-</u>	<u>(59,258)</u>
Total non-operating revenues (expenses)	<u>\$ 2,420</u>	<u>\$ (56,091)</u>
Excess (deficiency) of revenues over expenses	\$ (63,721)	\$ 885,673
Net asset released from restrictions	<u>17,719</u>	<u>27,382</u>
Increase (decrease) in unrestricted net assets	<u>\$ (46,002)</u>	<u>\$ 913,055</u>

See accompanying independent auditors' report
and notes to the financial statements.

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted net assets		
Excess (deficiency) of revenues over expenses	\$ (63,721)	\$ 885,673
Net assets released from restrictions	<u>17,719</u>	<u>27,382</u>
Increase (decrease) in unrestricted net assets	\$ <u>(46,002)</u>	\$ <u>913,055</u>
Temporarily restricted net assets		
Contributions and grants	\$ 18,570	\$ 30,373
Restricted clinic rent revenue	-	46,240
Other restricted income	363	9,439
Net assets released from restrictions	<u>(17,719)</u>	<u>(27,382)</u>
Increase (decrease) in temporarily restricted net assets	\$ <u>1,214</u>	\$ <u>58,670</u>
Change in net assets	\$ (44,788)	\$ 971,725
Net assets, beginning of year	<u>4,093,071</u>	<u>3,121,346</u>
Net assets, end of year	\$ <u><u>4,048,283</u></u>	\$ <u><u>4,093,071</u></u>

See accompanying independent auditors' report
and notes to the financial statements.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (44,788)	\$ 971,725
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	624,891	640,449
Loss on sale of assets	-	59,258
(Increase) decrease in current assets:		
Patient and resident accounts receivable	(219,514)	(12,146)
Supplies	(27,624)	(4,033)
Prepaid expenses	(9,463)	(16,498)
Estimated third-party payor settlements	1,015,332	(597,879)
Increase (decrease) in current liabilities:		
Accounts payable	(41,183)	82,612
Accrued expenses	108,680	(65,713)
Deferred revenue	(936,843)	(872,280)
Amounts held for others	(9,757)	(6,807)
Net cash flows provided by operating activities	<u>\$ 459,731</u>	<u>\$ 178,688</u>
Cash flows from investing activities:		
Proceeds from the sale of assets	\$ -	\$ 1,500
Purchase of property and equipment	(203,424)	(334,965)
Decrease in assets whose use is limited	7,373	18,131
Net cash flows used in investing activities	<u>\$ (196,051)</u>	<u>\$ (315,334)</u>
Cash flows from financing activities:		
Proceeds from financing	\$ 102,099	\$ 267,507
Payments on long-term debt	(110,217)	(82,749)
Net cash flows provided by (used in) financing activities	<u>\$ (8,118)</u>	<u>\$ 184,758</u>
Net increase in cash and cash equivalents	\$ 255,562	\$ 48,112
Cash and cash equivalents, beginning of year	<u>1,018,888</u>	<u>970,776</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,274,450</u></u>	<u><u>\$ 1,018,888</u></u>
Supplemental disclosure of cash flow information:		
Interest paid	<u><u>\$ 8,162</u></u>	<u><u>\$ 6,572</u></u>

See accompanying independent auditors' report
and notes to the financial statements.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Bennett County Hospital and Nursing Home (Hospital). These policies are in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity - Bennett County Hospital and Nursing Home (the Hospital) operates a 14-bed hospital and a 42-bed nursing home. The Hospital began operating a Rural Health Clinic in 2016. The Hospital is organized as a South Dakota nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Bennett County Hospital and Nursing Home operates the Hospital under the following agreement:

The County of Bennett, State of South Dakota, leases the hospital and nursing home facilities to Bennett County Hospital and Nursing Home with the provisions that they operate the facilities and that all net revenue from the operation be retained by the Hospital. All supplies and services related to the facilities, whether professional or non-professional shall be provided by the Bennett County Hospital and Nursing Home.

The entity reported in these financial statements consists of Bennett County Hospital and Nursing Home and Bennett County to the extent of the assets leased to the Hospital for \$1.00. This lease became effective on January 1, 2005, and expires on December 31, 2024. At the end of the lease, all of the assets and liabilities of Bennett County Hospital and Nursing Home will revert to Bennett County.

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 - Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets whose use is limited. The Hospital's cash accounts are maintained in commercial banks located in South Dakota. The balances in these accounts may, at times, exceed federally insured limits. The Hospital has not experienced any losses in these accounts and does not expect any losses in the future.

Patient and Resident Accounts Receivable and Allowance for Doubtful Accounts - Patient receivables are uncollateralized customer and third-party payor obligations. The Hospital does not charge interest on past due accounts. Payments on patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient and resident receivables are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient and Resident Accounts Receivable and Allowance for Doubtful Accounts (Continued) - For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exits for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The allowance for doubtful accounts for self-pay patients increased as compared to the prior year resulting in the related allowance for doubtful accounts increasing from \$453,618 at December 31, 2015 to \$723,129 at December 31, 2016. The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors.

Supplies - Supplies are valued at lower of cost or market using the first-in, first-out method.

Assets Whose Use is Limited - Assets limited as to use include assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. In addition, assets limited as to use include assets related to restricted contributions from donors. Net assets associated with these donor restricted net assets are presented as temporarily restricted net assets. Assets limited as to use also include assets held in a strictly custodial capacity by the Hospital. These assets are equally offset by a liability in the Balance Sheets entitled amounts held for others.

Property and Equipment – Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

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

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

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily and Permanently Restricted Net Assets - Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. For the years ended December 31, 2016 and 2015, the Hospital had no permanently restricted net assets.

Excess (Deficiency) of Revenues over Expenses - The Statements of Operations include excess (deficiency) of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include all sources of restricted revenue, unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets and were required to be maintained for a specific period of time).

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

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy at amounts less than established rates or without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care provided. The direct and indirect costs related to this care totaled \$51,684 and \$17,121 for the years ended December 31, 2016 and 2015 respectively. The Hospital computes its estimated charity care costs by applying its overall cost to charge ratio (total operating costs divided by gross patient service revenue) to the gross charges forgone under its charity care policy.

Advertising - The Hospital expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2016 and 2015 were \$9,556 and \$2,368, respectively.

Estimated Malpractice Costs - The provision for estimated medical malpractice claims, if any, includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Donor-restricted Gifts - Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statements of Operations as net assets released from restrictions.

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes - The Hospital accounts for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the taxing authorities.

The Hospital is a not-for-profit corporation and has been recognized as tax exempt pursuant to Section 501(c) (3) of the Internal Revenue Code and is not a private foundation. The Hospital is not liable for income taxes if it operates within the confines of its exempt status, though the Hospital may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Hospital could be changed if an adjustment in the tax exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities.

As of December 31, 2016, the Hospital had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Hospital's income tax filings are subject to audit by various taxing authorities. The Hospital is no longer subject to federal and state income tax examinations by taxing authorities for years before 2013. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law and new authoritative rulings. The Hospital believes their estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

NOTE 2 - NET PATIENT AND RESIDENT SERVICE REVENUE

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

Medicare - The Hospital is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by the Hospital, which are subject to audits thereof by the Medicare fiscal intermediary. Certain services are subject to cost limits or fee schedules. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Medicaid - The Hospital is designated as an Access Critical facility under South Dakota Medicaid regulations. Accordingly, the Hospital is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by the Hospital, which are subject to audits thereof by the South Dakota Department of Social Services. Interim payment methodologies may vary depending on the services being provided, but final reimbursement is based on the costs of the services provided. In addition, due to the Hospital's Access Critical designation the South Dakota Department of Social Services is not allowed to recover overpayments based on interim rates, but is required to reimburse the Hospital for underpayments associated with providing services under the Medicaid program.

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 2 - NET PATIENT AND RESIDENT SERVICE REVENUE (CONTINUED)

Blue Cross - Services rendered to Blue Cross subscribers are paid under a prospectively determined percentage of charges methodology.

The Nursing Home is reimbursed for resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by South Dakota Department of Social Services regulations. These rates are subject to retroactive adjustment by field audit.

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized from these major payor sources for the years ended December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Net patient and resident service revenue		
Gross patient and resident service revenue		
Medicare	\$ 3,809,039	\$ 3,196,187
Medicaid	5,096,156	4,865,058
Third-party	2,872,653	2,173,997
Self-pay	457,743	510,240
Charity care deductions	<u>(72,522)</u>	<u>(25,105)</u>
Gross patient service and resident service revenue (after charity care)	<u>\$ 12,163,069</u>	<u>\$ 10,720,377</u>
Contractual adjustments		
Medicare	\$ (1,196,905)	\$ (691,459)
Medicaid	(1,999,493)	(1,043,600)
Third-party	<u>(352,284)</u>	<u>(1,057,672)</u>
Total contract adjustments	<u>\$ (3,548,682)</u>	<u>\$ (2,792,731)</u>
Net patient and resident service revenue	\$ 8,614,387	\$ 7,927,646
Provision for bad debts	<u>(1,433,271)</u>	<u>(873,220)</u>
Net patient and resident service revenue, less provision for bad debts	<u>\$ 7,181,116</u>	<u>\$ 7,054,426</u>

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 3 - ASSETS WHOSE USE IS LIMITED

The composition of assets limited as to use at December 31, 2016 and 2015, are set forth in the following table. Investments are stated at fair value.

	<u>2016</u>	<u>2015</u>
By board and donors for specific purposes		
Cash and cash equivalents	\$ 80,423	\$ 79,568
By bank for debt service		
Flex certificate of deposit	89,846	89,176
Funded depreciation		
Cash and cash equivalents	766,081	495,342
Under clinic transfer agreement (see note 4)		
Cash and cash equivalents	-	269,881
Employee activity fund		
Cash and cash equivalents	4,932	6,262
Nursing home trust funds		
Cash and cash equivalents	<u>16,229</u>	<u>24,655</u>
	<u>\$ 957,511</u>	<u>\$ 964,884</u>

Investment income on assets limited as to use was \$2,783 and \$3,167, respectively, for the years ended December 31, 2016 and 2015.

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment, which includes property and equipment owned by Bennett County and leased to the Hospital for \$1.00, is as follows for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 1,261,281	\$ 1,218,961
Equipment	<u>2,843,653</u>	<u>2,785,399</u>
Total property and equipment - cost	\$ 4,104,934	\$ 4,004,360
Less accumulated depreciation	<u>(2,546,932)</u>	<u>(2,024,891)</u>
Property and equipment, net	<u>\$ 1,558,002</u>	<u>\$ 1,979,469</u>

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 5 - RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes, as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Building and grounds - clinic agreement (see note 4)	\$ 270,239	\$ 269,881
Other hospital and nursing home restricted funds	71,663	70,811
Staff training	<u>8,761</u>	<u>8,757</u>
	<u>\$ 350,663</u>	<u>\$ 349,449</u>

NOTE 6 - FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services were as follows for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Patient and resident health care services	\$ 7,390,986	\$ 6,275,045
General and administrative	<u>813,886</u>	<u>783,924</u>
	<u>\$ 8,204,872</u>	<u>\$ 7,058,969</u>

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 7 - LONG-TERM DEBT

Long-term debt and capital lease obligations at December 31, 2016 and 2015, consisted of the following:

	<u>2016</u>	<u>2015</u>
CT Scan lease obligation, 1.57%, interest payable monthly; principal payable monthly through December 2018, secured by equipment	\$ 110,765	\$ 167,247
Lab Analyzer lease obligation, 2.75%, interest payable monthly; principal payable monthly through March 2013, secured by equipment	48,895	56,549
Ambulance loan obligation, 2.5%, interest payable monthly; principal payable monthly through July 2020, secured by vehicle	150,436	190,127
Ultrasound lease obligation, 6.74%, interest payable monthly; principal payable monthly through December 2021, secured by equipment	102,099	-
Capital lease obligation, imputed interest of 1.57%, monthly payments through April 2018, secured by equipment	8,140	14,530
Total obligations	\$ 420,335	\$ 428,453
Less: current maturities	<u>128,740</u>	<u>109,092</u>
Total long-term maturities	<u>\$ 291,595</u>	<u>\$ 319,361</u>

Scheduled maturities of long-term debt and capital lease obligations as of December 31, 2016 were as follows:

2017	\$ 128,740
2018	123,852
2019	70,867
2020	54,958
2021	31,456
Thereafter	<u>10,462</u>
Total	<u>\$ 420,335</u>

A summary of interest costs incurred during the years ended December 31, 2016 and 2015, is as follows:

	<u>2016</u>	<u>2015</u>
Interest expensed		
Interest expense - CT	\$ 2,220	\$ 3,100
Interest expense - other	<u>5,942</u>	<u>3,472</u>
Total interest expense	<u>\$ 8,162</u>	<u>\$ 6,572</u>

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 8 - LEASES

Operating Lease Commitments

During the years ended December 31, 2016 and 2015, the Hospital leased equipment under various operating lease agreements. Total lease expense for each of the years ended December 31, 2016 and 2015, for all operating leases was \$43,131 and \$44,001, respectively.

Operating Lease Income

The Hospital leased space to a community health center in the year ended December 31, 2015. The donor agreement required that the Hospital continue to operate the building as a clinic as long as needed. The proceeds from leasing the building were required to be used for equipment, renovation, and other facility improvements (in general, to maintain the building and grounds). Amounts remaining after operating expenses were required to be used to improve medical services in Bennett County, South Dakota. Rental payments were deposited in a separate bank account and were included in assets limited as to use and temporarily restricted net assets. Other clinic cash reserves were also included in assets limited as to use and temporarily restricted net assets. Total rental income for the year ended December 31, 2015 was \$46,240. This clinic lease was terminated effective December 31, 2015.

NOTE 9 - CONTINGENCIES

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

The Hospital is party to two wrongful termination claims that are in appeal. The chance of an unfavorable outcome to the Hospital and amount of damages, if any, cannot be determined at this time. As discussed in Note 10, the Hospital maintains insurance coverage for these types of claims.

NOTE 10 - RISK MANAGEMENT

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2016 and 2015

NOTE 11 - ELECTRONIC HEALTH RECORD INCENTIVE

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

To qualify for EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria. In addition, hospitals must attest that they have used certified EHR technology, satisfy the meaningful use objectives, and specify the EHR reporting period. This attestation is subject to audit by the federal government or its designee. The Medicare EHR incentive payment to hospitals for each payment year is calculated as a product of (1) allowable costs as defined by the Centers for Medicare & Medicaid Services (CMS) and (2) the Medicare Share. Once the initial attestation of meaningful use is completed, critical access hospitals receive the entire Medicare EHR incentive payment for submitted allowable costs of the respective periods in a lump sum, subject to a final adjustment on the cost report. The Medicaid EHR incentive payment is based on State specific formulas. For South Dakota critical access hospitals the Medicaid EHR incentive is the product of (1) the sum of \$2,000,000 multiplied by transitional factors over a four year period and (2) the Medicaid Share.

The Hospital recognizes EHR incentive payments as revenue when there is reasonable assurance that the Hospital will comply with the conditions attached to the incentive payments. The entire Medicare EHR incentive payment is received in a lump sum for critical access hospitals and the South Dakota Medicaid incentive payment will be received over a three year period with 40% being received in year 1 and 2 and the remaining 20% being received in year 3. However, the Hospital must annually attest to increasingly stringent meaningful use criteria to prevent paybacks of the incentive payments. Accordingly, the EHR incentive payments are first recognized as deferred revenue with the ratable recognition of revenue over a specified time period. The amount of EHR incentive payments recognized are based on management's best estimate based on meeting meaningful use requirements and those amounts are subject to change with such changes impacting the period in which they occur. The Hospital received \$707,400 in Medicaid EHR incentive payments during 2013 and another \$707,400 in 2014. These payments were originally deferred until the Hospital attested to meeting meaningful use in 2014. The Hospital did not receive Medicare EHR incentive payment during 2015, but received the remaining receivable balance of \$234,778 in 2016. The Hospital received the final Medicaid receivable balance of \$353,700 also in 2016. The Hospital began amortizing the deferred revenue for both Medicare and Medicaid over a period of three years in April 2014 when initial meaningful use was met with final amortization to be completed in March 2017.

NOTE 12 - TRANSACTIONS WITH RELATED PARTIES

During the years ended December 31, 2016 and 2015, the Hospital paid \$11,962 and \$3,713, respectively, to related parties for the purchase of maintenance and miscellaneous supplies.

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

SCHEDULES OF NET PATIENT AND RESIDENT SERVICE REVENUE

For the Years Ended December 31, 2016 and 2015

NOTE 13 - CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients and residents, most of who are insured under third-party payor agreements. The mix of receivables from third-party payors, patients and residents as of December 31, 2016 and 2015, was as follows:

	<u>2016</u>	<u>2015</u>
Medicare	16%	22%
Medicaid	14%	19%
Other	70%	59%
	<u>100%</u>	<u>100%</u>

The Hospital maintains its cash deposits in bank accounts and certificates of deposit, which, at times, may exceed federally insured limits. The Hospital maintains its cash with a high quality financial institution which the Hospital believes limits these risks.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events were evaluated through July 26, 2017, the date the financial statements were available to be issued.

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

SUPPLEMENTAL INFORMATION

For the Years Ended December 31, 2016 and 2015

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

SCHEDULES OF NET PATIENT AND RESIDENT SERVICE REVENUE

For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Patient and resident service revenue		
Nursing home	\$ 2,497,608	\$ 2,572,666
Emergency service	3,141,210	2,597,001
Central services and supply	24,205	21,515
Pharmacy	802,369	821,230
Routine	1,651,173	1,519,083
Laboratory	1,120,181	860,206
Ambulance	603,119	580,003
Radiology	261,335	303,568
Home health	191,411	229,259
Occupational therapy	2,991	2,686
EKG	78,002	72,408
Physical therapy	388,573	320,727
Respiratory therapy	50,161	51,328
Rural health clinic	270,974	-
Cardiology	4,867	2,233
CT	1,147,412	791,568
Charity care	<u>(72,522)</u>	<u>(25,105)</u>
Total patient and resident service revenue	\$ 12,163,069	\$ 10,720,377
Contractual and other adjustments	(3,548,682)	(2,792,731)
Provision for bad debts	<u>(1,433,271)</u>	<u>(873,220)</u>
Net patient and resident service revenue	<u>\$ 7,181,116</u>	<u>\$ 7,054,426</u>

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME

Martin, South Dakota

STATEMENT OF OPERATIONS BY DEPARTMENT

For the Year Ended December 31, 2016

	<u>Hospital</u>	<u>Rural Health Clinic</u>	<u>Nursing Home</u>
Unrestricted revenues, gains and other support			
Net patient and resident service revenue	\$ 6,478,562	\$ 220,206	\$ 1,915,619
Less provision for bad debts	<u>(1,420,901)</u>	<u>(12,370)</u>	<u>-</u>
Net patient and resident service revenue, less provision for bad debts	\$ 5,057,661	\$ 207,836	\$ 1,915,619
Other revenue	<u>957,615</u>	<u>-</u>	<u>-</u>
Total unrestricted revenues, gains and other support	<u>\$ 6,015,276</u>	<u>\$ 207,836</u>	<u>\$ 1,915,619</u>
Expenses			
Salaries and wages	\$ 2,758,380	\$ 320,078	\$ 868,360
Benefits and taxes	476,377	25,711	62,487
Purchased services	1,239,475	15,571	66,259
Supplies	667,090	30,593	107,480
Equipment and vehicles	386,243	67,248	15,892
Facilities and utilities	90,352	16,480	53,200
Travel and training	59,752	19,754	3,948
Insurance	72,635	-	-
Other	93,312	35,674	19,338
Hospital overhead	(950,736)	-	950,736
Depreciation and amortization	624,891	-	-
Interest	<u>8,292</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 5,526,063</u>	<u>\$ 531,109</u>	<u>\$ 2,147,700</u>
Operating income (loss)	<u>\$ 489,213</u>	<u>\$ (323,273)</u>	<u>\$ (232,081)</u>
Non-operating revenues (expenses)			
Grants and contributions	\$ 15,494	\$ -	\$ 3,076
Other restricted income	363	-	-
Interest income	<u>2,241</u>	<u>-</u>	<u>179</u>
Total non-operating revenues (expenses)	<u>\$ 18,098</u>	<u>\$ -</u>	<u>\$ 3,255</u>
Increase (decrease) in unrestricted net assets	<u><u>\$ 507,311</u></u>	<u><u>\$ (323,273)</u></u>	<u><u>\$ (228,826)</u></u>

See accompanying independent auditors' report.

BENNETT COUNTY HOSPITAL AND NURSING HOME
Martin, South Dakota

STATEMENT OF OPERATIONS BY DEPARTMENT

For the Year Ended December 31, 2015

	<u>Hospital</u>	<u>Nursing Home</u>
Unrestricted revenues, gains and other support		
Net patient and resident service revenue	\$ 5,874,153	\$ 2,053,493
Less provision for bad debts	<u>(873,220)</u>	<u>-</u>
Net patient and resident service revenue, less provision for bad debts	\$ 5,000,933	\$ 2,053,493
Other revenue	<u>946,307</u>	<u>-</u>
Total unrestricted revenues, gains and other support	<u>\$ 5,947,240</u>	<u>\$ 2,053,493</u>
Expenses		
Salaries and wages	\$ 2,406,219	\$ 829,005
Benefits and taxes	518,475	60,153
Purchased services	1,112,483	12,154
Supplies	663,497	60,267
Equipment and vehicles	404,797	19,228
Facilities and utilities	61,998	49,587
Travel and training	42,623	1,028
Insurance	65,662	-
Other	87,872	16,900
Hospital overhead	(819,499)	819,499
Depreciation and amortization	640,449	-
Interest	<u>6,572</u>	<u>-</u>
Total expenses	<u>\$ 5,191,148</u>	<u>\$ 1,867,821</u>
Operating income (loss)	<u>\$ 756,092</u>	<u>\$ 185,672</u>
Non-operating revenues (expenses)		
Grants and contributions	\$ 81,000	\$ 5,052
Interest income	3,167	-
Loss on disposal of assets	<u>(59,258)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>\$ 24,909</u>	<u>\$ 5,052</u>
Increase (decrease) in unrestricted net assets	<u><u>\$ 781,001</u></u>	<u><u>\$ 190,724</u></u>

See accompanying independent auditors' report.