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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
Fletcher Allen Health Care Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
111 COLCHESTER AVENUE

City or town, state or country, and ZIP + 4
BURLINGTON, VT 05401

D Employer identification number
03-0219309

E Telephone number
(802)847-5959

G Gross receipts $ 1,020,385,332

F Name and address of principal officer
Dr JOHN BRUMSTED
111 COLCHESTER AVENUE
BURLINGTON, VT 05401

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 FLETCHERALLEN ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1968 | **M** State of legal domicile VT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To improve the health of the people in the community we serve by integrating patient care, education, and research in a caring environment

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	7,313
6	Total number of volunteers (estimate if necessary)	**6**	800
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	6,813,835
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-606,428

Activities & Governance

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	2,405,435	5,440,698
9	Program service revenue (Part VIII, line 2g)	884,774,454	885,142,635
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	21,483,821	12,647,774
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	734,525	299,277
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	909,398,235	903,530,384

Revenue

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	697,171	693,371
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)	529,311,302	542,397,400
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶1,363,960		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	331,060,388	319,909,322
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	861,068,861	863,000,093
19	Revenue less expenses Subtract line 18 from line 12	48,329,374	40,530,291

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	969,633,570	1,010,076,116
21	Total liabilities (Part X, line 26)	591,040,326	585,995,130
22	Net assets or fund balances Subtract line 21 from line 20	378,593,244	424,080,986

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: 2012-08-14

ROGER DESHAIES CFO/TREASURER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
PRICEWATERHOUSECOOPERS LLP	PRICEWATERHOUSECOOPERS LLP			

Firm's name ▶ PricewaterhouseCoopers LLP — Firm's EIN ▶

Firm's address ▶ 125 High Street, Boston, MA 02110 — Phone no ▶ (617) 530-5000

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

SEE SCHEDULE O

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 $ 198,970,516 including grants of $ 189,268) (Revenue $ 241,643,939)

INPATIENT SERVICES FOR MORE INFORMATION, SEE SCHEDULE O

4b (Code) (Expenses $ 303,630,466 including grants of $ 336,830) (Revenue $ 368,750,422)

OUTPATIENT SERVICES FOR MORE INFORMATION, SEE SCHEDULE O

4c (Code) (Expenses $ 226,228,748 including grants of $ 167,273) (Revenue $ 274,748,274)

PROFESSIONAL SERVICES FOR MORE INFORMATION, SEE SCHEDULE O

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 728,829,730

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		No
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	Yes	
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**		No
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**		No
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**		No
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	579		
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	7,313		
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	15		
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	Yes	
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		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b		No
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		No
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		
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 ▶

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 ▶

ROGER DESHAIES
111 COLCHESTER AVENUE
BURLINGTON, VT 05401
(802) 847-5959

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)**								7,745,679	0	378,353

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 ▶ 426

			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**		No
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
PIZZAGALLI CONSTRUCTION CO INC 193 TILLEY DRIVE SOUTH BURLINGTON, VT 05403	CONSTRUCT OVERSIGHT	5,923,331
CSC CONSULTING INC SIX COLISEUM DR 2815 COLISEUM CTR CHARLOTTE, NC 28217	IT CONSULTING	2,907,485
MEDIQUE USA 5900 AVENUE ANDOVER VILLE MONT-ROYAL, QUEBEC H4T 1H5 CA	LAUNDRY SERVICE	2,214,266
MAYO COLLABORATIVE SERVICES INC PO BOX 9146 MINNEAPOLIS, MN 55480	LABORATORY	2,206,453
BEACON PARTNERS INC 97 LIBBEY PARKWAY SUITE 130 WEYMOUTH, MA 02189	EMR CONSULTING	1,436,367

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 ▶ 106

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	337,082				
	d Related organizations . . . 1d	530,285				
	e Government grants (contributions) 1e					
	f All other contributions, gifts, grants, and similar amounts not included above 1f	4,573,331				
	g Noncash contributions included in lines 1a-1f $	8,378				
	h **Total.** Add lines 1a-1f . . . . . ▶		5,440,698			
Program Service Revenue		Business Code				
	2a PATIENT SERVICES	900099	854,272,846	848,831,936	5,440,910	
	b PATIENT SERVICES - PHARMACY	446110	14,586,249	13,213,324	1,372,925	
	c PREMIUM REVENUE	900099	4,338,040	4,338,040		
	d CAFETERIA	722210	4,754,153	4,754,153		
	e MEANINGFUL USE PRGRM	900099	1,674,273	1,674,273		
	f All other program service revenue		5,517,074	5,517,074		
	g **Total.** Add lines 2a–2f . . . . . ▶		885,142,635			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		9,796,711			9,796,711
	4 Income from investment of tax-exempt bond proceeds . . ▶		0			
	5 Royalties . . . . . ▶		0			

		(i) Real	(ii) Personal				
	6a Gross Rents	697,124					
	b Less rental expenses	370,500					
	c Rental income or (loss)	326,624					
	d Net rental income or (loss) . . . . . ▶			326,624			326,624

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	115,667,000	3,603,756				
	b Less cost or other basis and sales expenses	112,524,576	3,895,117				
	c Gain or (loss)	3,142,424	-291,361				
	d Net gain or (loss) . . . . . ▶			2,851,063			2,851,063
Other Revenue	8a Gross income from fundraising events (not including $ 337,082 of contributions reported on line 1c) See Part IV, line 18 . . . a		37,408				
	b Less direct expenses . . . b		64,755				
	c Net income or (loss) from fundraising events . . ▶			-27,347			-27,347
	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					
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a–11d . . . . . ▶		0			
	12 **Total revenue.** See Instructions . . . ▶		903,530,384	878,328,800	6,813,835	12,947,051

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	590,996	590,996		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	102,375	102,375		
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	4,905,224		4,905,224	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	446,484	446,484		
7	Other salaries and wages	423,627,508	373,914,145	49,065,159	648,204
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	30,167,528	27,640,605	2,496,494	30,429
9	Other employee benefits	55,361,451	46,975,506	8,241,859	144,086
10	Payroll taxes	27,889,205	25,190,452	2,668,337	30,416
a	Fees for services (non-employees) Management	0			
b	Legal	1,419,620		1,419,620	
c	Accounting	655,839	3,543	652,296	
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	28,100,222	19,781,398	8,101,489	217,335
12	Advertising and promotion	1,361,158	1,361,158		
13	Office expenses	134,334,531	131,902,936	2,359,963	71,632
14	Information technology	11,237,403	5,391,286	5,846,117	
15	Royalties	0			
16	Occupancy	19,465,900	18,292,318	1,120,837	52,745
17	Travel	2,560,779	1,289,422	1,271,357	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	3,609,279	2,729,466	879,813	
20	Interest	20,232,844	10,563,568	9,638,927	30,349
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	45,499,826	23,823,638	21,607,976	68,212
23	Insurance	15,190,858	13,955,700	1,221,110	14,048
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	CONTRACT MAINTENANCE	10,045,158	7,936,068	2,099,820	9,270
b	ACADEMIC SUPPORT	9,349,990	4,909,055	4,440,935	
c	LEASED EQUIPMENT	4,569,208	4,270,060	298,553	595
d	NON-CONTRACT MAINTENANCE	2,210,957	1,579,295	629,586	2,076
e	PARKING	1,507,076	1,305,079	200,031	1,966
f	All other expenses	8,558,674	4,875,177	3,640,900	42,597
25	**Total functional expenses.** Add lines 1 through 24f	863,000,093	728,829,730	132,806,403	1,363,960
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		-450,893	1	3,058,397
	2	Savings and temporary cash investments		70,760,404	2	94,941,347
	3	Pledges and grants receivable, net		1,130,861	3	1,161,622
	4	Accounts receivable, net		102,718,868	4	114,042,371
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	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		7,580,114	7	7,528,440
	8	Inventories for sale or use		16,882,505	8	17,844,832
	9	Prepaid expenses and deferred charges		41,728,777	9	37,524,481
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 771,910,320			
	b	Less accumulated depreciation	10b 358,143,701	430,817,506	10c	413,766,619
	11	Investments—publicly traded securities		257,396,126	11	276,203,777
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		30,414,393	13	33,434,488
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		10,654,909	15	10,569,742
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		969,633,570	16	1,010,076,116
Liabilities	17	Accounts payable and accrued expenses		106,796,309	17	111,446,759
	18	Grants payable		8,329,651	18	7,690,821
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		408,185,204	20	400,431,001
	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		1,454,485	23	429,140
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		66,274,677	25	65,997,409
	26	**Total liabilities.** Add lines 17 through 25		591,040,326	26	585,995,130
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		338,704,939	27	382,464,230
	28	Temporarily restricted net assets		14,937,698	28	16,625,791
	29	Permanently restricted net assets		24,950,607	29	24,990,965
		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		378,593,244	33	424,080,986
	34	Total liabilities and net assets/fund balances		969,633,570	34	1,010,076,116

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	903,530,384
2	Total expenses (must equal Part IX, column (A), line 25)	2	863,000,093
3	Revenue less expenses Subtract line 2 from line 1	3	40,530,291
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	378,593,244
5	Other changes in net assets or fund balances (explain in Schedule O)	5	4,957,451
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	424,080,986

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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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: 03-0219309
Name: Fletcher Allen Health Care Inc

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			
DR MELINDA ESTES PRESIDENT & CEO UNTIL 8/2011	50 0	X		X				1,787,329	0	45,570
DR JOHN BRUMSTED INTERIM PRES/CEO AS OF 8/2011	50 0	X		X				749,031	0	52,223
MARC MONHEIMER SECRETARY	2 0	X		X				0	0	0
DR RUTH UPHOLD TRUSTEE	2 0	X						0	0	0
ROGER STONE CHAIR	2 0	X		X				0	0	0
DR JAN CARNEY VICE CHAIR	2 0	X		X				0	0	0
SARAH CARPENTER TRUSTEE	2 0	X						0	0	0
DR PAUL DANIELSON TRUSTEE	2 0	X						0	0	0
ELIZABETH DAVIS TRUSTEE	2 0	X						0	0	0
A DONALD GILBERT TRUSTEE	2 0	X						0	0	0
RITA MARKLEY TRUSTEE (UNTIL 12/2010)	2 0	X						0	0	0
STEPHEN MARSH TRUSTEE	2 0	X						0	0	0
DR PHILIP MEAD TRUSTEE	2 0	X						0	0	0
DR FREDERICK C MORIN III TRUSTEE	2 0	X						0	0	0
JOHN NEUHAUSER PHD TRUSTEE	2 0	X						0	0	0
JOHN POWELL TRUSTEE	2 0	X						0	0	0
PATRICIA PRELOCK TRUSTEE	2 0	X						0	0	0
GEOFFREY SHIELDS TRUSTEE (UNTIL 12/2010)	2 0	X						0	0	0
RUSSELL TRACY TRUSTEE	2 0	X						0	0	0
GRETCHEN MORSE TRUSTEE (AS OF 12/2010)	2 0	X						0	0	0
TIMOTHY DAVIS TRUSTEE (AS OF 6/2011)	2 0	X						0	0	0
ROGER DESHAIES CFO/TREASURER	50 0			X				766,885	0	44,197
DR PAUL TAHERI PRESIDENT & CEO of UVMMG	50 0				X			743,531	0	43,170
SANDRA FELIS RN PTNT CARE SVCS - CHIEF NURSING	50 0				X			617,077	0	33,589
DR KRISTEN DESTIGTER VICE CHAIR RADIOLOGY	50 0					X		635,609	0	40,426

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			
DR BELA RATKOVITS PHYSICIAN RADIOLOGY	50 0					X		585,161	0	39,433
DR GRANT LINNELL PHYSICIAN RADIOLOGY	50 0					X		583,299	0	40,108
SPENCER KNAPP GENERAL COUNSEL	50 0					X		668,226	0	11,237
DR HEATHER BURBANK PHYSICIANS RADIOLOGY	50 0					X		609,531	0	28,400

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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
Fletcher Allen Health Care Inc	03-0219309

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		44,684
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		95,849
j	Total lines 1c through 1i			140,533
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	SCHEDULE C, PART II-B	FLETCHER ALLEN REGULARLY MONITORS THE WORK OF THE VERMONT STATE LEGISLATURE TO IDENTIFY ISSUES THAT DIRECTLY AFFECT THE ORGANIZATION AND PERIODICALLY WORKS DIRECTLY WITH STATE LEGISLATORS TO ADVOCATE ON PARTICULAR ISSUES STAFF EXPENDITURES ASSOCIATED WITH THESE ACTIVITIES ARE REPORTED TO THE STATE THREE TIMES A YEAR AS REQUIRED BY VERMONT LOBBYIST DISCLOSURE LAWS STAFF ALSO WORK DIRECTLY WITH OUR CONGRESSIONAL DELEGATION (TWO SENATORS AND ONE REPRESENTATIVE) ON SPECIFIC PIECES OF LEGISLATION THAT IMPACT THE ORGANIZATION THESE EXPENSES ARE REPORTED ON LINE G THE ORGANIZATION ALSO BELONGS TO MEMBER ORGANIZATIONS (INCLUDING THE AMERICAN HOSPITAL ASSOCIATION, THE ASSOCIATION OF AMERICAN MEDICAL COLLEGES, NATIONAL ASSOCIATION OF CHILDREN'S HOPSITALS, AND THE VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS) THAT IN TURN HAVE LOBBYING EXPENSES THE PORTION OF DUES ASSOCIATED WITH THOSE ACTIVITIES IS REPORTED ON LINE I

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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	24,040,705	22,798,137	22,578,923		
b	Contributions	117,726	81,914	142,738		
c	Investment earnings or losses	903,730	1,255,349	805,381		
d	Grants or scholarships	0	0	4,784		
e	Other expenditures for facilities and programs	332,465	94,695	724,121		
f	Administrative expenses	0	0	0		
g	End of year balance	24,729,696	24,040,705	22,798,137		

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 65 000 %
- c Term endowment ▶ 35 000 %

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		8,015,949		8,015,949
b Buildings		488,676,800	177,322,619	311,354,181
c Leasehold improvements		37,895,235	26,510,976	11,384,259
d Equipment		221,068,983	146,191,939	74,877,044
e Other		16,253,353	8,118,167	8,135,186
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				413,766,619

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		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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
ESTIMATED 3RD PARTY SETTLEMENT	17,282,420
SWAP LIABILITY	13,075,462
DUE TO VMCIC	649,959
PENSION OBLIGATION	31,614,836
ASSET RETIREMENT OBLIGATION	1,055,248
LT FICA TAX PAYABLE	2,319,484
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	65,997,409

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
ENDOWMENT FUNDS	SCHEDULE D, PART V, QUESTION 4	The funds, and all net earnings in addition thereto, are held to benefit charity, education, research and children's programs
Schedule D, Part X, FIN 48		FOR TAX YEARS BEGINNING AFTER DECEMBER 15, 2008, NONPUBLIC COMPANIES ADOPTED GUIDANCE UNDER ASC 740, INCOME TAXES, THAT PRESCRIBE A MODEL FOR THE RECOGNITION AND MEASUREMENT OF UNCERTAIN TAX BENEFITS THIS GUIDANCE DID NOT HAVE AN IMPACT ON FLETCHER ALLEN HEALTH CARE AND ITS SUBSIDIARIES

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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	SELF-INSURANCE	9,431,879
Central America and the Caribbean	0	0	Investments		22,651,491
3a Sub-total	0	0			32,083,370
b Total from continuation sheets to Part I					
c **Totals** (add lines 3a and 3b)	0	0			32,083,370

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: 03-0219309
Name: Fletcher Allen Health Care Inc

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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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 BIG CHNG RND-UP (event type)	(b) Event #2 GOLF TOURNAMENT (event type)	(c) Other Events 2 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	204,436	106,532	63,522	374,490
	2 Less Charitable contributions	204,436	74,584	58,062	337,082
	3 Gross income (line 1 minus line 2)		31,948	5,460	37,408
Direct Expenses	4 Cash prizes		2,700		2,700
	5 Non-cash prizes				
	6 Rent/facility costs		15,680		15,680
	7 Food and beverages		7,261	480	7,741
	8 Entertainment				
	9 Other direct expenses	21,204	3,235	14,195	38,634
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				64,755
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-27,347

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
SCHEDULE G, PART II, LINE 9		THE NET INCOME AMOUNT FROM FUNDRAISING EVENTS IS NET OF CHARITABLE CONTRIBUTIONS

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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)			7,112,223		7,112,223	0 820 %
b Unreimbursed Medicaid (from Worksheet 3, column a)		35,634	180,275,737	100,185,171	80,090,567	9 280 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)		1,122	2,133,723	1,351,068	782,655	0 090 %
d **Total** Financial Assistance and Means-Tested Government Programs		36,756	189,521,683	101,536,239	87,985,445	10 190 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,654,014		2,654,014	0 310 %
f Health professions education (from Worksheet 5)			65,864,430	8,611,994	57,252,436	6 630 %
g Subsidized health services (from Worksheet 6)			20,068,481	14,123,222	5,945,259	0 690 %
h Research (from Worksheet 7)			596,020	394,726	201,294	0 020 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,069,376		1,069,376	0 120 %
j **Total** Other Benefits			90,252,321	23,129,942	67,122,379	7 770 %
k **Total.** Add lines 7d and 7j		36,756	279,774,004	124,666,181	155,107,824	17 960 %

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						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**						

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	8,710,688		
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	395,879		
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	199,210,017		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	213,509,006		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-14,298,989		
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	FLETCHER ALLEN HEALTH CARE INC 111 COLCHESTER AVE BURLINGTON,VT 05401	X	X	X	X		X	X		

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? **6**

	Name and address	Type of Facility (Describe)
1	CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON,VT 05403	DIALYSIS
2	CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON,VT 05403	DIALYSIS
3	CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON,VT 05403	DIALYSIS
4	CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON,VT 05403	DIALYSIS
5	CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON,VT 05403	DIALYSIS
6	CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON,VT 05403	DIALYSIS
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
SCHEDULE H, PART I, LINE 7G		FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 FLETCHER ALLEN HEALTH CARE INCLUDED PHYSICIAN CLINIC EXPENSES IN SUBSIDIZED HEALTH SERVICES FLETCHER ALLEN HEALTH CARE PHYSICIANS INCURRED $1,976,132 OF COSTS ASSOCIATED WITH PROVIDING PSYCHIATRY SERVICES

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7, COLUMN (F)		THE PROVISION FOR BAD DEBT INCLUDED ON FORM 990, PART IX, LINE 25 BUT SUBTRACTED FOR PURPOSE OF CALCULATING THE AMOUNT REPORTED ON LINE 7(F) IS $0 ALL BAD DEBT IS SHOWN AS A DEDUCTION FROM PATIENT REVENUE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		FLETCHER ALLEN UTILIZED THE ALLIANCE FOR DECISION SUPPORT COST ACCOUNTING SYSTEM TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE ON LINE 7 THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS, INCLUDING, BUT NOT LIMITED TO, INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED AND SELF PAY THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 WAS ALSO UTILIZED FOR SOME OF THE FIGURES REPORTED IN THE TABLE ON LINE 7 APPROXIMATELY $48M OF OUR MEDICAID EXPENSE IS FLETCHER ALLEN HEALTH CARE'S ANNUAL MEDICAID PROVIDER TAX, ASSESSED ON VERMONT ACUTE CARE HOSPITALS BY THE STATE OF VERMONT THE TAX ASSESSMENT IS CALCULATED AS 5 5% OF A HOSPITAL'S BASE YEAR NET PATIENT CARE REVENUE SCHEDULE H, PART II COMMUNITY BUILDING ACTIVITES THE $372 REPORTED IN PART II OF SCHEDULE H REFLECTS 15 HOURS OF STAFF TIME SPENT ON COMMUNITY-BASED COALITIONS, ADVISORY GROUPS AND COMMITTEES

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 4		FLETCHER ALLEN DETERMINED THE AMOUNT REPORTED IN PART III, LINE 2 BY UTILIZING WORKSHEET A AND MULTIPLYING THE TOTAL BAD DEBT WRITE-OFFS ATTRIBUTABLE TO PATIENT ACCOUNTS BY THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE NETTED AGAINST THE TOTAL GROSS CHARGES WHEN DETERMINING BAD DEBT EXPENSE THE $395,879 REFLECTS THE ADJUSTED BAD DEBT EXPENSE FOR ALL PATIENTS WHO SUBMITTED AN INITIAL APPLICATION, HOWEVER, UPON FOLLOW-UP DID NOT RESPOND TO REQUESTS FOR ADDITIONAL INFORMATION OR SUPPORTING DOCUMENTATION FAHC HAS A DATABASE WHICH TRACKS ALL APPLICATIONS AND THEIR STATUS, A QUERY EXTRACTED ALL INCOMPLETE/NON RESPONSIVE ARCHIVED APPLICATIONS PROVIDING A LIST OF PATIENTS & DEPENDENTS SUBSEQUENTLY, A QUERY OF ASSOCIATED PATIENT SERVICES FROM 10/1/10 - 9/30/11 FOR "SELF PAY" AND COLLECTION ACCOUNTS WAS EXTRACTED FROM THE BILLING SYSTEM THE COLLECTION DOLLARS WERE THEN ADJUSTED BY THE COST TO CHARGE RATIO FLETCHER ALLEN HEALTH CARE'S FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE DESCRIBING BAD DEBT EXPENSE RECEIVABLES ARE REPORTED NET OF AN ALLOWANCE FOR DOUBTFUL ACCOUNTS THE PROVISION FOR BAD DEBTS IS REPORTED AS A DEDUCTION FROM GROSS REVENUE THIS EXPENSE IS DETERMINED AS A PERCENTAGE OF GROSS PATIENT SERVICE REVENUE BASED ON ACTUAL WRITE-OFF HISTORY, REVIEWED ON A QUARTERLY BASIS AND ADJUSTED ON A SEMI-ANNUAL BASIS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 8		THE AMOUNT REPORTED IN PART III, LINE 6, MEDICARE ALLOWABLE COSTS OF CARE, IS DERIVED FROM FLETCHER ALLEN HEALTH CARE'S FYE 9/30/11 MEDICARE COST REPORT, WORKSHEET D-1, COMPUTATION OF INPATIENT OPERATING COSTS, WORKSHEET E PART B, CALCULATION OF OUTPATIENT SETTLEMENT, AND WORKSHEET I-4, COMPUTATION OF AVERAGE COST PER TREATMENT FOR OUTPATIENT RENAL DIALYSIS WHILE FLETCHER ALLEN HAS HISTORICALLY FOLLOWED THE CATHOLIC HOSPITAL ASSOCIATION'S GUIDANCE AND NOT CONSIDERED ANY MEDICARE SHORTFALL (REPORTED IN PART III, LINE 7) AS A COMMUNITY BENEFIT, IT IS LIKELY THAT SOME PORTION OF MEDICARE PATIENTS WOULD HAVE QUALIFIED FOR CHARITY CARE UNDER OUR POLICIES IN THE ABSENCE OF MEDICARE COVERAGE, SUCH THAT SHORTFALLS ASSOCIATED WITH THOSE PATIENTS WOULD OTHERWISE HAVE BEEN INCLUDED IN OUR COMMUNITY BENEFITS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 9B		PURSUANT TO THE SELF-PAY COLLECTION PROCESS POLICY SHOULD A PATIENT EXPRESS FINANCIAL HARDSHIP AND/OR IF THE PATIENT'S ACCOUNT BALANCE WOULD LIKELY QUALIFY FOR CATASTROPHIC ASSISTANCE, THE CUSTOMER SERVICE ACCOUNT RESOLUTION REPRESENTATIVE WILL PROVIDE PATIENTS WITH INFORMATION REGARDING THE FAHC PATIENT ASSISTANCE PROGRAM PATIENTS EXPRESSING INTEREST IN THE PROGRAM WILL BE DIRECTED TO THE FAHC WEBSITE FOR A DOWNLOADABLE APPLICATION OR AN APPLICATION WILL BE SENT VIA THE US MAIL IN ADDITION, HIGH DOLLAR ACCOUNTS ARE MONITORED WEEKLY AND SCREENED FOR POSSIBLE PATIENT ASSISTANCE WHEN DIRECT CONTACT VIA THE PHONE CANNOT BE ESTABLISHED, THOSE ACCOUNTS WHERE BALANCES ARE HIGH, HAVE INTERMITTENT PAYMENT OR EMPLOYMENT HISTORY ARE FLAGGED AS POTENTIAL CATASTROPHIC QUALIFIERS THESE PATIENTS WILL BE SENT AN APPLICATION VIA CERTIFIED MAIL, INVITING THEM TO APPLY FOR ASSISTANCE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V		IN ADDITION TO THE FACILITIES OPERATED BY FLETCHER ALLEN HEALTH CARE (FAHC) LISTED IN SECTION A AND SECTION C, FAHC OPERATES 28 ADDITIONAL CLINIC SITES AROUND ITS SERVICE AREA EACH OF THESE SITES IS COVERED UNDER THE FAHC HOSPITAL LICENSES ALL LISTED OR NON-LISTED FACILITIES OPERATED BY FAHC OR ITS SUBSIDIARIES FOLLOW ALL OF THE SAME POLICIES AND PROCEDURES AS THE FAHC HOSPITAL

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 2	NEEDS ASSESSMENT	FLETCHER ALLEN HAS A LONG HISTORY OF CONDUCTING NEEDS ASSESSMENTS TO GAUGE THE HEALTH CARE AND RELATED NEEDS OF THE COMMUNITIES, INCLUDING THE CREATION OF A CHARTERED COMMUNITY BENEFIT COMMITTEE IN OCTOBER, 2011 HALF OF WHOM ARE COMMUNITY MEMBERS (THE COMMITTEE IS THE SUCCESSOR TO THE SEVERAL YEARS' OLD COMMUNITY BENEFIT ADVISORY GROUP COMPRISED EXCLUSIVELY OF FLETCHER ALLEN STAFF) THE COMMITTEE INCLUDES SIX MEMBERS FROM ACROSS THE ORGANIZATION, SIX MEMBERS FROM THE COMMUNITY-BASED VERMONT HEALTH FOUNDATION, AND IS CHAIRED BY FLETCHER ALLEN'S CHIEF MEDICAL OFFICERS FLETCHER ALLEN IS IN MIDST OF A COMMUNITY HEALTH NEEDS ASSESSMENT IT COMPLETED INFORMATION GATHERING (EMPIRICAL DATA AUGMENTED BY KEY LEADER INTERVIEWS, FOCUS GROUPS AND AN ELECTRONIC/PAPER-BASED SURVEY) IN APRIL, 2012 THE COMMITTEE WILL REVIEW THE SURVEY RESULTS AND OTHER RELEVANT INFORMATION IN EARLY SUMMER AND WILL USE THIS PLUS INFORMATION FROM OUR CLINICIANS AND PLANNERS TO PLAN FOR DETERMINING WHICH COMMUNITY-BASED EFFORTS TO SUPPORT IN THE NEXT FISCAL YEAR

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	FLETCHER ALLEN UTILIZES A VARIETY OF METHODS TO INFORM, EDUCATE AND ASSIST PATIENTS IN IDENTIFYING PAYMENT SOURCES, INCLUDING STATE / FEDERAL PROGRAMS AS WELL AS OUR PATIENT ASSISTANCE PROGRAM EDUCATE & INFORM -THE FAHC PATIENT ASSISTANCE (CHARITY) PROGRAM IS REFERENCED ON THE FAHC PUBLIC WEBSITE, ALONG WITH GUIDELINES, CRITERIA, FREQUENTLY ASKED QUESTIONS AND A DOWNLOADABLE APPLICATION ALL PATIENTS ARE INVITED TO APPLY PATIENTS WHO WOULD NOT NORMALLY QUALIFY MAY BE CONSIDERED DUE TO SPECIAL CIRCUMSTANCES -OUR PATIENT ASSISTANCE PROGRAM IS REFERENCED ON ALL OF OUR FAHC PATIENT STATEMENTS, ALONG WITH TELEPHONE NUMBERS FOR ASSISTANCE IN THE APPLICATION PROCESS -PAMPHLETS REGARDING OUR HEALTH ASSISTANCE PROGRAMS ARE AVAILABLE IN THE PUBLIC WAITING ROOMS AND REGISTRATION OFFICE WITH FOLLOW-UP DIRECTIONS TO OUR COMMUNITY OUTREACH CASE MANAGERS AND COORDINATORS - VERBAL COMMUNICATION REGARDING THE PROGRAMS IS PROVIDED TO PATIENTS DURING THE PRE-REGISTRATION PROCESS IF UNINSURED OR IF INSURED PATIENTS EXPRESS HARDSHIP, AT THE POINT OF ARRIVAL AND AT THE POINT OF DISCHARGE IN THE EMERGENCY DEPARTMENT APPLICATIONS FOR BOTH MEDICAID AND CHARITY ARE AVAILABLE TO EACH REGISTRAR AND ARE ROUTINELY PROVIDED TO PATIENTS DURING THE INTERVIEW AND/OR PATIENTS ARE DIRECTED TO OUR PATIENT FINANCIAL COUNSELORS AND CUSTOMER SERVICE REPRESENTATIVES FOR APPLICATION ASSISTANCE - WITHIN THE PHYSICIAN CLINICS, APPLICATIONS ARE AVAILABLE FOR PATIENTS AND FOLLOW-UP REFERRALS ARE PROVIDED DIRECTLY TO THE CUSTOMER SERVICE DEPARTMENT -PATIENT CALLS TO THE CUSTOMER SERVICE CENTER REGARDING BILLS, PAYMENTS, BUDGET PLANS, ETC WILL INCLUDE EDUCATION AND, WHEN NECESSARY, COUNSELING FOR PATIENTS REGARDING BOTH THE STATE AND FEDERAL OPTIONS AS WELL AS THE FAHC CHARITY PROGRAM APPLICATIONS FOR ASSISTANCE WITH ALL PROGRAMS ARE MAILED TO PATIENTS UPON REQUEST APPLICATION ASSISTANCE - ALL INPATIENTS AND OUTPATIENT PROCEDURES ARE FINANCIALLY SCREENED TO IDENTIFY THE UNDERINSURED OR UNINSURED PATIENT POPULATION PRIOR TO SERVICE, CONCURRENT WITH SERVICE AND POST SERVICE, OUR PATIENT FINANCIAL COUNSELORS WILL CALL AND/OR MEET WITH PATIENTS AND FAMILIES TO EDUCATE THEM ON THE AVAILABLE PROGRAMS AND WHERE APPLICABLE, ASSIST IN THE APPLICATION PROCESS THIS INCLUDES THE STATE AND FEDERAL AID APPLICATIONS AND THE FAHC CHARITY APPLICATION PROCESS -OUR COUNSELORS WILL ADDITIONALLY MEET WITH PATIENTS AT THE BEDSIDE TO HELP COMPLETE THE APPLICATIONS, PROVIDE DETAILS ON SUPPORTING DOCUMENTATION NEEDS & FACILITATE AND EXPEDITE THE REVIEW PROCESS UNTIL A NOTICE OF DECISION HAS BEEN RECEIVED -OUR COMMUNITY HEALTH IMPROVEMENT OFFICE PROVIDES EDUCATION AND APPLICATION ASSISTANCE FOR A VARIETY OF PROGRAMS, INCLUDING THE STATE AND FEDERAL MEDICAID APPLICATION PROCESS, THE PATIENT ASSISTANCE PROGRAM APPLICATION (CHARITY) AS WELL AS ASSIST WITH FINANCIAL ASSISTANCE TO PHARMACEUTICAL COMPANIES PROCESSES HAVE BEEN ESTABLISHED TO REFER URGENT CARE AND EMERGENCY DEPARTMENT PATIENTS TO THE PROGRAM, WHERE CASE MANAGERS ASSIST IN BOTH THE APPLICATION PROCESS AND COMMUNITY RESOURCE NEEDS IDENTIFICATION AS A SAFETY NET, THE CASE MANAGERS WILL ALSO RECEIVE REPORTS FOR THE UNINSURED EMERGENCY PATIENTS WHO HAVE FREQUENTED THE EMERGENCY DEPARTMENT MORE THAN 1 TIME PER MONTH THE MANAGERS WILL THEN REACH OUT TO THE PATIENTS, SEEKING TO ASSIST PATIENTS IN IDENTIFYING FINANCIAL SPONSORSHIP

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION	FLETCHER ALLEN HEALTH CARE IS BOTH A COMMUNITY HOSPITAL AND, IN PARTNERSHIP WITH THE UNIVERSITY OF VERMONT, THE STATE'S ACADEMIC MEDICAL CENTER IN ITS COMMUNITY HOSPITAL ROLE, FLETCHER ALLEN SERVES APPROXIMATELY 150,000 RESIDENTS IN CHITTENDEN AND GRAND ISLE COUNTIES AND PROVIDES PRIMARY CARE SERVICES AT TWELVE VERMONT SITES THE ORGANIZATION ALSO OFFERS FREE TO THE COMMUNITY A WIDE RANGE OF HEALTH, PREVENTION AND WELLNESS PROGRAMS, ALL OF WHICH HELP TO LIMIT THE NEED FOR MORE EXPENSIVE ACUTE CARE AS A REGIONAL REFERRAL CENTER, FLETCHER ALLEN PROVIDES ADVANCED-LEVEL CARE TO A POPULATION OF ONE MILLION PEOPLE THROUGHOUT VERMONT AND NORTHERN NEW YORK THE MEDICAL CENTER EXTENDS BEYOND ITS FOUR MAIN CAMPUSES IN THE BURLINGTON AREA TO INCLUDE MORE THAN 30 PATIENT CARE SITES AND 100 OUTREACH CLINICS, PROGRAMS AND SERVICES THROUGHOUT THE REGION

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	FLETCHER ALLEN IS GOVERNED BY A BOARD OF COMMUNITY VOLUNTEERS FROM OUR SERVICE AREA, INCLUDING OUR PRIMARY, SECONDARY AND TERTIARY REFERRAL REGION THE MAJORITY OF BOARD MEMBERS ARE INDEPENDENT AND NOT DIRECTLY AFFILIATED WITH THE ORGANIZATION FLETCHER ALLEN'S MEDICAL STAFF IS AN "OPEN STAFF" MODEL WITH MEMBERSHIP GOVERNED BY THE MEDICAL STAFF'S BY-LAWS, AND INCLUDES APPROXIMATELY 550 EMPLOYED PHYSICIANS AND 220 COMMUNITY-BASED PHYSICIANS AS A NON-PROFIT, ANY SURPLUS FUNDS GENERATED BY FLETCHER ALLEN ARE RE-INVESTED IN OUR ORGANIZATION TO SUPPORT OUR MISSION PLEASE SEE SCHEDULE O FOR A MORE DETAILED DESCRIPTION OF FLETCHER ALLEN'S ROLE IN OUR REGIONAL HEALTH CARE SYSTEM AND OUR COMMUNITY BENEFIT ACTIVITIES

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	COLLABORATIVE EFFORTS - FLETCHER ALLEN REGULARLY PARTNERS WITH OTHER ORGANIZATIONS AND PROVIDERS TO HELP MEET THE NEEDS OF OUR COMMUNITY THIS INCLUDES WORKING WITH OTHER ORGANIZED SYSTEMS OF CARE (LIKE HOME HEALTH AGENCIES, OTHER VERMONT HOSPITALS, AND PHYSICIAN PRACTICES), AS WELL AS COMMUNITY-BASED ORGANIZATIONS WHOSE MISSIONS ARE SIMILAR TO OURS FOR EXAMPLE, FLETCHER ALLEN COLLABORATES WITH COMMUNITY PARTNERS TO REGULARLY ASSESS COMMUNITY AND HEALTH CARE NEEDS, WHICH HELPS GUIDE OUR ORGANIZATION'S PRIORITIES PLEASE READ FORM 990 PART III NARRATIVE IN SCHEDULE O FOR ADDITIONAL INFORMATION ON FLETCHER ALLEN HEALTH CARE'S INTERACTIONS IN AND WITH ITS COMMUNITY

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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 . . . ▶ 14

3 Enter total number of other organizations . . . ▶ 0

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) Nursing Scholarships	23	79,750			
(2) Allied Health Scholarships	5	18,125			
(3) ENDOWMENT SCHOLARSHIPS	6	4,500			

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
SCHOLARSHIP MONITORING	SCHEDULE I, PART I, QUESTION 2	THE ORGANIZATION BELIEVES STRICT APPLICATION AND APPROVAL CRITERIA FOR SCHOLARSHIP RECIPIENTS HELPS MAINTAIN THE INTEGRITY OF EACH RESPECTIVE AWARD NURSING SCHOLARSHIPS NURSING SCHOOL ASSISTANCE IS AWARDED TO APPLICANTS IN ORDER FOR THEM TO OBTAIN A DEGREE IN NURSING FOR THE APPLICANT TO QUALIFY FOR THE SCHOLARSHIP, HE/SHE MUST AGREE THAT THEY WILL USE IT TO HELP FURTHER FLETCHER ALLEN HEALTH CARE'S CHARITABLE STATUS THIS IS DONE BY HAVING THE APPLICANT COMMIT TO TWO YEARS OF SERVICE AT THE ORGANIZATION AFTER SUCCESSFUL COMPLETION OF THE DEGREE PROGRAM IN ADDITION, A WRITTEN PROPOSAL STATING HOW ATTAINMENT OF THE DEGREE WILL BENEFIT NURSING AT THE ORGANIZATION IS REQUIRED ALLIED HEALTH SCHOLARSHIPS ALLIED HEALTH SCHOLARSHIPS ARE AWARDED TO SUPPORT THE CAREER DEVELOPMENT OF FLETCHER ALLEN HEALTH CARE (FAHC) EMPLOYEES IN POSITION CATEGORIES WHERE CURRENT AND PROJECTED SHORTAGES EXIST FOR THE APPLICANT TO QUALIFY FOR THE SCHOLARSHIP, HE OR SHE MUST BE AN EMPLOYEE OF FAHC FOR ONE YEAR OR MORE, COMPLETE AN APPLICATION AND WRITTEN ESSAY, HAVE A HISTORY OF SOLID JOB PERFORMANCE, BE ACCEPTED INTO AN APPROVED ACADEMIC PROGRAM, AND PROVIDE TWO LETTERS OF RECOMMENDATION ONCE THE SCHOLARSHIP IS AWARDED, RECIPIENTS MUST SIGN AN AGREEMENT TO WORK FOR FAHC FOR A MINIMUM OF THREE YEARS UPON GRADUATION, TAKE A MINIMUM OF SIX CREDIT HOURS EACH SEMESTER, MAINTAIN HIGH GRADES, AND WORK A MINIMUM OF 20 HOURS PER WEEK SCHOLARSHIPS FROM THE NURSING EDUCATION ENDOWMENT FUND AND THE MARY FLETCHER HOSPITAL SCHOOL OF NURSING ALUMNI FUND ASSISTANCE FROM THE NURSING EDUCATION ENDOWMENT FUND IS AWARDED TO ELIGIBLE APPLICANTS GOING INTO THE NURSING FIELD APPLICANTS MUST BE EMPLOYED AT LEAST TWO YEARS AT FAHC, WORK AT LEAST 40 HOURS PER PAY PERIOD, ENROLLED IN A NURSING CERTIFICATE, DEGREE OR DOCTORATE PROGRAM, AND CURRENT EMPLOYEES IN GOOD STANDING WITH NO CURRENT DISCIPLINARY ACTION ON THEIR FILE DECISION TO APPROVE FUNDING IS BASED ON THE APPLICANT'S COMPLETED APPLICATION FORM, TWO LETTERS OF RECOMMENDATION, AND COMMITMENT TO TWO YEARS OF SERVICE AT FAHC AFTER SUCCESSFUL COMPLETION OF THE DEGREE ASSISTANCE FROM THE MARY FLETCHER HOSPITAL SCHOOL OF NURSING ALUMNI FUND IS ALSO AWARDED TO ELIGIBLE APPLICANTS GOING INTO THE NURSING FIELD APPLICANTS MUST BE ENROLLED IN EITHER A FORMAL OR CONTINUING EDUCATION PROGRAM RELATED TO SOME ASPECT OF HEALTH CARE (FOR EXAMPLE, HOLISTIC NURSING, CHILD-BIRTH EDUCATION, CHEMICAL DEPENDENCY, NURSE PRACTITIONER) IN ADDITION, APPLICANTS MUST MEET THE FOLLOWING REQUIREMENTS BE EMPLOYED BY FLETCHER ALLEN HEALTH CARE FOR AT LEAST ONE YEAR, AND PROVIDE A COMPLETED APPLICATION FORM, RESUME, WRITTEN ESSAY AND TWO LETTERS OF RECOMMENDATION

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 03-0219309
Name: Fletcher Allen Health Care Inc

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
Champlain Initiative CO United Way of Chit412 Farrell St S Burlington, VT 05403	03-0217229	501(C)(3)	40,000				COMMUNITY HLTH IMPRO
Community Health Center of Burlington617 Riverside Ave Burlington, VT 05401	23-7182584	115	167,996				COMMUNITY HLTH IMPRO

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
Burlington School District's Dental Health150 Colchester Ave Burlington, VT 05401	03-6000410	501(C)(3)	15,000				COMMUNITY HLTH IMPRO
Diabetes Exercise Program - Burlington YMCA266 College Street Burlington, VT 05401	03-0185810	501(C)(3)	6,000				COMMUNITY HLTH IMPRO

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
United Way of Chittenden County412 Farrell St Suite 200 S Burlington, VT 05403	03-0217229	501(C)(3)	30,000				COMMUNITY HLTH IMPRO
Vermont Health Foundation 199 Main Street Suite 150 Burlington, VT 05401	03-0289111	501(C)(3)	23,900				COMMUNITY HLTH IMPRO

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
Vermont Ethics Network65 Main Street Room 25 Montpelier, VT 056202951	03-0336174	501(c)(3)	6,600				COMMUNITY HLTH IMPROV
Downtown Street Outreach - HowardCenter Inc300 Flynn Avenue Burlington, VT 05401	03-0179433	501(c)(3)	35,000				COMMUNITY HLTH IMPRO

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
Northeastern Vermont Area Health Education Center347 Emerson Falls Rd St Johnsbury, VT 05819	04-3366707	501(c)(3)	65,000				community hlth impro
Champlain Valley Area Health Education Ctr92 Fairfield St St Albans, VT 05478	03-0357255	501(c)(3)	65,000				community hlth impro

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
Southern Vermont Area Health Education Ctr365 Summer Street Springfield, VT 05156	03-0360193	501(c)(3)	65,000				community hlth impro
University of Vermont College of Medicine1 South Prospect St Burlington, VT 05401	03-0179440	501(c)(3)	65,000				community hlth impro

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
AMERICAN HEART ASSOCIATION434 HURRICANE LANE WILLISTON,VT 05495	13-5613797	501(C)(3)	15,000				GO RED EVENT
AMERICAN RED CROSS29 MANSFIELD AVENUE BURLINGTON,VT 05401	53-0196605	501(C)(3)	47,864				DISASTER RELIEF

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
United Way of Chittenden County412 FARRELL ST BURLINGTON,VT 05403	03-0217229	501(C)(3)	89,298				DISASTER RELIEF

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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**		No
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**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
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**	Yes	
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				
(1) DR MELINDA ESTES	(i)	839,291	738,220	209,818	22,050	23,520	1,832,899	0
	(ii)	0	0	0	0	0	0	0
(2) ROGER DESHAIES	(i)	436,568	257,786	72,531	22,050	22,147	811,082	0
	(ii)	0	0	0	0	0	0	0
(3) DR PAUL TAHERI	(i)	370,163	301,748	71,620	17,150	26,020	786,701	0
	(ii)	0	0	0	0	0	0	0
(4) SANDRA FELIS RN	(i)	339,932	219,220	57,925	22,050	11,539	650,666	0
	(ii)	0	0	0	0	0	0	0
(5) DR JOHN BRUMSTED	(i)	415,144	270,083	63,804	28,653	23,570	801,254	0
	(ii)	0	0	0	0	0	0	0
(6) DR KRISTEN DESTIGTER	(i)	514,283	0	121,326	17,150	23,276	676,035	0
	(ii)	0	0	0	0	0	0	0
(7) DR BELA RATKOVITS	(i)	501,937	0	83,224	26,808	12,625	624,594	0
	(ii)	0	0	0	0	0	0	0
(8) DR GRANT LINNELL	(i)	525,174	0	58,125	17,150	22,958	623,407	0
	(ii)	0	0	0	0	0	0	0
(9) SPENCER KNAPP	(i)	348,358	241,248	78,620	5,967	5,270	679,463	0
	(ii)	0	0	0	0	0	0	0
(10) DR HEATHER BURBANK	(i)	526,773	0	82,758	17,150	11,250	637,931	0
	(ii)	0	0	0	0	0	0	0
(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
PERSONAL SERVICE COMPENSATION	SCHEDULE J, PART I, QUESTIONS 1A, 1B & 2	THE FOLLOWING INDIVIDUALS RECEIVED COMPENSATION OF $1,400 TO COVER TAX PREPARATION AND FINANCIAL ADVISORY SERVICES DR MELINDA ESTES ROGER DESHAIES DR PAUL TAHERI SANDRA FELIS, R N DR JOHN BRUMSTED SPENCER KNAPP WHILE THERE IS NO ORGANIZATION-WIDE WRITTEN POLICY REGARDING PAYMENT OF THE EXPENSE DESCRIBED ABOVE, THE AMOUNT IS INCLUDED IN THE RESPECTIVE INDIVIDUAL'S EMPLOYMENT CONTRACT WHICH IS DETERMINED THROUGH ANNUAL REVIEW (AS DISCUSSED IN SCHEDULE O) PERSONAL SERVICE COMPENSATION IS A FLAT AMOUNT INCLUDED IN THE INDIVIDUAL'S RESPECTIVE W-2 AS TAXABLE INCOME NO REIMBURSEMENT IS MADE UNDER AN ACCOUNTABLE PLAN, THEREFORE, SUBSTANTIATION OF EXPENSE IS UNNECESSARY NON-FIXED PAYMENTS SCHEDULE J, PART I, QUESTION 7 FLETCHER ALLEN PAID A LUMP-SUM INCENTIVE AWARD TO UPPER MANAGEMENT (DIRECTORS, VICE PRESIDENTS, PHYSICIAN CHAIRS AND SENIOR EXECUTIVES) THROUGH ITS ANNUAL SHORT-TERM INCENTIVE (STI) PLAN AS THE PLAN'S ORGANIZATIONAL PERFORMANCE MEASURES WERE MET THE MEASURES WERE REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES THESE MEASURES INCLUDED FINANCIAL QUALITY, OPERATIONAL AND HUMAN RESOURCES RELATED METRICS IN CALENDAR YEAR 2010, THE MONTHS OF JANUARY THROUGH SEPTEMBER FALL IN OUR FISCAL YEAR 2010, WHILE THE MONTHS OF OCTOBER THROUGH DECEMBER FALL IN OUR FISCAL YEAR 2011 IN FISCAL YEAR 2010, THE TWO FINANCIAL MEASURES FOR ORGANIZATIONAL PERFORMANCE WERE OPERATING MARGIN AND GROWTH FROM COORDINATED HEALTH SYSTEMS EACH WAS WEIGHTED AT 20% IN FISCAL YEAR 2011, THE TWO FINANCIAL MEASURES FOR ORGANIZATIONAL PERFORMANCE WERE OPERATING MARGIN AND COST PER ADJUSTED DISCHARGE EACH WAS WEIGHTED AT 20% FLETCHER ALLEN PAID A LUMP-SUM INCENTIVE AWARD TO SENIOR EXECUTIVES UNDER A LONG-TERM INCENTIVE (LTI) PLAN DURING CALENDAR YEAR 2010 THE LTI PLAN COVERED FISCAL YEARS 2008 TO 2010, ITS INTENT WAS TO FURTHER THE CHARITABLE MISSION OF FLETCHER ALLEN HEALTH CARE BY FOCUSING KEY EXECUTIVES ON MULTI-YEAR GOALS CONSIDERED CRITICAL TO FLETCHER ALLEN'S SUCCESS ADDITIONALLY, THE PLAN WAS STRUCTURED TO HELP FLETCHER ALLEN HEALTH CARE RETAIN THESE KEY EXECUTIVES OVER THE LONG TERM BY PROVIDING MEANINGFUL INCENTIVES AND REWARDS FOR SUSTAINED SUCCESS OVER THE THREE YEAR PERIOD SENIOR EXECUTIVES ELIGIBLE FOR THIS PLAN WERE NOMINATED BY THE PRESIDENT & CHIEF EXECUTIVE OFFICER (CEO) AND APPROVED BY THE COMPENSATION COMMITTEE OF FLETCHER ALLEN HEALTH CARE'S BOARD OF TRUSTEES THE TEN MEASURES FOCUSED ON ACHIEVEMENTS AROUND FINANCE, ELECTRONIC HEALTH RECORD IMPLEMENTATION, AND QUALITY METRICS

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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	VEHBFA SERIES 2008A & 2004B	23-7154467	924166CJ8	05-21-2008	215,386,067	REFUND BONDS ISSUED 04/15/2004		X		X		X
B	VEHBFA SERIES 2007A	23-7154467	924166AQ4	01-25-2007	56,375,337	CONSTRUCT HEALTH CARE FACILITIES		X		X		X
C	VEHBFA SERIES 2004A	23-7154467	9241606Q2	04-15-2004	49,543,132	REFUND BONDS ISSUED 1993		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	8,019,772	158,312	12,112,781	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	215,386,067	56,375,337	49,543,132	
4	Gross proceeds in reserve funds	15,345,234	3,091,705	4,895,142	
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,708,089	895,983	451,483	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	52,387,649	52,387,649		
11	Other spent proceeds	198,332,744		44,196,507	
12	Other unspent proceeds				
13	Year of substantial completion	2005	2005	2005	

		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			
15	Were the bonds issued as part of an advance refunding issue?		X				X		
16	Has the final allocation of proceeds been made?	X		X		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				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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					
b	Are there any research agreements that may result in private business use of bond-financed property?		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?	X		X					
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 %					
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 %					
6	Total of lines 4 and 5	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					

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		
2	Is the bond issue a variable rate issue?	X			X		X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		
b	Name of provider	CITIBANK							
c	Term of hedge		23 2						
d	Was the hedge superintegrated?								
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		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
SEE SCHEDULE O FOR SUPPLEMENTAL INFORMATION		

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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
Total . . . . . ▶ $										

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) VERMONT GAS SYSTEMS	SEE PART V	1,967,389	NATURAL GAS		No
(2) DR HAROLD MORRIS III	SPOUSE OF CEO ESTES	33,145	WAGES		No
(3) R ALLEN MEAD	SON OF TRUSTEE MEAD	177,779	WAGES		No
(4) Maria McClellan	SEE PART V	163,013	WAGES		No
(5) Maurine R Gilbert	Daughter of TTEE Gilbert	72,547	WAGES		No
(6) VMC INDEMNITY COMPANY LTD	SEE PART V	9,431,879	INSURANCE PREMIUMS		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
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV	(1) RELATIONSHIP DONALD GILBERT, TRUSTEE, IS THE PRESIDENT AND CEO OF VERMONT GAS SYSTEMS, WHICH IS THE ORGANIZATION'S NATURAL GAS PROVIDER (4) RELATIONSHIP MARIA MCCLELLAN IS THE SISTER-IN-LAW OF JOHN BRUMSTED, INTERIM PRESIDENT/CEO (6) RELATIONSHIP ROGER DESHAIES, DR MELINDA ESTES, SANDRA FELIS, R N , DR PAUL TAHERI, AND DR JOHN BRUMSTED SERVE AS DIRECTORS OF VMC INDEMNITY COMPANY, FLETCHER ALLEN HEALTH CARE'S CAPTIVE INSURANCE COMPANY

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Identifier	Return Reference	Explanation
NUMBER OF VOLUNTEERS	FORM 990, PART I, QUESTION 6	THE TOTAL NUMBER OF VOLUNTEERS INCLUDES NON-COMPENSATED MEMBERS OF THE BOARD OF TRUSTEES IN ADDITION, VOLUNTEERS WORK IN OVER 50 DEPARTMENTS TO SUPPORT THE WORK OF EMPLOYEES TO MEET PATIENT NEEDS AND ENHANCE THE PATIENT EXPERIENCE AT FLETCHER ALLEN

Identifier	Return Reference	Explanation
Community Benefit Report	Form 990, PART III	FLETCHER ALLEN HEALTH CARE IS BOTH A COMMUNITY HOSPITAL AND, IN PARTNERSHIP WITH THE UNIVE RSITY OF VERMONT, THE STATE'S ACADEMIC MEDICAL CENTER IT IS OUR MISSION TO IMPROVE THE HE ALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION AND RESEARCH IN A CARING ENVIRONMENT IN ITS COMMUNITY HOSPITAL ROLE, FLETCHER ALLEN SERVES AP PROXIMATELY 150,000 RESIDENTS IN CHITTENDEN AND GRAND ISLE COUNTIES AND PROVIDES PRIMARY C ARE SERVICES AT TEN VERMONT SITES THE ORGANIZATION ALSO OFFERS FREE TO THE COMMUNITY A WI DE RANGE OF HEALTH, PREVENTION AND WELLNESS PROGRAMS, ALL OF WHICH HELP TO LIMIT THE NEED FOR MORE EXPENSIVE ACUTE CARE THROUGH A VITAL PARTNERSHIP, FLETCHER ALLEN HEALTH CARE, TH E UNIVERSITY OF VERMONT COLLEGE OF MEDICINE AND THE UNIVERSITY OF VERMONT COLLEGE OF NURSI NG AND HEALTH SCIENCES FORM VERMONT'S ACADEMIC MEDICAL CENTER - ONE OF ONLY APPROXIMATELY 130 SUCH CENTERS IN THE COUNTRY TOGETHER, THESE INSTITUTIONS ARE COMMITTED TO HELPING IMP ROVE OUR REGION'S QUALITY OF LIFE WITH INNOVATIONS IN MEDICINE AND HEALTH CARE THAT ARISE FROM NEW KNOWLEDGE AND DISCOVERY THROUGH ITS ALLIANCE WITH THE UNIVERSITY OF VERMONT, FLE TCHER ALLEN IS ABLE TO PROVIDE THE BEST PATIENT CARE POSSIBLE BY BRINGING MEDICAL EDUCATIO N AND RESEARCH TO THE BEDSIDE, THE DOCTOR'S OFFICE AND INTO THE COMMUNITY AS A REGIONAL R EFERRAL CENTER, FLETCHER ALLEN PROVIDES ADVANCED-LEVEL CARE TO A POPULATION OF ONE MILLION PEOPLE THROUGHOUT VERMONT AND NORTHERN NEW YORK THE MEDICAL CENTER EXTENDS BEYOND ITS FO UR MAIN CAMPUSES IN THE BURLINGTON AREA TO INCLUDE MORE THAN 30 PATIENT CARE SITES AND 100 OUTREACH CLINICS, PROGRAMS AND SERVICES THROUGHOUT THE REGION EACH OF THESE RESPONSIBILI TIES IS EQUALLY IMPORTANT IN FULFILLING FLETCHER ALLEN'S MISSION 1 PATIENT CARE - SERVIN G A POPULATION OF ONE MILLION THROUGHOUT VERMONT AND NORTHERN NEW YORK, FLETCHER ALLEN PRO VIDES A FULL RANGE OF SERVICES COVERING EVERY MAJOR AREA OF MEDICINE THE MEDICAL CENTER A VERAGES MORE THAN A MILLION PATIENT VISITS EACH YEAR, INCLUDING INPATIENT, OUTPATIENT, EME RGENCY DEPARTMENT AND PHY SICIAN OFFICE VISITS FLETCHER ALLEN IS AT THE LEADING EDGE OF HE ALTH CARE INNOVATIONS, INCLUDING HAVING IMPLEMENTED A SYSTEM-WIDE ELECTRONIC HEALTH RECORD THAT SUPPORTS IMPROVED HEALTH CARE FOR OUR COMMUNITIES AND SERVING AS ONE OF THE FIRST TW O PILOT SITES FOR THE VERMONT BLUEPRINT FOR HEALTH, A STATEWIDE PUBLIC/PRIVATE PARTNERSHIP FOCUSED ON ENSURING THAT ALL VERMONTERS HAVE ACCESS TO PRIMARY CARE SERVICES USING THE "P ATIENT-CENTERED MEDICAL HOME" CARE DELIVERY MODEL IN LINE WITH THE BLUEPRINT, FLETCHER AL LEN HAS BEEN IMPLEMENTING COMMUNITY HEALTH TEAMS FOR ALL OF OUR PRIMARY CARE PRACTICES, SE VEN OF WHICH HAVE BEEN RECOGNIZED BY THE NATIONAL COMMITTEE ON QUALITY ASSURANCE AS PATIEN T-CENTERED MEDICAL HOMES 2 EDUCATION - AS AN ACADEMIC MEDICAL CENTER, WE HAVE THE SPECIA L RESPONSIBILITY OF EDUCATING THE NEXT GENERATION OF DOCTORS, NURSES AND ALLIED HEALTH PRO FESSIONALS THE VAST MAJORITY OF FLETCHER ALLEN DOCTORS NOT ONLY TAKE CARE OF PATIENTS, TH EY ALSO TEACH MEDICAL STUDENTS THROUGH THEIR POSITIONS AS MEMBERS OF THE UNIVERSITY OF VER MONT COLLEGE OF MEDICINE FACULTY A NUMBER OF FLETCHER ALLEN NURSES AND ALLIED HEALTH PROF ESSIONALS ALSO TEACH AT THE UNIVERSITY OF VERMONT COLLEGE OF NURSING AND HEALTH SCIENCES FLETCHER ALLEN HEALTH CARE SERVES AS THE CLINICAL TRAINING SITE FOR THE APPROXIMATELY 450 MEDICAL STUDENTS AND 1,000 NURSING AND ALLIED HEALTH STUDENTS WHO ATTEND THE UNIVERSITY OF VERMONT ADDITIONALLY, FLETCHER ALLEN IS THE TRAINING SITE FOR APPROXIMATELY 280 RESIDENT S - PHY SICIANS WHO HAVE GRADUATED FROM MEDICAL SCHOOL AND ARE COMPLETING THE ADDITIONAL CL INICAL TRAINING REQUIRED FOR THEIR AREA OF CARE PATIENTS BENEFIT FROM HAVING RESIDENTS, M EDICAL STUDENTS AND NURSING AND ALLIED HEALTH STUDENTS AS PART OF THEIR CARE TEAM IN 2011 , FLETCHER ALLEN AND THE UNIVERSITY OF VERMONT COMPLETED THE DEVELOPMENT OF A SIMULATION C ENTER THAT INCLUDES 9,000 SQUARE FEET OF TEACHING SPACE WITH FULLY-FUNCTIONING HOSPITAL RO OMS AND HIGH-TECH MANNEQUINS THAT SIMULATE ALL KINDS OF DISEASES AND INJURIES THE SIMULAT ION CENTER ALSO HAS HANDS-ON LABS FOR SKILL-BUILDING AS WELL AS A VIRTUAL REALITY TRAINER THAT IMPROVES ON OLD TEACHING METHODS IN ADDITION TO BEING USED TO TRAIN FUTURE DOCTORS A ND NURSES, THE NEW FACILITY IS OPEN TO ALL VERMONT MEDICAL PROFESSIONALS, INCLUDING EMERGE NCY MEDICAL TECHNICIANS AND VERMONT NATIONAL GUARD MEDICS 3 RESEARCH - A CORE MISSION OF THE ACADEMIC MEDICAL CENTER IS TO ADVANCE MEDICAL KNOWLEDGE THROUGH RESEARCH, SO IN ADDIT ION TO TEACHING AND TRAINING, MANY OF OUR PHY SICIANS, NURSES AND OTHER PROVIDERS ENGAGE IN BIOMEDICAL RESEARCH, SEEKING NEW CURES AND MORE EFFECTIVE TREATMENTS THERE ARE OVER 1,00 0 ACTIVE CLINICAL TRIALS AT THE UNIVERSITY OF VERMONT AND FLETCHER ALLEN CLINICAL TRIALS ARE RESEARCH STUDIES CONDUCTED USING VOLUNTEERS EACH STUDY ANSWERS SCIENTIFIC QUESTIONS A ND TRIES TO FIND BETTER WAYS TO PREVENT, SCREEN FO

Identifier	Return Reference	Explanation
Community Benefit Report	Form 990, PART III	R, DIAGNOSE, OR TREAT A DISEASE. THIS ACTIVE RESEARCH PROGRAM HAS A DIRECT BENEFIT TO PATI ENTS AT FLETCHER ALLEN, WHO HAVE ACCESS TO THE LATEST TREATMENTS AND TECHNOLOGY AND WHO AR E CARED FOR BY SOME OF THE LEADING EXPERTS IN THEIR FIELD. THE ACADEMIC MEDICAL CENTER IS ALSO ACTIVELY ENGAGED IN POPULATION-BASED HEALTH RESEARCH, INCLUDING EVALUATING VERMONT BL UEPRINT FOR HEALTH PILOT PROJECTS INVOLVING THE DEVELOPMENT AND IMPACT OF PATIENT-CENTERED MEDICAL HOMES WITHIN THE STATE. 4 COMMUNITY BENEFIT - IN ADDITION TO DELIVERING HEALTH C ARE, EDUCATING HEALTH CARE PROFESSIONALS, AND RESEARCHING NEW KNOWLEDGE, FLETCHER ALLEN AL SO LIVES ITS MISSION - TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES IT SERVES - BY REACHING OUT TO HELP PEOPLE TAKE CARE OF THEIR HEALTH. THESE EFFORTS INCLUDE, BUT ARE N OT LIMITED TO COMMUNITY WELLNESS AND EDUCATION - FLETCHER ALLEN OFFERS NUMEROUS FREE HEAL TH EDUCATION CLASSES, IN WHICH HEALTH PROFESSIONALS PROVIDE INFORMATION ON A VARIETY OF TO PICS. MANY OTHER HEALTH AND WELLNESS PROGRAMS OFFERED THROUGHOUT THE Y EAR SERVE AS A VALUA BLE RESOURCE TO OUR COMMUNITY, RANGING FROM CHILD PASSENGER CAR SEAT SAFETY CHECKS TO FREE BLOOD PRESSURE SCREENINGS, TOBACCO CESSATION CLASSES, AND WORKSHOPS FOR SENIORS. FRY MOYER COMMUNITY HEALTH RESOURCE CENTER - PATIENTS, FAMILIES AND THE PUBLIC ARE MORE INTERESTED THAN EVER IN GAINING ACCESS TO THE LATEST HEALTH INFORMATION AVAILABLE. THE FRY MOYER COMMU NITY HEALTH RESOURCE CENTER AT FLETCHER ALLEN OFFERS THE COMMUNITY EASY, FREE, GUIDED ACCE SS TO THE BEST INFORMATION ABOUT HEALTH AND MEDICINE. COLLABORATIVE EFFORTS - FLETCHER ALL EN REGULARLY PARTNERS WITH OTHER ORGANIZATIONS AND PROVIDERS TO HELP MEET THE NEEDS OF OUR COMMUNITY. THIS INCLUDES WORKING WITH OTHER ORGANIZED SY STEMS OF CARE (LIKE HOME HEALTH A GENCIES, OTHER VERMONT HOSPITALS, AND PHY SICIAN PRACTICES), AS WELL AS COMMUNITY-BASED ORG ANIZATIONS WHOSE MISSIONS ARE SIMILAR TO OURS. FOR EXAMPLE, FLETCHER ALLEN COLLABORATES WI TH COMMUNITY PARTNERS TO REGULARLY ASSESS COMMUNITY AND HEALTH CARE NEEDS, WHICH HELPS GUI DE OUR ORGANIZATION'S PRIORITIES

Identifier	Return Reference	Explanation
Our community benefits fall into four general categories		*DIRECT FINANCIAL ASSISTANCE TO PATIENTS THIS REPRESENTS FREE CARE GIVEN TO PATIENTS WHO QUALIFY UNDER FLETCHER ALLEN'S "PATIENT ASSISTANCE PROGRAM" POLICY THAT POLICY OFFERS FREE CARE TO PATIENTS UNDER 200% OF THE FEDERAL POVERTY LEVEL (FPL), WITH PATIENTS BETWEEN 200% AND 400% FPL PAYING A SLIDING-SCALE DEDUCTIBLE ONLY FOR FY 2011, WE CALCULATED THIS AMOUNT AT APPROXIMATELY $7 1 MILLION IN ACTUAL COSTS (NOT CHARGES)(SEE SCHEDULE H, LINE 7A, COLUMN E) *SUBSIDIZED PROGRAMS THESE INCLUDE RESEARCH ACTIVITIES AND EDUCATION AND TRAINING PROGRAMS FOR HEALTH PROFESSIONALS THAT ARE NOT FULLY REIMBURSED THROUGH OTHER MEANS, AS WELL AS SUBSIDIES TO SUPPORT HEALTH SERVICES THAT BENEFIT OUR COMMUNITY, INCLUDING THE UNINSURED AND LOW-INCOME INDIVIDUALS THOSE SERVICES INCLUDE MENTAL HEALTH SERVICES, EMERGENCY SERVICES AND CRITICAL CARE TRANSPORTATION SERVICES FOR FY 2011, WE CALCULATED THESE SUBSIDIES AS TOTALING $6 MILLION IN COMMUNITY BENEFIT (SEE SCHEDULE H, LINE 7G, COLUMN E) *COMMUNITY PROGRAMS AND DIRECT GRANTS THESE INCLUDED, FOR EXAMPLE, COMMUNITY HEALTH SERVICES (HEALTH EDUCATION CLASSES, SUPPORT GROUPS, SCREENING SERVICES, FREE CLINICS, ETC), FINANCIAL CONTRIBUTIONS AND IN-KIND DONATIONS (CASH DONATIONS, GRANTS, IN-KIND SUPPORT SUCH AS MEETING ROOMS, PARKING VOUCHERS, ETC), COMMUNITY-BUILDING AND LEADERSHIP ACTIVITIES (INCLUDING ADVOCACY FOR COMMUNITY HEALTH IMPROVEMENT, ECONOMIC DEVELOPMENT, AND ENVIRONMENTAL IMPROVEMENTS), AND COMMUNITY BENEFIT OPERATIONS (INCLUDING COSTS ASSOCIATED WITH OUR OFFICE OF COMMUNITY HEALTH IMPROVEMENT, COMMUNITY NEEDS ASSESSMENTS, ETC) FOR FY 2011, WE CALCULATED THE VALUE OF THESE COMMUNITY PROGRAMS AND GRANTS AS $3 7 MILLION (SEE SCHEDULE H, LINE 7E AND 7I, COLUMN E) *MEDICAID AND OTHER PUBLIC PROGRAM UNDERPAYMENTS THESE INCLUDE UNDERPAYMENTS FROM VERMONT'S MEDICAID PROGRAM AS WELL AS SEVERAL SMALLER PUBLIC PROGRAMS (FOR EXAMPLE, LADIES FIRST) THESE DO NOT INCLUDE ANY UNDERPAYMENTS BY MEDICARE FOR FY 2011, WE CALCULATED THIS AMOUNT AS $80 1 MILLION (SEE SCHEDULE H, LINE 7B, COLUMN E) OUR TOTAL COMMUNITY BENEFIT SPENDING IN FY 2011 WAS $155 1 MILLION THIS REPRESENTS APPROXIMATELY 17 96% OF FLETCHER ALLEN'S TOTAL PROGRAM SERVICE EXPENSE IN FY 2011 (SEE SCHEDULE H, LINE 7k, COLUMN F) ORGANIZATION'S MISSION FORM 990, PART III, QUESTION 1 ACADEMIC MEDICAL CENTER AND COMMUNITY HOSPITAL MISSION TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION, AND RESEARCH IN A CARING ENVIRONMENT VISION FLETCHER ALLEN HEALTH CARE IS COMMITTED TO BEING A NATIONAL MODEL FOR THE DELIVERY OF HIGH-QUALITY ACADEMIC HEALTH CARE FOR A RURAL REGION STATEMENT OF VALUES *WE RESPECT THE DIGNITY OF ALL INDIVIDUALS AND ARE RESPONSIVE TO THEIR PHYSICAL, EMOTIONAL, SPIRITUAL AND SOCIAL NEEDS AND CULTURAL DIVERSITY *WE ARE JUST AND PRUDENT STEWARDS OF LIMITED NATURAL AND FINANCIAL RESOURCES *WE FOSTER A CLIMATE WHICH ENCOURAGES BOTH THOSE RECEIVING AND PROVIDING CARE TO MAKE RESPONSIBLE CHOICES *WE STRIVE FOR EXCELLENCE IN QUALITY AND CARE AND SEEK TO CONTINUOUSLY LEARN AND IMPROVE *WE ACKNOWLEDGE A PARTNERSHIP WITH THE COMMUNITY TO ENSURE THE BEST POSSIBLE CARE AT THE RIGHT TIME, IN THE RIGHT PLACE, AND BY THE RIGHT PROVIDER *WE ARE CARING AND COMPASSIONATE TO EACH OTHER AND TO THOSE WE SERVE *WE COMMUNICATE OPENLY AND HONESTLY WITH THE COMMUNITY WE SERVE

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, QUESTION 4A-4D	FLETCHER ALLEN HEALTH CARE (FLETCHER ALLEN) IS A TERTIARY CARE TEACHING HOSPITAL THAT, IN AFFILIATION WITH THE UNIVERSITY OF VERMONT, SERVES AS VERMONT'S ACADEMIC MEDICAL CENTER AS ARTICULATED IN OUR MISSION STATEMENT, OUR FOCUS IS ON IMPROVING THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION, AND RESEARCH IN A CARING ENVIRONMENT THESE EFFORTS ARE RECOGNIZED IN OUR 501(C)(3) STATUS AS A CHARITABLE AND EDUCATIONAL ORGANIZATION AS A CHARITABLE ORGANIZATION, THE PROMOTION OF HEALTH THROUGH OUR ACADEMIC MISSION - HEALTH CARE DELIVERY, RESEARCH AND EDUCATION - IS OUR PRIMARY WORK IN ADDITION TO THE COMMUNITY BENEFITS WE PROVIDE, FLETCHER ALLEN OFFERS THE BROAD RANGE AND SCOPE OF SERVICES NECESSARY TO ACHIEVE THAT GOAL THIS INCLUDES A FULL-TIME EMERGENCY DEPARTMENT THAT IS CERTIFIED AS A LEVEL 1 TRAUMA CENTER BY THE AMERICAN COLLEGE OF SURGEONS, AS WELL AS NON-EMERGENCY SERVICES, ALL OF WHICH ARE AVAILABLE TO ALL PATIENTS REGARDLESS OF INSURANCE STATUS OR ABILITY TO PAY, AN OPEN MEDICAL STAFF THAT INCLUDES APPROXIMATELY 500 PHYSICIANS EMPLOYED BY FLETCHER ALLEN'S FACULTY PRACTICE, AS WELL AS ABOUT 250 COMMUNITY PHYSICIANS, AND AN INDEPENDENT BOARD OF TRUSTEES THAT REPRESENT OUR COMMUNITY AS A WHOLE IN TERMS OF PROGRAM SERVICES, FLETCHER ALLEN'S THREE LARGEST PROGRAMS (BY EXPENSES AND REVENUES) ARE OUR ACTUAL HEALTH CARE DELIVERY SERVICES, AS FOLLOWS INPATIENT CARE SERVICES PROVIDED TO THOSE PATIENTS WHO REQUIRE ACUTE-CARE SERVICES IN A HOSPITAL SETTING THESE SERVICES INCLUDE, FOR EXAMPLE, OUR LABOR AND DELIVERY UNIT, NURSING UNITS FOR GENERAL MEDICAL AND SURGICAL ISSUES, AND OUR INTENSIVE CARE UNITS (INCLUDING A PEDIATRIC ICU, A NEONATAL ICU, A SURGICAL ICU AND A MEDICAL ICU) OUTPATIENT CARE SERVICES PROVIDED TO THOSE PATIENTS WHO REQUIRE CARE, ON A WALK-IN BASIS, EITHER IN THE HOSPITAL OR IN ONE OF OUR MANY CLINIC SETTINGS THESE INCLUDE ROUTINE PHYSICIAN VISITS, LABORATORY TESTS, CLINIC VISITS, EMERGENCY ROOM VISITS, AND MEDICAL EQUIPMENT AND SUPPLIES PROFESSIONAL SERVICES SERVICES DELIVERED BY MEMBERS OF THE UVM MEDICAL GROUP, OUR EMPLOYED GROUP OF PHYSICIANS IN ADDITION TO THESE ACCOMPLISHMENTS, PROGRAM SERVICE REVENUES ARE EARNED FROM AND PROGRAM SERVICE EXPENSES ARE SPENT ON VARIOUS OTHER IMPORTANT ACTIVITIES RELATED TO THE ORGANIZATION'S TAX EXEMPT PURPOSE.

Identifier	Return Reference	Explanation
COMPENSATION FROM RELATED ORGANIZATIONS - BUSINESS RELATIONSHIPS	FORM 990, PART VI, QUESTION 2	DR MELINDA ESTES, CEO AND PRESIDENT OF FLETCHER ALLEN HEALTH CARE(FAHC) UNTIL 8/2011, ALSO SERVED AS THE CHAIR OF THE BOARD OF DIRECTORS OF VERMONT MANAGED CARE INDEMNITY COMPANY (VMCIC), FAHC'S CAPTIVE INSURANCE COMPANY DOMICILED IN BERMUDA , AND PRESIDENT OF FLETCHER ALLEN HEALTH VENTURES (FAHV) DR JOHN BRUMSTED, INTERIM CEO AND PRESIDENT OF FLETCHER ALLEN HEALTH CARE(FAHC) AS OF 8/2011, SERVES AS THE CHAIR OF THE BOARD OF DIRECTORS OF VERMONT MANAGED CARE INDEMNITY COMPANY (VMCIC), FAHC'S CAPTIVE INSURANCE COMPANY DOMICILED IN BERMUDA , AND PRESIDENT OF FLETCHER ALLEN HEALTH VENTURES (FAHV) ROGER DESHAIES, CFO AND TREASURER OF FAHC, ALSO SERVES AS THE TREASURER OF VMCIC AND THE TREASURER AND SECRETARY OF FAHV DR PAUL TAHERI, PRESIDENT AND CEO OF THE UVM MEDICAL GROUP, ALSO SERVES AS THE VICE PRESIDENT FOR FAHV AND AS DIRECTOR OF VMCIC SANDRA FELIS, SR VP OF PATIENT CARE SERVICES/CHIEF NURSING OFFICER, ALSO SERVES AS THE VP OF VMCIC DR FREDERICK C MORIN III, TRUSTEE OF FAHC, IS THE DEAN OF THE COLLEGE OF MEDICINE AT THE UNIVERSITY OF VERMONT (UVM) RUSSEL TRACY, TRUSTEE OF FAHC, AND DR JAN CARNEY, VICE CHAIR OF FAHC, ARE EMPLOYEES AT UVM

Identifier	Return Reference	Explanation
FORM 990 REVIEW	FORM 990, PART VI, QUESTION 11B	FLETCHER ALLEN HEALTH CARE'S (FAHC) FORM 990 IS PREPARED BY A PAID PREPARER AND REVIEWED BY FAHC'S INTERNAL MANAGEMENT FOLLOWING THAT REVIEW, FAHC'S INTERNAL MANAGEMENT PRESENTS THE FORM 990 TO THE AUDIT COMMITTEE FOR REVIEW AND COMMENT THE COMPLETED FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD OF TRUSTEES PRIOR TO THE FORM BEING FILED WITH THE IRS

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, QUESTION 12	THE ORGANIZATION REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY IN ACCORDANCE WITH THE POLICY, TRUSTEES, OFFICERS, KEY EMPLOYEES AND PHYSICIANS ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE AND CERTIFICATION UPON HIRING, AT LEAST ANNUALLY, PRIOR TO PARTICIPATING IN ANY DECISION THAT MAY BE AFFECTED BY A PERSONAL INTEREST, AND WHENEVER A POTENTIALLY CONFLICTING INTEREST FIRST ARISES CONFLICT OF INTEREST DISCLOSURES AND CERTIFICATIONS MAY BE MADE ONLINE OR IN WRITING AND ARE REGULARLY REVIEWED BY THE GENERAL COUNSEL THE CONFLICT OF INTEREST POLICY IS ENFORCED BY THE OFFICE OF GENERAL COUNSEL AND OVERSEEN BY A FIVE-PERSON CONFLICT OF INTEREST COMMITTEE THE GENERAL COUNSEL REPORTS AT LEAST QUARTERLY ON CONFLICT OF INTEREST ISSUES TO THE AUDIT COMMITTEE OF THE BOARD OF TRUSTEES CONFLICTS OF INTEREST ARE MANAGED IN ACCORDANCE WITH THE POLICY, WHICH PROVIDES FOR A VARIETY OF REMEDIES TO ADDRESS CONFLICTS OF INTEREST IN ADDITION, "DISQUALIFIED PERSONS," CONSISTING OF TRUSTEES, OFFICERS AND KEY EMPLOYEES ARE SUBJECT TO SPECIAL PROCEDURES TO COMPLY WITH THE INTERMEDIATE SANCTION RULES, AS OUTLINED IN THE CONFLICT OF INTEREST POLICY

Identifier	Return Reference	Explanation
COMPENSATION DETERMINATION POLICY	FORM 990, PART VI, LINE 15A & 15B	*FLETCHER ALLEN'S COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES HIRES AN EXTERNAL INDEPENDENT CONSULTING FIRM, TOWERS WATSON, TO ASSIST THE COMMITTEE IN ESTABLISHING THE TOTAL COMPENSATION FOR THE CEO, OFFICERS AND SENIOR MEMBERS OF THE LEADERSHIP TEAM *THE COMPENSATION COMMITTEE, ALONG WITH THE AID OF TOWERS WATSON, HAS ESTABLISHED A COMPENSATION PHILOSOPHY FOR THE ORGANIZATION WHICH DEFINES A PEER GROUP OF ORGANIZATIONS ACROSS THE COUNTRY AND INCLUDES ORGANIZATIONS OF SIMILAR SIZE, SCOPE, AND MANAGEMENT CHALLENGE, IT HAS ALSO ESTABLISHED THE COMPETITIVE LEVEL AT WHICH THE COMMITTEE WANTS TO COMPENSATE FLETCHER ALLEN EXECUTIVES COMPARED TO THE PEER GROUP ORGANIZATIONS *THE TOTAL COMPENSATION PLAN FOR THE EXECUTIVE STAFF INCLUDES APPROPRIATE SALARY RANGES FOR BASE SALARY ADMINISTRATION, ANNUAL AND LONG-TERM, PERFORMANCE-BASED INCENTIVE PROGRAMS AND EXECUTIVE LEVEL BENEFITS *THE CEO'S TOTAL COMPENSATION IS REVIEWED ANNUALLY, IN CONJUNCTION WITH THE ANNUAL PERFORMANCE EVALUATION, BY THE COMPENSATION COMMITTEE WITH FINAL APPROVAL MADE BY THE BOARD OF TRUSTEES TOTAL COMPENSATION FOR OTHER MEMBERS OF THE EXECUTIVE STAFF IS ESTABLISHED BY THE CEO, WITHIN THE PLANS APPROVED BY THE COMMITTEE, AND REVIEWED BY THE COMPENSATION COMMITTEE ANNUALLY *THE COMMITTEE DETERMINES PERFORMANCE INDICATORS FOR THE INCENTIVE PLANS EACH YEAR IN ADDITION, THE COMMITTEE REVIEWS THE TOTAL COMPENSATION PLAN PERIODICALLY AND MAKES ANY RECOMMENDATIONS FOR CHANGE AS NEEDED ALL DECISIONS OF THE COMMITTEE ARE DOCUMENTED IN MINUTES APPROVED BY THE MEMBERS OF THE COMMITTEE *TOWERS WATSON BENCHMARKS AND ANALYZES THE TOTAL COMPENSATION FOR THESE EMPLOYEES USING PROPRIETARY HEALTH CARE EXECUTIVE COMPENSATION SURVEYS AND OTHER COMPARATIVE MARKET PAY DATA TO ENSURE THAT THIS COMPENSATION IS COMPETITIVE, EQUITABLE AND MEETS ALL REASONABLENESS STANDARDS *TOWERS WATSON CONDUCTS REASONABLENESS TESTING TO ENSURE THAT THE COMPENSATION PAID TO THESE EMPLOYEES IS CONSISTENT WITH BOARD POLICIES AND IRS REGULATIONS

Identifier	Return Reference	Explanation
DOCUMENT DISCLOSURE	FORM 990, PART VI, QUESTION 19	GOVERNANCE DOCUMENTS CONSIST OF THE ORGANIZATION'S ARTICLES OF INCORPORATION AND BYLAWS THE ARTICLES OF INCORPORATION ARE FILED WITH THE VERMONT SECRETARY OF STATE AND PUBLICLY AVAILABLE THROUGH THAT OFFICE THE BYLAWS ARE NOT PUBLICLY POSTED, BUT WOULD BE FURNISHED TO ANY MEMBER OF THE PUBLIC WHO REQUESTED ONE THE CONFLICT OF INTEREST POLICY IS NOT PUBLICLY POSTED, BUT WOULD BE FURNISHED TO ANY MEMBER OF THE PUBLIC WHO REQUESTED ONE FINANCIAL STATEMENTS ARE FILED MONTHLY WITH THE STATE OF VERMONT'S DEPARTMENT OF BANKING, SECURITIES, INSURANCE, AND HEALTH CARE ADMINISTRATION (BISHCA) AND CAN BE ACCESSED BY THE PUBLIC THROUGH THAT AGENCY PRESS RELEASES ON QUARTERLY AND YEAR END RESULTS ARE SENT TO LOCAL NEWS MEDIA AND ARE POSTED ON THE WEB SITE ALONG WITH TWO HIGH-LEVEL TABLES SHOWING QUARTERLY AND YEAR-TO-DATE RESULTS THE ANNUAL EXTERNAL AUDIT REPORT IS ALSO POSTED ON THE WEB SITE AND ATTACHED TO CURRENT YEAR'S FORM 990

Identifier	Return Reference	Explanation
ADOPTION OF NEW ACCOUNTING GUIDANCE FOR BAD DEBT EXPENSE	FORM 990, PART IX	IN JULY 2011, THE FINANCIAL ACCOUNTING STANDARDS BOARD ISSUED ACCOUNTING STANDARDS UPDATE 2011-7 (ASU 2011-7), HEALTH CARE ENTITIES PRESENTATION AND DISCLOSURE OF NET REVENUE, PROVISION FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS UNDER THE NEW GUIDANCE, BAD DEBTS RELATING TO PATIENT SERVICE REVENUE WILL BE SEPARATELY DISCLOSED IN THE STATEMENT OF OPERATIONS AND REPORTED AS A COMPONENT OF NET PATIENT SERVICE REVENUE. BAD DEBTS ASSOCIATED WITH ACTIVITIES OTHER THAN PATIENT SERVICE REVENUE WILL CONTINUE TO BE REPORTED AS AN OPERATING EXPENSE. FOR FAHC ASU 2011-7 WOULD BE EFFECTIVE FOR FISCAL YEARS BEGINNING AFTER DECEMBER 15, 2011, BUT EARLY ADOPTION IS PERMITTED. FAHC ELECTED TO EARLY ADOPT ASU 2011-7 FOR 2011 AND CHANGED ITS REPORTING OF THE PROVISION FOR BAD DEBTS. RECONCILIATION OF NET ASSETS FORM 990, PART XI TRANSFER FROM RELATED ORGANIZATIONS 10,000,000 NET UNREALIZED LOSS (769,000) PENSION ADJUSTMENT (2,844,000) NET ASSETS RELEASED FROM RESTRICTIONS (1,351,000) CHANGE IN BENEFICIAL INTEREST (77,000) ROUNDING (1,549) ---------- TOTAL OTHER CHANGES IN NET ASSETS 4,957,451

Identifier	Return Reference	Explanation
SCHEDULE K, PART I, LINES A AND B	THE VEHBFA SERIES 2007A BOND WAS ISSUED TO REIMBURSE FLETCHER ALLEN	HEALTH CARE'S CONSTRUCTION COSTS INCURRED FOR THE AMBULATORY CARE CENTER WITHIN 18 MONTHS OF THE DATE OF ISSUE. THE VEHBFA SERIES 2008A BOND REISSUED THE VEHBFA SERIES 2004B BOND. SCHEDULE K, PART III, LINES 4-6 THE PRIVATE BUSINESS USE PERCENTAGE FOR FLETCHER ALLEN HEALTH CARE (FAHC) HAS BEEN PRESENTED AT 0%. THE TAX CERTIFICATE AND AGREEMENT FILED WITH FORMS 8038 FOR THE ISSUANCES LISTED IN COLUMNS A AND B INDICATES THAT AN EQUITY CONTRIBUTION WILL BE MADE AS A PORTION OF THE FUNDING FOR THE PROJECT. THE LANGUAGE DICTATES THAT THE EQUITY CONTRIBUTION WILL BE APPLIED TO PRIVATE USE PORTION OF THE PROJECT. THE FAHC EQUITY CONTRIBUTION REPRESENTS APPROXIMATELY 33% OF THE TOTAL CONSTRUCTION COST. THE ACTUAL PRIVATE USE PORTION OF THE PROJECT IS APPROXIMATELY 1% WHICH DOES NOT EXCEED THE EQUITY IN THE PROJECT RESULTING IN THE REPORTED PERCENTAGE OF 0%

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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) FLETCHER ALLEN SKILLED NURSING 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	HOLDING CO	VT	891,000	4,713,000	NA
(2) FLETCHER ALLEN COORDINATED TRANSPORT 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	AMBULANCE SVC	VT	1,365,000	1,200,000	NA
(3) FLETCHER ALLEN EXECUTIVE SERVICES 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	CONSULTING	VT	296,000	100,000	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) UNIV OF VT MEDICAL GROUP FKA FAPC 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0225105	PHYSICIAN SVC	VT	501(c)(3)	11A I	FAHC	Yes	
(2) FLETCHER ALLEN MEDICAL GROUP 183 PARK STREET MALONE, NY 12953 20-3905216	PHYSICIAN SVC	NY	501(c)(3)	3	FAHC	Yes	
(3) FLETCHER ALLEN HEALTH CARE FOUNDATION 111 COLCHESTER AVENUE BURLINGTON, VT 05401 26-3159849	FUNDRAISING	VT	501(c)(3)	11A I	FAHC	Yes	
(4) FLETCHER ALLEN HEALTH CARE AUXILIARY 111 COLCHESTER AVENUE BURLINGTON, VT 05401 20-8022004	SERVICE	VT	501(c)(3)	11D III-O	NA		No

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) Disproprtionate 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

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) FLETCHER ALLEN HEALTH VENTURES 111 COLCHESTER AVENUE BURLINGTON, VT05401 04-3380045	HOLDING COMPA	VT	NA	C CORP	84,798,960	18,498,928	100 000 %
(2) VMC INDEMNITY COMPANY LTD PO BOX HM 3103 25 CHURCH STREET HAMILTON, HM FX FR	CAPTIVE INSUR	BD	NA	C CORP	11,632,161	48,174,386	100 000 %
(3) VERMONT MANAGED CARE 111 COLCHESTER AVENUE BURLINGTON, VT05401 03-0333056	MANAGED CARE	VT	FAHV	C CORP	0	0	0 %
(4) CHARITABLE REMAINDER TRUST (1)	SUPPORT	VT	NA				
(5) PERPETUAL TRUST (7)	SUPPORT	VT	NA				
(6) PERPETUAL TRUST (1)	SUPPORT	CT	NA				
(7) PERPETUAL TRUST (1)	SUPPORT	NY	NA				

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	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
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	Yes	
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	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
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	Yes	
r Other transfer of cash or property from other organization(s)	1r	Yes	

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) See Additional Data Table			
(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
SCHEDULE R, PART V		FLETCHER ALLEN HEALTH CARE LEASES AND SHARES FACILITIES, EQUIPMENT, AND OTHER ASSETS WITH ITS RELATED ORGANIZATIONS THE VALUE OF THESE TRANSACTIONS IS INDETERMINABLE

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 03-0219309
Name: Fletcher Allen Health Care Inc

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
FLETCHER ALLEN HEALTH VENTURES 111 COLCHESTER AVENUE BURLINGTON, VT05401 04-3380045	HOLDING COMPA	VT	NA	C CORP	84,798,960	18,498,928	100 000 %
VMC INDEMNITY COMPANY LTD PO BOX HM 3103 25 CHURCH STREET HAMILTON, HM FX FR	CAPTIVE INSUR	BD	NA	C CORP	11,632,161	48,174,386	100 000 %
VERMONT MANAGED CARE 111 COLCHESTER AVENUE BURLINGTON, VT05401 03-0333056	MANAGED CARE	VT	FAHV	C CORP	0	0	0 %
CHARITABLE REMAINDER TRUST (1)	SUPPORT	VT	NA				
PERPETUAL TRUST (7)	SUPPORT	VT	NA				
PERPETUAL TRUST (1)	SUPPORT	CT	NA				
PERPETUAL TRUST (1)	SUPPORT	NY	NA				

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	FLETCHER ALLEN MEDICAL GROUP	K	100,000	COST
(2)	FLETCHER ALLEN MEDICAL GROUP	O	156,620	COST
(3)	VMC INDEMNITY COMPANY	K	53,000	COST
(4)	VMC INDEMNITY COMPANY	Q	9,431,879	FMV
(5)	VERMONT MANAGED CARE	K	326,256	COST
(6)	VERMONT MANAGED CARE	L	213,204	COST
(7)	VERMONT MANAGED CARE	P	3,864,825	COST
(8)	VERMONT MANAGED CARE	Q	567,778	COST
(9)	VERMONT MANAGED CARE	R	5,520,448	COST
(10)	UNIVERSITY OF VERMONT MEDICAL GROUP	O	106,539,886	FMV

Fletcher Allen Health Care, Inc. and Subsidiaries

Consolidated Financial Statements
September 30, 2011 and 2010

Fletcher Allen Health Care, Inc. and Subsidiaries
Index
September 30, 2011 and 2010

Report of Independent Auditors

To the Board of Trustees of
Fletcher Allen Health Care, Inc

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets, and cash flows present fairly, in all material respects, the financial position of Fletcher Allen Health Care, Inc and its Subsidiaries ("the Organization") at September 30, 2011 and 2010, and the results of their operations, their changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America These consolidated financial statements are the responsibility of the Organization's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits We conducted our audits of these statements 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 examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The supplemental schedules listed in the Index, which include pages 35-41, are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net assets of the individual subsidiaries or the obligated group Accordingly, we do not express an opinion on the financial position, results of operations and changes in net assets of the individual subsidiaries or the obligated group However, the supplemental schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole

PricewaterhouseCoopers LLP

December 21, 2011

PricewaterhouseCoopers LLP, 125 High Street, Boston, MA 02110
T: (617) 530 5000, F: (617) 530 5001, www.pwc.com/us

Fletcher Allen Health Care, Inc. and Subsidiaries
Consolidated Balance Sheets
September 30, 2011 and 2010

(in thousands)

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 110,301	$ 78,632
Patient and other trade accounts receivable - net of allowance for doubtful accounts of $18,817 and $15,891 in 2011 and 2010, respectively	123,696	115,278
Short-term investments	1,568	1,599
Inventories	17,845	16,883
Current portion of restricted assets	5,965	6,390
Estimated receivables from third-party payers	5,239	11,462
Prepaid and other current assets	18,118	13,616
Total current assets	282,732	243,860
Assets whose use is limited or restricted		
Board-designated assets	208,960	189,950
Assets held by trustee under bond indenture agreements	36,940	38,655
Restricted assets	37,953	39,916
Donor-restricted assets for specific purposes	13,768	12,416
Donor-restricted assets for permanent endowment	24,991	24,951
Total assets whose use is limited or restricted	322,612	305,888
Property and equipment, net	413,890	430,937
Other assets		
Deferred financing costs, net	15,307	16,106
Notes receivable and other assets	8,063	7,830
Investment in affiliated companies	4,905	4,714
Pledges receivable	1,162	1,130
Total other assets	29,437	29,780
	$ 1,048,671	$ 1,010,465
Liabilities and net assets		
Current liabilities		
Current installments of long-term debt	$ 9,039	$ 8,706
Accounts payable	21,360	19,428
Accrued expenses and other liabilities	35,608	38,328
Accrued payroll and related benefits	57,792	55,120
Estimated third-party payer settlements	17,283	15,418
Estimated amounts for incurred but not reported claims	24,693	26,150
Total current liabilities	165,775	163,150
Long-term liabilities		
Long-term debt - excluding current installments	391,821	400,934
Reserve for outstanding losses on malpractice and workers' compensation claims	18,677	20,206
Pension and other postretirement benefit obligations	31,479	31,762
Other long-term liabilities	16,835	15,833
Total long-term liabilities	458,812	468,735
Total liabilities	624,587	631,885
Commitments and contingent liabilities (note 11)		
Net assets		
Unrestricted	382,467	338,691
Temporarily restricted	16,626	14,938
Permanently restricted	24,991	24,951
Total net assets	424,084	378,580
	$ 1,048,671	$ 1,010,465

The accompanying notes are an integral part of these consolidated financial statements

Fletcher Allen Health Care, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended September 30, 2011 and 2010

(in thousands)

	2011	2010
Unrestricted revenue and other support		
Net patient service revenue	$ 842,254	$ 803,931
Less Provision for bad debts	(25,375)	(24,516)
Net patient service revenue after provision for bad debts	816,879	779,415
Premium revenue	85,384	79,967
Other revenue	29,635	29,024
Total unrestricted revenue and other support	931,898	888,406
Expenses		
Salaries, payroll taxes, and fringe benefits	547,432	530,861
Supplies and other	212,126	203,138
Purchased services	33,315	33,673
Depreciation and amortization	45,537	43,942
Interest expense	20,233	19,980
Underwriting expenses	2,742	4,654
Medical claims	39,170	32,646
Total expenses	900,555	868,894
Income from operations	31,343	19,512
Nonoperating gains (losses)		
Investment income	13,332	27,301
Loss on interest rate swap contracts	(856)	(4,101)
Other	2,476	554
Total nonoperating gains (losses), net	14,952	23,754
Excess of revenue over expenses	46,295	43,266
Net change in unrealized losses on investments	(185)	(3,475)
Assets released from restrictions for capital purchases	510	939
Pension related adjustments	(2,844)	(4,200)
Increase in unrestricted net assets	$ 43,776	$ 36,530

The accompanying notes are an integral part of these consolidated financial statements

Fletcher Allen Health Care, Inc. and Subsidiaries
Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2011 and 2010

(in thousands)

	2011	2010
Unrestricted net assets		
Excess of revenue over expenses	$ 46,295	$ 43,266
Net change in unrealized losses on investments	(185)	(3,475)
Assets released from restrictions for capital purchases	510	939
Pension related adjustments	(2,844)	(4,200)
Increase in unrestricted net assets	43,776	36,530
Temporarily restricted net assets		
Gifts, grants, and bequests	2,708	1,655
Investment income	474	337
Net change in unrealized gains (losses) on investments	272	(841)
Net realized gains on investments	158	1,759
Net assets released from restrictions used in operations	(1,143)	(777)
Net assets released from restrictions used for nonoperating purposes	(208)	(191)
Net assets released from restrictions used for capital purchases	(510)	(939)
Transfer of net assets	(63)	(23)
Increase in temporarily restricted net assets	1,688	980
Permanently restricted net assets		
Gifts, grants, and bequests	54	59
Change in beneficial interest in perpetual trusts	(77)	(160)
Transfer of net assets	63	23
Increase (decrease) in permanently restricted net assets	40	(78)
Increase in net assets	45,504	37,432
Net assets		
Beginning of year	378,580	341,148
End of year	$ 424,084	$ 378,580

The accompanying notes are an integral part of these consolidated financial statements

Fletcher Allen Health Care, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2011 and 2010

(in thousands)

	2011	2010
Cash flows from operating activities		
Increase in net assets	$ 45,504	$ 37,432
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	45,537	43,942
Provision for bad debts	25,375	24,516
Contributions restricted for long-term use	(3,238)	(2,050)
Pension related adjustments	2,844	4,200
Loss on disposal of property and equipment	291	51
Loss on interest rate swap contracts	856	4,101
Realized and unrealized gains on investments	(3,342)	(15,872)
Undistributed gains of affiliated companies	(191)	(239)
Change in beneficial interest in perpetual trusts	77	160
Changes in operating assets and liabilities		
Increase in patient and other accounts receivable	(33,793)	(26,707)
Increase in other current and noncurrent assets	(6,127)	(4,303)
Decrease (increase) in estimated receivables from third-party payers	6,223	(7,236)
Decrease in accounts payable and accrued expenses	(660)	(893)
Increase in accrued payroll and related expenses	2,672	8,252
(Decrease) increase in other current and noncurrent liabilities	(987)	1,911
Decrease in pension and other postretirement benefit obligations	(3,127)	(2,775)
Net cash provided by operating activities	77,914	64,490
Cash flows from investing activities		
Acquisitions of property and equipment	(28,138)	(38,219)
Purchase of investments	(252,162)	(506,044)
Proceeds from sale of investments	239,160	495,814
Proceeds from sale of affiliated company	397	397
Net cash used in investing activities	(40,743)	(48,052)
Cash flows from financing activities		
Contributions restricted for long-term use	3,238	2,050
Repayment of long-term debt	(8,740)	(9,564)
Net cash used in financing activities	(5,502)	(7,514)
Net increase in cash and cash equivalents	31,669	8,924
Cash and cash equivalents		
Beginning of year	78,632	69,708
End of year	$ 110,301	$ 78,632
Supplemental cash flow information		
Cash paid during the year for interest	$ 20,580	$ 21,062
Capital expenditures included in accounts payable	1,156	1,028
Assets acquired under capital lease	-	761

The accompanying notes are an integral part of these consolidated financial statements

1. Organization

Fletcher Allen Health Care, Inc (FAHC) is a tertiary care teaching hospital that, in affiliation with The University of Vermont, serves as Vermont's Academic Medical Center As a regional referral center, FAHC provides advanced level care throughout Vermont and Northern New York, with a full time emergency department, also certified as a Level 1 Trauma Center It is our mission to improve the health of the people in the communities that we serve by integrating patient care, education, and research in a caring environment As a charitable organization, FAHC lives its mission through a number of community benefit programs, many done in collaborative partnership with other community based organizations These include but are not limited to community wellness programs, education, direct grants, free access to a community health resource center, direct financial assistance to patients, and other subsidized programs

FAHC is the sole member of the following subsidiaries Fletcher Allen Health Ventures, Inc (FAHV), Fletcher Allen Medical Group, PLLC (FAMG), University of Vermont Medical Group (UVM Medical Group), Fletcher Allen Coordinated Transport, LLC (FACT), Fletcher Allen Skilled Nursing Care, LLC (FASN), Fletcher Allen Health Care Foundation, Inc , Fletcher Allen Executive Services, LLC (FAES), and VMC Indemnity Company Ltd (VMCIC) Vermont Managed Care, Inc (VMC) is a wholly owned subsidiary of FAHV

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of FAHC and its wholly owned subsidiaries All significant intercompany balances and transactions have been eliminated in consolidation The assets of members of the consolidated group may not be available to meet the obligations of another member of the group

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Significant estimates include the allowances for doubtful accounts and contractual allowances, receivables and accruals for estimated settlements with third-party payers, contingencies, self-insurance program liabilities, accrued medical claims, pension, and postretirement costs, and the valuation of investments and interest rate swaps Actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less when purchased, excluding amounts classified as assets whose use is limited or restricted

Most of FAHC's banking activity, including cash and cash equivalents, is maintained with several national banks and from time to time cash deposits exceed federal insurance limits It is FAHC's policy to monitor these banks' financial strength on an ongoing basis

Inventories

Inventories are stated using the lesser of average cost or market value

Prepaid and Other Current Assets
Prepaid and other current assets include miscellaneous nonpatient receivable billings and prepaid expenses primarily related to software maintenance and other contracts The carrying value of prepaid and other current assets is reviewed if the facts and circumstances suggest that it may be impaired

Contributions
Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows The present value of estimated future cash flows has been measured at the time of the contribution using rates indicative of the market and credit risk associated with the contribution Amortization of the discount is included in other revenue Conditional promises to give are not included as support until the conditions are substantially met

Investments and Investment Income
Investments in equity securities, mutual funds, and common collective trusts with readily determinable fair market values and all investments in debt securities are recorded at fair value Investment income or loss (including realized gains and losses on investments, interest, and dividends), to the extent not capitalized, is included in nonoperating gains (losses), unless the income or gain (loss) is restricted by donor or law Realized gains or losses on the sale of investments are determined by use of average costs Unrealized gains and losses on investments carried at fair value are excluded from the excess of revenue over expenses and reported as an increase or decrease in net assets Declines in fair value that are judged to be other-than-temporary are reported as realized losses

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets, statements of operations, and changes in net assets

Other-Than-Temporary Impairment of Investments
FAHC reviews its investments to identify those for which fair value is below cost FAHC then makes a determination as to whether the investment should be considered other-than-temporarily impaired FAHC recognized $10,118,000 and $0 in losses related to declines in value that were other-than-temporary in nature in the years ended September 30, 2011 and 2010, respectively

Investment in Affiliates
Investments in 50%-owned affiliates are accounted for using the equity method of accounting and reported within investment in affiliated companies on the consolidated balance sheet These include Starr Farm Partnership and OB Net Services, LLC

Assets Whose Use is Limited or Restricted
Assets whose use is limited or restricted primarily include board-designated assets, assets held by trustees under indenture agreements, donor-restricted assets, and restricted assets which are held for insurance-related liabilities Board-designated assets may be used at the Board's discretion

Property and Equipment
Property and equipment acquisitions are recorded at cost or, in the case of gifts, at fair market value at the date of the gift Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the consolidated financial statements

Depreciation is calculated using the following estimated useful lives, as recommended by the American Hospital Association

Land improvements	15 - 20 years
Building and improvements	7 - 30 years
Fixed equipment	5 - 15 years
Major moveable equipment	2 - 15 years

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

Impairment of Long-Lived Assets
Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell

Costs of Borrowing
Interest cost incurred on borrowed funds during the period of construction of capital assets, net of investment income on borrowed assets held by trustees, is capitalized as a component of the cost of acquiring those assets Approximately $279,000 and $858,000 of interest was capitalized during the years ended September 30, 2011 and 2010, respectively Net deferred financing costs totaled $15,307,000 and $16,106,000 at September 30, 2011 and 2010, respectively Such amounts are reported within other assets and are amortized over the period the related obligations are outstanding using the effective interest method Accumulated amortization of deferred financing costs totaled $6,522,000 and $5,723,000 at September 30, 2011 and 2010, respectively

Temporarily and Permanently Restricted Net Assets
Temporarily restricted net assets are those whose use by FAHC has been limited by donors or law to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by FAHC in perpetuity

Consolidated Statements of Operations
For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as unrestricted revenue and other support and expenses Peripheral or incidental transactions are reported as nonoperating gains

Excess of Revenue Over Expenses
The consolidated statements of operations include excess of revenue over expenses Changes in unrestricted net assets which are excluded from the excess of revenue over expenses, consistent with industry practice, primarily include unrealized gains and losses on investments (other than those on which other-than-temporary losses are recognized), contributions of long-lived assets (including assets acquired using contributions restricted by donors for acquiring such assets), and pension-related adjustments

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursement are subject to negotiation, audit, and/or final determination by the third-party payers In addition, laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Differences between amounts previously estimated for retroactive adjustments and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known Changes in prior-year estimates increased net patient service revenue by approximately $1,162,000 and $3,713,000 in the years ended September 30, 2011 and 2010, respectively

FAHC has agreements with third-party payers that provide for payments to FAHC at amounts different from its established rates A summary of the payment arrangements with major third-party payers follows

Medicare

Inpatient acute-care services rendered 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 clinical, diagnostic, and other factors Inpatient rehabilitation services are paid based on a prospective per discharge methodology These rates vary according to a patient classification system based upon services provided, the patient's level of functionality and other factors Outpatient services are paid based upon a prospective standard rate for procedures performed or services rendered FAHC is reimbursed for cost-reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by FAHC and audits thereof by the Medicare Audit Contractor (MAC) Medicare reimbursement for professional billings is determined by a standard fee schedule that is determined by the Centers for Medicare and Medicaid Services of the U S Department of Health and Human Services The percentage of net patient service revenue derived from the Medicare program was approximately 29% and 30% in the years ended September 30, 2011 and 2010, respectively

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge As with Medicare, reimbursement is based on a diagnosis-related group (DRG) system that is based on clinical, diagnostic, and other factors For inpatient rehabilitation and neonatal cases, additional reimbursement is paid through a per diem add-on For inpatient psychiatric cases, reimbursement is based on a per diem rate calculation, including adjustments for diagnostic factors and length of stay Outpatient services rendered to Medicaid beneficiaries are paid based upon a prospective standard rate Certain laboratory, mammography, therapy, and dialysis services are paid on a fee schedule Medicaid reimbursement for professional services is determined by a standard fee schedule that is determined by the State of Vermont The Vermont Medicaid program accounts for approximately 9% and 8% of FAHC's net revenue in the years ended September 30, 2011 and 2010, respectively

Managed Care and Commercial Insurers
Services rendered to patients with commercial insurance are generally reimbursed at standard charges, less a negotiated discount or according to DRG or negotiated fee schedules Approximately 47% and 46% of FAHC's net revenues were derived from contracted insurers in the years ended September 30, 2011 and 2010, respectively Approximately 10% of FAHC's net revenues were derived from noncontracted insurers in the years ended September 30, 2011 and 2010

VMC negotiates contracts with insurers and other payers for the provision of health care services through participating providers associated with its network As a result, VMC is currently managing and/or has entered into contracts with managed care plans on behalf of FAHC and its network providers Under the terms of these agreements, VMC provides managed care services to subscribers of the managed care plans who select VMC as their primary health plan provider Payments to FAHC from VMC for services on behalf of respective managed care plan subscribers are based on a discounted fee for service or a predetermined fee schedule

VMC has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants Under these agreements, VMC receives monthly capitation payments based on the number of each HMO's participants regardless of services actually performed These revenues are subsequently disbursed to participating providers based on both discounted fee for service schedules and predetermined payment rates Participating providers share a limited degree of risk through a set withhold that is only paid if cost and utilization targets are met

Other Revenue
Other revenue consists primarily of research revenue, sales of pharmaceuticals and related products, cafeteria sales, meaningful use revenue under the Medicaid Electronic Health Records Incentive program, parking garage income, net assets released from restrictions used for operations, and rental income

Research Grants and Contracts
Revenue related to research grants and contracts is recognized as the related costs are incurred Indirect costs relating to certain government grants and contracts are reimbursed at fixed rates negotiated with the government agencies Research grants and contracts are accounted for as exchange transactions Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and are included within accrued expenses Amounts expended in advance of the receipt of funding are included within patient and other trade accounts receivable

Reserves for Outstanding Losses and Loss-Related Expenses for Malpractice Claims
The liabilities for outstanding losses and loss-related expenses and the related provision for losses and loss-related expenses include estimates for malpractice losses incurred but not reported, as well as losses pending settlement Such liabilities are necessarily based on estimates and, while management believes the amounts provided are adequate, the ultimate liability may be in excess of or less than the amounts provided As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The methods for making such estimates and the resulting liability are actuarially reviewed on an annual basis and any adjustments required are reflected in current operations

Income Taxes
FAHC, UVM Medical Group, and FAMG are incorporated and recognized by the Internal Revenue Service (IRS) as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the "Code") Accordingly, the IRS has determined that FAHC, UVM Medical Group, and FAMG are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code FACT, FAES and FASN are single-member limited liability corporations As such, for tax purposes, FACT, FAES, and FASN are treated as divisions of FAHC No provision for federal income taxes has been recorded in the accompanying consolidated financial statements for these organizations

FAHV and VMC are for-profit subsidiaries subject to federal and state taxation The tax provisions and related tax assets and liabilities for these entities are not material to the consolidated financial statements

For tax years beginning after December 15, 2008, nonpublic companies adopted guidance under ASC 740, *Income Taxes*, that prescribe a model for the recognition and measurement of uncertain tax benefits This guidance did not have an impact on Fletcher Allen Health Care and its subsidiaries

VMCIC is currently not a taxable entity under the provisions of the territory of Bermuda and, accordingly, no provision for taxes has been recorded by VMCIC In the event that such taxes are levied, VMCIC has received an undertaking from the Bermuda Government exempting it from all such taxes until 2016

Accounting for Asset Retirement Obligations
FAHC recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation is factored into the measurement of the liability when sufficient information exists The types of asset retirement obligations that FAHC considers are those for which it has a legal obligation to perform an asset retirement activity, however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within its control The fair value of a liability for the legal obligation associated with an asset retirement is recorded in the period in which the obligation is incurred When the liability is initially recorded, the cost of the asset retirement is capitalized

The estimated future undiscounted value of the asset retirement obligation is approximately $1,293,000 at September 30, 2011, substantially all of which relates to the estimated costs to remove asbestos that is contained within FAHC's facilities The initial asset retirement obligation was calculated using a discount rate of 4 5% The asset retirement obligation at September 30, 2011 and 2010 was approximately $1,055,000 and $1,043,000, respectively

Accounting for Postretirement Benefit Plans
FAHC recognizes the overfunded or underfunded status of its defined benefit pension and other postretirement benefit plans (collectively, "postretirement benefit plans") in the balance sheet Changes in the funded status of the plans are reported in the year in which the changes occur as a change in unrestricted net assets presented below the excess of revenue over expenses in the consolidated statements of operations and changes in net assets

Reclassifications
Certain amounts for the year ended September 30, 2010 have been reclassified to conform to the current year presentation

Adoption of New Accounting Guidance
In July 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-7 (ASU 2011-7), *Health Care Entities: Presentation and Disclosure of Net Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts* Under the new guidance, bad debts relating to patient service revenue will be separately disclosed in the statement of operations and reported as a component of net patient service revenue Bad debts associated with activities other than patient service revenue will continue to be reported as an operating expense For FAHC ASU 2011-7 would be effective for fiscal years beginning after December 15, 2011, but early adoption is permitted

FAHC elected to early adopt ASU 2011-7 for 2011 and changed its reporting of the provision for bad debts Accordingly, certain amounts in the 2010 financial statements have been reclassified to conform with the 2011 presentation The previously reported provision for bad debts of $24,516,000 has been reclassified as a reduction to net patient service revenue The reclassification had no impact on the previously reported excess of revenues over expenses for 2010

Subsequent Events
FAHC has evaluated subsequent events through December 21, 2011, which is the date the financial statements were issued and has concluded that aside from the following item, there were no such events that require adjustments to the consolidated financial statements or disclosure in the notes to the consolidated financial statements

Under an Affiliation Agreement, dated as of December 31, 2010 (the "Affiliation Agreement"), between FAHC and Central Vermont Medical Center ("CVMC"), FAHC agreed to affiliate with CVMC by organizing a new nonprofit, tax-exempt Vermont corporation named Fletcher Allen Partners, Inc , to be the sole corporate member of both FAHC and CVMC with substantial reserved powers to establish an integrated regional health care system The Affiliation Agreement subsequently received all necessary regulatory approvals and became effective on October 1, 2011, when both FAHC and CVMC amended their organizational documents to make Fletcher Allen Partners, Inc , their sole member

Effective as of November 1, 2011, CVMC has withdrawn from the Dartmouth-Hitchcock Obligated Group ("D-H Obligated Group"), and has been admitted as a member of the Fletcher Allen Obligated Group pursuant to the Fletcher Allen Obligated Group Master Trust Indenture In connection with CVMC's admission to the Fletcher Allen Obligated Group, all existing debt, totaling $27,875,000, issued by the D-H Obligated Group for the benefit of CVMC has been refinanced or modified such that it has become an obligation of the Fletcher Allen Obligated Group The Vermont Educational and Health Buildings Financing Agency Revenue Refunding Bonds (Central Vermont Hospital and Nursing Home Project) Series 1996 were redeemed with the proceeds of a term loan made to CVMC by People's United Bank in the amount of $11,600,000 The Central Vermont Medical Center Project Revenue Bonds Series 2009A and Series 2009B have been modified to become obligations of the Fletcher Allen Obligated Group, totaling $16,275,000

3. Charity Care and Community Service

FAHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because FAHC does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

The amount of charges foregone for services and supplies furnished under FAHC's charity care policy aggregated approximately $22,289,000 and $19,513,000 in 2011 and 2010, respectively

4. Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted at September 30, 2011 and 2010 consisted of the following

(in thousands)	2011	2010
Mutual funds	$ 32,332	$ 24,030
Money market funds	12,528	14,117
Bonds and notes	24,414	24,538
Common collective trusts	250,151	240,364
Beneficial interest in perpetual trusts	9,152	9,229
	328,577	312,278
Less Current portion	(5,965)	(6,390)
	$ 322,612	$ 305,888

Investment income and gains (losses) for the years ended September 30, 2011 and 2010 consisted of the following

(in thousands)	2011	2010
Nonoperating revenue and expenses		
Investment income	$ 10,235	$ 8,873
Net realized gains	3,097	18,428
	13,332	27,301
Net change in unrealized losses on investments	(185)	(3,475)
Changes in temporarily restricted net assets		
Investment income	474	337
Net change in unrealized gains (losses) on investments	272	(841)
Net realized gains on investments	158	1,759
	904	1,255
Changes in permanently restricted net assets		
Change in beneficial interest in perpetual trusts	(77)	(160)
	$ 13,974	$ 24,921

As a result of the recognition of $10,118,000 in losses related to declines in value that were other-than-temporary in nature during the year ended September 30, 2011, there were $139,000 of investments that had a fair value less than their cost at September 30, 2011

The cost and estimated fair value of securities classified as available-for-sale by the organization, which excludes beneficial interest in perpetual trusts of $9,152,000 and $9,229,000, and includes short-term investments of $1,568,000 and $1,599,000 as of September 30, 2011 and 2010, respectively, is as follows

(in thousands)	Cost	Gross Unrealized Gains (Losses)	Estimated Fair Value
September 30, 2011			
Mutual funds	$ 34,039	$ (139)	$ 33,900
Money market funds	12,528	-	12,528
Bonds and notes	24,332	82	24,414
Common collective trusts	238,162	11,989	250,151
	$ 309,061	$ 11,932	$ 320,993

	Cost	Gross Unrealized Gains	Estimated Fair Value
September 30, 2010			
Mutual funds	$ 22,719	$ 1,311	$ 24,030
Money market funds	15,716	-	15,716
Bonds and notes	24,333	205	24,538
Common collective trusts	230,035	10,329	240,364
	$ 292,803	$ 11,845	$ 304,648

5. Property and Equipment

A summary of property and equipment at September 30, 2011 and 2010 is as follows

(in thousands)	2011	2010
Land	$ 8,016	$ 8,016
Land improvements	10,612	10,551
Leasehold improvements	37,895	35,707
Buildings	488,677	486,702
Equipment, furniture, and fixtures	221,731	195,932
	766,931	736,908
Less Accumulated depreciation	(358,681)	(316,606)
	408,250	420,302
Construction–in–progress	5,640	10,635
	$ 413,890	$ 430,937

FAHC wrote off approximately $3,381,000 in assets in the year ended September 30, 2011 In conjunction with these write offs, a loss on disposal of property and equipment of $291,000 was recorded, and is included in supplies and other expense At September 30, 2011, FAHC had commitments to purchase approximately $6,529,000 of property and equipment

FAHC recorded depreciation expense of $44,776,000 and $43,136,000 for the years ended September 30, 2011 and 2010, respectively

6. Investment in Affiliated Companies

Investment in affiliated companies at September 30, 2011 and 2010 consisted of the following

(in thousands)	2011	2010
Starr Farm Partnership	$ 4,713	$ 4,522
OB Net Services, LLC	192	192
	$ 4,905	$ 4,714

Distributions from these affiliated organizations totaled $700,000 and $500,000 for the years ended September 30, 2011 and 2010, respectively FAHC's share of the income of these affiliates is reported as other nonoperating gains and totaled approximately $891,000 and $739,000 for the years ended September 30, 2011 and 2010, respectively

Summarized financial information from the unaudited financial statements of the Starr Farm Partnership as of and for the years ended September 30, 2011 and 2010 was as follows

(in thousands)	Ownership Percentage	Total Assets	Net Assets	Change in Net Assets
September 30, 2011				
Starr Farm Partnership	50 %	$ 10,254	$ 9,425	$ 381
September 30, 2010				
Starr Farm Partnership	50 %	$ 10,167	$ 9,044	$ 478

7. Long-Term Debt

Long-term debt at September 30, 2011 and 2010 consisted of the following

(in thousands)	2011	2010
Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds		
Series 2008A Bonds, variable rate (0 14% and 0 23% at September 30, 2011 and 2010, respectively), payable through 2030	$ 54,705	$ 54,705
Series 2007A Bonds, fixed rate (4 00% to 4 75%), payable through 2037 (including unamortized premium of $98 and $101)	56,217	56,321
Series 2004B Bonds, fixed rate (4 00% to 5 50%), payable through 2035 (including unamortized premium of $136 and $142)	152,662	155,017
Series 2004A Bonds, fixed rate (3 00% to 5 00%), payable through 2025 (including unamortized premium of $1,195 and $1,293)	37,430	39,398
Series 2000A Bonds, fixed rate (5 50% to 6 25%), payable through 2028 (including unamortized discount of $533 and $566)	93,737	94,399
Select Auction Variable-Rate Securities (SAVRS) 1994 Bonds, variable rate (4 93% and 4 93% at September 30, 2011 and 2010, respectively), payable through 2013 (including unamortized discount of $70 and $106)	5,680	8,345
Capital leases and other notes payable	429	1,455
	400,860	409,640
Less Current portion	(9,039)	(8,706)
Long–term debt	$ 391,821	$ 400,934

Revenue Bonds
On May 21, 2008, FAHC converted the Series 2004B auction rate bonds from 35-day variable-rate bonds to fixed-rate bonds through a mandatory tender of the bonds as provided for under the original bond agreement The tender was financed through the reissuance of $160,525,000 of Series 2004B bonds as tax-exempt fixed-rate bonds, and a payment of $2,700,000 from FAHC's debt service reserve funds The Series 2004B bonds require FAHC to maintain a debt service reserve fund As of September 30, 2011 and 2010, the reserve fund balance was approximately $15,345,000 and $14,834,000, respectively

Also on May 21, 2008, FAHC in connection with the Vermont Educational and Health Buildings Financing Agency (the "Agency"), issued $54,705,000 of tax-exempt variable-rate hospital revenue bonds ("Series 2008A"), the proceeds of which were used to refund its Series 2000B bonds in the amount of $50,000,000, pay an early termination payment in the amount of $3,128,000 on a related interest rate swap, and pay issuance costs in the amount of $1,577,000 The Series 2008A bonds are collateralized by an irrevocable letter of credit from a local bank in the amount of $55,334,000, which expires in 2015 The interest rate on the Series 2008A bonds is set weekly Series 2008A bondholders have the option to put the bonds back to FAHC Such bonds would be subject to remarketing efforts by FAHC's remarketing agent To the extent that such remarketing efforts were unsuccessful, the nonmarketable bonds would be purchased from the proceeds of the letter of credit Monthly payments of principal on the letter of credit borrowings would commence on the first calendar day of the first month that commences more than one year after the borrowing Repayment in full of the letter of credit would be required by the earlier of four years from the date of the borrowing under the letter of credit or the stated expiration date, currently, April 30, 2015

In conjunction with these transactions, the notional amount of the original swap agreement covering the 2004B bonds (see Note 8) was reduced from $135,000,000 to $55,190,000 and transferred to 2008A bonds in exchange for the payment of $3,128,000

FAHC and certain of its subsidiaries are obligated under various other revenue bonds, capital leases, and notes payable Various trustee-held funds are required under the terms of the loan agreements Under one of the loan agreements, a reserve fund is required only upon the failure to meet certain financial ratios Such ratios have been met and, as such, no funding has been required under this agreement

FAHC has granted a mortgage on substantially all of its property and an interest in its gross receipts, as defined in connection with the issuance of its long-term debt

Scheduled Maturities of Long-Term Debt
As of September 30, 2011, scheduled maturities of long-term debt and payments on capital lease obligations, not including a net unamortized premium of $826,000, for the next five years and thereafter are as follows

(in thousands)

Years Ending September 30		
2012	$	9,039
2013		8,305
2014		6,260
2015		9,265
2016		9,685
Thereafter		357,480
	$	400,034

Loan Covenants
Under the terms of a master indenture, FAHC is required to meet certain covenant requirements In addition, the indenture provides for restrictions on, among other things, additional indebtedness and dispositions of property

Letter of Credit
The 2008A letter credit was not drawn upon as of September 30, 2011, and the scheduled maturities of long-term debt assumes the Series 2008A bonds are not put back to FAHC If the letter of credit was drawn upon, the repayment would begin one year and one day from the date of the letter of credit being drawn upon The repayment schedule would occur over the remaining three years of the letter of credit term The repayment would be as follows $21,176,000 in year two, $21,176,000 in year three and $12,353,000 in the final year

8. Interest Rate Swap Agreements

FAHC utilizes interest rate swap agreements to manage interest rate risk related to the variable rate Series 2008A Bonds and variable rate SAVRS 1994 Bonds These agreements had aggregate notional amounts of $55,190,000 and $5,750,000, respectively, as of September 30, 2011 Pursuant to each agreement, FAHC is obligated to pay the applicable swap counterparty amounts based on a fixed interest rate and is to receive payment from such swap counterparty based on variable interest rates

FAHC and the counterparties in the interest rate swap agreements are exposed to credit risk in the event of nonperformance or early termination of the agreements Under certain circumstances, FAHC may be required to post collateral to secure its obligations under the 1994 interest rate swap agreements In addition, each agreement may be terminated following the occurrence of certain events, at which time FAHC may be required to make a termination payment to the applicable swap counterparty

In connection with the issuance of the Series 2008A bonds, FAHC entered into two interest rate swap contracts in the notional principal amount of $27,595,000 each Under these contracts, FAHC will pay a fixed rate of 3 76% on a notional amount equal to the outstanding amount of the Series 2008A bonds for the term of the Series 2008A bonds and receive an alternative floating rate derived from a LIBOR based formula, which may or may not equal the rate on the Series 2008A bonds The termination date of these swap contracts is December 1, 2030

FAHC and its counterparty under the 1994 swap agreement entered into a bilateral pledge agreement whereby, on a monthly basis, the counterparty calculates the aggregate exposure amount based on current market value of replacing the interest rate swap agreement with a like financial instrument should either party default The replacement of fair value of the interest rate swap agreement with a like instrument would cause FAHC to pay approximately $361,000 and $815,000 at September 30, 2011 and 2010, respectively, to the counterparty The counterparty to the 1994 swap agreement has declared bankruptcy and FAHC has made payments to the trustee in the bankruptcy during the years ended September 30, 2011 and 2010 FAHC's payment is based on a 4 93% interest rate, however, FAHC pays net the 35 day floating amount due from Lehman Brothers Special Finance, Inc FAHC receives no payment from Lehman Brothers Special Finance, Inc for this transaction The termination date of the 1994 swap agreement is September 12, 2013

The fair value of interest rate swap agreements at September 30 is as of follows

	2011		2010	
(in thousands)	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
1994 Swap	Other long-term liabilities	$ (361)	Other long-term liabilities	$ (815)
2008A Swap	Other long-term liabilities	$ (12,715)	Other long-term liabilities	$ (11,405)

The effects of interest rate swap agreements on the consolidated statements of operations and changes in net assets for 2011 and 2010 are as follows

	Location of Loss Recognized in Statement of Operations	**Amount of Loss Recognized in Statement of Operations 2011**	**2010**
2008A Swap	Loss on interest rate swap contracts	$ (856)	$ (4,101)

9. Operating Leases

FAHC has entered into certain operating lease agreements for the rental of building space and equipment Rental expense, inclusive of common area maintenance for the year, amounted to $11,018,000 and $11,468,000 for the years ended September 30, 2011 and 2010, respectively

Minimum future lease payments required under noncancelable operating leases at September 30, 2011, were as follows

(in thousands)

Years Ending September 30	
2012	$ 7,647
2013	5,504
2014	3,810
2015	3,445
2016	2,801
Thereafter	4,952
	$ 28,159

10. Net Assets

Temporarily Restricted Net Assets
At September 30, 2011 and 2010, temporarily restricted net assets are available for the following purposes

(in thousands)	**2011**	**2010**
Indigent care	$ 674	$ 503
Education and research	8,337	7,497
Children's programs	2,036	2,092
Capital projects	1,112	1,385
Other health case services	4,467	3,461
	$ 16,626	$ 14,938

At September 30, 2011 and 2010, temporarily restricted net assets include approximately $8,891,000 and $8,319,000, respectively, of accumulated gains on permanently restricted net assets, which are subject to board appropriation in accordance with state law

Permanently Restricted Net Assets
At September 30, 2011 and 2010, permanently restricted net assets are restricted to

(in thousands)	2011	2010
Investments to be held in perpetuity, income expendable to support		
Indigent care	$ 3,809	$ 4,012
Education and research	4,769	3,923
Other health care services	16,413	17,016
	$ 24,991	$ 24,951

Endowment Funds
FAHC's endowment consists of approximately 79 funds established for a variety of purposes FAHC does not currently have any unrestricted funds designated by the Board of Trustees (the "Board") to function as endowment Accordingly, for the purposes of this disclosure, endowment funds include only donor-restricted endowment funds As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law
FAHC has interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended State law allows the Board to appropriate the net appreciation of permanently restricted net assets as is prudent considering FAHC's long and short-term needs, present and anticipated financial requirements, and expected total return on its investments, price level trends, and general economic conditions In the years ended September 30, 2011 and 2010, $269,000 and $72,000, respectively, was appropriated

As a result of this interpretation, FAHC classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of subsequent gifts to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present The remaining portion of the donor-restricted endowment fund is comprised of accumulated gains not required to be maintained in perpetuity These amounts are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations FAHC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds duration and preservation of the fund, purposes of the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, and the expected total return from income and the appreciation of investments, other resources of FAHC, and the investment policies of FAHC

Endowment Net Asset Composition and Changes in Endowment Net Assets
The following is a summary of the endowment net asset composition by type of fund at September 30, 2011 and 2010, and the changes therein for the years then ended

Endowment net asset composition by type of fund

(in thousands)	Temporarily Restricted	Permanently Restricted	Total
September 30, 2011			
Donor-restricted endowment funds	$ 8,891	$ 15,839	$ 24,730
September 30, 2010			
Donor-restricted endowment funds	$ 8,319	$ 15,722	$ 24,041

Changes in endowment net assets

(in thousands)	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2009	$ 7,159	$ 15,640	$ 22,799
Investment return			
Investment income	337	-	337
Net appreciation	918	-	918
Total investment return	1,255	-	1,255
Appropriations of endowment assets for expenditure	(72)	-	(72)
Other	(23)	82	59
Endowment net assets at September 30, 2010	8,319	15,722	24,041
Investment return			
Investment income	474		474
Net appreciation	430		430
Total investment return	904	-	904
Appropriations of endowment assets for expenditure	(269)		(269)
Other	(63)	117	54
Endowment net assets at September 30, 2011	$ 8,891	$ 15,839	$ 24,730

Beneficial Interest in Perpetual Trusts
The above amounts exclude FAHC's beneficial interest in perpetual trusts, which are not within management's investment control Such beneficial interests totaled $9,152,000 and $9,229,000 at September 30, 2011 and 2010, respectively

Charitable Remainder Trust
FAHC has received an irrevocable charitable remainder trust, for which FAHC does not serve as trustee For this trust, FAHC recorded its beneficial interest in those assets as contributions revenue and pledges receivable at the present value of the expected future cash inflows Trusts are recorded at the date FAHC has been notified of the trust's existence and sufficient information regarding the trust has been accumulated to form the basis for an accrual Changes in the value of these assets are recorded as a nonoperating change in the valuation of pledges receivable of either temporarily or permanently restricted net assets

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires FAHC to retain as a fund of perpetual duration There were no such deficiencies at September 30, 2011 or 2010

Investment Return Objectives and Spending Policy
FAHC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) Under this policy, the endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index To satisfy its return objective, FAHC targets a diversified asset allocation that provides for a balanced portfolio

11. Malpractice and Other Contingencies

Malpractice and Workers' Compensation
FAHC is insured against malpractice losses under a claims-made insurance policy with VMCIC, its wholly owned subsidiary VMCIC has reinsurance with commercial carriers for coverage above a self-insured retainage amount of $5,000,000 per claim with a $20,000,000 aggregate, with limits on such reinsurance VMCIC provides claims-made coverage to certain affiliates of FAHC for periods prior to the merger that created FAHC

FAHC is also self-insured for workers' compensation claims, and maintains an excess insurance policy to limit its exposure on claims to $750,000 per occurrence and $600,000 per occurrence in the years ended September 30, 2011 and 2010, respectively, with a $25,000,000 aggregate

The reserves for outstanding losses have been discounted at a rate of 3% at September 30, 2011 and 2010, resulting in a reduction in the reserve of approximately $1,621,000 and $1,820,000 in the years ended September 30, 2011 and 2010, respectively, for professional liability and a reduction in the reserve of approximately $290,000 and $274,000 at September 30, 2011 and 2010, respectively, for worker's compensation

Activity in the reserve for outstanding losses and loss-related expenses for malpractice at VMCIC and for workers' compensation claims for the years ended September 30, 2011 and 2010 is summarized as follows

(in thousands)	2011	2010
Balance at beginning of year	$ 33,379	$ 35,850
Less Reinsurance receivables	(4,171)	(4,711)
Net balance - beginning of year	29,208	31,139
Losses incurred related to		
Current period	9,549	9,552
Prior acts and tail coverage assumed	(2,820)	(4,716)
Total incurred	6,729	4,836
Paid losses related to		
Current period	1,149	933
Prior period	7,530	5,834
Total paid	8,679	6,767
Net balance - end of year	27,258	29,208
Reinsurance recoverables	4,165	4,171
Balance at end of year	$ 31,423	$ 33,379

As a result of changes in estimates of incurred events in prior years, primarily professional liability, the estimate of incurred losses decreased by approximately $2,820,000 for the year ended September 30, 2011 and decreased by $4,716,000 for the year ended September 30, 2010

The reserve for losses, which was determined with the assistance of an actuarial consultant, includes estimates of claims incurred but not reported Approximately $12,746,000 and $13,173,000 of the reserve for medical malpractice and workers' compensation claims at September 30, 2011 and 2010, respectively, is included in current liabilities and the balance of the reserve is included in the noncurrent reserve for outstanding losses on malpractice and workers' compensation claims in the accompanying consolidated balance sheets at September 30, 2011 and 2010 Also included in the current portion of estimated amounts for incurred but not reported claims are $5,918,000 and $6,996,000 related to medical claims associated with VMC, and $6,029,000 and $5,981,000 related to employee health claims for FAHC at September 30, 2011 and 2010, respectively

Employee Health and Dental Insurance
FAHC maintains a self-insurance plan for employee health and dental insurance Under the terms of the plan, employees and their dependents are eligible for participation and, as such, FAHC is responsible for the administration of the plan and any resultant liability incurred FAHC maintained a stop-loss insurance policy to limit its exposure on cumulative claims between $150,000 and $100,000 per member per year in the years ended September 30, 2011 and 2010, with a per-year benefit maximum equal to the amount of premiums paid under the policy In addition to the self-insurance plan, FAHC maintained a commercial policy to limit its exposure on cumulative claims exceeding $200,000 and $175,000 per member per year for the years ended September 30, 2011 and 2010, respectively

Other Contingencies
FAHC and its subsidiaries are parties in various legal proceedings and potential claims arising in the ordinary course of business In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations is subject to government review and interpretation, as well as regulatory actions, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services Management does not believe that these matters will have a material adverse effect on FAHC's consolidated financial position or results of operations

Collective Bargaining Agreements
The organization is subject to a collective bargaining agreement with respect to its Registered Nurse ("RN") and Licensed Practical Nurse ("LPN") nursing staff The current agreement runs through July 9, 2012, and covered approximately 1,649 and 1,631 staff at September 30, 2011 and 2010, respectively The organization is also subject to a collective bargaining agreement with the technical bargaining unit The current agreement runs from March 19, 2010 through March 1, 2013 and covers approximately 307 and 306 staff in various technical positions at September 30, 2011 and 2010, respectively

12. Statutory Capital and Surplus

VMCIC is registered under the Bermuda Insurance Act of 1978 and related regulations (the "Act") and is obligated to comply with various provisions of the Act regarding minimum levels of solvency and liquidity Statutory capital and surplus at September 30, 2011 and 2010, was $21,034,000 and $23,599,000, respectively, and the amount required to be maintained by VMCIC, and not available for distribution, was $2,295,000 and $2,570,000, respectively In addition, a minimum liquidity ratio must be maintained whereby liquid assets, as defined by the Act, must exceed 75% of defined liabilities The minimum required level of liquid assets was $18,739,000 and $19,295,000 at September 30, 2011 and 2010, respectively FAHC reports all of VMCIC's investments in marketable securities as restricted assets in the accompanying consolidated balance sheets

13. Pension Plans and Other Postretirement Benefits

Fletcher Allen Health Care Defined Benefit Pension and Postretirement Health Care Plans
Employees of the former Medical Center Hospital of Vermont (MCHV) are covered by a pension plan (the "Plan"), formerly the Pension Plan for Employees of Vermont Health Foundation, Inc The Plan is a defined benefit final average pay plan, and the benefit accruals provided for a small group of grandfathered employees are based on a percentage of five year average pay It is FAHC's policy to fund at least the required minimum contribution under Internal Revenue Code, Section 412

The Plan was amended effective January 1, 1995, to provide for the continued participation in the Plan of any eligible employee who was a member on December 31, 1994, and who was an employee on January 1, 1995 The amendment also provided that no person could become a member on and after January 1, 1995 Effective July 1, 1996, the Plan was further amended to account for a curtailment of benefits for certain other employees

In addition to providing pension benefits, FAHC sponsors a defined benefit postretirement health care plan for retired employees Substantially all of FAHC's employees who are at least age 55 with 15 years of service and all employees who are eligible for retirement may become eligible for such benefits The postretirement health care plan is contributory with retiree contributions adjusted annually The marginal cost method is used for accounting purposes for postretirement healthcare benefits

The premiums paid by retirees participating in the FAHC postretirement health care plan exceed the cost covered by FAHC Therefore, the projected benefit obligation has been reduced to zero A reconciliation of the changes in the FAHC defined benefit plan projected benefit obligations and the fair value of assets for the years ended September 30, 2011 and 2010 is as follows

	FAHC Defined Benefit Plan	
(in thousands)	**2011**	**2010**
Changes in benefit obligations		
Projected benefit obligations - beginning of year	$ (133,534)	$ (123,701)
Service cost	(605)	(495)
Interest cost	(7,150)	(7,230)
Benefits paid	6,250	6,060
Actuarial loss	(2,935)	(8,695)
Administrative expenses paid	469	527
Projected benefit obligation - end of year	(137,505)	(133,534)
Accumulated benefit obligation	(136,383)	(132,495)
Changes in plan assets		
Fair value of plan assets - beginning of year	101,772	93,388
Actual gain on plan assets	5,282	9,696
Contributions	5,491	5,275
Benefits paid	(6,250)	(6,060)
Administrative expenses paid	(469)	(527)
Fair value of plan assets - end of year	105,826	101,772
Funded status of the plan	$ (31,679)	$ (31,762)

Unrestricted net assets at September 30, 2011 include unrecognized actuarial losses of $59,527,000 related to the defined benefit plan Of this amount, $1,817,000 is expected to be recognized in net periodic pension costs in the year ending September 30, 2012

Unrestricted net assets at September 30, 2010 include unrecognized actuarial losses of $56,683,000 related to the defined benefit plan Of this amount, $1,681,000 was recognized in net periodic pension costs in the year ended September 30, 2011

Amounts included in unrestricted net assets related to the postretirement health care plan are not significant

The cost components of the net periodic benefit cost for the years ended September 30, 2011 and 2010 are as follows

	FAHC Defined Benefit Plan	
(in thousands)	**2011**	**2010**
Service cost	$ 605	$ 495
Interest cost	7,150	7,230
Expected return on plan assets	(6,968)	(6,791)
Amortization of unrecognized net loss	1,681	1,518
Net periodic benefit cost	$ 2,468	$ 2,452

The assumptions used in accounting for the defined benefit pension plan are as follows

	FAHC Defined Benefit Plan	
	2011	**2010**
Weighted-average assumptions used to determine the benefit liability		
Discount rates	5 4 %	5 5 %
Rates of increase in future compensation levels	3 5	3 5
Weighted-average assumptions used to determine expense		
Discount rates	5 5	6 0
Rates of increase in future compensation levels	3 5	3 5
Expected long-term rate of return on plan assets	7 0	7 5

The expected long-term rate of return for the Plans' total assets is based on the expected return of each of its asset categories, weighted based on the median of the allocation for each class Equity securities are expected to return 9% to 11% over the long-term, while cash and fixed income is expected to return between 5% and 6% Based on historical experience, FAHC expects that the plans' asset managers will provide a modest (0 5% to 1 0% per annum) premium to their respective market benchmark indices

Plan Assets

FAHC's pension plan weighted-average asset allocations as of September 30, 2011 and 2010, by asset category, are as follows

	2011	**2010**
Asset category		
Money market	1 %	1 %
Mutual fund	11	11
Common collective trusts	88	88
	100 %	100 %

The following table presents information as of September 30, 2011 and 2010, about FAHC's pension assets that are measured at fair value on a recurring basis

(in thousands)	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
2011				
Money market	$ 776	$ -	$ -	$ 776
Mutual fund	11,521	-	-	11,521
Common collective trusts	-	93,529	-	93,529
Total	$ 12,297	$ 93,529	$ -	$ 105,826
2010				
Money market	$ 577	$ -	$ -	$ 577
Mutual fund	11,672	-	-	11,672
Common collective trusts	-	89,523	-	89,523
Total	$ 12,249	$ 89,523	$ -	$ 101,772

The investment strategy established by FAHC's Finance Committee for pension plan assets is to meet present and future benefit obligations to all participants and beneficiaries, cover reasonable expenses incurred to provide such benefits, and provide a total return that maximizes the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk

There was no Level 3 activity for the years ended September 30, 2011 and 2010

Cash Flows - Contributions
FAHC expects to contribute $5,500,000 to its pension plan in the year ending September 30, 2012

Cash Flows - Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service as appropriate, are expected to be paid

(in thousands)	
Years Ending September 30	
2012	$ 7,689
2013	8,153
2014	8,619
2015	9,025
2016	9,369
2017–2021	50,236

Medical Center of Vermont (MCHV) - Retirement Plan
A tax-sheltered annuity benefit plan is maintained covering substantially all of the employees of the former MCHV who have at least one year of continuous service Contributions are determined based on a percentage of employees' salaries up to 1 5% of pay

Fanny Allen Hospital (FAH) - Pension Plan
Substantially all of the employees of the former FAH were covered by a defined contribution retirement plan Eligibility begins after one year of service A contribution of 4% of each eligible employee's compensation is made to the plan A tax-deferred annuity plan covering substantially all employees is also provided Matching contribution is discretionary

The plan was amended on January 1, 1996, to discontinue all contributions effective July 1, 1996 All participants became 100% vested as of that date The amendment also provided that no person may become a member on and after January 1, 1996

University Health Center (UHC) - Retirement Plan
A tax-sheltered annuity benefit plan is maintained covering substantially all of the employees of the former UHC who have at least two years of continuous service Contributions are determined based on a percentage of employees' salaries

Fletcher Allen Health Care, Inc. - Retirement Plan
In accordance with ERISA guidelines, FAHC provided a new retirement plan for employees of the former MCHV, FAH, and UHC, effective July 1, 1996 FAHC maintains a tax-sheltered annuity benefit plan covering substantially all of its employees who have at least six months of continuous service Contributions are determined based on a percentage of employees' salaries up to 10% of pay

Benefit Plan Costs
FAHC generally funds the benefit costs related to the above retirement plans, including defined contribution plans and postretirement benefit plans, as incurred Benefit plan costs amounted to $29,818,000 and $27,918,000 for the years ended September 30, 2011 and 2010, respectively These amounts do not include the amounts paid to UVM as discussed in Note 15

14. Concentrations of Credit Risk

FAHC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party agreements The mix of gross receivables from patients and third-party payers at September 30, 2011 and 2010 is as follows

	2011	2010
Medicare	31 %	31 %
Medicaid	16	14
Blue cross	14	15
Other third-party payers	26	25
Patients	13	15
	100 %	100%

15. Transactions With UVM

FAHC has an Affiliation Agreement with UVM that was most recently renewed as of August 1, 2010, for a five year term The Agreement automatically renews for subsequent five-year terms unless either party gives written notice of nonrenewal at least one year prior to the end of a five-year term The Affiliation Agreement expresses the shared goals of UVM and FAHC for teaching, clinical care and research, documents the many points of close collaboration between the two organizations, provides the underpinnings for FAHC's status as an academic medical center, and obligates FAHC to provide substantial, annual financial support to UVM

Under the Affiliation Agreement, UVM recognizes UVM Medical Group, a FAHC subsidiary, as the clinical practice group for physician faculty of UVM's College of Medicine, and FAHC agrees to meet its physician-employee staffing needs primarily through physicians who are employed by UVM Medical Group and are eligible for faculty appointments to the College of Medicine The Agreement provides that the chairs of academic departments in the College of Medicine will be appointed by FAHC as the clinical leaders of the corresponding clinical services

The current Affiliation Agreement provides for four components of financial support to UVM (1) monthly payments by FAHC, known as the "commitment," to fund a portion of the salary, benefits and related expenses paid through UVM to physician-faculty who are jointly employed by both UVM and UVM Medical Group, (2) an academic support payment paid by FAHC, (3) a Dean's Tax paid by UVM Medical Group, and (4) reimbursement by FAHC of certain UVM expenses for joint functions

The commitment is an annual undertaking by FAHC to fund a portion of the salary, benefits and related expenses of physician-faculty paid through UVM's payroll process The minimum commitment payment for each full-time faculty member is $30,000 for salary plus the cost of UVM benefits The total amount of the commitment is subject to variation each year based upon the needs of FAHC and UVM for physician staffing, the availability of funding sources apart from FAHC to pay for such personnel, and the allocation of the time and effort of physician-faculty among clinical, teaching, research and administrative activities The amounts of the commitment for physician-faculty salaries and fringe benefits approximated $17,731,000 and $13,069,000 in the years ended September 30, 2011 and 2010, respectively In addition, FAHC reimburses UVM for equipment rental, research, and certain other administrative expenses through the commitment

In addition to the commitment, FAHC also makes academic support payments The academic support payment is paid to UVM in monthly installments The amount of the academic support payment was $4,750,000 and $4,011,000 in the years ended September 30, 2011 and 2010, respectively This payment increases to $4,807,000 for the year ending September 30, 2012 and includes a $434,000 payment to support UVM's Dana Medical Library The payment increases on each anniversary date of the Agreement by a percentage published by the Centers for Medicare and Medicaid Services, if available, or by the percentage increase in FAHC's Medicare inpatient hospital reimbursement

Under the prior Affiliation Agreement, the Dean's Tax was paid by FAHC and was a percentage of the base compensation of faculty physicians Under the new Affiliation Agreement, the Dean's Tax is paid to UVM by FAHC in an amount equal to the greater of two percent (2 0%) of the Medical Group's net patient service revenues for that fiscal year or $4,600,000 The amount of the Dean's Tax was $4,909,000 and $4,940,000 in the years ended September 30, 2011 and 2010, respectively Approximately 50% of the Dean's Tax may be expended, with the approval of the Dean, on research and education initiatives of FAHC's health care services as long as the research and education initiatives are consistent with the shared goals within the Affiliation Agreement For the year ended September 30, 2011, approximately $251,000 of the $4,909,000 Dean's Tax was appropriated to research and education initiatives within FAHC

In addition to providing financial support of the UVM's Dana Medical Library, FAHC also pays UVM's Institutional Review Board a fee, currently $2,500 per review, for review of clinical trials and reimburses UVM for its expenses in the administration of FAHC-conducted clinical trials

16. Functional Expenses

FAHC provides general health care services to residents within its geographic location Expenses related to providing these services, for the years ended September 30, 2011 and 2010, are as follows

(in thousands)	2011	2010
Education and research	$ 1,546	$ 1,436
Health care services	774,543	756,444
Management and general	125,756	112,205
Total functional expenses	901,845	870,085
Less Nonoperating expenses	1,290	1,191
Total operating expenses	$ 900,555	$ 868,894

17. Fair Value Measurements

Fair value is defined as 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 (also referred to as an "exit price") A fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability In determining fair value, the use of various valuation approaches, including market, income, and cost approaches, is permitted

GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy)

FAHC uses the following fair value hierarchy to present its fair value disclosures

Level 1 - Quoted (unadjusted) prices for identical assets or liabilities in active markets Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis

Level 2 - Other observable inputs, either directly or indirectly, including

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates)

- Inputs that are derived principally from or corroborated by other observable market data

Level 3 - Unobservable inputs that cannot be corroborated by observable market data

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value

Mutual Funds
The fair values of mutual funds are based on quoted market prices for identical assets in active markets

Money Market Funds
The fair values of money market funds are based on quoted market prices

Bonds and Notes
The estimated fair values of debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices The marketable debt securities classified as Level 2 were classified as such due to the usage of observable market prices for similar securities that are traded in less active markets or when observable market prices for identical securities are not available Marketable debt instruments are priced using nonbinding market consensus prices that are corroborated with observable market data, quoted market prices for similar instruments, or pricing models, such as a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data These Level 2 debt securities primarily include corporate bonds, notes and other debt securities

Common Collective Trusts
The estimated fair values of common collective trusts are determined based upon the net asset value ("NAV") provided by the fund managers and assessed for reasonableness by management Such information is generally based on the pro-rata interest in the net assets of the underlying investments There are no unfunded commitments or liquidity restrictions related to these common collective trusts at September 30, 2011 and 2010

Beneficial Interest in Perpetual Trusts
The estimated fair values of FAHC's beneficial interests in perpetual trusts are determined based upon information provided by the trustees and assessed for reasonableness by management Such information is generally based on the pro-rata interest in the net assets of the underlying investments, which approximates fair value

Interest Rate Swap Agreements
Interest rate swap agreements are valued at the present value of the estimated series of cash flows resulting from the exchange of fixed rate payments for floating rate payments from the counterparty over the remaining life of the contract from the balance sheet date Each floating rate payment is calculated based on forward market rates at the valuation date for each respective payment date The valuation based on the estimated series of cash flows is obtained from third parties and assessed by management for reasonableness Because the inputs used to value the contract can generally be corroborated by market data, the fair value is categorized as Level 2

Long-Term Debt
The estimated fair values of FAHC's long-term debt is based on current traded value Such amounts at September 30, 2011 and 2010 are approximately $392,633,000 and $413,027,000, respectively

The following table presents information as of September 30, 2011 and 2010, about FAHC's financial assets and liabilities that are measured at fair value on a recurring basis

2011 *(in thousands)*	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
Mutual funds	$ 33,203	$ 697	$ -	$ 33,900
Money market funds	12,528	-	-	12,528
Bonds and notes	-	24,414	-	24,414
Common collective trusts	-	250,151	-	250,151
Beneficial interest in perpetual trusts	-	-	9,152	9,152
	$ 45,731	$ 275,262	$ 9,152	$ 330,145
Interest rate swap agreements	$ -	$ 13,076	$ -	$ 13,076

2010 *(in thousands)*	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
Mutual funds	$ 23,377	$ 653	$ -	$ 24,030
Money market funds	15,716	-	-	15,716
Bonds and notes	-	24,538	-	24,538
Common collective trusts	-	240,364	-	240,364
Beneficial interest in perpetual trusts	-	-	9,229	9,229
	$ 39,093	$ 265,555	$ 9,229	$ 313,877
Interest rate swap agreements	$ -	$ 12,220	$ -	$ 12,220

A roll forward of those marketable securities and investments whose use is limited that have been classified by FAHC as Level 3 within the fair value hierarchy (defined above) for the years ended September 30, 2011 and 2010 is as follows

(in thousands)	2011	2010
Beginning of year	$ 9,229	$ -
Reclassification of beneficial interest in perpetual trusts from level 2 to level 3	-	9,389
Decrease in fair value of beneficial interest in perpetual trusts	(77)	(160)
End of year	$ 9,152	$ 9,229
Decrease in fair value of level 3 investments held at September 30, included in the statement of changes in net assets	$ (77)	$ (160)

18. Pledges Receivable

Pledges receivable represent unconditional promises to give and are net of allowances for uncollectible amounts Pledges are recorded at the present value of their estimated future cash flows, which has been measured at the time of the contribution using rates indicative of the market and credit risk associated with the pledge Pledges collectible within one year are classified as other current assets and total $1,196,000 and $894,000 as of September 30, 2011 and 2010, respectively Estimated cash flows due after one year are discounted using the risk adjusted rate of 5 16% and 5 14% for the years ended September 30, 2011 and 2010, respectively

Pledges are expected to be collected as follows

(in thousands)	2011	2010
Amounts due		
Within one year	$ 1,247	$ 961
In one to five years	1,009	819
In more than five years	748	1,248
	3,004	3,028
Less Unamortized discount	492	797
	2,512	2,231
Less Allowance for uncollectables	168	207
Net pledges receivables	$ 2,344	$ 2,024

19. Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, FAHC analyzes its past history and identifies trends for each of its major categories of revenue (inpatient, outpatient, and professional) to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major categories of revenue in evaluating the sufficiency of the allowance for doubtful accounts Throughout the year, FAHC, after all reasonable collection efforts have been exhausted, will write off the difference between the standard rates (or discounted rates if negotiated) and the amounts actually collected against the allowance for doubtful accounts In addition to the review of the categories of revenue, management monitors the write offs against established allowances as of a point in time to determine the appropriateness of the underlying assumptions used in estimating the allowance for doubtful accounts

Accounts receivable, prior to adjustment for doubtful accounts, is summarized as follows at September 30, 2011 and 2010

(in thousands)	2011	2010
Receivables		
Patients	$ 31,004	$ 28,574
Third-party payers	101,139	89,303
Non Patient	10,370	13,292
	$ 142,513	$ 131,169

The allowance for doubtful accounts is summarized as follows at September 30, 2011 and 2010

(in thousands)	2011	2010
Allowance for doubtful accounts		
Patients	$ 7,740	$ 6,763
Third-party payers	10,270	8,302
Non Patient	807	826
	$ 18,817	$ 15,891

Bad debt expense for nonpatient related accounts receivable is reflected in total operating expenses on the Statement of Operations Patient related bad debt is reflected as a reduction in patient service revenues on the Statements of Operations

Net patient service revenue before the provision for bad debts for the years ended September 30, 2011 and 2010 is summarized as follows

(in thousands)	2011	2010
Net patient service revenue		
Patients	$ 33,404	$ 35,478
Third-party payers	808,850	768,453
	$ 842,254	$ 803,931

Supplemental Schedules

Fletcher Allen Health Care, Inc. and Subsidiaries
Consolidating Balance Sheet
September 30, 2011

(in thousands)

	Fletcher Allen Health Care, Inc	Fletcher Allen Health Ventures, Inc	Fletcher Allen Medical Group, PLLC	Fletcher Allen Skilled Nursing Care, LLC	Vermont Managed Care Indemnity Company, Ltd	Fletcher Allen Executive Services	Fletcher Allen Coordinated Transport, LLC	Eliminations	Total
Assets									
Current assets									
Cash and cash equivalents	$ 95,464	$ 12,808	$ 934	$ -	$ 128	$ 100	$ 867	$ -	$ 110,301
Patient and other trade accounts receivable - net	122,346	1,123	90	-	-	-	137	-	123,696
Due from related parties	5,820	-	-	-	657	-	-	(6,477)	-
Short-term investments	1,568	-	-	-	-	-	-	-	1,568
Inventories	17,845	-	-	-	-	-	-	-	17,845
Current portion of restricted assets	-	-	-	-	5,965	-	-	-	5,965
Estimated receivable from third - party payers	5,239	-	-	-	-	-	-	-	5,239
Prepaid and other current assets	9,653	4,194	85	-	4,168	-	18	-	18,118
Total current assets	257,935	18,125	1,109	-	10,918	100	1,022	(6,477)	282,732
Assets whose use is limited or restricted									
Board-designated assets	208,960	-	-	-	-	-	-	-	208,960
Assets held by trustee under bond indenture agreements	36,940	-	-	-	-	-	-	-	36,940
Restricted assets	697	-	-	-	37,256	-	-	-	37,953
Donor restricted assets for specific purposes	13,768	-	-	-	-	-	-	-	13,768
Donor restricted assets for permanent endowment	24,991	-	-	-	-	-	-	-	24,991
Total assets whose use is limited or restricted	285,356	-	-	-	37,256	-	-	-	322,612
Property and equipment - net	413,582	124	-	-	-	-	184	-	413,890
Other assets									
Deferred financing costs - net	15,307	-	-	-	-	-	-	-	15,307
Notes receivable and other assets	7,813	250	-	-	-	-	-	-	8,063
Investment in affiliated companies	28,788	-	-	4,713	-	-	-	(28,596)	4,905
Pledges receivable	1,162	-	-	-	-	-	-	-	1,162
Total other assets	53,070	250	-	4,713	-	-	-	(28,596)	29,437
	$ 1,009,943	$ 18,499	$ 1,109	$ 4,713	$ 48,174	$ 100	$ 1,206	$ (35,073)	$ 1,048,671

Fletcher Allen Health Care, Inc. and Subsidiaries
Consolidating Balance Sheet
September 30, 2011

(in thousands)

	Fletcher Allen Health Care, Inc	Fletcher Allen Health Ventures, Inc	Fletcher Allen Medical Group, PLLC	Fletcher Allen Skilled Nursing Care, LLC	Vermont Managed Care Indemnity Company, Ltd	Fletcher Allen Executive Services	Fletcher Allen Coordinated Transport, LLC	Eliminations	Total
Liabilities and net assets									
Current liabilities									
Current installments of long-term debt	$ 9,039	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,039
Accounts payable	21,308	6	2	-	26	-	18	-	21,360
Accrued expenses and other liabilities	28,653	4,450	58	-	-	-	16	2,431	35,608
Accrued payroll and related benefits	57,734	202	58	-	-	-	-	(202)	57,792
Estimated third-party payers settlements	17,283	-	-	-	-	-	-	-	17,283
Due to related parties	-	7,617	986	-	-	103	-	(8,706)	-
Estimated amounts for incurred but not reported claims	11,955	5,918	-	-	6,820	-	-	-	24,693
Total current liabilities	145,972	18,193	1,104	-	6,846	103	34	(6,477)	165,775
Long-term liabilities									
Long-term debt - excluding current installments	391,821	-	-	-	-	-	-	-	391,821
Reserve for outstanding losses on malpractice and workers' compensation claims	-	-	-	-	18,677	-	-	-	18,677
Pension and other postretirement benefit obligations	31,479	-	-	-	-	-	-	-	31,479
Other long-term liabilities	16,585	250	-	-	-	-	-	-	16,835
Total long-term liabilities	439,885	250	-	-	18,677	-	-	-	458,812
Total liabilities	585,857	18,443	1,104	-	25,523	103	34	(6,477)	624,587
Net assets									
Unrestricted	382,469	-	5	4,713	-	(3)	1,172	(5,889)	382,467
Temporarily restricted	16,626	-	-	-	-	-	-	-	16,626
Permanently restricted	24,991	-	-	-	-	-	-	-	24,991
Retained earnings	-	56	-	-	22,651	-	-	(22,707)	-
Total net assets	424,086	56	5	4,713	22,651	(3)	1,172	(28,596)	424,084
	$ 1,009,943	$ 18,499	$ 1,109	$ 4,713	$ 48,174	$ 100	$ 1,206	$ (35,073)	$ 1,048,671

Fletcher Allen Health Care, Inc. and Subsidiaries
Consolidating Statement of Operations
Year Ended September 30, 2011

(in thousands)

	Fletcher Allen Health Care, Inc	Fletcher Allen Health Ventures, Inc	Fletcher Allen Medical Group, PLLC	Fletcher Allen Skilled Nursing Care, LLC	Vermont Managed Care Indemnity Company, Ltd	Fletcher Allen Executive Services	Fletcher Allen Coordinated Transport, LLC	Eliminations	Total
Unrestricted revenue and other support									
Net patient service revenue	$ 878,344	$ -	$ 705	$ -	$ -	$ -	$ 1,383	$ (38,178)	$ 842,254
Less Provision for Bad Debts	(25,217)	-	(39)	-	-	-	(119)	-	(25,375)
Net Patient service revenue after provision for Bad debt	853,127	-	666	-	-	-	1,264	(38,178)	816,879
Premium revenue	4,338	84,301	-	-	-	-	-	(3,255)	85,384
Other revenue	29,648	409	512	-	8,755	296	-	(9,985)	29,635
Total unrestricted revenue and other support	887,113	84,710	1,178	-	8,755	296	1,264	(51,418)	931,898
Expenses									
Salaries, payroll taxes, and fringe benefits	543,100	3,794	824	-	-	286	2,460	(3,032)	547,432
Supplies and other	220,568	860	132	-	69	12	312	(9,827)	212,126
Purchased services	29,830	2,620	285	-	703	-	135	(258)	33,315
Depreciation and amortization	45,312	37	-	-	-	-	188	-	45,537
Interest expense	20,233	-	-	-	-	-	-	-	20,233
Underwriting expenses	-	-	-	-	2,742	-	-	-	2,742
Medical claims	-	77,470	-	-	-	-	-	(38,300)	39,170
Total expenses	859,043	84,781	1,241	-	3,514	298	3,095	(51,417)	900,555
Income (loss) from operations	28,070	(71)	(63)	-	5,241	(2)	(1,831)	(1)	31,343
Nonoperating gains (losses)									
Investment income	11,674	22	1	-	1,634	-	1	-	13,332
Loss on interest rate swap contracts	(856)	-	-	-	-	-	-	-	(856)
Other	(2,605)	51	-	891	-	-	100	4,039	2,476
Total nonoperating gains	8,213	73	1	891	1,634	-	101	4,039	14,952
Excess (deficiency) of revenue over expenses	36,283	2	(62)	891	6,875	(2)	(1,730)	4,038	46,295
Net change in unrealized gains (losses) on investments	(185)	-	-	-	209	-	-	(209)	(185)
Assets released from restrictions for capital purchases	510	-	-	-	-	-	-		510
Capital contributions	-	-	-	-	-	-	-		-
Pension related adjustments	(2,844)	-	-	-		-	-		(2,844)
Transfer of net assets	10,000	-	-	(700)	(10,000)	-	1,678	(978)	-
Increase (decrease) in unrestricted net assets	$ 43,764	$ 2	$ (62)	$ 191	$ (2,916)	$ (2)	$ (52)	$ 2,851	$ 43,776

Fletcher Allen Health Care, Inc. and Subsidiaries
Obligated Group Balance Sheets
September 30, 2011 and 2010

(in thousands)

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 95,464	$ 67,961
Patient and other trade accounts receivable-net	122,346	111,405
Due from related parties	5,820	
Short-term investments	1,568	1,599
Inventories	17,845	16,883
Estimated receivable from third - party payers	5,239	11,462
Prepaid and other current assets	9,653	6,681
Total current assets	257,935	215,991
Assets whose use is limited or restricted		
Board-designated assets	208,960	189,950
Assets held by trustee under bond indenture agreements	36,940	38,655
Restricted assets	697	653
Donor restricted assets for specific purposes	13,768	12,416
Donor restricted assets for permanent endowment	24,991	24,951
Total assets whose use is limited or restricted	285,356	266,625
Property and equipment-net	413,582	430,536
Other assets		
Deferred financing costs-net	15,307	16,106
Notes receivable and other assets	7,813	7,580
Investment in affiliated companies	28,788	31,640
Pledges receivable	1,162	1,130
Total other assets	53,070	56,456
	$ 1,009,943	$ 969,608
Liabilities and net assets		
Current liabilities		
Current installments of long-term debt	$ 9,039	$ 8,706
Accounts payable	21,308	19,272
Accrued expenses and other liabilities	28,653	28,424
Accrued payroll and related benefits	57,734	55,065
Estimated third-party payer settlements	17,283	15,418
Due to related parties	-	4,545
Estimated amounts for incurred but not reported claims	11,955	11,305
Total current liabilities	145,972	142,735
Long-term liabilities		
Long-term debt-excluding current installments	391,821	400,934
Pension and other postretirement benefit obligations	31,479	31,762
Other long-term liabilities	16,585	15,583
Total long-term liabilities	439,885	448,279
Total liabilities	585,857	591,014
Commitments and contingent liabilities		
Net assets		
Unrestricted	382,469	338,705
Temporarily restricted	16,626	14,938
Permanently restricted	24,991	24,951
Total net assets	424,086	378,594
Total liabilities and net assets	$ 1,009,943	$ 969,608

Fletcher Allen Health Care, Inc. and Subsidiaries
Obligated Group Statements of Operations
Years Ended September 30, 2011 and 2010

(in thousands)

	2011	2010
Unrestricted revenue and other support		
Net patient service revenue	$ 878,344	$ 841,382
Less Provision for Bad debts	(25,217)	(24,364)
Net Patient service revenue after provision for Bad debt	853,127	817,018
Premium revenue	4,338	4,414
Other revenue	29,648	29,379
Total unrestricted revenue and other support	887,113	850,811
Expenses		
Salaries, payroll taxes, and fringe benefits	543,100	527,487
Supplies and other	220,568	211,481
Purchased services	29,830	30,198
Depreciation and amortization	45,312	43,731
Interest expense	20,233	19,980
Total expenses	859,043	832,877
Income from operations	28,070	17,934
Nonoperating gains (losses)		
Investment income	11,674	19,416
Loss on interest rate swap contracts	(856)	(4,101)
Other	(2,605)	10,036
Total nonoperating gains	8,213	25,351
Excess of revenue over expenses	36,283	43,285
Net change in unrealized losses on investments	(185)	(3,480)
Assets released from restrictions for capital purchases	510	939
Pension related adjustments	(2,844)	(4,200)
Transfer of net assets	10,000	-
Increase in unrestricted net assets	$ 43,764	$ 36,544

Fletcher Allen Health Care, Inc. and Subsidiaries
Obligated Group Statements of Changes in Net Assets
Years Ended September 30, 2011 and 2010

(in thousands)

	2011	2010
Unrestricted net assets		
Excess of revenues over expenses	$ 36,283	$ 43,285
Net change in unrealized losses on investments	(185)	(3,480)
Assets released from restrictions for capital purchases	510	939
Pension-related adjustments	(2,844)	(4,200)
Transfer of net assets	10,000	-
Increase in unrestricted net assets	43,764	36,544
Temporarily restricted net assets		
Gifts, grants, and bequests	2,708	1,655
Investment income	474	337
Net unrealized gains (losses) on investments	272	(841)
Net realized gains on investments	158	1,759
Net assets released from restrictions used in operations	(1,143)	(777)
Net assets released from restrictions used for nonoperating purposes	(208)	(191)
Net assets released from restrictions used for capital purchases	(510)	(939)
Transfer of net assets	(63)	(23)
Increase in temporarily restricted net assets	1,688	980
Permanently restricted net assets		
Gifts, grants, and bequests	54	59
Change in beneficial interest in perpetual trusts	(77)	(160)
Transfer of net assets	63	23
Increase (decrease) in permanently restricted net assets	40	(78)
Increase in net assets	45,492	37,446
Net assets		
Beginning of year	378,594	341,148
End of year	$ 424,086	$ 378,594

Fletcher Allen Health Care, Inc. Obligated Group

Fletcher Allen Health Care, Inc presently is the sole member of the Obligated Group The accompanying supplemental schedules have been prepared for the purpose of additional analysis of the basic consolidated financial statements of Fletcher Allen Health Care, Inc and subsidiaries for purposes of complying with certain requirements related to FAHC's debt agreements and are not intended to present the separate financial statements of the Obligated Group