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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
Mary Hitchcock Memorial Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
One Medical Center Drive

City or town, state or country, and ZIP + 4
Lebanon, NH 03756

D Employer identification number
02-0222140

E Telephone number
(603) 650-5000

G Gross receipts $ 1,008,558,078

F Name and address of principal officer
James Weinstein MD
One Medical Center Drive
Lebanon, NH 03756

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www dartmouth-hitchcock org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1889 | **M** State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ADVANCING HEALTH THROUGH RESEARCH, EDUCATION, CLINICAL PRACTICE AND COMMUNITY PARTNERSHIPS, PROVIDING EACH PERSON THE BEST CARE, IN THE RIGHT PLACE, AT THE RIGHT TIME, EVERY TIME

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	16
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	5,430
6	Total number of volunteers (estimate if necessary)	**6**	500
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,667,946
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	10,252,966	9,876,785
9	Program service revenue (Part VIII, line 2g)	815,774,940	853,974,784
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	18,049,083	20,457,772
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	37,950,598	47,455,058
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	882,027,587	931,764,399
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	990,807	979,917
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)	534,789,852	557,911,351
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶2,343,599		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	315,249,387	375,099,356
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	851,030,046	933,990,624
19	Revenue less expenses Subtract line 18 from line 12	30,997,541	-2,226,225

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,129,681,214	1,147,030,352
21	Total liabilities (Part X, line 26)	675,063,960	718,120,459
22	Net assets or fund balances Subtract line 21 from line 20	454,617,254	428,909,893

Net Assets or Fund Balances

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: 2012-08-02

Robin Kilfeather-Mackey CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶ ERNST & YOUNG US LLP				Firm's EIN ▶
Firm's address ▶ 111 MONUMENT CIRCLE SUITE 2600 INDIANAPOLIS, IN 46204				Phone no ▶ (317) 681-7000

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

ADVANCING HEALTH THROUGH RESEARCH, EDUCATION, CLINICAL PRACTICE AND COMMUNITY PARTNERSHIPS, PROVIDING EACH PERSON THE BEST CARE, IN THE RIGHT PLACE, AT THE RIGHT TIME, EVERY TIME

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

If "Yes," describe these new services on Schedule O

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 767,420,962 including grants of $ 825,332) (Revenue $ 838,584,593)

PSA #1 Hospital Operations Mary Hitchcock Memorial Hospital (the Hospital), is an acute and tertiary care teaching hospital located in Lebanon, New Hampshire The Hospital is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code The Hospital provides a broad range of patient services and health related community services, consistent with its role as a community hospital, a major teaching hospital and a tertiary care referral hospital These include a full range of services in both acute and critical medicine, surgery, psychiatry and rehabilitation for infants, children and adults During FY 2011 the Hospital provided 121,342 acute patient days of inpatient service and had 25,062 total acute care discharges, while the Hospital's emergency room was open to the public 24 hours per day, 7 days per week and had 24,349 discharges The Hospital operates as an integral component of the Dartmouth Hitchcock Medical Center (DHMC), a New Hampshire nonprofit corporation organized for the exploration and coordination of matters of mutual interest among its members which consist of the Hospital, Dartmouth-Hitchcock Clinic (the Clinic), Geisel School of Medicine (GSM), a component of Dartmouth College, and the Veterans Affairs Medical Center in White River Junction, Vermont The Clinic provides the physician staff to the Hospital and the sophistication essential for the development of the Hospital as the largest and only teaching hospital in New Hampshire and the designation by the federal government as a Rural Referral Center for northern New England The mission of the Hospital is to advance health through research, education, clinical practice and community partnerships, providing each person the best care, in the right place, at the right time, every time Consistent with this mission and in partnership with the Clinic, the Hospital provides high quality, cost effective, comprehensive, and integrated health care to individuals, families, and the communities it serves regardless of a patient's ability to pay The Hospital actively supports community-based health care and promotes the coordination of services among health care providers and social services organizations The Hospital also seeks to work collaboratively with other area health care providers to improve the health status of the region Effective with fiscal year 2000, the Hospital and the Clinic began filing an annual Community Benefit Report with the State of New Hampshire which outlines the community and charitable benefits they provide The most recent Community Benefit Reports are available upon request or can be found on Dartmouth-Hitchcock's web site (www dartmouth-hitchcock org) Financial assistance, formerly called charity care, represents services provided to patients who cannot afford health care services due to inadequate financial resources which result from being uninsured or underinsured For the year ended September 30, 2011 the Hospital provided financial assistance to 9,312 patients in the amount of $30,402,969, as measured by gross charges The estimated cost of providing this care for the year ended September 30, 2011 was $12,666,607 The Hospital also routinely provides services to Medicaid patients at reimbursement levels that are below the cost of the care provided The Community health activities includes the cost or value of several different types of programs including the cost of community based education, health fairs, health screenings, support groups, and programs and materials that promote wellness and prevent illness Examples of these types of efforts include partnering with the Healthy Eating Active Living NH initiative, the Women's Health Resource Center, and smoking prevention and cessation This category also includes financial contributions and the contribution of time and services to community programs, hospitals and agencies The Hospital also provides a significant amount of uncompensated care to its patients reported as provision for bad debts, which is not included in the amounts reported above During the years ended September 30, 2011, the Hospital reported a provision for bad debts of approximately $27,385,917

4b (Code) (Expenses $ 42,852,056 including grants of $) (Revenue $ 36,532,317)

As a component of an integrated academic medical center, the Hospital provides significant support for academic and research programs through its support of The Geisel School of Medicine at Dartmouth College MHMH provides support for Physicians' unpaid teaching time as part of its Community Benefit Initiatives, consisting of the time physicians spend providing clinical supervision and education for residents and medical students In addition, the Hospital provides in-kind support for research and other grants representing costs in excess of awards for numerous grant-funded health research and service initiatives awarded to the Clinic and GSM Other community benefit initiatives include subsidizing the costs of providing medical and clinical education to professionals across New Hampshire, Vermont and beyond as well as uncompensated costs of academic and medical research activities

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** ▶ $ 810,273,018

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

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

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	**1a**	959		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c** Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	5,430		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a** Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b** Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			**4a** Yes	
b	If "Yes," enter the name of the foreign country ▶ BD See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a** Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b** Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			**13a**	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	18		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	16		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ NH

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

ROBIN KILFEATHER-MACKEY
ONE MEDICAL CENTER DRIVE
Lebanon, NH 03756
(603) 650-5668

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

Check if Schedule O contains a response to any question in this Part VII . . . . . ☑

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								4,615,476	5,240,248	903,061

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 349

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ACCRETIVE HEALTH 401 N MICHIGAN AVE SUITE 2700 CHICAGO, IL 60611	REVENUE MNGT SERVICE	17,740,601
TRUSTEES OF DARTMOUTH COLLEGE 37 DEWEY FIELD HANOVER, NH 03755	ADMIN & DIR SUPPORT	19,703,242
Harvey Construction 10 Harvey Road BEDFORD, NH 03110	Construction Svcs	6,097,857
Pizzagalli Construction Company 50 Joy Drive SOUTH BURLINGTON, VT 05403	CONSTRUCTION SVCS	5,454,014
NEW HAMPSHIRE IMAGING SERVICES INC ONE PILLSBURY ST SUITE 200 CONCORD, NH 60122	Imaging Services	4,902,277
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 182		

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c	3,636,162				
	d Related organizations . . . 1d					
	e Government grants (contributions) 1e	1,459,162				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	4,781,461				
	g Noncash contributions included in lines 1a-1f $	80,673				
	h **Total.** Add lines 1a-1f . . . . . ▶		9,876,785			
Program Service Revenue		Business Code				
	2a NET PATIENT SERVICE REVENUE	621110	852,329,035	852,329,035		
	b FEE FOR SERVICE GRANTS, OTHER, RESEARCH	621110	1,101,573	1,101,573		
	c MOBILE ECHO CARD REVENUE	621110	538,079	538,079		
	d HOLTERSCAN REVENUE	621110	6,097	6,097		
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		853,974,784			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		8,735,804			8,735,804
	4 Income from investment of tax-exempt bond proceeds . . ▶		0			
	5 Royalties . . . . . ▶		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	912,438				
	b Less rental expenses	621,507				
	c Rental income or (loss)	290,931				
	d Net rental income or (loss) . . . . . ▶		290,931			290,931
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	87,079,087	34,554			
	b Less cost or other basis and sales expenses	74,923,268	813,042			
	c Gain or (loss)	12,155,819	-778,488			
	d Net gain or (loss) . . . . . ▶		11,721,968			11,721,968
Other Revenue	8a Gross income from fundraising events (not including $ 3,636,162 of contributions reported on line 1c) See Part IV, line 18 . . . a		398,506			
	b Less direct expenses . . . b		435,862			
	c Net income or (loss) from fundraising events . . ▶		-37,356			-37,356
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . . ▶		0			
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶		0			
	Miscellaneous Revenue	Business Code				
	11a CAFETERIA	722212	3,786,785			3,786,785
	b PHARMACY INCOME	622110	19,652,733		48,107	19,604,626
	c MEANINGFUL USE	622110	8,820,337	8,820,337		
	d All other revenue		14,941,628	12,321,789	2,619,839	
	e **Total.** Add lines 11a–11d . . . . . ▶		47,201,483			
	12 **Total revenue.** See Instructions . . . ▶		931,764,399	875,116,910	2,667,946	44,102,758

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	597,765	597,765		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	382,152	382,152		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	5,878,645	2,028,306	3,529,394	320,945
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	400,069,670	339,773,152	60,296,518	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	62,379,679	52,978,123	9,401,556	
9	Other employee benefits	61,393,081	52,140,220	9,252,861	
10	Payroll taxes	28,190,276	23,941,577	4,248,699	
a	Fees for services (non-employees) Management	0			
b	Legal	1,804,254		1,804,254	
c	Accounting	310,510		310,510	
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	60,967,294	47,654,698	13,312,596	
12	Advertising and promotion	2,072,695	48,338	2,024,357	
13	Office expenses	124,650,029	119,171,566	5,478,463	
14	Information technology	4,415,279	3,973,751	441,528	
15	Royalties	0			
16	Occupancy	12,276,800	11,033,807	1,242,993	
17	Travel	1,522,679	569,603	953,076	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	115,504	6,633	108,871	
20	Interest	14,217,121	12,795,409	1,421,712	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	35,647,345	32,970,920	2,676,425	
23	Insurance	8,658,545	7,869,603	788,942	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAID ENHANCEMENT TAX	43,490,956	43,490,956		
b	PROVISION FOR BAD DEBTS	27,385,917	27,385,917		
c	EQUIPMENT RENTAL & MAINT	10,135,956	9,122,358	1,013,598	
d	D-HH ASSESSMENT	3,506,925	3,506,925		
e	DHMC ASSESSMENT	3,005,949	3,005,949		
f	All other expenses	20,915,598	15,825,290	3,067,654	2,022,654
25	**Total functional expenses.** Add lines 1 through 24f	933,990,624	810,273,018	121,374,007	2,343,599
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		82,299	1	357,738
	2	Savings and temporary cash investments		49,127,873	2	49,844,820
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		135,997,590	4	152,519,707
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		457,401	5	354,122
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net		2,503,233	7	2,003,212
	8	Inventories for sale or use		13,257,671	8	13,445,617
	9	Prepaid expenses and deferred charges		4,420,595	9	5,281,075
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 725,762,783			
	b	Less accumulated depreciation	10b 350,269,617	331,068,501	10c	375,493,166
	11	Investments—publicly traded securities		453,576,706	11	279,749,986
	12	Investments—other securities See Part IV, line 11		81,461,317	12	212,463,631
	13	Investments—program-related See Part IV, line 11		2,238,669	13	2,477,568
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		55,489,359	15	53,039,710
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,129,681,214	16	1,147,030,352
Liabilities	17	Accounts payable and accrued expenses		170,120,779	17	198,080,127
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		362,562,261	20	356,318,885
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	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		5,544,170	23	4,351,905
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		136,836,750	25	159,369,542
	26	**Total liabilities.** Add lines 17 through 25		675,063,960	26	718,120,459
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		378,725,214	27	354,333,671
	28	Temporarily restricted net assets		48,353,644	28	46,706,072
	29	Permanently restricted net assets		27,538,396	29	27,870,150
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		454,617,254	33	428,909,893
	34	Total liabilities and net assets/fund balances		1,129,681,214	34	1,147,030,352

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	931,764,399
2	Total expenses (must equal Part IX, column (A), line 25)	2	933,990,624
3	Revenue less expenses Subtract line 2 from line 1	3	-2,226,225
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	454,617,254
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-23,481,136
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	428,909,893

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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 IV)						
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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
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)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(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 IV)						
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 section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** 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—2009.** 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 **Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Additional Data

Software ID:
Software Version:
EIN: 02-0222140
Name: Mary Hitchcock Memorial Hospital

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Michael J Goran MD Trustee	1.0	X						0	0	0
Alfred L Griggs Trustee/Chair Emeritus	1.0	X						0	0	0
Stephen P Barba Board Secretary Trustee	2.0	X		X				0	0	0
Alan C Keiller Trustee/Board Treasurer	2.0	X		X				0	0	0
Stephen F Christy Trustee Ended 9/23/11	1.0	X						0	0	0
Wayne G Granquist Trustee/Board Chair	2.0	X		X				0	0	0
Jennie L Norman Trustee	1.0	X						0	0	0
Richard S Shreve Trustee/President Appointee	1.0	X						0	0	0
Hugh C Smith MD Trustee	1.0	X						0	0	0
Vincent S Conti Trustee	1.0	X						0	0	0
Anne-Lee Verville Trustee	1.0	X						0	0	0
Nancy Formella Pres MHMH/Trustee Ex Officio	60.0	X		X				783,533	0	28,191
Thomas Colacchio MD Trustee/Pres D-HH	1.0	X		X				0	735,805	56,310
Barbara Couch Trustee	1.0	X						0	0	0
Wiley Souba MD Tstee Ex-Off Dean DMS Eff 10/1	1.0	X						0	0	0
William J Conaty Trustee Eff 6/1/2011	1.0	X						0	0	0
John L Harrison Jr Tstee/Ex Off,DHMC Aux Eff 10/1	1.0	X						0	0	0
William W Helman IV Trustee Appointee Eff 4/28/11	1.0	X						0	0	0
Robert A Oden Jr PhD Trustee Appointee Eff 1/27/11	1.0	X						0	0	0
Carl Dematteo Chief Quality Compliance Offcr	30.0			X				0	570,672	26,593
Robin Kilfeather-Mackey CPA Chief Financial Officer	27.5			X				0	375,702	21,496
Peter Johnson Chief Information Officer	30.0			X				0	421,481	30,493
Linda Von Reyn Chief Nursing Officer	30.0			X				322,292	0	29,131
Daniel Jantzen CPA Chief Operating Officer	30.0			X				528,264	0	32,570
Stephen Leblanc Exec VP D-H Health	25.0			X				0	475,512	28,446

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
John Butterly MD Exec VP of Med Affairs, D-HH	25 0			X				0	500,322	62,741
Brian Lally Chief Advancement Officer	30 0			X				0	253,101	47,210
Lawrence Dacey MD Chief Medical Officer	30 0			X				0	567,275	34,574
Alan Weston Chief HR Officer (Eff 1/24/11)	30 0			X				0	0	0
Mary Oseid V P Ambulatory Care	20 0				X			0	254,337	28,473
Christine Schon V P Comm Grp Pract Ops	20 0				X			0	200,195	37,860
William Mroz V P Operations/Clinical Svcs	20 0				X			253,554	0	46,149
Sandra Dickau V P Operations/Patient Care	20 0				X			249,038	0	17,769
Mary Kay Boudewyns V P Revenue Management	20 0				X			205,136	0	18,357
Gail Dahlstrom V P Facilities Mgmt	20 0				X			210,377	0	16,262
Michael Ward V P Cancer Services	20 0				X			0	244,106	28,145
David Gladstone Chief Clinical Phys Rad/Onc	40 0					X		260,931	0	48,441
Bruce King Pres & CEO New London Hosp	40 0					X		294,973	0	29,159
Susan Reeves VP/Chair Nurs Colby Saw Collg	40 0					X		275,908	0	27,548
Neil Castaldo Legal Counsel	40 0					X		626,176	0	50,387
Mark Bellerive Asst Chief Clin Phys Rad/Onc	40 0					X		241,028	0	54,740
Richard Showalter Former Key Employee							X	246,600	0	23,840
John Collins Former Key Employee							X	117,666	376,380	55,295
Victoria George Former Key Employee							X	0	163,495	19,140
Richard Davis Former Key Employee							X	0	101,865	3,741

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Mary Hitchcock Memorial Hospital	02-0222140

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		159,713
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			159,713
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
LOBBYING ACTIVITY EXPLANATION	SCHEDULE C, PART II, B	MARY HITCHCOCK MEMORIAL HOSPITAL EMPLOYS TWO FULL TIME STAFF WHOSE DUTIES INCLUDE LOBBYING TYPICAL EXPENSES ASSOCIATED WITH THE LOBBYING ACTIVITIES INCLUDE STAFF SALARY, TRAVEL, MEMBERSHIP FEES AND DUES FOR THE FISCAL YEAR ENDED SEPTMEBER 30, 2011, MARY HITCHCOCK MEMORIAL HOSPITAL INCURRED $159,713 IN CONJUCTION WITH THIS ACTIVITY FROM TIME TO TIME, MARY HITCHCOCK MEMORIAL HOSPITAL, THROUGH ITS EMPLOYEES AND THE USE OF CONSULTANTS, CONTACTS GOVERNMENT OFFICIALS AND LEGISLATORS THIS CONTACT IS FOR THE PURPOSE OF PROPOSING LEGISLATION OR EXPRESSING AN OPINION ON CHANGES IN LEGISLATION THAT AFFECT THE HOSPITAL AND ITS ABILITY TO CARRY OUT ITS MISSION TYPICAL ACTIVITIES INCLUDE EMAILING, CALLING, AND MEETING WITH GOVERNMENT OFFICIALS AND LEGISLATORS

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

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

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		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? ☐ Yes ☐ No

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	54,110,647	49,493,627	49,870,808		
b Contributions	398,541	3,040,219	4,146,452		
c Investment earnings or losses	842,732	2,769,857	-3,921,625		
d Grants or scholarships					
e Other expenditures for facilities and programs	1,328,695	1,193,056	602,008		
f Administrative expenses					
g End of year balance	54,023,225	54,110,647	49,493,627		

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

- a Board designated or quasi-endowment ▶ 31 000 %
- b Permanent endowment ▶ 52 000 %
- c Term endowment ▶ 17 000 %

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)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	1,559,834	28,328,291		29,888,125
b Buildings		364,837,418	200,607,161	164,230,257
c Leasehold improvements		4,111,615	3,282,408	829,207
d Equipment		326,925,624	146,380,048	180,545,577
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				375,493,166

Part VII Investments—Other Securities. 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) FIXED INCOME, HEDGE FUNDS, &OT	101,942,963	F
(B) PRIVATE EQUITIES	34,565,284	F
(C) PUBLIC EQUITIES	75,955,384	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	212,463,631	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
THIRD PARTY SETTLEMENTS	23,789,287
ACCRUED POST RETMNT PENS & MED	125,082,000
INTEREST RATE SWAP	10,498,255
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	159,369,542

2. Fin 48 (ASC 740) Footnote In Part XIV, 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 (ASC740)

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

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

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

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

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

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Intended use of Endowment Funds	Schedule D Part V Line 4	The intended use of the endowment funds is to promote and advance the following mission-related programs healthcare services, research, charity care, and health education ASC 740 (FIN 48) Footnote Schedule D Part X No ASC 740 (FIN 48) footnote was included in the audited financial statements as there were no material uncertain tax positions at or since adoption

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ Yes ☐ No

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
Central America and the Caribbean	0	0	Program Services	INSURANCE	5,826,349
Central America and the Caribbean	0	0	Program Services	Educational Travel Exp	13,885
East Asia and the Pacific	0	0	Program Services	Educational Travel Exp	5,192
Europe (Including Iceland and Greenland)	0	0	Program Services	Insurance	244,300
Europe (Including Iceland and Greenland)	0	0	Program Services	Educational Travel Exp	53,120
Europe (Including Iceland and Greenland)	0	0	Program Services	Med Equip & Supplies	52,570
Middle East and North Africa	0	0	Program Services	Collection Services	12,825
North America	0	0	Program Services	Educational Travel Exp	58,594
North America	0	0	Program Services	Med Equip and Supplies	173,492
North America	0	0	Program Services	Software	15,680
South America	0	0	Program Services	Educational Travel Exp	987
South Asia	0	0	Program Services	Educational Travel Exp	2,067
Sub-Saharan Africa	0	0	Program Services	Educational Travel Exp	4,319
3a Sub-total	0	0			6,463,380
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	0	0			6,463,380

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☐
Use Part V if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*	☑ Yes	☐ No
2	Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*	☑ Yes	☐ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*	☑ Yes	☐ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*	☐ Yes	☑ No

Additional Data

Software ID:
Software Version:
EIN: 02-0222140
Name: Mary Hitchcock Memorial Hospital

Part V **Supplemental Information**

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 Prouty Bike/Wlk (event type)	(b) Event #2 Chad Hlf Mrthn (event type)	(c) Other Events 10 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	2,819,750	454,909	760,009	4,034,668
	2 Less Charitable contributions	2,647,440	424,924	563,798	3,636,162
	3 Gross income (line 1 minus line 2)	172,310	29,985	196,211	398,506
Direct Expenses	4 Cash prizes			1,950	1,950
	5 Non-cash prizes	30,037	5,235	12,648	47,920
	6 Rent/facility costs		388	10,502	10,890
	7 Food and beverages	16,644	528	2,961	20,133
	8 Entertainment	8,000		4,650	12,650
	9 Other direct expenses	245,985	61,503	34,831	342,319
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				435,862
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-37,356

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	**13a**	
b An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . . ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . .	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
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 eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			12,665,877		12,665,877	1 400 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			133,698,432	81,674,685	52,023,747	5 740 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			146,364,309	81,674,685	64,689,624	7 140 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			3,382,491	4,883	3,377,608	0 370 %
f Health professions education (from Worksheet 5)			37,882,527	9,613,363	28,269,164	3 120 %
g Subsidized health services (from Worksheet 6)			3,415,350		3,415,350	0 380 %
h Research (from Worksheet 7)			3,138,542		3,138,542	0 350 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,065,190		1,065,190	0 120 %
j **Total** Other Benefits			48,884,100	9,618,246	39,265,854	4 330 %
k **Total.** Add lines 7d and 7j			195,248,409	91,292,931	103,955,478	11 270 %

Part II **Community Building Activities** during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing			24,500		24,500	0 %
2	Economic development			977		977	0 %
3	Community support			9,076		9,076	0 %
4	Environmental improvements			2,876		2,876	0 %
5	Leadership development and training for community members						
6	Coalition building			165,634		165,634	0 %
7	Community health improvement advocacy			69,157		69,157	0 %
8	Workforce development			12,580		12,580	0 %
9	Other						
10	**Total**			284,800		284,800	0 010 %

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	10,202,188		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	238,062,074		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	225,286,179		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	12,775,895		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures**

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

Part V Facility Information

Section A. Hospital Facilities

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

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Mary Hitchcock Memorial Hospital One Medical Center Drive Lebanon, NH 03756	X	X	X	X		X	X		PSYCH UNIT AND TRANSPLANT UNIT

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	Name and address	Type of Facility (Describe)
1	Norris Cotton Cancer Center 1080 Hospital Drive St Johnsbury, VT 05819	Cancer Center
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
Part I Line 6a	Community Benefits Report	Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic (Collectively referred to as Dartmouth-Hitchcock (D-H)) share common board members and operate under an affiliation agreement D-H performs a joint Community Needs Assessment and files a consolidated Commun ity Benefits report For purposes of IRS Form Schedule H, only Hospital numbers were used All amounts relating to DHC were excluded Part I Line 7G Subsidized health services rela ted to physician clinics The Organization did not include any subsidized health service co sts attributable to a physician clinic on Part I, line 7G Part I Line 7f Bad Debts Bad de bt expense included on Form 990 Part IX Line 25 totaling $27,385,917, was excluded from to tal expenses for the calculation of net Community Benefits as a percent of total expenses This bad debt expense represents bad debts allocated to MHMH, and not those atrributed to Dartmouth-Hitchcock Clinic Part I Line 7 Costing Methodology The costing methodology use d to calculate the amounts reported was a cost-to-charge ratio derived from worksheet 2, R atio of Patient Care Cost-to-Charges Part III Line 3 As part of the hospital's financial assistance policy, MHMH makes information available to patients for eligibility and how to apply for free or discounted care If the patient does not respond to the hospital's atte mpts to complete the financial assistance package, these patients may be written off to ba d debt MHMH currently does not have a methodology to determine how many patients who woul d have qualified for financial assistance if the documentation was provided The hospital is currently reviewing this process to come up with a tracking methodology for FY12 that i s in compliance with Medicare cost report regulations Part III Line 4 Costing Methodology used on lines 2 A cost-to-charge ratio was used to determine amounts reported on Part III , Section A, line 2 Patient Financial Assistance Qualification MHMH's Policy is to exert everything in the Organization's power to obtain sufficient and adequate information to de termine eligibility for financial assistance If the required information is not obtained in order to determine eligibility for financial assistance, then the amount is recognized as bad debt In addition, beginning in fiscal year 2011, MHMH applies a 30% discount for u ninsured patients before financial assistance is applied Bad Debt Costing Methodology The costing methodology used to calculate the amounts reported on Part 3, Line 2 is the cost- to-charge ratio as derived from Schedule H, Worksheet 2, Ratio of Patient Care Cost-To-Cha rges Audited financial Statement Disclosure for Charity Care and Provision for Bad Debt (Please note that MHMH files a combined AFS with DHC and other Subsidiaries) D-H provides care to patients who meet certain criteria under their financial assistance policies witho ut charge or at amounts less than their established rates Because MHMH does not anticipat e collection of amounts determined to qualify as charity care, they are not reported as re venue The Organization grants credit without collateral to patients, most of whom are loc al residents and are insured under third-party arrangements Additions to the allowance fo r uncollectible accounts are made by means of the provision for bad debts Accounts writte n off as uncollectible are deducted from the allowance and subsequent recoveries are added The amount of the provision for bad debts is based upon management's assessment of histo rical and expected net collections, business and economic conditions, trends in federal an d state governmental healthcare coverage and other collection indicators Part III Line 8 Medicare Shortfalls The costing methodology used to calculate the amounts reported as Medi care shortfalls was derived from the Internal Revenue Service's Worksheet B as provided fo r Part III calculations MHMH had revenues of $6,685,930 and costs of $11,172,829 for serv ices not included on the Medicare Cost Report (Ambulance Services, Laboratory and other fe es screens, and Medicare Part C & D services) MHMH incurred a net loss of $4,486,899 on th e provision of these services Part III Line 9b Credit and Collection Policy MHMH has a Cr edit and Collection Policy that addresses the procedures for patients who choose not to ma ke payment or work with MHMH to make payment arrangements for their bill The Organization has a separate Financial Assistance Policy that addresses those patients who are unable t o make payment MHMH is a charitable health care organization who treats patients that com e for medically necessary care, regardless of their financial status MHMH offers financia l assistance in the form of free or discounted care to those patients who have an inabilit y to pay their bills The requirements and criteria for consideration for financial assist ance are outlined within the Financial Assistance policy Guidelines for financial assista nce qualification are defined as well as the level

Identifier	ReturnReference	Explanation
Part I Line 6a	Community Benefits Report	s of assistance available Patients can qualify for 25%, 50%, 75%, or 100% reduction based on Federal Poverty Levels as well as a catastrophic guideline of 10% of 2 year's income for those that may not qualify based on assets and income, but who have a bill beyond their means to pay The policy also addresses that payment plans are available for anyone with a self-pay balance remaining after their reduction Part V Facility information The Hospital has a Cancer Treatment Center located in Saint Johnsbury, Vermont This location is registered under the same license as the Organization's main Campus located in Lebanon, New Hampshire

Identifier	ReturnReference	Explanation
Needs Assessment		Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic (Collectively referred to as Dartmouth-Hitchcock (D-H)) share common board members and operate under an affiliation agreement D-H performs a joint Community Needs Assessment and files a consolidated Commun ity Benefits report Description of Community Needs Assessment Dartmouth-Hitchcock partici pates with other health care charitable trusts and community partners in each of our servi ce areas to complete community health needs assessments Each of our regions (Lebanon, Con cord, Manchester and Nashua) has utilized different approaches, as described below 1 Leb anon Service Area In 2005, the Upper Valley region defined a set of 14 specific indicator areas that had been identified in earlier community needs assessments as being key areas of need These 14 indicator areas offer an opportunity for the region to track progress to ward meeting these health needs over time The 2008 Community Needs Assessment was organiz ed around these needs For each indicator area, we sought data regarding the indicator by a Identifying quantifiable, reliable, regularly collected population data sources, such as Youth Risk Behavior Surveys and the Behavioral Risk Factors Surveillance System b Hos ting small focus groups of key community stakeholders with long-term knowledge and experie nce related to each of the key indicator areas c Seeking commentary on focus group data from additional key stakeholders in individual interview formats These activities provide d data and analysis needed to compile narrative reports for each key indicator area, inclu ding both quantitative population health data and local interpretation and analysis of fac tors impacting each area of need In addition Dartmouth-Hitchcock and Alice Peck Day Memor ial Hospital solicited input to help prioritize identified community health needs through two additional actions a Distributing a brief health needs priority survey to residents attending free public flu clinics in Lebanon and Canaan b Asking key leaders of health, human service, and government assistance organizations to complete a Survey Monkey questio nnaire which asked them to prioritize the needs of i Clients they serve ii The community at-large iii Barriers to health iv The community health interventions they desired most from Dartmouth-Hitchcock and Alice Peck Day Memorial Hospital v The community health int erventions they were most likely to implement through their own organizations in the next 1-3 years 2 Concord Service Area In 2008, Dartmouth-Hitchcock Concord participated as a member of the Capitol Region Health Needs Assessment Data gathering methods used in this assessment included a Reviewing of population health data from county, state, and hospi tal data sets b Conducting stakeholder interviews with key elected and appointed City an d State officials as well as representatives from health constituency groups c Hosting f ocus groups for various constituent groups, including seniors, teens, young parents, educa tors, clergy, and health care/human service providers d Conducting community listening s essions open to the general public in six communities surrounding Concord e Administerin g a random, probabilistic telephone survey of residents in 24 communities surrounding Conc ord f Distributing a written survey to adults and teens in a variety of community locati ons g Posting an online survey using zoomerang com to gather feedback from respondents 3 Manchester Area Dartmouth-Hitchcock Manchester was a collaborator in the 2006 "Communi ty Indicators" project sponsored by Heritage United Way in partnership with Southern New H ampshire University This project utilized several sources of gathering data regarding com munity needs a Utilizing data from the US Census, the Bureau of Labor Statistics, and re search generated by public agencies, institutions, community-based organizations, and acad emic centers b Input from stakeholder groups, including donor groups, business leaders, agencies, clients, local philanthropies, advocates, researchers, and the Heritage United W ay Board of Directors c Three Community Discussion forums where data and reports generat ed as part of the Community Indicators Project were presented for discussion at open forum s 4 Nashua Service Area Dartmouth-Hitchcock Nashua participated in the development of t he 2006 "Greater Nashua Measures Up" community needs assessment project Methods for gathe ring information used in this assessment include a Collecting population health data fro m published sources including i The 2000 Census of Population and Housing ii The Mayor' s Task Force on Housing iii Nashua Continuum of Care's point-in-time counts of the homele ss iv Southern New Hampshire Services' 2004-2007 assessment of the needs of low-income in dividuals v State and local government data on education, employment, crime, and health s tatus b Conducting a regional, randomized househo

Identifier	ReturnReference	Explanation
Needs Assessment		Id telephone survey regarding personal and community health care needs c Hosting focus g roups of service recipients, including Hispanic-speaking and Portuguese-speaking groups an d teen representatives from the Mayor's Taskforce on Youth in Nashua d Surveying human s ervice agencies regarding community health needs

Identifier	ReturnReference	Explanation
Patient Education of Eligibility for Assistance		All uninsured inpatients, same day surgery, observation, and Emergency Department patients are pro-actively screened using an automated tool to identify potential qualification for other federal, state, and local programs In addition, specific outpatient activities deemed to have a higher rate of need are screened as part of regular protocol If a patient appears to be eligible, on-site Financial Counselors assist the patient in completing the appropriate paperwork/applications and provide instruction regarding how to complete the qualification process In some cases a Financial Counselor will act on behalf of the patient, at their signed consent, in order to complete the application process (for example, in New Hampshire a patient must be physically present at the District Office) If a patient doesn't qualify for specific programs, they are also considered for financial assistance as part of their screening For outpatient services that are not routinely screened, staff interacting with patients are instructed to provide either a financial assistance application or contact information for a Financial Counselor when a patient expresses their inability to make payment Every application is screened for completed income and asset documentation Applications are also screened to assure there are no other potential options of federal, state, or local programs The website, patient statements, and financial brochures all include information about financial assistance and how to apply Community Information The Organization defines it's service region as New Hampshire and eastern Vermont, with the largest presence in the Lebanon, New Hampshire region, site of Dartmouth-Hitchcock Medical Center which includes Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinics main Northern clinic MHMH serves the general population with a wide range of services In addition to general hospital populations, the Organization provides services to patients with highly-specialized needs that are not available elsewhere in New Hampshire MHMH is the states only tertiary referral center, provides a comprehensive cancer center (Norris Cotton Cancer Center - NCCC), operates the only Level I Trauma Center in New Hampshire, operates the Childrens Hospital (Childrens Hospital at Dartmouth CHaD), hosts a Level III neonatal intensive care nursery and the only pediatric intensive care unit in New Hampshire, and operates the only helicopter transport service in the state As such, the service population is both the general public seeking primary health care services as well as residents with unique and highly-specialized health care needs

Identifier	ReturnReference	Explanation
Promotion of Community Health		MHMH supports organizations and initiatives that further health by strengthening and developing key community capacities, such as improved housing, economic development initiatives, and healthcare workforce development activities as determined by the Organization's Needs Assessment In addition, the Organization participates in or provides leadership for a wide array of health-oriented community coalitions, such as the Upper Valley Housing Coalition, the Nashua Tobacco Coalition, the DHMC Outpatient Falls Risk Reduction Task Force, the Community Oral Health Initiative, the Bridges to Prevention substance use prevention coalition, and ServiceLink MHMH has also provided leadership to the Upper Valley Healthy Eating Active Living (UV HEAL) Partnership, an initiative to reduce the growth of childhood obesity, and has been active in similar partnerships in Nashua and Manchester At MHMH's Lebanon campus, the Hospital extends Professional Staff Privileges to qualified and appropriate physicians who are employees of Dartmouth-Hitchcock Clinic, Mary Hitchcock Memorial Hospital, or Dartmouth College and who also hold a faculty appointment at Dartmouth College Mary-Hitchcockss Trustees annually set strategic priorities for the institution and approve operating and capital budgets which allocate surplus funds to improvements in patient care, medical education, research, as well as maintenance of a prudent reserve Examples of these investments include the development of Mary Hitchcockss Patient Safety Training Lab, ongoing Quality and Patient Safety initiatives, purchases of new and emerging medical technologies, awards made to support translational research, and support for undergraduate medical education at Dartmouth Medical School Of the eighteen voting members of Dartmouth-Hitchcocks Board of Trustees, fifteen live within the geographic region we serve Sixteen are neither contractors nor employees of MHMH

Identifier	ReturnReference	Explanation
Affiliated Health Care System		Community Benefits are provided by the Dartmouth-Hitchcock health care system, which includes Mary Hitchcock Memorial Hospital, Dartmouth-Hitchcock Clinic, and other related organizations whose primary mission is health care Mary Hitchcock Memorial Hospital (MHMH) in Lebanon is New Hampshires largest hospital In Fiscal Year 2011 MHMH had 396 licensed inpatient beds The Dartmouth-Hitchcock Clinic (DHC) is a multi-specialty physician practice with a network of providers across New Hampshire and Vermont While DHCs main offices are located in Lebanon, the Clinic also has multi-specialty practices in Manchester, Nashua, Concord and Keene In addition, the Clinic provides primary care in rural communities in Vermont and northern New Hampshire MHMH, DHC sites, and the Dartmouth Medical School (DMS) faculty and students make up the Dartmouth-Hitchcock (D-H) health care system The Hospital and Clinic operate jointly through interlocking directorates, strategic planning and management They share identical missions The Medical School, which works closely with the Hospital and Clinic, is focused on medical education and research

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	990 SCHEDULE H, PART VI	NH,

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☐

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 16

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Godfrey Nursing Awards	2	1,400			
(2) Levine Nursing Awards	8	12,687			
(3) Varnum Nursing Awards	39	28,000			
(4) TDI Scholarships	20	170,422			
(5) Knox Nursing Award	23	15,058			

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

Identifier	Return Reference	Explanation
Form 990, Schedule I	Description of Organization's Procedures for Monitoring the Use of Grants	For each of the awards established by Mary Hitchcock Memorial Hospital, Godfrey Nursing Awards, Levine Nursing Awards, Knox Nursing Award, Varnum Nursing Awards, there are written established guidelines and procedures Grant award payments are processed in accordance with the specific terms of each of the grants noted above The Dartmouth Institute Scholarships (TDI) are paid directly to the College on the behalf of the individuals receiving the award The coordinators of the program(s) are responsible for assuring that all terms are met, including proper documentation of expenses with receipts

Additional Data Return to Form

Software ID:
Software Version:
EIN: 02-0222140
Name: Mary Hitchcock Memorial Hospital

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Child Health Services1245 Elm Street Manchester, NH 03104	02-0348711	501(C)(3)	17,500				Program Support
Good Neighbor Health Clinic 70 No Main St White River Jct, VT 05001	03-0346949	501(C)(3)	42,000				Programs/Clinic Svcs

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Manchester Community Health Center145 Hollis Street Manchester, NH 03101	02-0458174	501(C)(3)	35,000				Program Support
The Hitchcock Foundation1 Medical Center Drive Lebanon, NH 03756	02-0222139	501(C)(3)	7,000				Program Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Cheshire Health Foundation 580 Court Street Keene, NH 03431	02-0202220	501(C)(3)	17,322				Program Support
Grafton Country Senior Citizens CouncilP O Box 433 Lebanon, NH 03766	23-7248316	501(C)(3)	21,000				Elder Services

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Vital Communities195 No Main St White River Jct, VT 05001	03-0355283	501(c)(3)	17,500				Program Support
Granite State Fit Kids291 West Hollis St Nashua, NH 03062	02-0519379	501(c)(3)	5,250				Program Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Stagecoach7 Bayberry Way Mont Vernon, NH 03057	03-0276517	501(c)(3)	24,500				Program Support
Granite State United Way46 South Main St Concord, NH 03301	02-6006033	501(c)(3)	16,310				Program Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Bridges to Prevention Program260 Highland St Plymouth, NH 03264	20-1057931	501(C)(3)	7,000				Program Support
Indian Stream Health Center 141 Corliss Ln Colebrook, NH 03756	20-0999212	501(C)(3)	35,000				Programs/Clinic Svcs

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Schweitzer Program330 Brookline Ave Boston, MA 02215	13-1982786	501(C)(3)	7,000				Program Support
VT Program for Quality Healthcare132 Main Street Montpelier, VT 05602	22-2982253	501(C)(3)	28,000				Program Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VNA and Hospice of VT and NH66 Benning Street West Lebanon, NH 03784	03-6006494	501(C)(3)	47,600				Program Support
VT Oxford Program33 Kilburn Street Burlington, VT 05401	03-0344168	501(C)(3)	14,000				Program Support

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Compensation Information		Schedule J, Part I - Line 1a The Organization has in place a Management Self Development Plan (MSDP) designed to promote professional and personal development The MSDP is capped at 2% of gross pay and may be utilized for expenses such as professional dues, meetings and seminars, tuition reimbursement, and other miscellaneous items that promote professional knowledge The monies may also be used for up to a 50% reimbursement of the cost of a fitness/wellness program designed to maintain the health of management personnel All expenses are submitted for approval before reimbursement
Supplemental Retirement Information	Schedule J, Part I - line 4b	The following individuals received payments from a supplemental nonqualified retirement plan Thomas Colacchio $58,875 Nancy Formella $112,157 Carl Dematteo $71,527 Robin Kilfeather-Mackey $7,482 Peter Johnson $32,822 Linda Von Reyn $28,137 Daniel Jantzen $58,223 Stephen Leblanc $23,676 John Butterly $40,093 Lawrence Dacey $55,580 Susan Reeves $8,247 Neil Castaldo $42,979 Mary Oseid $8,175 William Mroz $971 Sandra Dickau $3,465 Michael Ward $2,461 Richard Showalter $23,700 John Collins $26,745 Dartmouth-Hitchcock Supplemental Retirement Plan Terms and Conditions An eligible employee is a participant in the Dartmouth-Hitchcock Retirement Plan and/or any prior pension arrangements sponsored by Dartmouth-Hitchcock (including two qualified defined benefit plans) who would be entitled to additional contributions or benefit accruals under the terms of the Plans for the plan year, but are limited by IRC Section 401 (a)(17) and/or 415 For eligible employees, the Employer will pay the eligible employee an amount determined by the employer each year to offset the amount of the reduction in the benefit accrual or contributions as a result of limitations imposed by IRC Sections 401(a)(17) and/or 415

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 02-0222140
Name: Mary Hitchcock Memorial Hospital

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Nancy Formella	(I)	666,246	0	117,287	9,188	19,003	811,724	0
	(II)	0	0	0	0	0	0	0
Thomas Colacchio MD	(I)	0	0	0	0	0	0	0
	(II)	676,930	0	58,875	31,410	24,900	792,115	0
Carl Dematteo	(I)	0	0	0	0	0	0	0
	(II)	490,025	0	80,647	8,820	17,773	597,265	0
Robin Kilfeather-Mackey CPA	(I)	0	0	0	0	0	0	0
	(II)	363,950	0	11,752	8,820	12,676	397,198	0
Peter Johnson	(I)	0	0	0	0	0	0	0
	(II)	388,659	0	32,822	8,820	21,673	451,974	0
Linda Von Reyn	(I)	280,852	0	41,440	8,895	20,236	351,423	0
	(II)	0	0	0	0	0	0	0
Daniel Jantzen CPA	(I)	469,627	0	58,637	12,250	20,320	560,834	0
	(II)	0	0	0	0	0	0	0
Stephen Leblanc	(I)	0	0	0	0	0	0	0
	(II)	446,635	0	28,877	8,820	19,626	503,958	0
John Butterly MD	(I)	0	0	0	0	0	0	0
	(II)	447,775	7,500	45,047	39,740	23,001	563,063	0
Brian Lally	(I)	0	0	0	0	0	0	0
	(II)	251,389	0	1,712	26,510	20,700	300,311	0
Lawrence Dacey MD	(I)	0	0	0	0	0	0	0
	(II)	511,281	0	55,994	8,820	25,754	601,849	0
David Gladstone	(I)	258,794	0	2,137	28,715	19,726	309,372	0
	(II)	0	0	0	0	0	0	0
Bruce King	(I)	236,022	47,500	11,451	8,935	20,224	324,132	0
	(II)	0	0	0	0	0	0	0
Susan Reeves	(I)	247,589	0	28,319	7,350	20,198	303,456	0
	(II)	0	0	0	0	0	0	0
Neil Castaldo	(I)	491,435	70,000	64,741	31,410	18,977	676,563	0
	(II)	0	0	0	0	0	0	0
Mark Bellerive	(I)	241,028	0	0	39,534	15,206	295,768	0
	(II)	0	0	0	0	0	0	0
Richard Showalter	(I)	179,529	0	67,071	8,763	15,077	270,440	0
	(II)	0	0	0	0	0	0	0
John Collins	(I)	0	0	117,666	0	0	117,666	0
	(II)	104,956	116,408	155,016	31,410	23,885	431,675	0
Victoria George	(I)	0	0	0	0	0	0	0
	(II)	162,992	0	503	19,140	0	182,635	0
Mary Oseid	(I)	0	0	0	0	0	0	0
	(II)	246,162	0	8,175	8,820	19,653	282,810	0
Christine Schon	(I)	0	0	0	0	0	0	0
	(II)	196,759	0	3,436	22,813	15,047	238,055	0
William Mroz	(I)	237,719	0	15,835	31,410	14,739	299,703	0
	(II)	0	0	0	0	0	0	0
Sandra Dickau	(I)	244,385	0	4,653	9,167	8,602	266,807	0
	(II)	0	0	0	0	0	0	0
Mary Kay Boudewyns	(I)	200,420	0	4,716	6,114	12,243	223,493	0
	(II)	0	0	0	0	0	0	0
Gail Dahlstrom	(I)	202,200	0	8,177	0	16,262	226,639	0
	(II)	0	0	0	0	0	0	0
Michael Ward	(I)	0	0	0	0	0	0	0
	(II)	231,126	0	12,980	8,785	19,360	272,251	0
Richard Davis	(I)	0	0	0	0	0	0	0
	(II)	97,816	0	4,049	3,741	0	105,606	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	New Hampshire Health and Education Facilities Auth	02-0279866	644614Y07	08-19-2009	134,661,088	CURRENT REFUND 2008(A),(B),(C)		X		X		X
B	New Hampshire Health and Education Facilities Auth	02-0279866		03-30-2009	5,935,000	VARIOUS EQUIPMENT		X		X		X
C	New Hampshire Health and Education Facilities Auth	02-0279866	644614G29	06-16-2010	73,647,839	CONSTR OF FACILITY AND Equip		X		X		X
D	New Hampshire Health and Education Facilities Auth	02-0279866		08-31-2011	38,119,624	Current Refund 2001(A)		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	0
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	134,841,419	5,935,000	73,666,926	38,119,624
4	Gross proceeds in reserve funds	0	0	0	0
5	Capitalized interest from proceeds	0	0	3,766,049	0
6	Proceeds in refunding escrow	0	0	0	0
7	Issuance costs from proceeds	2,273,111	0	1,168,560	97,500
8	Credit enhancement from proceeds	0	0	0	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	0	5,935,000	44,137,605	0
11	Other spent proceeds	132,387,977	0	0	38,022,124
12	Other unspent proceeds	0	0	24,610,964	0
13	Year of substantial completion	2010	2009	2011	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?		X		X		X		

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2	Is the bond issue a variable rate issue?		X		X		X	X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X	X	
b	Name of provider	Morgan Stanley							
c	Term of hedge		29 8						29 8
d	Was the hedge superintegrated?		X		X		X	X	
e	Was a hedge terminated?		X		X		X		X
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule K, Part I(f)	Issue dates of Bonds on Schedule K	Current Refund 2008(A), issued 9/4/2008, which advance refunds 1985 Current Refund 2008(B), issued 10/31/2008, which advance refunds 1993 Current Refund 2008(c), issued 12/19/2008 Current Refund 2001(A), issued 10/17/2001, which advance refunds 1994

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

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

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

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
(1) DANIEL JANTZEN SPLIT DOLLAR LIFE		X	82,043	82,043		No	Yes		Yes	
(2) SUSAN REEVES SPLIT DOLLAR LIFE		X	108,267	108,267		No	Yes		Yes	
(3) SANDRA DICKAU SPLIT DOLLAR LIFE		X	12,824	12,824		No	Yes		Yes	
(4) BRUCE KING SPLIT DOLLAR LIFE		X	99,352	99,352		No	Yes		Yes	
(5) MARY KING SPLIT DOLLAR LIFE		X	10,743	10,743		No	Yes		Yes	
(6) DEBORAH JANTZEN SPLIT DOLLAR LIFE		X	40,893	40,893		No	Yes		Yes	
Total . . . . . ▶ $				354,122						

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Hypertherm	Trustee Baraba Couch	250,000	See Attached		No
(2) Ingrid Mroz	Key Employee William Mroz	115,155	SPOUSE EMPLOYED BY MHMH		No
(3) John Collins	Former Key Employee	155,869	See Attached		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule L Part IV	Business Transactions	Name of Interested Person Barbara Couch Relationship Trustee Description of Transaction Barbara Couch is a greater than 35% owner of Hypertherm, an entity that contracts with MHMH for certain medical services for its employees John Collins provided expertise services on behalf of MHMH to Hamden Assurance Risk Retention Group, and Hamden Assurance Company Ltd, related organizations that provides liability insurance to Dartmouth-Hitchcock Clinic and Mary Hitchcock Memorial Hospital

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▸Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▸ Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	11	40,397	Fair Market Value
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▸ (Travel/Fuel for Patients)	X	1	40,000	FMV
26 Other ▸ (Misc Prgm Rltd)	X	276	276	FMV Nt Prov by Donor
27 Other ▸ ( )				
28 Other ▸ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . **29** 0

		Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	**30a**		No
b If "Yes," describe the arrangement in Part II			
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	**31**	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	**32a**	Yes	
b If "Yes," describe in Part II			
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Line 32B		The organization uses Dartmouth-Hitchcock Medical Center, a supporting Organization, for solicitation of contributions and annual fund activities From time to time, the Hospital may receive non-cash contributions directly from its donors

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

Identifier	Return Reference	Explanation
Part V - Question 1a	Independent Contractors	Dartmouth-Hitchcock Clinic (DHC) is part of the Dartmouth-Hitchcock Health system which includes DHC, Mary Hitchcock Memorial Hospital (MHMH) and subsidiaries MHMH received authority from the Internal Revenue Service to act as DHC's pay agent as of the beginning of fiscal year 2010 All expenses are paid directly by MHMH and reimbursed by DHC MHMH manages all required IRS reporting in regards to 1099's for independent contractors

Identifier	Return Reference	Explanation
Description of classes of members, persons, and the nature of their rights		Part VI, Question 6 & 7a Dartmouth-Hitchcock Health (D-HH) is the sole corporate Member of Mary Hitchcock Memorial Hospital (MHMH) D-HH has specific authority and reserved powers, including the power to confirm the election of members of the MHMH's Board of Trustees and the power to approve significant governance, financial and operational decisions of MHMH's Trustees Part VI, Question 7b In addition to reserved powers, Dartmouth-Hitchcock Health (D-HH) shall have the authority to take actions to establish, manage, and govern the System as an integrated health care delivery system in furtherance of the mission of the Hospital and other Organizations These powers include but are not limited to items such as the ability to approve, disapprove or modify all material governance, programmatic and financial decisions of MHMH's Board of Trustees, to appoint or remove a member of the Hospital's Board of Trustees, assess the Hospital a monetary amount for the payment of the expenses of D-HH, approve the Hospital's budget, approve the borrowings or dispositions of assets by the Hospital, approve key strategic relationships, approve the elimination or addition of any material health care service or program, and other authority to take action on behalf of the Hospital Disregarded Entities Part VI, Question 10a & 10b MHMH is the sole corporate member of New England Alliance for Health (NEAH), a disregarded entity which coordinates and performs services for its membership consisting of community hospitals, behavioral health centers, and home healthcare agencies that come together in a shared commitment to improve the quality, efficiency, and availability of health care in New Hampshire, Vermont, and western Massachusetts The organization does not have any local chapters, branches, or affiliates that would require written policies and procedures governing the activities NEAH is operated as a department of MHMH and therefore does not require separate policies and procedures

Identifier	Return Reference	Explanation
Describe the Process used by Management &/or Governing Body to Review 990	Form 990, Part VI, Question 11b	The Audit Committee of the MHMH Board of Trustees is presented with a substantially complete Form 990 THE FORMS 990 AND 990-T ARE REVIEWED BY THE DIRECTOR OF CORPORATE FINANCE, VICE PRESIDENT OF CORPORATE FINANCE AND THE CHIEF FINANCIAL OFFICER BEFORE THE FILING OF THE RETURN The Committee members are expected to review these forms before the meeting AT THE MEETING A PRESENTATION IS MADE BY THE ORGANIZATION'S TAX ADVISOR AND THE ORGANIZATION'S FINANCE STAFF, WITH TIME ALLOTTED FOR QUESTIONS FROM THE COMMITTEE. ONCE THE RETURN HAS BEEN FULLY PREPARED A FINAL 990 AND 990-T COMPLETE ELECTRONIC VERSION IS SENT OUT TO EACH BOARD MEMBER PRIOR TO THE OFFICIAL FILING

Identifier	Return Reference	Explanation
Description of Process to Monitor Transactions for Conflicts of Interest	Form 990, Part VI, Question 12c	The Mary Hitchcock Memorial Hospital Board of Trustees approved a policy concerning a voluntary self-disclosure of any potential conflict of interest The Compliance and Audit Services Department conducts an annual survey and performs other procedures as considered necessary to report on compliance with the conflict of interest policy The Compliance and Audit Services Department then reports to the board any potential conflicts for their review Per the policy any conflicts or otherwise perceived are required to be addressed by the Board of Trustees on an ongoing basis If a conflict arises, the individual is asked to recuse themselves from voting on any related items The policy applies to all trustees, employees, and their immediate family members All MHMH board members are included in the annual conflict of interest survey

Identifier	Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR UNDERTAKEN	Form 990, Part VI, Question 15a	Compensation for the President is evaluated by an independent third party firm for reasonableness and national data benchmarking The Compensation Committee along with Independent Trustees approve the final compensation in consideration with the independent third party firm's recommendations and suggestions This process is completed on an annual basis

Identifier	Return Reference	Explanation
Offices & Positions for Which Process was Used & Year Undertaken	Form 990, Part VI, Question 15b	Compensation for the Officers and Key Employees are evaluated by an independent third party firm for reasonableness and national data benchmarking. The Compensation Committee along with Independent Trustees approve the final compensation in consideration with the independent third party firm's recommendations and suggestions. THIS PROCESS WAS LAST UNDERTAKEN IN 2011 FOR EACH PERSON IDENTIFIED AS AN OFFICER OR KEY EMPLOYEE.

Identifier	Return Reference	Explanation
Avail of Gov Docs, Conflict of Interest Policy, & Fin Stmts to Gen Public	Form 990, Part VI, Question 19	MHMH's governing documents are available through the New Hampshire Department of State Certain financial information is disclosed through the Community Benefits Annual Report The audited financial statements, governing documents, and conflict of interest policy are available upon request in either electronic or hardcopy form Average Hours Per Week Part VII Section A, Line 1A, Column B As part of MHMH's and Dartmouth-Hitchcock Clinic's affiliation agreement, the two organizations share officers As such, the average hours per week are allocated between the two organization's 990's even though compensation reported in part VII is based on the entity issuing the W-2 In addition, certain officers spend time on Dartmouth-Hitchcock Health, the sole corporate member of both MHMH and DHC

Identifier	Return Reference	Explanation
Financial Statements and Reporting		Part XI, Question 5 Other Changes in Net Assets Include Change in Unrealized gain/loss ($18,009,745) Pension-related charges ($4,807,296) Series 2001A unrealized Gain/Loss on Hedge ($664,092) Total changes in net assets ($23,481,133) Part XII, Question 2d The organization's financial information is included in the audited financial statements of Dartmouth-Hitchcock and Subsidiaries, which consists of Dartmouth-Hitchcock Clinic and subsidiaries, as well as Mary Hitchcock Memorial Hospital Part XII, Question 3a DURING FISCAL YEAR 2011, MARY HITCHCOCK MEMORIAL HOSPITAL EXPENDED FUNDS FROM FEDERAL AWARDS IN EXCESS OF THE MINIMUM THRESHHOLD SET FORTH IN THE SINGLE AUDIT ACT AND OMB CIRCULAR A-133, THEREFORE REQUIRING AN AUDIT DUE TO THE ISSUANCE OF THE COMBINED FINANCIAL STATEMENTS, THE SINGLE AUDIT WAS PERFORMED ON THE COMBINED FINANCIAL INFORMATION OF ALL ORGANIZATIONS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Nancy Formella TITLE Pres MHMH/Trustee Ex Officio HOURS

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Thomas Colacchio, MD TITLE Trustee/Pres D-HH HOURS 60

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Carl Dematteo TITLE Chief Quality Compliance Offcr HOURS 30

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Robin Kilfeather-Mackey, CPA TITLE Chief Financial Officer HOURS 33

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Peter Johnson TITLE Chief Information Officer HOURS 30

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Linda Von Reyn TITLE Chief Nursing Officer HOURS 30

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Daniel Jantzen, CPA TITLE Chief Operating Officer HOURS 30

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Stephen Leblanc TITLE Exec VP D-H Health HOURS 35

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME John Butterly, MD TITLE Exec VP of Med Affairs, D-HH HOURS 35

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Brian Lally TITLE Chief Advancement Officer HOURS 30

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Lawrence Dacey, MD TITLE Chief Medical Officer HOURS 30

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Alan Weston TITLE Chief HR Officer (Eff 1/24/11) HOURS 30

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mary Oseid TITLE V P Ambulatory Care HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Christine Schon TITLE V P Comm Grp Pract Ops HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME William Mroz TITLE V P Operations/Clinical Svcs HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Sandra Dickau TITLE V P Operations/Patient Care HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Mary Kay Boudewyns TITLE V P Revenue Management HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Gail Dahlstrom TITLE V P Facilities Mgmt HOURS 20

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Michael Ward TITLE V P Cancer Services HOURS 20

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) NEW ENGLAND ALLIANCE FOR HEALTH LLC ONE MEDICAL CENTER DRIVE LEBANON, NH 03756 26-4232401	HLTH IMPROVMT	NH	2,263,708	223,442	NA

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) DARTMOUTH-HITCHCOCK CLINIC ONE MEDICAL CENTER DRIVE LEBANON, NH 03756 22-2519596	PHYSICIAN SVC	NH	501(c)(3)	9	D-HH		
(2) DARTMOUTH-HITCHCOCK MEDICAL CENTER ONE MEDICAL CENTER DRIVE LEBANON, NH 03756 22-2715483	SUPPORTNG ORG	NH	501(c)(3)	11 TYPE I	NA		
(3) DARTMOUTH - HITCHCOCK HEALTH One Medical Center Drive Lebanon, NH 03756 26-4812335	SUPPORTNG ORG	NH	501(c)(3)	7	NA		
(4) HAMDEN RISK RETENTION GROUP INC 30 MAIN STREET STE 330 BURLINGTON, VT 05401 20-8530788	Self Ins	VT	501(c)(3)	11 TYPE I	DHC		
(5) The Hitchcock Foundation One Medical Center Drive Lebanon, NH 03756 02-0222139	HLTHCRE RSRCH	NH	501(c)(3)	7	DHC		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) D-H Mster Invst Prg 1 Med Ctr Dr LEBANON, NH03756 02-0205863	POOLED INVEST	NH	MHMH	Excluded	28,867,109	425,150,120		No	1,912	Yes		93 413 %
(2) New Eng Phmcy Col 1 Med Ctr Dr LEBANON, NH03756 26-3819035	Group Purchas	NH	NA	Related	-107,046	8,492		No	0	Yes		43 069 %
(3) The Hitchcock Ptshp 1 Med Ctr Dr LEBANON, NH03756 02-0514823	Invst in Ptnr	NH	MHMH	Investment	19,495	0		No	0	Yes		61 420 %
(4) KEENE HLTH ALLIANCE 580 Court St Keene, NH03431 30-0179297	Healthcare	NH	NA	N/A	0	0			0			
(5) Obnet Services LLC 1 Med Ctr Dr Lebanon, NH03756 04-3746287	Database Serv	NH	DHC	Related	0	0		No	0			

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) D & L Parsells Chant Remndr Unitrust One Medical Center Drive Lebanon, NH03756 51-0538760	Chart Trust	NH	N/A	Trust			100 000 %
(2) F & E Cluthe Charitable Rmndr Unitrust One Medical Center Drive Lebanon, NH03756 02-6103634	Chart Trust	NH	N/A	Trust			100 000 %
(3) Hitchcock Hospital Pooled Incme Fnd LIT2 One Medical Center Drive Lebanon, NH03756 22-3035122	Chart Trust	NH	N/A	Pooled income fd			100 000 %
(4) Pompanoosuc Investment Corp 1 Medical Ctr Dr Lebanon, NH03756 02-0352330	Real Est Hldg	NH	NA	C Corporation			
(5) Hamden Assurance Co Ltd 44 Church St Hamilton HM 12 BD 98-0121409	Liab Insuance	BD	DHC	Foreign Corp	0	0	25 000 %
(6) DH Pension Grp Trst 1 Medical Ctr Dr Lebanon, NH03756 20-2588083	Pension Trust	NH	NA	Trust	0	0	0 %

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) DARTMOUTH - HITCHCOCK CLINIC	D & E	53,041,620	
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

KPMG

DARTMOUTH-HITCHCOCK AND SUBSIDIARIES

Combined Financial Statements

September 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

DARTMOUTH-HITCHCOCK AND SUBSIDIARIES

Table of Contents

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Dartmouth-Hitchcock

We have audited the accompanying combined balance sheets of Dartmouth-Hitchcock and Subsidiaries (Dartmouth-Hitchcock) as of September 30, 2011 and 2010, and the related combined statements of operations and changes in net assets and cash flows for the years then ended These combined financial statements are the responsibility of Dartmouth-Hitchcock management Our responsibility is to express an opinion on these combined 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on Dartmouth-Hitchcock's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Dartmouth-Hitchcock and Subsidiaries as of September 30, 2011 and 2010, and the results of their operations and changes in net assets, and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

KPMG LLP

January 27, 2012

DARTMOUTH-HITCHCOCK AND SUBSIDIARIES

Combined Balance Sheets

September 30, 2011 and 2010

(Dollars in thousands)

Assets	2011	2010
Current assets		
Cash and cash equivalents	$ 50,778	$ 43,423
Patient accounts receivable, net of estimated uncollectibles of $56,495 in 2011 and $64,260 in 2010 (notes 4 and 5)	154,294	165,056
Current portion of trustee-held assets (notes 6, 8, and 11)	—	6,575
Prepaid expenses and other current assets (notes 5 and 14)	82,328	55,887
Total current assets	287,400	270,941
Assets limited as to use, net of current portion (notes 6, 8, and 11)	498,234	555,245
Other investments for temporarily and permanently restricted activities (notes 6 and 8)	95,943	93,719
Property, plant, and equipment, net (note 7)	429,267	390,470
Other assets	45,616	43,577
Total assets	$ 1,356,460	$ 1,353,952
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt (note 11)	$ 9,698	$ 9,566
Current portion of liability for pension and other postretirement plan benefits (note 12)	7,623	3,896
Accounts payable and accrued expenses	73,686	61,519
Accrued compensation and related benefits	99,374	83,569
Estimated third-party settlements (note 5)	22,491	25,221
Total current liabilities	212,872	183,771
Long-term debt, excluding current portion (note 11)	408,523	423,082
Insurance deposits and related liabilities (note 13)	93,703	95,180
Interest rate swaps (notes 8 and 11)	26,768	28,589
Liability for pension and other postretirement plan benefits (note 12)	371,556	332,094
Total liabilities	1,113,422	1,062,716
Net assets		
Unrestricted	152,039	197,885
Temporarily restricted (notes 9 and 10)	60,011	62,696
Permanently restricted (notes 9 and 10)	30,988	30,655
Total net assets	243,038	291,236
Commitments and contingencies (notes 5, 7, 8, 11, 14, and 16)		
Total liabilities and net assets	$ 1,356,460	$ 1,353,952

See accompanying notes to combined financial statements

DARTMOUTH-HITCHCOCK AND SUBSIDIARIES

Combined Statements of Operations and Changes in Net Assets

Years ended September 30, 2011 and 2010

(Dollars in thousands)

	2011	2010
Unrestricted revenue and other support		
Net patient service revenue (notes 4 and 5)	$ 1,116,310	$ 1,113,077
Medicaid uncompensated care payment (note 5)	41,693	37,788
Contracted revenue (note 2)	62,119	56,692
Other operating revenue (notes 2, 5, 6, and 14)	38,911	31,238
Net assets released from restrictions (note 9)	10,581	11,021
Total unrestricted revenue and other support	1,269,614	1,249,816
Operating expenses		
Salaries	587,563	567,848
Employee benefits	198,770	208,180
Medical supplies and medications	160,197	161,099
Purchased services and other	153,564	151,982
Medicaid enhancement tax (note 5)	43,491	37,788
Medical school financial support	8,000	8,000
Depreciation and amortization	49,632	44,637
Interest (note 11)	16,094	13,221
Provision for bad debts	39,123	32,423
Expenditures relating to net assets released from restrictions	10,581	11,021
Total operating expenses	1,267,015	1,236,199
Operating margin, before nonrecurring charge	2,599	13,617
Voluntary early retirement program (note 12)	15,781	—
Operating (loss) margin	(13,182)	13,617
Nonoperating gains (losses)		
Investment gains (notes 6 and 11)	964	36,139
Loss on advance refunding (note 11)	(1,698)	—
Other losses	(4,466)	(2,505)
Total nonoperating (losses) gains, net	(5,200)	33,634
(Deficiency) excess of revenue over expenses	$ (18,382)	$ 47,251

(Continued)

DARTMOUTH-HITCHCOCK AND SUBSIDIARIES

Combined Statements of Operations and Changes in Net Assets

Years ended September 30, 2011 and 2010

(Dollars in thousands)

	2011	2010
Unrestricted net assets		
(Deficiency) excess of revenue over expenses	$ (18,382)	$ 47,251
Net assets released from restrictions for property acquisitions (note 9)	224	136
Change in funded status of pension and other postretirement benefits (note 12)	(25,994)	(16,793)
Change in fair value on interest rate swaps (note 11)	(1,694)	(5,817)
Interest accrued on swap agreements	(4,670)	(3,281)
Reclassification of interest to earnings	4,670	3,281
(Decrease) increase in unrestricted net assets	(45,846)	24,777
Temporarily restricted net assets		
Gifts, bequests, and sponsored activities	7,603	8,888
Investment gains	1,928	2,245
Change in net unrealized (losses) gains on investments	(1,411)	1,837
Transfers from other funds, net (note 10)	—	5,230
Net assets released from restrictions (note 9)	(10,805)	(11,157)
(Decrease) increase in temporarily restricted net assets	(2,685)	7,043
Permanently restricted net assets		
Gifts and bequests	333	2,809
Change in net unrealized gains on investments	—	20
Transfers to other funds, net (note 10)	—	(5,226)
Increase (decrease) in permanently restricted net assets	333	(2,397)
Change in net assets	(48,198)	29,423
Net assets, beginning of year	291,236	261,813
Net assets, end of year	$ 243,038	$ 291,236

See accompanying notes to combined financial statements

DARTMOUTH-HITCHCOCK AND SUBSIDIARIES

Combined Statements of Cash Flows

Years ended September 30, 2011 and 2010

(Dollars in thousands)

	2011	2010
Cash flows from operating and nonoperating activities		
Change in net assets	$ (48,198)	$ 29,423
Adjustments to reconcile change in net assets to net cash provided by operating and nonoperating activities		
Change in fair value of interest rate swaps	2,246	5,670
Depreciation and amortization	49,913	44,902
Change in funded status of pension and other postretirement benefits	25,994	16,793
Loss on disposal of fixed assets	778	693
Loss on advance refunding of debt	1,698	—
Change in net unrealized losses (gains) on investments	14,869	(27,018)
Restricted contributions	(333)	(2,809)
Changes in assets and liabilities		
Patient accounts receivable, net	10,762	(4,643)
Prepaid expenses and other current assets	(26,441)	(16,967)
Other assets, net	(5,172)	(1,623)
Accounts payable and accrued expenses	9,503	4,576
Accrued compensation and related benefits	15,805	9,358
Estimated third-party settlements	(2,730)	(13,604)
Liability for pension and other postretirement benefits	17,195	10,780
Net cash provided by operating and nonoperating activities	65,889	55,531
Cash flows from investing activities		
Purchase of property, plant, and equipment	(86,010)	(74,388)
Change in assets limited as to use – held by trustee	58,229	(42,806)
Net purchases of investments, net	(12,137)	(5,436)
Net cash used by investing activities	(39,918)	(122,630)
Cash flows from financing activities		
Repayment of long-term debt		
Principal payments on existing debt	(14,853)	(9,443)
Advance refunding of Series 2001A Bonds	(99,480)	—
Proceeds from issuance of debt		
Series 2010 Revenue Bonds	—	73,648
Series 2011 Revenue Bonds	99,702	—
Payment of debt issuance costs	(250)	(1,152)
Proceeds from interest rate swap termination	—	4,341
Partial redemption of interest rate swap	(4,068)	—
Restricted contributions	333	2,809
Net cash (used) provided by financing activities	(18,616)	70,203
Increase in cash and cash equivalents	7,355	3,104
Cash and cash equivalents, beginning of year	43,423	40,319
Cash and cash equivalents, end of year	$ 50,778	$ 43,423
Supplemental cash flow information		
Interest paid	$ 21,649	$ 16,499
Construction in progress amounts included in accrued expenses	2,269	1,120

See accompanying notes to combined financial statements

(1) Organization and Reporting Entity

Dartmouth-Hitchcock (D-H) is comprised of the following entities

- Dartmouth-Hitchcock Clinic (the Clinic) and Subsidiaries, a multispecialty physician practice group which operates clinics throughout New Hampshire (NH) and Vermont (VT), provides, among other things, medical services to patients, medical education, and research The Clinic is also the sole corporate member of The Hitchcock Foundation (THF), a 501(c)(3) organization established to provide financial aid to research and general health programs The accompanying combined financial statements include the accounts of The Hitchcock Foundation and the Clinic's wholly owned for profit subsidiaries Pompanoosuc Investment Corporation, majority-owned Hamden Assurance Company, Limited (HAC), and majority-owned Hamden Assurance Risk Retention Group, Inc (RRG) (note 13)

  The Clinic has entered into various contractual arrangements with community hospitals located in Keene, Concord, Manchester, and Nashua, NH in which the Clinic has existing community practice sites These arrangements attempt to integrate and/or coordinate hospital and physician operations clinically and administratively within these communities (note 2(c))

- Mary Hitchcock Memorial Hospital (the Hospital), an acute and tertiary care teaching hospital located in Lebanon, NH

These organizations are not-for-profit organizations, as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from Federal income taxes on related income pursuant to Section 501(a) of the IRC with the exception of the Clinic's wholly owned for-profit subsidiaries

Effective November 9, 2006, the Boards of the Clinic and the Hospital continued their long-standing process of increased integration, declaring the existence of a partnership between the two organizations This step, taken in an effort to simplify certain of the organizations' regulatory filing requirements (which often require parties to identify what type of organization they are), did not in any way change the substance of the relationship between the Hospital and the Clinic This declaration was accompanied by certain technical amendments to the parties' existing enhanced affiliation agreement and, pursuant to discussions with applicable governmental bodies, did not require the receipt of any regulatory approvals

On May 1, 2009, the Hospital and the Clinic established Dartmouth-Hitchcock Health (D-HH), a nonprofit NH corporation under Section 501(c)(3) of the IRC D-HH became the sole member of both the Hospital and Clinic effective August 30, 2010 and as a result holds certain reserved powers over the activities of both entities The existing partnership agreement between the Hospital and Clinic remained in effect through September 30, 2010 Effective October 1, 2010, a new affiliation agreement was established, which preserved the operational integration of DHC and MHMH and also recognized D-HH as the sole corporate member of these entities

(2) Affiliated Entities

Affiliated entities include the following

(a) New England Alliance for Health

The New England Alliance for Health (NEAH) is a NH limited liability company, which is owned and managed by the Hospital NEAH provides, on a contract basis, a range of consulting, group purchasing and other services to its members throughout NH and VT

(b) Dartmouth-Hitchcock Medical Center (DHMC)

DHMC is a nonprofit corporation organized for the exploration and coordination of matters of mutual interest among its members, which consist of D-H, Dartmouth Medical School (DMS), a component of Dartmouth College (the College), and the Veterans Affairs Medical Center and Regional Office of White River Junction, VT Administrative costs and other costs of DHMC are apportioned among the member organizations

In addition, D-H and the College provide certain services to each other including graduate medical education, staffing of clinical departments, support services, and the provision of space The members of DHMC have agreed to compensate one another directly based on the cost of the services provided

(c) Other Regional Relationships

- D-H's Keene community practice and The Cheshire Medical Center, Keene's community hospital, operate collectively under a Partnership Agreement effective October 1, 1998 This agreement substantially integrates many hospital and physician operations clinically, administratively, and financially while maintaining the independent legal structure of each organization Pursuant to this agreement, the Clinic recorded approximately $3,429,000 and $5,957,000, classified as other operating revenue in the accompanying combined statements of operations and changes in net assets, in the years ended September 30, 2011 and 2010, respectively A NH nonprofit Joint Coordinating Company and Coordinating Board, consisting of 19 board members, has been delegated certain responsibilities to develop and recommend strategic plans, budgets, and community health initiatives The purpose of the partnership is to improve the planning, delivery, and integration of healthcare services to benefit the greater Keene community
- D-H and subsidiaries of Concord Hospital (CRHC/DHC, Inc), Catholic Medical Center (Allied Health Services), and an affiliate of St Joseph's Hospital (D-H Family Medicine Nashua, Inc), entered into Professional Services Agreements (PSAs), pursuant to which these facilities purchase, with certain limited exceptions, the services of all personnel employed by D-H at its Concord, NH Division, two Bedford, NH locations and its Nashua, NH West Center location to provide healthcare services to the related communities The payment amount for the professional services of D-H's personnel are based on fair market value considerations and are not directly or indirectly related to the volume or value of referrals or admissions, in accordance with governing law Through the PSAs, D-H and the parties identified above provide coordination of patient care in the community and facilitate the recruitment of new

and needed physicians without unnecessary duplication of services, and serve as a platform for future discussions between the parties to explore additional collaborative programs Revenue pursuant to these PSAs and certain facility and equipment leases and other professional service contracts, classified as contracted revenue in the accompanying combined statements of operations and changes in net assets, totaled $62,119,000 and $56,692,000 for the years ended September 30, 2011 and 2010, respectively

The combined financial statements of D-H do not include the accounts of the Clinic regional affiliations or DHMC

(3) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying combined financial statements, which are presented on the accrual basis of accounting, have been prepared consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954 *Healthcare Entities* (ASC 954), which addresses the accounting for healthcare entities In accordance with the provisions of the ASC 954, net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions Accordingly, unrestricted net assets are amounts not subject to donor-imposed stipulations and are available for operations Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained in perpetuity All significant intercompany transactions have been eliminated upon combination

D-H considers events or transactions that occur after the combined balance sheet date, but before the combined financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure These combined financial statements were available to be issued on January 27, 2012 and subsequent events have been evaluated through that date (see note 16)

(b) Use of Estimates

The preparation of the combined financial statements, in conformity with generally accepted accounting principles (GAAP), requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes The most significant areas that are affected by the use of estimates include the allowance for estimated uncollectible accounts, valuation of certain investments, estimated third-party payor settlements, insurance reserves, and pension obligations Actual results could differ from those estimates

(c) (Deficiency) Excess of Revenue over Expenses

The combined statements of operations and changes in net assets include (deficiency) excess of revenue over expenses Operating revenues consist of those items attributable to the care of patients, including contributions and investment income on unrestricted investments, which are utilized to provide charity and other operational support Peripheral activities, including realized gains/losses on sales of investment securities and unrealized changes in investments are reported as nonoperating gains (losses)

Changes in unrestricted net assets which are excluded from (deficiency) excess of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), change in funded status of pension plans and the effective portion of interest rate swap adjustments

(d) Charity Care and Provision for Bad Debts

D-H provides care to patients who meet certain criteria under their financial assistance policies without charge or at amounts less than their established rates Because D-H does not anticipate collection of amounts determined to qualify as charity care, they are not reported as revenue

D-H grants credit without collateral to patients, most of whom are local residents and are insured under third-party arrangements Additions to the allowance for uncollectible accounts are made by means of the provision for bad debts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental healthcare coverage, and other collection indicators (see note 4)

(e) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as estimates change or final settlements are determined (see note 5)

(f) Cash Equivalents

Cash equivalents include investments in highly liquid investments with maturities of three months or less when purchased, excluding amounts where use is limited by internal designation or other arrangements under trust agreements or by donors As more fully discussed in note 3(h), cash equivalents available for operating purposes are at fair value using Level 1 measurement

(g) Investments and Investment Income

Investments are reported at fair value Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (see note 8)

D-H and Central Vermont Medical Center, Inc (CVMC), an unrelated VT 501(c)(3) organization, have established a NH general partnership for the purpose of operating a master investment program of pooled investment accounts The Hospital has been designated to serve as the managing general partner and, in such capacity, has the authority to bind the partners and the partnership under the agreement Substantially all of D-H's board-designated and restricted assets, and certain of CVMC's board-designated assets and restricted assets, have been invested in these pooled funds by purchasing units based on the market value of the pooled funds at the end of the month prior to receipt of any

new additions to the funds Interest, dividends, and realized and unrealized gains and losses earned on pooled funds is allocated monthly based on the weighted average units outstanding at the prior month-end Effective November 1, 2011, THF joined the partnership In addition, CVMC withdrew from the partnership as of December 31, 2011, and received the fair market value of their investment as of that date

Investment income or losses (including unrealized and realized gains and losses on unrestricted investments, interest, and dividends) are included in (deficiency) excess of revenue over expenses classified as nonoperating gains and losses, unless the income or loss is restricted by donor or law (see note 10)

(h) Fair Value Measurement of Financial Instruments

D-H estimates fair value based on a valuation framework that uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) The three levels of fair value hierarchy, as defined by ASC 820, *Fair Value Measurements and Disclosures*, are described below

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for assets or liabilities
- Level 2 – Prices other than quoted prices in active markets that are either directly or indirectly observable as of the date of measurement
- Level 3 – Prices or valuation techniques that are both significant to the fair value measurement and unobservable or investments with liquidity restrictions

D-H also applies the accounting provisions of Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2009-12) ASU 2009-12 allows for the estimation of fair value of investments in investment companies, for which the investment does not have a readily determinable fair value, to use net asset value (NAV) per share or its equivalent as a practical expedient, subject to D-H's ability to redeem its investment

The carrying amount of patient accounts receivable, prepaid and other current assets, accounts payable, and accrued expenses approximates fair value due to the short maturity of these instruments (see note 11)

(i) Property, Plant, and Equipment

Property, plant, and equipment, and other real estate are stated at cost at the time of purchase or fair market value at the time of donation, less accumulated depreciation based upon historical cost D-H's policy is to capitalize expenditures for major improvements and to charge expense for maintenance and repair expenditures which do not extend the lives of the related assets The provision for depreciation has been determined using the straight-line method at rates which are intended to amortize the cost of assets over their estimated useful lives which are 5 to 40 years for

buildings and improvements, and 3 to 20 years for equipment Certain software development costs are amortized using the straight-line method over a period of up to ten years Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

The fair value of a liability for legal obligations associated with asset retirements is recognized in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made When a liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset Over time, the liability is accreted to its present value each period and the capitalized cost associated with the retirement is depreciated over the useful life of the related asset Upon settlement of the obligation, any difference between the actual cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the combined statements of operations and changes in net assets

Gifts of capital assets such as land, buildings, or equipment are reported as unrestricted support, and excluded from (deficiency) excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used Gifts of capital 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 capital assets are reported as restricted support Absent explicit donor stipulations about how long those capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired capital assets are placed in service

(j) Bond Issuance Costs

Bond issuance costs, classified on the combined balance sheets as other assets, are amortized over the term of the related bonds Amortization is recorded as depreciation and amortization in the combined statements of operations and changes in net assets

(k) Derivative Instruments and Hedging Activities

D-H applies the provisions of ASC 815, *Derivatives and Hedging*, to its derivative instruments, which requires that all derivative instruments be recorded at their respective fair value in the combined balance sheets

On the date a derivative contract is entered into, D-H designates the derivative as a *cash-flow hedge* of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability For all hedge relationships, D-H formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness This process includes linking cash-flow hedges to specific assets and liabilities on the combined balance sheets or to specific firm commitments or forecasted transactions D-H also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in variability of cash flows of hedged items Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in unrestricted net assets to the extent the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the

designated hedged item. The ineffective portion of the change in fair value of a cash-flow hedge is reported in (deficiency) excess of revenue over expenses in the combined statements of operations and changes in net assets.

D-H discontinues hedge accounting prospectively when it is determined: (a) the derivative is no longer effective in offsetting changes in the cash flows of the hedged item, (b) the derivative expires or is sold, terminated, or exercised, (c) the derivative is undesignated as a hedging instrument because it is unlikely that a forecasted transaction will occur, (d) a hedged firm commitment no longer meets the definition of a firm commitment, and (e) management determines that designation of the derivative as a hedging instrument is no longer appropriate.

In all situations in which hedge accounting is discontinued, D-H continues to carry the derivative at its fair value on the combined balance sheets and recognizes any subsequent changes in its fair value in (deficiency) excess of revenue over expenses.

(l) Gifts and Bequests

Unrestricted gifts and bequests are recorded net of related expenses as nonoperating gains. Unconditional promises to give cash and other assets to D-H are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give to D-H are reported at fair market 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 combined statements of operations and changes in net assets as net assets released from restrictions.

(m) Reclassifications

Certain amounts in the 2010 combined financial statements have been reclassified to conform to the 2011 presentation.

(n) Recently Issued Accounting Pronouncements

In August 2010, the FASB issued *Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), which provides that the net presentation of receivables for insurance recoveries and related claims liabilities is not permitted. ASU 2010-24 is effective for interim and annual periods beginning after December 15, 2010. D-H does not expect ASU 2010-24 to have a material impact to the accompanying combined financial statements.

In August 2010, the FASB issued *Health Care Entities: Measuring Charity Care for Disclosure* (ASU 2010-23), which clarified the disclosure of charity care provided by healthcare organizations, providing that such disclosure should be measured using cost and that related reimbursements recorded should also be separately disclosed. ASU 2010-23 will be effective for annual periods beginning on or after December 15, 2010, with retrospective application required. D-H does not expect ASU 2010-23 to have a material impact to the accompanying combined financial statements.

In July 2011, the FASB issued *Health Care Entities Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), which requires certain healthcare entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from net patient service revenue Additionally those healthcare entities are required to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts ASU 2011-07 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011 D-H does not expect ASU 2011-07 to have a material impact to the accompanying combined financial statements

(4) Charity Care and Community Benefits

The mission of D-H is to advance health through research, education, clinical practice and community partnerships, providing each person the best care, in the right place, at the right time, every time

Consistent with this mission, D-H provides high quality, cost effective, comprehensive, and integrated healthcare to individuals, families, and the communities it serves regardless of a patient's ability to pay D-H actively supports community-based healthcare and promotes the coordination of services among healthcare providers and social services organizations In addition, D-H also seeks to work collaboratively with other area healthcare providers to improve the health status of the region As a component of an integrated academic medical center, D-H provides significant support for academic and research programs

D-H files an annual Community Benefit Report with the State of NH which outlines the community and charitable benefits it provides The broad categories used in the Community Benefit Report to summarize these benefits are as follows

- *Community health services* include activities carried out by D-H to improve community health and could include community health education (such as lectures, programs, support groups, and materials that promote wellness and prevent illness), community-based clinical services (such as free clinics and health screenings), and healthcare support services (enrollment assistance in public programs, assistance in obtaining free or reduced costs medications, telephone information services, or transportation programs to enhance access to care, etc)
- D-H provides both financial and nonfinancial support for *health professional education* in the form of undergraduate training, internships (clinical and nonclinical), residency education programs, scholarships, and continuing heath professional education
- *Subsidized health services* are services D-H provides even though there is a financial loss because they meet the needs of the community and would not otherwise be available unless the responsibility was assumed by the government
- D-H provides support for *research* and other grants representing costs in excess of awards for numerous health research and service initiatives awarded to D-H
- D-H supports other community health-related initiatives outside of the organization through various *financial contributions* of cash, in-kind, and grants to local organizations
- *Community-building activities* include cash, in-kind donations, and budgeted expenditures for the development of programs and partnerships intended to address social and economic determinants of

health Examples include physical improvements and housing, economic development, support system enhancements, environmental improvements, leadership development and training for community members, community health improvement advocacy, and workforce enhancement *Community benefit operations* includes costs associated with staff dedicated to administering benefit programs, community health needs assessment costs, and other costs associated with community benefit planning and operations

- *Charity care (financial assistance)* represents services provided to patients who cannot afford healthcare services due to inadequate financial resources which result from being uninsured or underinsured For the years ended September 30, 2011 and 2010, D-H provided financial assistance to patients in the amount of approximately $55,285,000 and $51,554,000, respectively, as measured by gross charges The estimated cost of providing this care for the years ended September 30, 2011 and 2010 was approximately $25,586,000 and $22,612,000, respectively
- As part of *government-sponsored healthcare services*, D-H provides services to Medicaid patients at reimbursement levels that are significantly below the cost of the care provided
- The *uncompensated cost of care for Medicaid* patients reported in the Community Benefits Reports for 2010 and 2009 was approximately $62,523,000 and $57,790,000, respectively The 2011 Community Benefits Report is expected to be filed in April 2012

The following table summarizes the value of the community benefit initiatives outlined in D-H's most recently filed Community Benefit Report for the year ended September 30, 2010 (unaudited, dollars in thousands)

Community Health Services	$	3,874
Health Professional Education		4,726
Subsidized Health Services		82
Research		3,416
Financial Contributions		1,922
Community Building Activities		342
Community Benefit Operations		72
Charity Care		22,612
Government-sponsored health care services		62,523
Total community benefit value	$	99,569

D-H also provides a significant amount of uncompensated care to its patients that are reported as provision for bad debts, which is not included in the amounts reported above During the years ended September 30, 2011 and 2010, D-H reported a provision for bad debts of approximately $39,123,000 and $32,423,000, respectively D-H also routinely provides services to Medicare patients at reimbursement levels that are below the costs of the care provided

(5) Patient Service Revenue

Patient service revenue is reported net of contractual allowances as follows for the years ended September 30 (dollars in thousands)

	2011	2010
Gross patient service revenue	$ 2,585,712	$ 2,498,701
Less contractual allowances	1,469,402	1,385,624
Net patient service revenue	$ 1,116,310	$ 1,113,077

The following table categorizes payors into five groups and their respective percentages of D-H's gross patient service revenue for the years ended September 30

	2011	2010
Medicare	36%	35%
Anthem/Blue Cross	23	24
Commercial insurance	24	24
Medicaid	13	13
Other	4	4
	100%	100%

D-H has agreements with third-party payors that provide for payments at amounts different from D-H's established rates A summary of the acute care payment arrangements in effect during the years ended September 30, 2011 and 2010 with major third-party payors follows

- Inpatient acute care services provided to Medicare program beneficiaries are paid at prospectively determined rates-per-discharge These rates vary according to a patient classification system that is based on diagnostic, clinical and other factors In addition, inpatient capital costs (depreciation and interest) are reimbursed by Medicare on the basis of a prospectively determined rate per discharge Medicare outpatient services are paid on a prospective payment system Under the system, outpatient services are reimbursed based on a pre-determined amount for each outpatient procedure, subject to various mandated modifications D-H is reimbursed during the year for services to Medicare beneficiaries based on varying interim payment methodologies Final settlement is determined after the submission of an annual cost report and subsequent audit of this report by the Medicare fiscal intermediary
- Payment for inpatient services rendered to NH Medicaid beneficiaries are based on a prospective payment system, while outpatient services are reimbursed on a retrospective cost basis or fee schedules NH Medicaid Outpatient Direct Medical Education costs are reimbursed, as a pass-through, based on the filing of the Medicare cost report The State of NH has eliminated the Inpatient Direct Medical Education reimbursement, effective for the State fiscal year ended June 30, 2010 Payment for inpatient and outpatient services rendered to VT Medicaid beneficiaries are based on prospective payment systems

- Inpatient services rendered to Anthem/Blue Cross subscribers and certain commercial insurers are paid at prospectively determined rates-per-discharge or a percentage of established charges Outpatient services are reimbursed on a fee schedule or at a discount from established charges

Nonacute and physician services are paid at various rates under different arrangements with governmental payors, commercial insurance carriers and health maintenance organizations The basis for payments under these arrangements includes prospectively determined per visit rates, discounts from established charges, fee schedules, and reasonable cost subject to limitations

D-H has provided for its estimated final settlements with all payors based upon applicable contracts and reimbursement legislation and timing in effect for all open years (2007, 2008, 2009 and 2010) The differences between the amounts provided and the actual final settlement, if any, is recorded as an adjustment to net patient service revenue as amounts become known or as years are no longer subject to audits, reviews and investigations During 2011 and 2010, D-H received adjustments for estimated settlements with third-party payors which resulted in increases of net patient service revenue of approximately $1,700,000 and $7,800,000, respectively, in the combined statements of operations and changes in net assets

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation Compliance with laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, failure to comply with such laws and regulations can result in fines, penalties and exclusion from the Medicare and Medicaid programs

During the years ended September 30, 2011 and 2010, D-H paid a Medicaid Enhancement Tax (MET) to the State of NH of $36,692,000 and $37,788,000, respectively The tax, which is based on NH's fiscal year (July 1 – June 30), is calculated at 5 5% of certain gross patient revenues in accordance with instructions received from the State of NH D-H has filed amended returns to conform the calculation of gross patient service revenue to the federal definition as issued by the U S Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) which generally supervises the federal aspects of the Medicaid program D-H has accrued an estimated tax, net of overpayments and based on the federal definition, for the three month period ended September 30, 2011 of $6,799,000 The MET expense is included in operating expenses in the combined statements of operations and changes in net assets

D-H, as determined annually by NH, may qualify to receive a Medicaid Uncompensated Care Payment under their Disproportionate Share Program The payments are included in revenue in the combined statements of operations and changes in net assets

The Health Information Technology for Economic and Clinical Health (HITECH) Act included in the American Recovery and Reinvestment Act (ARRA) provides incentives for the adoption and use of health information technology by Medicare and Medicaid providers and eligible professionals over the next five years During the year ended September 30, 2011, D-H certified to CMS that it met the required elements for year one of the electronic health record meaningful use and therefore qualified to receive approximately $8 8 million of incentive funds under the HITECH Act for Medicare The amount due from CMS is recorded in other assets in the combined balance sheet as of September 30, 2011 and reflected as other operating revenue in the combined statement of operations and changes in net assets for the year ended September 30, 2011

(6) Investments

The composition of investments at September 30 is set forth in the following table (dollars in thousands)

	2011	2010
Assets limited as to use		
Internally designated by board		
Cash and short-term investments	$ 2,853	$ 3,231
U S government securities	44,601	39,164
Domestic corporate debt securities	109,388	98,550
International debt securities	37,768	39,431
Domestic equities	75,037	83,117
International equities	32,599	38,737
Emerging markets equities	9,231	13,904
Private equity funds	40,543	33,487
Hedge funds	30,714	42,573
Other	1,732	2,401
	384,466	394,595
Investments held by captive insurance companies (note 13)		
Cash and short-term investments	1,627	3,329
U S government securities	20,878	21,867
Domestic corporate debt securities	58,407	47,291
Domestic equities	8,242	8,731
International debt securities	—	7,091
	89,154	88,309
Held by trustee under indenture agreement (note 11)		
Cash and short-term investments	24,614	70,489
Commercial paper	—	8,427
	24,614	78,916
Less current portion of trustee-held assets	—	6,575
	24,614	72,341
Assets limited as to use	$ 498,234	$ 555,245

(Continued)

	2011	2010
Other investments for temporarily and permanently restricted activities		
Cash and short-term investments	$ 4,264	$ 12,473
U S government securities	8,145	14,150
Domestic corporate debt securities	38,115	29,539
International debt securities	7,626	5,906
Domestic equities	20,247	18,392
International equities	8,546	5,573
Emerging markets equities	1,137	1,385
Private equity funds	4,367	2,732
Hedge funds	3,309	3,569
Other	187	—
Total other investments for temporarily and permanently restricted activities	$ 95,943	$ 93,719

Investment income (losses) is comprised of the following for the years ended September 30 (dollars in thousands)

	2011	2010
Interest, dividend income, and other	$ 7,056	$ 6,755
Net realized gains on sales of securities	13,179	10,189
Net unrealized (losses) gains on investments	(13,458)	25,161
Interest expense (note 11)	(3,148)	(2,705)
	$ 3,629	$ 39,400

For the years ended September 30, 2011 and 2010, investment income (losses) is reflected in the accompanying combined statements of operations and changes in net assets as operating revenue of approximately $2,665,000 and $3,261,000 and as nonoperating gains (losses) of approximately $964,000 and $36,139,000, respectively

(Continued)

(7) Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows at September 30 (dollars in thousands)

	2011	2010
Land and improvements	$ 41,234	$ 39,826
Buildings and improvements	480,438	473,355
Equipment	399,678	325,432
	921,350	838,613
Less accumulated depreciation and amortization	542,592	494,935
Total depreciable assets, net	378,758	343,678
Construction in progress	50,509	46,792
	$ 429,267	$ 390,470

Construction in progress primarily consists of the medical office building and the fixed clinical MRI in Lebanon, NH, and the ambulatory care center in Nashua, NH Estimated costs to complete these projects are $49 5 million

(8) Fair Value Measurements

The following is a description of the valuation methodologies used by D-H for its assets and liabilities measured at fair value on a recurring basis

Cash and short-term investments Consists of money market funds and are valued at NAV reported by the financial institution

Domestic, emerging markets and international equities Consists of actively traded equity securities and mutual funds and pooled/commingled investment funds Actively traded equity securities and mutual funds are valued at the closing price reported on an active market on which the individual securities are traded (Level 1 measurements) Pooled/commingled investment funds represent investments where D-H owns shares or units of pooled funds rather than the underlying securities in that fund These investments are measured using the NAV as a practical expedient as reported by the fund on the close of business on at least a monthly basis (Level 2 measurements)

U S government securities, domestic corporate and international debt securities Consists of D-H's directly owned U S government securities, domestic corporate and international debt securities and D-H's investment in mutual funds and pooled/commingled funds that invest in U S government securities, domestic corporate and international debt securities Securities owned directly by D-H are valued based on quoted market prices or dealer quotes where available (Level 1 measurements) If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or, if necessary, matrix pricing from a third party pricing vendor to determine fair value (Level 2 measurements) Matrix prices are based on quoted prices for securities with similar coupons, ratings and maturities, rather than on specific bids and offers for a designated security Investments in mutual funds are measured based on the quoted NAV as of the close of business in the respective active market (Level 1 measurements)

Pooled/commingled investment funds are measured using fair value or, if fair value is not readily determinable, the NAV as reported by the fund on the close of business on at least a monthly basis, as a practical expedient (Level 2 measurements)

Private equity and hedge funds The estimation of fair value of investments in private equity and hedge funds for which the underlying securities do not have a readily determinable value is made using the NAV per share or its equivalent as a practical expedient D-H owns interests in these funds rather than in securities underlying each fund and, therefore, is generally required to consider such investments as Level 2 or Level 3, even though the underlying securities may not be difficult to value or may be readily marketable

Interest rate swaps The fair value of interest rate swaps are determined using the present value of the fixed and floating legs of the swaps Each series of cash flows are discounted by observable market interest rate curves and credit risk

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, although D-H believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date Also, because the use of NAV as a practical expedient to estimate fair value of certain investments, the level in the fair value hierarchy in which each fund's fair value measurement is classified is based primarily on D-H's ability to redeem its interest in the fund at or near the date of the combined balance sheets Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risk associated with investing in those investments or a reflection on the liquidity of each fund's underlying assets and liabilities

Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement The following tables set forth D-H's combined financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30 (dollars in thousands)

	2011					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
Investments						
Cash and short term investments	$ 33,358	—	—	33,358	Daily	1
U S government securities	73,624	—	—	73,624	Daily	1
Domestic corporate debt securities	109,760	96,150	—	205,910	Daily – Monthly	1 – 15
International debt securities	20,547	24,847	—	45,394	Daily – Monthly	1 – 15
Domestic equities	66,592	36,934	—	103,526	Daily – Monthly	1 – 10
International equities	5,035	36,110	—	41,145	Daily – Monthly	1 – 11
Emerging market equities	143	10,225	—	10,368	Daily – Monthly	1 – 7
Private equity funds	—	—	44,910	44,910	See (a) below	See (a) below
Hedge funds	—	14,690	19,333	34,023	Quarterly – Annual	60-96
Other	—	1,919	—	1,919	Not applicable	Not applicable
Total investments	$ 309,059	220,875	64,243	594,177		
Interest rate swaps	$ —	26,768	—	26,768	Not applicable	Not applicable

	2010					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
Investments						
Cash and short term investments	$ 89,522	—	—	89,522	Daily	1
Commercial paper	8,427	—	—	8,427	Daily	1
U S government securities	75,181	—	—	75,181	Daily	1
Domestic corporate debt securities	97,432	77,948	—	175,380	Daily – Monthly	1 – 15
International debt securities	19,838	32,590	—	52,428	Daily – Monthly	1 – 15
Domestic equities	65,968	44,272	—	110,240	Daily – Monthly	1 – 10
International equities	2,325	41,985	—	44,310	Daily – Monthly	1 – 11
Emerging market equities	219	15,070	—	15,289	Daily – Monthly	1 – 7
Private equity funds	—	—	36,219	36,219	See (a) below	See (a) below
Hedge funds	—	22,197	23,945	46,142	Quarterly – Annual	60-96
Other	—	2,401	—	2,401	Not applicable	Not applicable
Total investments	$ 358,912	236,463	60,164	655,539		
Interest rate swaps	$ —	28,589	—	28,589	Not applicable	Not applicable

(a) Private equity investments typically represent noncontrolling limited partnership shares in investment funds where the controlling general partner serves as the investment manager Limited partnership shares are not eligible for redemption from the fund or general partner, but can be sold to third party buyers in private transactions that typically can be completed in approximately 90 days It is the intent of D-H to hold these private equity investments until the fund has fully distributed all proceeds to the limited partners and the term of the partnership agreements expire Under the terms of certain agreements, D-H has committed to contribute a specified level of capital over a defined

(Continued)

period of time. Through September 30, 2011, D-H has committed to contribute approximately $70,800,000 to such private equity funds, of which D-H has contributed approximately $57,700,000 and has outstanding commitments of $13,100,000.

The following tables present additional information about the changes in Level 3 assets measured at fair value for the year ended September 30 (dollars in thousands):

	2011		
	Private equity funds	Hedge funds	Total
Balance, beginning of year	$ 36,219	23,945	60,164
Net purchase (sales)	5,458	(4,671)	787
Net realized gains (losses)	503	(3,805)	(3,302)
Change in net unrealized gains	2,730	3,864	6,594
Balance, end of year	$ 44,910	19,333	64,243

	2010		
	Private equity funds	Hedge funds	Total
Balance, beginning of year	$ 27,489	36,288	63,777
Net purchase	3,603	—	3,603
Net realized gains	858	—	858
Change in net unrealized gains	4,269	2,492	6,761
Transfer to Level 2 measurement	—	(14,835)	(14,835)
Balance, end of year	$ 36,219	23,945	60,164

Certain investments may also be temporarily illiquid as a result of restrictions imposed by the fund manager that have suspended normal liquidity terms or lock-ups with definite expiration dates. As of September 30, 2011, D-H had no investments that were deemed temporarily illiquid. During 2010, temporary lock-up restrictions on certain hedge fund investments expired and as a result, $14,835,000 was transferred from a Level 3 measurement to a Level 2 measurement.

There were no significant transfers into and out of Level 1 and Level 2 measurements due to changes in valuation methodologies during the years ended September 30, 2011 and 2010.

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(9) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30 (dollars in thousands)

	2011	2010
Healthcare services	$ 16,332	$ 18,062
Research	29,640	31,274
Purchase of equipment	3,776	3,655
Charity care	1,209	1,988
Health education	7,597	6,621
Other	1,457	1,096
	$ 60,011	$ 62,696

Permanently restricted net assets at September 30, 2011 and 2010 are restricted to investments that are to be maintained in perpetuity, amounting to $30,988,000 and $30,655,000, respectively

In 2011 and 2010, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of operating expenses of approximately $10,581,000 and $11,021,000, respectively, and purchases of equipment of approximately $224,000 and $136,000, respectively

(10) Endowment Funds

D-H's endowment consists of approximately 50 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees has interpreted the NH *Uniform Prudent Management of Institutional Funds Act (UPMIFA or Act)*, as requiring the preservation of the original value of gifts, as of the gift date, to donor-restricted endowment funds, absent explicit donor stipulations to the contrary D-H classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any Collectively these amounts are referred to as the historic dollar value of the fund

Unrestricted endowment net assets include D-H funds and certain unrestricted gifts from donors, and any accumulated investment return thereon, which may be expended based on trustee or management designation Temporarily restricted net assets include certain expendable endowment gifts from donors, and any retained income and appreciation thereon, which are restricted by the donor to a specific purpose or by law When the temporary restrictions on these funds have been met, the funds are reclassified to unrestricted net assets

(Continued)

In accordance with the Act, D-H considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds the duration and preservation of the fund, the purposes of the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources available, and D-H's investment policies

D-H has endowment investment and spending policies that attempt to provide a predictable stream of funding for programs supported by its endowment while ensuring that the purchasing power does not decline over time D-H targets a diversified asset allocation that places emphasis on investments in domestic and international equities, fixed income, private equity, and hedge funds strategies to achieve its long-term return objectives within prudent risk constraints The D-H Investment Committee reviews the policy portfolio asset allocations, exposures, and risk profile on an ongoing basis

D-H, as a policy, may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to donor intent expressed in the gift instrument and the standard of prudence prescribed by the Act

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value Such market losses were not material as of September 30, 2011 and 2010

Endowment net asset composition by type of fund consists of the following at September 30 (dollars in thousands)

	2011			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	10,823	30,988	41,811
Board-designated endowment funds	19,354	—	—	19,354
Total endowed net assets	$ 19,354	10,823	30,988	61,165

(Continued)

	2010			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	11,081	30,655	41,736
Board-designated endowment funds	18,629	—	—	18,629
Total endowed net assets	$ 18,629	11,081	30,655	60,365

Changes in endowment net assets for the years ended September 30 (dollars in thousands)

	2011			
	Board-designated	Temporarily restricted	Permanently restricted	Total
Balance, beginning of year	$ 18,629	11,081	30,655	60,365
Net investment return	418	1,425	41	1,884
Contributions	—	66	333	399
Transfers	450	41	(41)	450
Appropriation of endowment assets for expenditure	(143)	(1,790)	—	(1,933)
Balance, end of year	$ 19,354	10,823	30,988	61,165

	2010			
	Board-designated	Temporarily restricted	Permanently restricted	Total
Balance, beginning of year	$ 17,297	4,864	33,052	55,213
Net investment return	428	2,857	20	3,305
Contributions	—	374	2,809	3,183
Transfers pursuant to UPMIFA	1,007	5,230	(5,226)	1,011
Appropriation of endowment assets for expenditure	(103)	(2,244)	—	(2,347)
Balance, end of year	$ 18,629	11,081	30,655	60,365

(Continued)

(11) Indebtedness

(a) Long-Term Debt

A summary of long-term debt at September 30 follows (dollars in thousands)

	2011	2010
Variable rate issues		
New Hampshire Health and Education Facilities Authority Revenue Bonds		
Series 2011, principal maturing in varying annual amounts, through August 2031 (1)	$ 99,702	$ —
Series 2001A, principal maturing in varying annual amounts, through August 2031 (1)	—	107,770
Fixed rate issues		
New Hampshire Health and Education Facilities Authority Revenue Bonds		
Series 2010, principal maturing in varying annual amounts, through August 2040 (2)	75,000	75,000
Series 2009, principal maturing in varying annual amounts, through August 2038 (3)	125,435	130,305
Series 2002, principal maturing in varying annual amounts, through August 2031 (4)	115,930	116,220
Other		
Obligations under capital leases	3,348	4,583
	419,415	433,878
Less		
Original issue discount, net	1,194	1,230
Current portion	9,698	9,566
	$ 408,523	$ 423,082

The Hospital established the Obligated Group in 1993 for the original purpose of issuing bonds financed through the New Hampshire Higher Educational and Health Facilities Authority (NHHEHFA or Authority) In subsequent years, CVMC, Cooley Dickinson Hospital, Inc , and the Clinic joined the Hospital as members of the Obligated Group in connection with the issuance of facility-specific revenue bonds Effective November 1, 2011, CVMC formally withdrew from the Obligated Group

Revenue Bonds issued by members of the Obligated Group are administered through notes registered in the name of the Bond Trustee and in accordance with the terms of a Master Trust Indenture The Master Trust Indenture contains provisions permitting the addition, withdrawal, or consolidation of members of the Obligated Group under certain conditions The notes constitute a joint and several obligation of the members of the Obligated Group (and any other future members of the Obligated

Group) and are equally and ratably secured by a pledge of the members' gross receipts Payment of principal and interest due on the Series 2002 Bonds is secured with a commercial bond insurer The Obligated Group is also subject to certain annual covenants under the Master Trust Indenture

Outstanding revenue bonds as of September 30, 2011 include

(1) Series 2011 Revenue Bonds

The Hospital, through the Obligated Group, received approximately $99,702,000 from the proceeds of NHHEHFA Revenue Bonds, Series 2011 issued by the Authority in August of 2011 The proceeds from the Series 2011 Revenue Bonds were used to advance refund the Series 2001A Revenue Bonds and associated cost of issuance and related release of 2001A debt service funds totaling approximately $8 4 million The advance refunding of the Series 2001A Revenue Bonds resulted in a loss of $1,698,000, recognized in the accompanying combined statement of operations and changes in net assets during the year ended September 30, 2011 The Series 2011 Revenue Bonds accrue interest variably and mature at various dates through 2031 based on the one-month London Interbank Offered Rate (LIBOR) The variable rate as of September 30, 2011 is 1 08% The series 2011 bonds are callable by the bank upon the end of seven years or may be renegotiated at that time

(2) Series 2010 Revenue Bonds

The Hospital, through the Obligated Group, received $75,000,000, reduced by a debt discount of $1,352,000, from the proceeds of NHHEHFA Revenue Bonds, Series 2010, issued by the Authority in June 2010 The proceeds from the Series 2010 Revenue Bonds are being used to construct a 140,000 square foot ambulatory care facility in Nashua, NH as well as various equipment and cost of issuance Interest on the bonds accrue at a fixed rate of 5 00% and mature at various dates through August 2040

(3) Series 2009 Revenue Bonds

The Hospital, through the Obligated Group, issued NHHEHFA Revenue Bonds, Series 2009, in August 2009 The proceeds from the Series 2009 Revenue Bonds were used to advance refund the Series 2008 Revenue Bonds and pay costs of issuance Interest on the Series 2009 Revenue Bonds accrue at varying fixed rates between 3 00% and 6 00% and mature at various dates through August 2038

(4) Series 2002 Revenue Bonds

In February 2002, the Hospital through the Obligated Group, issued NHHEHFA Revenue Bonds, Series 2002 The proceeds were used to finance a significant expansion of the D-H facilities The Series 2002 Bonds bear interest at 3 16%

Aggregate annual principal payments required under D-H revenue bond agreements and capital lease obligations for the next five years range from approximately $9,698,000 in 2012 to $9,574,000 in 2016 Outstanding joint and several indebtedness of the Obligated Group at September 30, 2011 and 2010 approximate $509,000,000 and $528,000,000, respectively

The Master Trust Indenture requires that members of the Obligated Group establish certain debt service funds with the proceeds of the bonds, including the maintenance of debt service reserves and other trustee held funds Trustee held funds of approximately $24,614,000 and $78,916,000 at September 30, 2011 and 2010, respectively, are classified as assets limited as to use in the accompanying combined balance sheets The decrease of trustee held funds in 2011 is a result of the continued construction of the ambulatory care facility and the release of debt service reserve funds associated with the Series 2001A refunded bonds

For the years ended September 30, 2011 and 2010, interest expense on long term debt is reflected in the accompanying combined statements of operations and changes in net assets as operating expense of approximately $16,094,000 and $13,221,000, and as a reduction of investment income of $3,148,000 and $2,705,000, respectively

Long-term debt instruments are carried at cost in the accompanying combined financial statements The estimated fair value of D-H's long-term debt as of September 30, 2011 and 2010 was approximately $423,980,000 and $445,133,000, respectively, which was determined by discounting the future cash flows of each instrument at rates that reflect rates currently observed in publicly traded debt markets for debt of similar terms to organizations with comparable credit risk

(b) Swap Agreements

D-H is subject to market risks such as changes in interest rates that arise from normal business operation D-H regularly assesses these risks and has established business strategies to provide natural offsets, supplemented by the use of derivative financial instruments to protect against the adverse effect of these and other market risks D-H has established clear policies, procedures, and internal controls governing the use of derivatives and does not use them for trading, investment, or other speculative purposes

- In connection with the issuance of the Series 2001A Bonds, D-H entered into an interest rate swap agreement (Fixed Payor Swap), with a notional amount of $118,780,000, as a hedge against the variability of cash flows associated with its variable rate Series 2001A Bonds The interest rate swap agreement matures August 31, 2031 The interest rate swap agreement effectively fixed the interest rate on the Series 2001A Bonds at 4 56% As a result of the credit market disruptions in the autumn of 2008, the counterparty to the Fixed Payor Swap exercised its option to apply the Securities Industry and Financial Markets Association (SIFMA) rate index through August 1, 2011 for purposes of calculating the interest to be received under the Fixed Payor Swap The SIFMA rate index replaced the previous method of using the rate of interest on the Series 2001A Bonds Effective August 1, 2011 and through the maturity of the agreement, the interest to be received under the Fixed Payor Swap is based on the LIBOR index

  In connection with the advance refunding of the Series 2001A Revenue Bonds through the issuance of the Series 2011 Revenue Bonds, D-H also amended the Fixed Payor Swap resulting in a partial redemption of approximately $4,068,000 and a re-designation as a cash-flow hedge of the Series 2011 Revenue Bonds, effective September 1, 2011 The notional amount of the amended Fixed Payor Swap is $91,040,000 The amended Fixed Payor Swap effectively fixes the interest rate on the Series 2011 Revenue Bonds at 4 56%

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At September 30, 2011 and 2010, D-H recorded a liability for the fair value of the interest rate swap agreement of approximately $26,768,000 and $28,589,000, respectively The effective portion of the change in market value of the Fixed Payor Swap is reflected as an adjustment to unrestricted net assets in the combined statements of operations and changes in net assets and any ineffective portion of the hedge relationship is recognized through (deficiency) excess of revenue over expenses For the years ended September 30, 2011 and 2010, there was no material impact on operations due to hedge ineffectiveness

- D-H also entered into a forward starting interest rate swap agreement during fiscal year 2006 (Increased Tenor Overlay Swap), with a notional amount of $118,780,000, as a hedge against interest exposure of its variable rate Series 2001A Bonds, effective July 1, 2007 D-H terminated this interest rate swap, effective April 30, 2010 In connection with the termination, D-H received a settlement payment from the counterparty of approximately $4,341,000, excluding accrued interest, of which approximately $1,349,000 was recognized in nonoperating gains (losses) in the combined statement of operations and changes in net assets for the year ended September 30, 2010 The Increased Tenor Overlay Swap did not qualify for hedge accounting

The obligation of D-H to make payments on its bonds with respect to interest is in no way conditional upon D-H's receipt of payments from the interest rate swap agreement counterparty

(12) Employee Benefits

(a) Defined Benefit Plan

Employees of D-H who were employed or offered employment prior to February 9, 2006, and who met certain age and service requirements are covered by one of two defined benefit pension plans The benefits are based on years of service and the employee's average compensation Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future

The Dartmouth-Hitchcock Pension Group Trust (the Group Trust) was established for the purpose of operating a master investment program of defined benefit pension investments Substantially all of the Hospital's and Clinic's defined benefit pension assets have been invested in the Group Trust by purchasing units based on the market value of the Group Trust funds at the end of the month prior to receipt of any additions to the funds Investment income earned on the Group Trust funds is allocated monthly based on the weighted average units outstanding at month-end Realized gains and losses on sales of securities are allocated based on the number of units outstanding at the previous month-end

In addition to the defined benefit pension plans, D-H has established the Dartmouth-Hitchcock Retirement Program The Dartmouth-Hitchcock Retirement Program consists of three components, all defined contribution in nature an employer-sponsored 403(b) pre-tax program, an employer-sponsored 401(a) plan, and a nonqualified supplemental retirement program Under the Dartmouth-Hitchcock Retirement Program, D-H has allowed certain employees of the Clinic and Hospital to continue to earn benefit service in the defined benefit pension plans, provided that they met certain criteria Other employees, comprised of employees (1) who received an offer of employment on or after February 9, 2006, (2) who have not been eligible to participate in or accrue

benefits under the defined benefit pension plans, and (3) who have made the choice to irrevocably elect to participate in the new retirement program, are not eligible to earn benefit service in the defined benefit pension plans after December 31, 2006

In addition to providing pension benefits, D-H sponsors postretirement healthcare plans for retired employees, and the Clinic provides postretirement life insurance benefits for retired employees

On August 15, 2011, D-H extended a Voluntary Early Retirement Offer (VERO) to certain eligible employees Employees accepting the VERO will receive an enhanced pension benefit and subsidized medical coverage The total cost of the VERO was $15,781,000, including the pension enhancement, subsidized medical coverage, consulting and other incidentals which have been included in the combined statement of operations and changes in net assets for the year ended September 30, 2011

During 2011, the Board of Trustees voted to administratively merge the Retirement Plan for the Employees of Dartmouth-Hitchcock Clinic and the Retirement Plan for the Employees of Mary Hitchcock Memorial Hospital (defined benefit plans) effective December 31, 2011 The merging of the plans will not change the benefits available under the plans

Net periodic pension expense included in employee benefits in the combined statements of operations and changes in net assets is comprised of the components listed below for the years ended September 30 (dollars in thousands)

	2011	2010
Service cost for benefits earned during the year	$ 17,036	$ 16,133
Interest cost on projected benefit obligation	43,181	44,200
Expected return on plan assets	(50,316)	(51,477)
Net amortization	17,513	13,246
Special termination benefits	11,524	—
	$ 38,938	$ 22,102

The following assumptions were used to determine net periodic pension expense

	2011	2010
Weighted average discount rate	5 50%	6 20%
Rate of increase in compensation for next 12 months	—	4 00
Rate of increase in compensation beyond 12 months	3 00	4 00
Expected long-term rate of return on plan assets	8 50	9 00

(Continued)

The following table sets forth the funded status and amounts recognized in D-H's combined financial statements for the above referenced defined benefit pension plans at September 30 (dollars in thousands)

	2011	2010
Change in benefit obligation		
Benefit obligation at beginning of year	$ 796,577	$ 723,748
Service cost	17,036	16,133
Interest cost	43,181	44,200
Benefits paid	(26,303)	(23,682)
Actuarial loss	6,412	36,178
Plan change	942	—
Special termination benefits	11,524	—
Benefit obligation at end of year	849,369	796,577
Change in plan assets		
Fair value of plan assets at beginning of year	554,743	499,400
Actual return on plan assets	16,562	62,696
Benefits paid	(26,303)	(23,682)
Employer contributions	28,589	16,329
Fair value of plan assets at end of year	573,591	554,743
Funded status of the plans	275,778	241,834
Liability for pension	$ 275,778	$ 241,834

For the years ended September 30, 2011 and 2010, the liability for pension is included in the liability for pension and other postretirement plan benefits in the accompanying combined balance sheets

Amounts not yet reflected in net periodic pension expense and included in the change in unrestricted net assets are as follows (dollars in thousands)

	2011	2010
Net actuarial loss	$ 323,921	$ 300,889
Prior service cost	2,506	1,943
	$ 326,427	$ 302,832

The estimated amounts that will be amortized from unrestricted net assets into net periodic pension expense in 2012 are as follows (dollars in thousands)

Unrecognized prior service cost	$ 353
Net actuarial loss	14,502
	$ 14,855

(Continued)

The accumulated benefit obligation for the defined benefit pension plans was approximately $790,873,000 and $701,691,000 at September 30, 2011 and 2010, respectively

The following table sets forth the assumptions used to determine the benefit obligation at September 30

	2011	2010
Weighted average discount rate	5 30%	5 50%
Rate of increase in compensation for next 12 months	—	3 00
Rate of increase in compensation beyond 12 months	2 00	3 00
Expected long-term rate of return on plan assets	8 50	9 00

The primary investment policy objective for the Group Trust is to provide long-term capital appreciation by utilizing a diversified structure of asset classes designed to achieve stated performance objectives measured on a total return basis, which includes income plus realized and unrealized gains and losses

The range of target allocation percentages and the target allocations for the various investments are as follows

	Range of target allocations	Target allocations
Equity securities	27 – 62%	44%
Debt securities	27 – 59	40
Alternative investments, including private equity funds, hedge funds, and real estate	5 – 33	12
Cash and other	0 – 15	4

To the extent an asset class falls outside of its target range on a quarterly basis, D-H shall determine appropriate steps, as it deems necessary, to rebalance the asset class

The Boards of Trustees of the Hospital and Clinic, as Plan Sponsors, oversee the design, structure, and prudent professional management of the D-H Plans' assets, in accordance with Board-approved investment policies, roles, responsibilities and authorities and more specifically the following

- Establishing and modifying asset class targets with Board approved policy ranges,
- Approving the asset class rebalancing procedures,
- Hiring and terminating investment managers, and
- Monitoring performance of the investment managers, custodians and investment consultants

(Continued)

The hierarchy and inputs to valuation techniques to measure fair value of the plan's assets are the same as outlined in note 8 The following table sets forth the D-H Plans' investments that were accounted for at fair value as of September 30 (dollars in thousands)

	2011					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
Investments						
Cash and short-term investments	$ 10,193	—	—	10,193	Daily	1
Domestic debt securities	79,156	142,677	—	221,833	Daily – Monthly	1 – 15
International debt securities	16,729	43,114	—	59,843	Daily – Monthly	1 – 15
Domestic equities	77,169	55,548	—	132,717	Daily – Monthly	1 – 10
International equities	—	60,076	—	60,076	Daily – Monthly	1 – 11
Emerging market equities	—	13,750	—	13,750	Daily – Monthly	1 – 17
Private equity funds	—	—	16,203	16,203	See note 8(a)	See note 8(a)
Hedge funds	—	—	58,976	58,976	Quarterly – Annual	60 – 96
Total	$ 183,247	315,165	75,179	573,591		

	2010					
	Level 1	Level 2	Level 3	Total	Redemption or liquidation	Days' notice
Investments						
Cash and short-term investments	$ 15,184	—	—	15,184	Daily	1
U S government securities	1,139	—	—	1,139	Daily	1
Domestic debt securities	89,695	82,158	—	171,853	Daily – Monthly	1 – 15
International debt securities	17,624	45,369	—	62,993	Daily – Monthly	1 – 15
Domestic equities	67,670	62,096	—	129,766	Daily – Monthly	1 – 10
International equities	—	67,213	—	67,213	Daily – Monthly	1 – 11
Emerging market equities	—	21,118	—	21,118	Daily – Monthly	1 – 17
Private equity funds	—	—	9,145	9,145	See note 8(a)	See note 8(a)
Hedge funds	—	17,244	59,088	76,332	Quarterly – Annual	60 – 96
Total	$ 191,312	295,198	68,233	554,743		

(Continued)

The following table presents additional information about the changes in Level 3 assets measured at fair value for the year ended September 30 (dollars in thousands)

	2011		
	Hedge funds	Private equity funds	Total
Balance, beginning of year	$ 59,088	9,145	68,233
Net purchases	—	6,195	6,195
Net realized gains	5,983	161	6,144
Net unrealized (losses) gains	(6,095)	702	(5,393)
Balance, end of year	$ 58,976	16,203	75,179

	2010		
	Hedge funds	Private equity funds	Total
Balance, beginning of year	$ 50,614	1,416	52,030
Net purchases	—	7,255	7,255
Net realized losses	—	(74)	(74)
Net unrealized gains	8,474	548	9,022
Balance, end of year	$ 59,088	9,145	68,233

There were no significant transfers into and out of Level 1 and Level 2 measurements due to changes in valuation methodologies during the years ended September 30, 2011 and 2010

The weighted average asset allocation for the D-H Plans at September 30, by asset category is as follows

	2011	2010
Equity securities	36%	39%
Debt securities	48	43
Alternative investments, including private equity funds and hedge funds	13	15
Cash and other	3	3
Total	100%	100%

The expected long-term rate of return on plan assets is reviewed annually, taking into consideration the asset allocation, historical returns on the types of assets held, and the current economic environment Based on these factors, it is expected that the pension assets will earn an average of 8 5% per annum

D-H is expected to contribute approximately $20,800,000 to the plans in 2012

(Continued)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for the years ending September 30 (dollars in thousands)

	Pension plans
2012	$ 42,488
2013	34,091
2014	37,226
2015	40,476
2016	43,990
2017 – 2021	280,157

(b) Defined Contribution Plan

The Dartmouth-Hitchcock Retirement Plan is an employer-sponsored 401(a) plan, under which D-H makes base, transition, and match contributions based on specified percentages of compensation and employee deferrals Effective January 1, 2011, the 401(a) plan was amended to make the match provision discretionary D-H did not make a discretionary match contribution in 2011 Total employer contributions to the plan of $27,264,000 and $36,824,000 in 2011 and 2010, respectively, are included in employee benefits in the accompanying combined statements of operations and changes in net assets

(c) Postretirement Medical and Life Benefits

D-H has postretirement medical and life benefit plans covering certain of its active and former employees The plans generally provide medical and life insurance benefits to certain retired employees of D-H who meet age and years of service requirements The plans are not funded

Net periodic postretirement medical and life benefit cost is comprised of the components listed below for the years ended September 30 (dollars in thousands)

	2011	2010
Service cost	$ 2,418	$ 1,894
Interest cost	5,020	5,079
Amortization of net transition asset	25	25
Amortization of prior service cost	—	159
Amortization of net loss	1,483	973
Special termination benefits	3,012	—
	$ 11,958	$ 8,130

(Continued)

The following table sets forth the accumulated postretirement medical and life benefit obligation and amounts recognized in D-H's combined financial statements at September 30 (dollars in thousands)

	2011	2010
Change in benefit obligation		
Benefit obligation at beginning of year	$ 94,156	$ 84,069
Service cost	2,418	1,894
Interest cost	5,020	5,079
Benefits paid	(3,704)	(3,346)
Actuarial loss	2,498	6,460
Special termination benefits	3,013	—
Benefit obligation at end of year	103,401	94,156
Funded status of the plans	103,401	94,156
Liability for postretirement medical and life benefits	$ 103,401	$ 94,156

For the years ended September 30, 2011 and 2010, the liability for postretirement medical and life benefits is included in the liability for pension and other postretirement plan benefits in the accompanying combined balance sheets

Amounts not yet reflected in net periodic postretirement medical and life benefit cost and included in the change in unrestricted net assets are as follows (dollars in thousands)

	2011	2010
Net transition obligation	$ 51	$ 76
Net actuarial loss	24,479	23,464
	$ 24,530	$ 23,540

The estimated amounts that will be amortized from unrestricted net assets into net periodic postretirement expense in 2012 are as follows (dollars in thousands)

Net transition obligation	$ 19
Net actuarial loss	1,215
	$ 1,234

In determining the accumulated postretirement medical and life benefit obligation, D-H used a discount rate of 5 4% in 2011 and 5 5% in 2010, and an assumed healthcare cost trend rate of 8 25%, trending down to 4 75% in 2018 and thereafter Increasing the assumed healthcare cost trend rates by one percentage point in each year would increase the accumulated postretirement medical benefit obligation as of September 30, 2011 by $11,695,000 and the net periodic postretirement medical benefit cost for the year then ended by $1,097,000 Decreasing the assumed healthcare cost trend

(Continued)

rates by one percentage point in each year would decrease the accumulated post retirement medical benefit obligation as of September 30, 2011 by $9,706,000 and the net periodic postretirement medical benefit cost for the year then ended by $882,000

(13) Liability Insurance Coverage

D-H, along with certain DHMC members are provided professional and general liability insurance through HAC, a captive insurance company located in Bermuda, and RRG, a VT captive insurance company D-H and certain DHMC members have ownership interests in both HAC and RRG HAC and RRG together with the purchase of reinsurance and excess commercial policies provide the insurance of the covered institutions and named insureds with coverage on a modified claims-made basis that provides specific coverage of claims submitted during the policy term Premiums and related insurance deposits are actuarially determined based on asserted, and incurred but unasserted liability claims

Professional actuaries have been retained to assist HAC and RRG with determining amounts to be deposited for liability coverage Management believes the deposit liability account at September 30, 2011 is adequate to provide for future liability claims

Selected financial data of HAC and RRG, taken from the latest available audited and unaudited financial statements, respectively (September 30) are summarized as follows (dollars in thousands)

	2011			2010		
	HAC	RRG	Total	HAC	RRG	Total
	(Audited)	(Unaudited)		(Audited)	(Unaudited)	
Assets	$ 97,787	1,862	99,649	98,560	1,772	100,332
Shareholders' equity	12,120	471	12,591	10,120	337	10,457
Net income	—	134	134	—	156	156

(14) Commitments and Contingencies

(a) Litigation

D-H is involved in various malpractice claims and legal proceedings of a nature considered normal to its business The claims are in various stages and some may ultimately be brought to trial While it is not feasible to predict or determine the outcome of any of these claims, it is the opinion of management that the final outcome of these claims will not have a material effect on the combined financial position of D-H

(b) Operating Leases and Other Commitments

D-H leases certain facilities and equipment under operating leases with varying expiration dates D-H's rental expense totaled approximately $11,024,000 and $6,095,000 in 2011 and 2010, respectively Aggregate future lease payments for the next five years range from approximately $7,207,000 in 2012 to $1,905,000 in 2016

(Continued)

(c) Medical Resident Tax Refund

Employers (typically hospitals and medical schools) and individual taxpayers (medical residents) began filing Federal Insurance Contributions Act (FICA) refund claims in the 1990s based on a position that medical residents are students eligible for the FICA tax exemption under IRC section 3121(b)(10) This is referred to as the student exception The employer's FICA claims were for both the employer and employee withholdings The Internal Revenue Service (IRS) held certain claims in suspense because there was a dispute as to whether the student FICA tax exception applied

In March 2010, the IRS made an administrative determination to accept the position that medical residents were exempt from FICA taxes for tax periods ending before April 1, 2005, when new IRS regulations went into effect The Hospital has filed claims for years 1999 through the first quarter of 2005 for which the IRS has acknowledged that it has received the claims for those periods As of September 30, 2010, D-H had substantively completed the necessary actions to perfect its refund claim and therefore recorded a refund receivable and other operating revenue of approximately $7,500,000, including applicable interest The FICA refund receivable is reflected in other current assets in the accompanying combined balance sheets at September 30, 2011 and 2010

In addition to the Hospital's claim, the residents had the option to have the Hospital pursue their respective refund claim on their behalf An asset and corresponding liability for the resident portion has been recorded in the accompanying combined balance sheet as of September 30, 2011 The resident's refund claim approximates $6,700,000, including accrued interest

(d) Line of Credit

On July 28, 2011 D-H entered into a Loan Agreement with a financial institution establishing access to revolving loans of up to $60,000,000 Interest is variable and determined using LIBOR The Loan Agreement expires on July 27, 2012 As of, and for the year ended September 30, 2011, there was no outstanding balance and interest expense was approximately $17,000 and is included in the combined statement of operations and changes in net assets

(15) Functional Expenses

D-H provides a broad range of healthcare services Expenses related to providing program services for the years ended September 30, 2011 and 2010 were approximately $1,143,588,000 and $1,094,278,000, respectively

(16) Subsequent Event

In October 2011, D-H borrowed $30,000,000 on the line of credit to fund a portion of the MET payment (note 5) of approximately $43,000,000, paid on October 31, 2011