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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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization Northeastern Vermont Regional Hosp Inc	D Employer identification number 03-6013761
	Doing Business As	E Telephone number (802) 748-7520
	Number and street (or P O box if mail is not delivered to street address) Hospital Drive PO Box 905	Room/suite
	G Gross receipts \$ 67,979,102	
	City or town, state or country, and ZIP + 4 St Johnsbury, VT 058190905	
	F Name and address of principal officer Paul Bengtson Hospital Drive PO Box 905 St Johnsbury,VT 058190905	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀(Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ www.nvrh.org		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1967
M State of legal domicile VT		

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities Critical Access Hospital																								
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets																								
	<table><tr><td>3 Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>18</td></tr><tr><td>4 Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>17</td></tr><tr><td>5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)</td><td>5</td><td>538</td></tr><tr><td>6 Total number of volunteers (estimate if necessary)</td><td>6</td><td>159</td></tr><tr><td>7a Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>2,308,394</td></tr><tr><td>b Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>39,883</td></tr></table>	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	17	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	538	6 Total number of volunteers (estimate if necessary)	6	159	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,308,394	b Net unrelated business taxable income from Form 990-T, line 34	7b	39,883						
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Revenue	<table><tr><td>8 Contributions and grants (Part VIII, line 1h)</td><td>Prior Year</td><td>Current Year</td></tr><tr><td>9 Program service revenue (Part VIII, line 2g)</td><td>511,877</td><td>378,377</td></tr><tr><td>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td><td>55,231,498</td><td>57,286,860</td></tr><tr><td>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td>354,067</td><td>760,276</td></tr><tr><td>12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td><td>58,349</td><td>56,273</td></tr><tr><td></td><td>56,155,791</td><td>58,481,786</td></tr></table>	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	9 Program service revenue (Part VIII, line 2g)	511,877	378,377	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	55,231,498	57,286,860	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	354,067	760,276	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	58,349	56,273		56,155,791	58,481,786						
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Net Assets or Fund Balances	<table><tr><td></td><td>Beginning of Current Year</td><td>End of Year</td></tr><tr><td>20 Total assets (Part X, line 16)</td><td>47,472,362</td><td>48,348,316</td></tr><tr><td>21 Total liabilities (Part X, line 26)</td><td>20,897,081</td><td>20,641,292</td></tr><tr><td>22 Net assets or fund balances Subtract line 21 from line 20</td><td>26,575,281</td><td>27,707,024</td></tr></table>		Beginning of Current Year	End of Year	20 Total assets (Part X, line 16)	47,472,362	48,348,316	21 Total liabilities (Part X, line 26)	20,897,081	20,641,292	22 Net assets or fund balances Subtract line 21 from line 20	26,575,281	27,707,024												
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Part II	Signature Block
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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	*****		2012-08-14				
	Signature of officer		Date				
Paid Preparer Use Only	Print/Type preparer's name Barbara J McGuan CPA		Preparer's signature Barbara J McGuan CPA		Date 2012-08-14	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ Berry Dunn McNeil & Parker LLC						Firm's EIN ▶
	Firm's address ▶ PO Box 1100 Portland, ME 041041100						Phone no ▶ (207) 775-2387

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

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

Northeastern Vermont Regional Hospital, Inc. is dedicated to improving the health of all people in the communities it serves, and to providing compassionate, palliative care. NVRH provides high quality healthcare services focused on community needs at the lowest cost consistent with excellent care. NVRH will cooperate with other organizations to provide medical, educational, preventive, and wellness services. NVRH will strive for the best possible outcomes, including effective pain management with the highest level of service that meets and exceeds expectations.

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

If "Yes," describe these changes on Schedule O

4a (Code) (Expenses \$ 49,657,175 including grants of \$ 30,000) (Revenue \$ 57,286,860)

Northeastern Vermont Regional Hospital, Inc. is a full service, state of the art, Critical Access Hospital. The Hospital makes its services available to approximately 28,000 residents of the greater St. Johnsbury community. Inpatient services include medical and surgical, intensive care, pediatrics, and obstetrics. The emergency room at NVRH is fully staffed by full-time physicians and specialized nurses. A new Ambulatory Surgery Unit opened in October 2009. The new unit has space for 16 pre- and post-operative patients. Over 95% of our surgeries and procedures are conducted through day surgery. These services are supported by the laboratory, diagnostic imaging, MRI, CT scan, cardiac services, rehabilitation, respiratory, and other ancillary services. NVRH was chosen as the first Medical Home/Community Care Team in December of 2007 and created medical homes in 5 primary care practices and Community Care Teams. Surgical specialties include general surgery, neurosurgery, oral/maxillofacial, otolaryngology, obstetrics/gynecology, orthopedics, ophthalmology, and urology. NVRH is one of two Vermont hospitals to have been awarded the international baby-friendly designation by the World Health Organization. NVRH's charity care program is available to patients who are uninsured, underinsured, or have otherwise demonstrated they don't have the financial resources to fully pay for their hospital care. Patients with income levels below 200% of the federal poverty guideline for the applicable family size have their hospital bill discounted by 100%. Patients with income levels between 200% and 300% of the federal poverty guideline receive a discount on their hospital bill between 75% and 25%. Foregone charges, based on established rates, furnished under NVRH's free care program amounted to \$1,902,362 during the year ended September 30, 2011.

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




















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

4d Other program services (Describe in Schedule O) **See also Additional Data for Description**
(Expenses \$ _____ including grants of \$ _____) (Revenue \$ _____)

4e	Total program service expenses	\$ 49,657,175
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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	No
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 Yes	
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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a 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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a Yes	
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	No
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	No
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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35		No
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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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 <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	69
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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	538
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
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	No
b	If "Yes," enter the name of the foreign country: _____ 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	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	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	1a18		
b	Enter the number of voting members included in line 1a, above, who are independent	1b17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		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		No
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		No
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		

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filedVT
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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. Robert Hersey Hospital Drive PO Box 905 St Johnsbury, VT 058190905 (802) 748-7520

Check if Schedule O contains a response to any question in this Part VII ☐ ☒

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

[illegible]

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)								2,052,944	0	227,857

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▶24

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>		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
Dan Wyand PT & Associates PLLC 2020 Trestle Road Danville, VT 05828	Physical Therapy Services	1,800,124
Kingdom Emergency Services LLC 815 North Kirby Road Lyndonville, VT 05851	Physician Staffing	1,556,406
HP Cummings Construction PO Box 269 Woodville, NH 03785	Construction Services	946,602
Vermont Radiologists PO Box 217 St Johnsbury, VT 05819	Diagnostic Imaging Services	792,490
Fletcher Allen Healthcare PO Box 1092 Burlington, VT 05402	Laboratory Testing Services	483,022
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 ▶6		

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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					
	d	Related organizations 1d					
	e	Government grants (contributions) 1e	108,377				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	270,000				
	g	Noncash contributions included in lines 1a-1f \$	270,000				
	h	Total. Add lines 1a-1f ▶	378,377				
	Program Service Revenue	2a	Business Code			2,308,394	
		Patient Service Rev 621400	105,014,450	102,706,056			
b		Other Patient Service 621400	681,555	681,555			
c		Cafeteria Revenue 900099	341,226			341,226	
d		Pharmacy Revenue 900099	155,997			155,997	
e		Provision for Bad Debt 621400	-2,281,396	-2,281,396			
f		All other program service revenue	-46,624,972	46,624,972			
g		Total. Add lines 2a-2f ▶	57,286,860				
Other Revenue		3	Investment income (including dividends, interest and other similar amounts) ▶	329,519			329,519
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties ▶					
	6a	(i) Real					
		56,273					
		b	Less rental expenses				
		c	Rental income or (loss) 56,273				
	d	Net rental income or (loss) ▶	56,273			56,273	
	7a	(i) Securities					
		9,904,428	23,645				
		b	Less cost or other basis and sales expenses 9,489,316	8,000			
		c	Gain or (loss) 415,112	15,645			
	d	Net gain or (loss) ▶	430,757			430,757	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 a					
		b	Less direct expenses b				
		c	Net income or (loss) from fundraising events . . ▶				
	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 . . ▶				
	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 . . ▶					
Miscellaneous Revenue		Business Code					
11a							
	b						
	c						
	d	All other revenue					
	e	Total. Add lines 11a-11d ▶					
12	Total revenue. See Instructions ▶	58,481,786	54,481,243	2,308,394	1,313,772		

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	30,000	30,000		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	628,028	72,357	555,671	
7	Other salaries and wages	24,823,972	22,124,410	2,699,562	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	963,816	838,843	124,973	
9	Other employee benefits	5,548,907	4,857,670	691,237	
10	Payroll taxes	1,616,954	1,413,157	203,797	
a	Fees for services (non-employees)				
	Management				
b	Legal	24,000		24,000	
c	Accounting	36,000		36,000	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees	36,394		36,394	
g	Other	6,903,232	6,436,206	467,026	
12	Advertising and promotion	118,963		118,963	
13	Office expenses	5,254,359	3,933,039	1,321,320	
14	Information technology	37,632		37,632	
15	Royalties				
16	Occupancy	2,164,908	2,091,400	73,508	
17	Travel	113,421	93,191	20,230	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	64,599	51,717	12,882	
20	Interest	498,642	14,729	483,913	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,188,359	2,161,806	26,553	
23	Insurance	625,776	625,776		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medicaid Provider Tax	2,949,777	2,949,777		
b	Patient Expenses	1,963,097	1,963,097		
c					
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	56,590,836	49,657,175	6,933,661	0
26	Joint costs. Check here <input checked="" type="checkbox"/> 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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1,193	1	1,443
	2	Savings and temporary cash investments			4,599,933	2	4,605,993
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			7,323,607	4	7,474,965
	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	
	8	Inventories for sale or use			1,158,202	8	1,259,184
	9	Prepaid expenses and deferred charges			399,843	9	351,391
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	48,145,121			
	b	Less: accumulated depreciation	10b	27,471,102	20,546,408	10c	20,674,019
	11	Investments—publicly traded securities			10,834,172	11	10,534,335
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			220,079	14	193,525
	15	Other assets. See Part IV, line 11			2,388,925	15	3,253,461
	16	Total assets. Add lines 1 through 15 (must equal line 34)			47,472,362	16	48,348,316
Liabilities	17	Accounts payable and accrued expenses			4,788,464	17	4,789,414
	18	Grants payable				18	
	19	Deferred revenue			30,328	19	126,294
	20	Tax-exempt bond liabilities			15,030,000	20	14,670,000
	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			6,628	23	331,943
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			1,041,661	25	723,641
	26	Total liabilities. Add lines 17 through 25			20,897,081	26	20,641,292
Net Assets or Fund Balances		Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets			25,063,668	27	26,518,432
	28	Temporarily restricted net assets			1,070,482	28	747,257
	29	Permanently restricted net assets			441,131	29	441,335
		Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			26,575,281	33	27,707,024
	34	Total liabilities and net assets/fund balances			47,472,362	34	48,348,316

Part XI Reconciliation 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	58,481,786
2	Total expenses (must equal Part IX, column (A), line 25)	2	56,590,836
3	Revenue less expenses Subtract line 2 from line 1	3	1,890,950
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	26,575,281
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-759,207
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	27,707,024

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	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	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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> 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?		No
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		

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 Northeastern Vermont Regional Hosp Inc	Employer identification number 03-6013761
--------------------------------------------------------------------	----------------------------------------------

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?

(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?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
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 IIIPart 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 section 501(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).

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 Northeastern Vermont Regional Hosp Inc	Employer identification number 03-6013761
--------------------------------------------------------------------	----------------------------------------------

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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)		21,546													
c Total lobbying expenditures (add lines 1a and 1b)		21,546													
d Other exempt purpose expenditures		58,850,686													
e Total exempt purpose expenditures (add lines 1c and 1d)		58,872,232													
f Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000													
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		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		
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														
g Grassroots nontaxable amount (enter 25% of line 1f)		250,000													
h Subtract line 1g from line 1a If zero or less, enter -0-		0													
i Subtract line 1f from line 1c If zero or less, enter -0-		0													
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?		<div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>													

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	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	13,140	16,434	22,919	21,546	74,039
d Grassroots non-taxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
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)		(b)
		Yes	No	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?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
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
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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
Northeastern Vermont Regional Hosp Inc

Employer identification number
03-6013761

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?	
	<div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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	
	<div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

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

2a

Total number of conservation easements

2b

Total acreage restricted by conservation easements

2c

Number of conservation easements on a certified historic structure included in (a)

2d

Number of conservation easements included in (c) acquired after 8/17/06

	Held at the End of the Year
2a	
2b	
2c	
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	▶ \$ 350,000
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

d

☐

Loan or exchange programs

b

☐

Scholarly research

e

☐

Other

c

☐

Preservation for future generations

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
1c	
1d	
1e	
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				
b	Contributions				
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐ No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

☐ Yes

☐ No

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		37,570		37,570
b Buildings		26,082,024	11,539,765	14,542,259
c Leasehold improvements		958,491	365,097	593,394
d Equipment		19,564,375	14,869,531	4,694,844
e Other		1,502,661	696,709	805,952
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				20,674,019

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	58,481,786
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	56,590,836
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,890,950
4	Net unrealized gains (losses) on investments	4	-759,207
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	-759,207
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,131,743

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	57,686,185
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-759,207
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	-759,207
3	Subtract line 2e from line 1	3	58,445,392
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	36,394
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	36,394
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	58,481,786

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	56,554,442
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	0
3	Subtract line 2e from line 1	3	56,554,442
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	36,394
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	36,394
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	56,590,836

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
	Part III, Line 4	In 2008, the Organization received a donation of a piece of art work that it hangs in its hallways along with other paintings from local area school children. These paintings are put on display to help provide an additional community benefit to the public.

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
Northeastern Vermont Regional Hosp Inc

Employer identification number
03-6013761

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	Yes	
b	If "Yes," is it a written policy?	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 <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>		
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 <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____%</div> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%</div> 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"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?		No
6b	If "Yes," did the organization make it available to the public?		
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost						
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)			927,857		927,857	1 640 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			13,954,534	8,266,329	5,688,205	10 050 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			14,882,391	8,266,329	6,616,062	11 690 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			579,147		579,147	1 020 %
f Health professions education (from Worksheet 5)			242,355		242,355	0 430 %
g Subsidized health services (from Worksheet 6)			10,074,638	7,831,072	2,243,566	3 960 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			77,744		77,744	0 140 %
j Total Other Benefits			10,973,884	7,831,072	3,142,812	5 550 %
k Total. Add lines 7d and 7j			25,856,275	16,097,401	9,758,874	17 240 %

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
1Physical improvements and housing	1		1,794		1,794	0 %
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building	3		3,169		3,169	0 010 %
7Community health improvement advocacy						
8Workforce development	1		376,199		376,199	0 660 %
9Other						
10Total	5		381,162		381,162	0 670 %

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	1,132,257	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	14,757,882	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	14,757,882	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> 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				

Schedule H (Form 990) 2010

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? 8

Name and address		Type of Facility (Describe)
1	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
2	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
3	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
4	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
5	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
6	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
7	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
8	NVRH - Corner Medical 195 Industrial Parkway Lyndonville, VT 05849	Outpatient Physician Clinic
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, 6l, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 7 The Organization used three different methods to allocate costs reported in the table two physician clinics are rural health clinics NVRH - Corner Medical and NVRH - St Johnsbury Pediatrics Costs for these clinics were taken directly from the Medicare cost report Costs for other reported programs were direct costs for the program plus an allocation of indirect costs based on a ratio of direct to indirect costs taken from the Medicare cost report A cost to charge ratio was used to determine the cost of bad debts and free care for all programs reported on the table

Identifier	ReturnReference	Explanation
		Part I, Line 7g The Organization included as subsidized health services costs attributable to three physician clinics 1 NVRH - Corner Medical, a primary care physician clinic Total costs related to this physician clinic were \$3,516,554 2 NVRH - St Johnsbury Pediatrics, a pediatric physician clinic Total costs related to this physician clinic were \$1,824,336 3 NVRH - Women's Wellness Center, an obstetrician/gynecological physician clinic Total costs related to this physician clinic were \$3,515,202

Identifier	ReturnReference	Explanation
		<p>Part II Physical Improvements/Housing</p> <p>NVRH Community Garden NVRH has provided garden space on our campus for community use for 30 years There are currently 23 garden spots The garden spots are provided free of charge on a first come, first served basis The community benefit value is based on the staff time to coordinate the assignment of spots and other correspondence with the gardeners Coalition Building Hospital staff are leaders and/or active members of several community health coalitions These coalitions are dedicated to 1 Prevention of illness and crisis, and 2 A holistic care coordination system, that is cost effective and eliminates duplication of services Workforce development NVRH is located in a rural area with limited access to public transportation Poverty is also our primary health disparity We have listened to our community and they tell us they need access to services that are close to home NVRH takes the lead in recruiting both primary care and specialty physicians and mid level providers to fill the need for access to services close to home The value listed in this section is related to the costs associated with recruiting primary care and specialty providers, as well as loan repayment for two specialists, and financial support for the Northeastern VT Area Health Education Center</p>

Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts</p>

Identifier	ReturnReference	Explanation
		Part III, Line 8 All Medicare allowable costs were taken directly from the Medicare cost report

Identifier	ReturnReference	Explanation
		Part III, Line 9b NVRH provides care to all patients regardless of their ability to pay for services. Patients who indicate they have no insurance receive information about NVRH's Patient Assistance program, including the income level eligibility guidelines, with their first bill and with all subsequent bills. Patient Assistance is provided to those patients who, through a written documentation process, are identified as financially needy. Patients that have qualified for 100% Patient Assistance are not billed for subsequent services for one year. After one year, those patients go through the qualification process again.

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 2 Assessment of community needs is an ongoing process at Northeastern Vermont Regional Hospital</p> <p>Northeastern Vermont Regional Hospital achieves openness, inclusiveness, and public participation in our strategic planning and decision making in a variety of ongoing and deliberate ways NVRH governance structure includes the Northeastern Vermont Regional Corp (NVRC) Corporators The over 250 Corporators, representing all the towns in our service area, are an invaluable source of wisdom and perspective for hospital leadership They are key links in the essential communication system between members of our community and the Hospital Because the Corporators represent the community, they act as our eyes and ears on the street The quarterly Corporators meetings are an opportunity for two-way sharing of information The Corporators share their needs and concerns, as well as the needs and concerns of their families, friends, and neighbors In return, the Corporators are updated on hospital services, as well as state and national healthcare issues The Hospital participates in formal community assessments that are conducted every few years by various community organizations including the Fit and Healthy Coalition, Together Works - Substance Abuse Prevention Coalition, the Tobacco Advisory Committee, Green Mountain United Way, the Housing Coalition, and the Vermont Departments of Health and Education Hospital staff are active members and partners with these coalitions and organizations Formal community assessments begin with identifying a problem or purpose The purpose could be broad, such as "what are the top priorities in our community" or it could be more specific based on the missions of the Organization The local prevention coalitions have all recently conducted community assessments based on their missions to prevent substance abuse, prevent and end tobacco use, and prevent obesity related chronic conditions The next step is developing a community profile using primary source data Primary source data is primarily obtained from the Vermont Department of Health biannual Health Status of Vermonters report This report compiles data from a variety of sources including the Behavioral Risk Factor Surveillance System (BRFSS), U S Census, the Department of Environmental Conservation data, the Vermont Health Care Cost and Utilization Project, and several other state and national data sources Secondary data is gathered by identifying and getting input from key stakeholders including community leaders, relevant organizations, and community members Input is gathered by using one on one interviews, surveys (including using online tools like Survey Monkey), and focus forums for all key stakeholder groups Inventories of existing services, and gap and/or asset mapping are also typically part of the community assessment process As primary and secondary data is gathered the analyzing phase kicks in Sometimes the focus of an assessment may shift if data reveals a new or more urgent health priority Reporting the results of the assessment is an important piece of the process Every effort is made to get summaries and reports back to interested community members and organizations More and more often, the Hospital and partner organizations are using Community Based Participatory Research (CBPR) principles when designing community interventions or deciding on which health services to add or enhance CBPR starts with community engagement and buy in, but goes beyond to ensure that knowledge, power, credit, and results are shared fairly between "experts" and community members</p>

Identifier	ReturnReference	Explanation
		Part VI, Line 3 A summary of NVRH's Patient Assistance Program and the income eligibility guidelines are included in the first and all subsequent bills sent to patients identified as self pay The phone number of a financial counselor is also provided The counselor is available to discuss eligibility guidelines and the qualification process The counselor also discusses with patients the availability of Medicaid and other State assistance programs Information about the NVRH Patient Assistance Program is also available on the NVRH website Patients can also learn about NVRH's Patient Assistance program via a link to the State's Department of Banking, Insurance, Securities and Health Care Administration website The Patient Assistance Program is available to hospital patients as well as patients of all NVRH-owned physician practices

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Northeastern Vermont Regional Hospital (NVRH) serves about 34,000 people in Caledonia and southern Essex counties in the northeast corner of Vermont The Hospital is located about 50 miles from the Canadian border to the north, and about 15 miles from the New Hampshire border to the east Only 3 towns in our service area have a population of more than 2,000 people Our area is divided equally between males and females Approximately 40% of our residents are over 45 years of age The area is predominately white (96%) and English is the predominant language The median income is below the state average at \$34,151 per household (\$40,856 Vermont) Just over half of our residents have a high school diploma or less, under 25% have completed a four year college degree Manufacturing is the largest employment sector (15.3%), followed by retail (13.9%), and health care and social services (13.8%) There are 4 public school districts, and numerous private or independent schools There are 3 colleges, including Community College of Vermont, located in our service area

Identifier	ReturnReference	Explanation
		Part VI, Line 6 The Hospital also promoted health and safety throughout the community through the following programs 1 Car Safety Seat Program2 Childbirth Education3 Community Connections4 Community Wellness Center5 Lifeline6 Healthier Living Workshops7 Lactation Services8 Smoking Cessation - Adult9 Tobacco Outreach10 Mother/Baby Playtime Classes

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
Northeastern Vermont Regional Hosp Inc

Employer identification number
03-6013761

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
(1) Northern Counties Health Care Inc165 Sherman Drive St Johnsbury,VT 05819	51-0199559	501(c)(3)	30,000				Community Benefit Grant

2

Enter total number of section 501(c)(3) and government organizations

▶ 1

3

Enter total number of other organizations

▶

Part III

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

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

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
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 The Hospital only awards grants to qualifying public charities exempt under 501(c)(3) Organizations receiving a grant must sign a grant agreement that details how the funds may be used Additional monitoring is not deemed necessary

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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.

Name of the organization

Northeastern Vermont Regional Hosp Inc

Employer identification number

03-6013761

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate 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</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>1b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain</div></div>		
<div><div>2</div><div>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?</div></div>		
<div><div>3</div><div>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</div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment from the organization or a related organization?</div></div>		No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>		No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		No
<div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>		No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<div><div>6</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>		No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		No
<div><div>7</div><div>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</div></div>		No
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued 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</div></div>		No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>		

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) Paul Bengtson	(i) (ii)	298,216 0	0 0	15,310 0	13,661 0	16,897 0	344,084 0	0 0
(2) Robert Hersey	(i) (ii)	170,141 0	0 0	14,454 0	8,096 0	18,896 0	211,587 0	0 0
(3) Craig D Dreibach	(i) (ii)	311,479 0	0 0	188 0	14,003 0	15,156 0	340,826 0	0 0
(4) Elaine S Paul	(i) (ii)	246,910 0	0 0	12,965 0	11,254 0	16,002 0	287,131 0	0 0
(5) Martin S Walko	(i) (ii)	245,374 0	0 0	10,785 0	11,187 0	18,597 0	285,943 0	0 0
(6) Richard Gagnon	(i) (ii)	427,571 0	0 0	1,229 0	19,125 0	15,911 0	463,836 0	0 0
(7) Karen Kenny	(i) (ii)	247,138 0	0 0	2,466 0	11,250 0	14,183 0	275,037 0	0 0
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Northeastern Vermont Regional Hosp Inc

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

Employer identification number
03-6013761

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 Vermont Educational & Health Building Financing Agency	23-7154467	924166DB4	04-29-2009	4,500,000	To fund certain capital expenditures		X		X		X
B Vermont Educational & Health Building Financing Agency	23-7154467	9241607U2	12-21-2004	11,530,000	To repay balance of outstanding bonds, to fund certain capital expenditures		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	4,500,000		11,914,253					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	124,776		153,446					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	2,611,240		11,760,807					
11	Other spent proceeds								
12	Other unspent proceeds	1,763,984							
13	Year of substantial completion	2008		2008					
		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					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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 IIIPrivate 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								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IVArbitrage

		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				
2	Is the bond issue a variable rate issue?	X		X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X	X					
b	Name of provider	Wells Fargo		Wells Fargo					
c	Term of hedge	10 5000000000000		10 5000000000000					
d	Was the hedge superintegrated?		X		X				
e	Was a hedge terminated?		X		X				
4a	Were gross proceeds invested in a GIC?		X	X					
b	Name of provider	AIG MFC		AIG MFC					
c	Term of GIC	2 0000000000000		2 0000000000000					
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part VSupplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Northeastern Vermont Regional Hosp Inc

Employer identification number
03-6013761

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts						
1 Art—Works of art										
2 Art—Historical treasures										
3 Art—Fractional interests										
4 Books and publications										
5 Clothing and household goods										
6 Cars and other vehicles .										
7 Boats and planes										
8 Intellectual property . .										
9 Securities—Publicly traded										
10 Securities—Closely held stock										
11 Securities—Partnership, LLC, or trust interests .										
12 Securities—Miscellaneous										
13 Qualified conservation contribution—Historic structures										
14 Qualified conservation contribution—Other . .										
15 Real estate—Residential .	X	1	270,000	Appraisal						
16 Real estate—Commercial										
17 Real estate—Other . .										
18 Collectibles										
19 Food inventory										
20 Drugs and medical supplies										
21 Taxidermy										
22 Historical artifacts . .										
23 Scientific specimens . .										
24 Archeological artifacts .										
25 Other ► (_____)										
26 Other ► (_____)										
27 Other ► (_____)										
28 Other ► (_____)										
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement			29							
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?				<table><tr><td></td><td>Yes</td><td>No</td></tr><tr><td>30a</td><td></td><td>No</td></tr></table>		Yes	No	30a		No
	Yes	No								
30a		No								
b If "Yes," describe the arrangement in Part II				<table><tr><td></td><td>Yes</td><td></td></tr><tr><td>31</td><td>Yes</td><td></td></tr></table>		Yes		31	Yes	
	Yes									
31	Yes									
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?				<table><tr><td></td><td></td><td></td></tr><tr><td>32a</td><td></td><td>No</td></tr></table>				32a		No
32a		No								
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?				<table><tr><td></td><td></td><td></td></tr><tr><td>33</td><td></td><td></td></tr></table>				33		
33										
b If "Yes," describe in Part II										
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II										

Part II

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

Identifier	Return Reference	Explanation
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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 Northeastern Vermont Regional Hosp Inc	Employer identification number 03-6013761
---------------------------------------------------------------------------	-----------------------------------------------------

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		The sole member of the Organization is Northeastern Vermont Regional Corp

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		All trustees shall be elected by the member of the Organization

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		The process for reviewing the organization's 990 evolves from oversight for utilized numbers from the TB which have been audited. Schedules to support various aspects of the tax return are prepared by several finance department staff, and Bob Hersey, as CFO, reviews the information which is submitted to the auditors. In addition, prior to the document's filing, the draft Form 990 is reviewed by the Organization's CFO and audit task force.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization monitors and enforces compliance with the conflict of interest policy by requiring directors and trustees to complete an annual questionnaire. Board members disclose any potential conflict prior to voting. Significant conflicts of interest would be discussed with legal counsel prior to board action.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	A compensation committee sets the compensation level for the Organization's CEO. The CEO is charged with determining the compensation level for the Organization's CFO. The basis for arriving at the CFO and CEO's compensation is determined by using comparable compensation data of the CEOs and CFOs from other similar sized Vermont hospitals. The Organization obtains this data by examining other Vermont hospital Form 990s. Compensation for all other key employees is based on the Vermont and New Hampshire annual wage survey. The CEO has the final determination for the appropriate level of compensation for all other employees.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The Organization makes its financial statements available to the public upon request as well as through the publishing of its annual report on its website. The Organization makes its governing documents and conflict of interest policy available to the public upon request.

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -759,207

Identifier	Return Reference	Explanation
	New Accounting Pronouncement	Accounting Standards Codification (ASC) 954, Health Care Entities, was amended in 2011 to require health care entities to change the presentation of the statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) The Hosptal has elected to early adopt the amendment for fiscal year ended September 30, 2011 Prior year numbers on Page 1 of Form 990 have not been restated

Identifier	Return Reference	Explanation
Oversight of the Audit Process	Form 990, Part XI, Line 2c	The audit process has not changed from the prior year

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

Northeastern Vermont Regional Hosp Inc

Employer identification number

03-6013761

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

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) Northeastern Vermont Regional Corp 1315 Hospital Drive St Johnsbury, VT 058190905 22-2583253	Health Care Services	VT	501(c)3	11, Type II	N/A		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) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Northeastern Health Enterprises Inc 1315 Hospital Drive St Johnsbury, VT05819 03-0294757	Management Services	VT	Northeastern VT Regional Corp	C			

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

Yes

No

No

No

No

No

Yes

No

No

No

Yes

No

No

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
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NORTHEASTERN
VERMONT REGIONAL
HOSPITAL



FINANCIAL STATEMENTS

September 30, 2011 and 2010

With Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Northeastern Vermont Regional Hospital, Inc.

We have audited the accompanying balance sheets of Northeastern Vermont Regional Hospital, Inc (the Hospital) as of September 30, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeastern Vermont Regional Hospital, Inc. as of September 30, 2011 and 2010, and the results of its operations, changes in its net assets, and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
November 30, 2011
Registration No. 92-0000278

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Balance Sheets

September 30, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current assets		
Cash and cash equivalents	\$ 1,657,974	\$ 419,358
Patient accounts receivable, net of allowances for doubtful accounts and contractual allowances of \$3,463,485 in 2011 and \$2,359,768 in 2010	6,581,008	6,639,835
Estimated third-party payor settlements	470,578	-
Supplies	1,259,184	1,158,202
Prepaid expenses	351,391	399,843
Other accounts receivable	893,957	683,772
Assets limited as to use	<u>378,765</u>	<u>363,752</u>
Total current assets	<u>11,592,857</u>	<u>9,664,762</u>
Assets limited as to use		
Internally designated for		
Capital acquisitions	8,512,472	8,534,593
Funded depreciation	2,704,786	2,711,882
By bond agreement held by trustee for		
Future capital projects	<u>1,887,774</u>	<u>3,405,713</u>
Assets limited as to use, excluding current portion	<u>13,105,032</u>	<u>14,652,188</u>
Property and equipment, net	20,674,019	20,546,408
Due from Parent	2,150,509	1,532,466
Beneficial interest in charitable remainder trust	26,504	251,504
Beneficial interest in net assets of Parent	605,870	604,955
Deferred financing costs, net of amortization	<u>193,525</u>	<u>220,079</u>
Total assets	<u>\$ 48,348,316</u>	<u>\$ 47,472,362</u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
Current liabilities		
Current portion of long-term debt	\$ 585,304	\$ 366,118
Accounts payable and accrued expenses	4,789,414	4,788,464
Estimated third-party payor settlements	-	366,407
Other current liabilities	<u>126,294</u>	<u>30,328</u>
Total current liabilities	5,501,012	5,551,317
Long-term debt, excluding current portion	14,416,639	14,670,510
Interest rate swap	<u>723,641</u>	<u>675,254</u>
Total liabilities	<u>20,641,292</u>	<u>20,897,081</u>
Commitments and contingencies (Notes 6, 8 and 11)		
Net assets		
Unrestricted	26,518,432	25,063,668
Temporarily restricted	747,257	1,070,482
Permanently restricted	<u>441,335</u>	<u>441,131</u>
Total net assets	<u>27,707,024</u>	<u>26,575,281</u>
 Total liabilities and net assets	 <u>\$ 48,348,316</u>	 <u>\$ 47,472,362</u>

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.**Statements of Operations****Years Ended September 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 58,389,478	\$ 53,890,263
Less provision for bad debts	<u>2,281,396</u>	<u>2,183,302</u>
Net patient service revenue	56,108,082	51,706,961
Other revenues	1,455,718	1,945,022
Net assets released from restrictions used for operations	<u>325,000</u>	<u>-</u>
Total unrestricted revenues, gains, and other support	<u>57,888,800</u>	<u>53,651,983</u>
Expenses		
Salaries and benefits	33,581,677	31,144,345
Supplies and other	19,629,988	18,074,303
Insurance	625,776	625,160
Depreciation and amortization	2,188,359	2,126,963
Interest	<u>498,642</u>	<u>474,430</u>
Total expenses	<u>56,524,442</u>	<u>52,445,201</u>
Operating income	<u>1,364,358</u>	<u>1,206,782</u>
Nonoperating gains (losses)		
Realized gains on sales of investments	415,112	24,202
Unrestricted gifts and bequests	270,000	9,011
Income from assets limited as to use	195,416	199,958
Contribution expense	<u>(30,000)</u>	<u>(27,083)</u>
Nonoperating gains, net	<u>850,528</u>	<u>206,088</u>
Excess of revenues, gains, and other support over expenses and losses	2,214,886	1,412,870
Change in net unrealized gains on investments	(711,735)	529,398
Unrealized loss on interest rate swap	<u>(48,387)</u>	<u>(302,132)</u>
Increase in unrestricted net assets	<u>\$ 1,454,764</u>	<u>\$ 1,640,136</u>

The accompanying notes are an integral part of these financial statements

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Statements of Changes in Net Assets

Years Ended September 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances, October 1, 2009	\$ <u>23,423,532</u>	\$ <u>1,057,833</u>	\$ <u>440,813</u>	\$ <u>24,922,178</u>
Excess of revenues, gains, and other support over expenses and losses	1,412,870	-	-	1,412,870
Change in net unrealized gains and losses on investments and interest rate swap	227,266	-	-	227,266
Change in beneficial interest in net assets of Parent	-	43,395	-	43,395
Restricted investment income	-	1,074	318	1,392
Change in beneficial interest in charitable remainder trust	<u>-</u>	<u>(31,820)</u>	<u>-</u>	<u>(31,820)</u>
Change in net assets	<u>1,640,136</u>	<u>12,649</u>	<u>318</u>	<u>1,653,103</u>
Balances, September 30, 2010	<u>25,063,668</u>	<u>1,070,482</u>	<u>441,131</u>	<u>26,575,281</u>
Excess of revenues, gains, and other support over expenses and losses	2,214,886	-	-	2,214,886
Change in net unrealized gains and losses on investments and interest rate swap	(760,122)	-	-	(760,122)
Change in beneficial interest in net assets of Parent	-	915	-	915
Restricted investment income	-	860	204	1,064
Net assets released from restrictions used for operations	<u>-</u>	<u>(325,000)</u>	<u>-</u>	<u>(325,000)</u>
Change in net assets	<u>1,454,764</u>	<u>(323,225)</u>	<u>204</u>	<u>1,131,743</u>
Balances, September 30, 2011	\$ <u>26,518,432</u>	\$ <u>747,257</u>	\$ <u>441,335</u>	\$ <u>27,707,024</u>

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

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Statements of Cash Flows

Years Ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 1,131,743	\$ 1,653,103
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,188,359	2,126,963
Provision for bad debts	2,281,396	2,183,302
Gain on sale of equipment	(15,645)	(5,547)
Net realized and unrealized losses (gains) on investments	296,623	(553,600)
Net unrealized losses on interest rate swap	48,387	302,132
Change in beneficial interest in net assets of Parent	(915)	(43,395)
Change in beneficial interest in charitable remainder trust	225,000	31,820
(Increase) decrease in		
Patient accounts receivable	(2,222,569)	(2,379,119)
Due from Parent	(618,043)	203,534
Supplies	(100,982)	(122,662)
Prepaid expenses	48,452	162,745
Other accounts receivable	(210,185)	(310,127)
Increase (decrease) in		
Accounts payable and accrued expenses	950	(152,501)
Estimated third-party payor settlements	(836,985)	(485,423)
Other current liabilities	95,966	(172,605)
Other long-term liabilities	-	(185,650)
Net cash provided by operating activities	<u>2,311,552</u>	<u>2,252,970</u>
Cash flows from investing activities		
Purchases of property and equipment	(1,878,036)	(3,281,522)
Proceeds from sale of property and equipment	23,645	11,644
Proceeds from sales of investments	(8,668,908)	6,413,807
Purchases of investments	9,904,428	(6,225,217)
Net cash used by investing activities	<u>(618,871)</u>	<u>(3,081,288)</u>
Cash flows from financing activities		
Payments on long-term debt	(454,065)	(351,118)
Net cash used by financing activities	<u>(454,065)</u>	<u>(351,118)</u>
Net increase (decrease) in cash and cash equivalents	1,238,616	(1,179,436)
Cash and cash equivalents, beginning of year	<u>419,358</u>	<u>1,598,794</u>
Cash and cash equivalents, end of year	<u>\$ 1,657,974</u>	<u>\$ 419,358</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 482,026</u>	<u>\$ 474,764</u>

Noncash transactions

In 2011, the Hospital entered into capital lease obligations, acquiring assets with a value of \$419,380. The lease commitments and capital assets have been treated as noncash transactions

The accompanying notes are an integral part of these financial statements

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

Organization

Northeastern Vermont Regional Hospital, Inc. (the Hospital) is a Critical Access Hospital located in St. Johnsbury, Vermont. The Hospital is controlled by Northeastern Vermont Regional Corp. (NVRC or Parent). A tax-exempt holding company, NVRC is the sole member of the Hospital.

1. Summary of Significant Accounting Policies

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, except for money market funds included with investments in assets limited as to use or temporarily or permanently restricted net assets.

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

During 2011, the Hospital increased its estimate from \$746,242 to \$1,464,857 in the allowance for doubtful accounts relating to self-pay patients. During 2011, self-pay write-offs increased from \$1,591,456 to \$1,850,494. Such increases resulted from trends experienced in the collection of amounts from self-pay patients.

Supplies

Supplies are carried at the lower of cost (average cost method) or market.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, other than temporary losses on investments, interest, and dividends) is included in the excess of revenues, gains, and other support over expenses and losses unless the income or loss is restricted by donor or law. Unrealized gains and temporary unrealized losses on investments are excluded from this measure. The cost of securities sold is based on the specific identification method.

Assets Limited as to Use

Assets limited as to use include assets designated by the Board of Trustees for future capital improvements, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets designated by the Board of Trustees to fund depreciation; and assets restricted by bond agreement and held by a trustee.

Assets limited as to use also include \$236,392 and \$236,277 at September 30, 2011 and 2010, respectively, which represent contributions from donors which are restricted for capital acquisitions.

Donor-Restricted Gifts

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

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on 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 financial statements. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues 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 those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Interest Rate Swap

Effective May 1, 2008, the Hospital entered into an interest rate swap agreement. The interest rate swap agreement is designated as a cash flow hedge, used to offset the variability of expected future cash flows due to the variable interest rate of the Hospital's 2004 bonds. The swap had an initial notional amount of \$7,500,000. The swap terminates on October 1, 2018. The Hospital pays a fixed rate of 2.874% and receives a variable rate based on 68% of the 1-month USD-LIBOR-BBA Index. At September 30, 2011 and 2010, the Hospital recorded an interest rate swap liability of \$723,641 and \$675,254, respectively. The Hospital assesses the swap's effectiveness in offsetting the variability in cash flows on a quarterly basis. As of September 30, 2011 and 2010, unrealized losses of \$48,387 and \$302,132, respectively, were included in unrestricted net assets to recognize the effective portion of the interest rate swap. There was no amount deemed to be ineffective in relation to this swap for the year ended September 30, 2011 and 2010, respectively

Accrued Self-Insurance

The Hospital has established a self-insured health care plan for substantially all of its employees. The Hospital has obtained reinsurance coverage to limit the Hospital's exposure associated with this plan individually of \$100,000 and the aggregate limit is determined by the greater of \$2,871,000, or 90% of the monthly aggregate deductible for the first month of the policy year, then multiplied by twelve months. The accompanying financial statements include an accrual for management's estimate of claims incurred, but not reported, of approximately \$986,000 and \$437,000 as of September 30, 2011 and 2010, respectively.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

401(k) Retirement Plan

The Hospital sponsors a defined contribution retirement plan covering substantially all of its employees. The Hospital's contributions are determined for, and allocated to, eligible participants based on a predetermined percent of compensation paid. Individual benefits at retirement are the amounts which can be provided by the sums contributed to each participant's account. The plan provides for immediate employee vesting upon the employee's effective date of participation. Under this plan, the Hospital contributes a non-elective contribution of 3% of a participant's eligible compensation and a matching contribution equal to 100% of a participant's elective deferral, up to 15% of the participant's eligible compensation. Retirement plan expenses charged to operations were \$987,911 and \$954,990 for the years ended September 30, 2011 and 2010, respectively.

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

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

Charity Care

The Hospital provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. The criteria for charity care consider such factors as family income and net worth. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Excess of Revenues, Gains, and Other Support Over Expenses and Losses

The statements of operations include excess of revenues, gains, and other support over expenses and losses. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include net unrealized gains and temporary unrealized losses on investments, the portion of the change in value of the interest rate swap that is considered effective for hedge accounting purposes, and contributions of property and equipment.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

Income Taxes

The Hospital is exempt from federal income taxes under Internal Revenue Code (Code) Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services were as follows for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Health care services	\$50,700,732	\$47,027,723
General and administrative	<u>5,823,710</u>	<u>5,417,478</u>
	<u>\$56,524,442</u>	<u>\$52,445,201</u>

Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform to the current year's presentation

New Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board (FASB) amended Accounting Standards Codification (ASC) 954, *Health Care Entities*, to require health care entities to change the presentation of the statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, enhanced disclosures are required about the policies for recognizing revenues and assessing bad debts. The amendments also require disclosure of qualitative and quantitative information about significant changes in the allowance for doubtful accounts. The amendments to ASC 954 are effective for public entities for the first annual period beginning after December 15, 2011. The Hospital elected to early adopt these amendments for fiscal year ended September 30, 2011.

Subsequent Events

For purposes of the preparation of these financial statements, the Hospital has considered transactions or events occurring through November 30, 2011, which was the date that the financial statements were issued.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

2. Net Patient Service Revenue

Patient service revenue and contractual and other allowances consist of the following for the years ended September 30.

	<u>2011</u>	<u>2010</u>
Patient services		
Inpatient	\$ <u>24,808,019</u>	\$ 24,683,755
Outpatient	<u>80,206,431</u>	<u>71,454,694</u>
Gross patient service revenue	<u>105,014,450</u>	<u>96,138,449</u>
Less Medicare and Medicaid allowances	<u>41,173,736</u>	37,360,429
Less other contractual allowances	<u>3,548,874</u>	3,157,358
Less charity care and other discounts	<u>1,902,362</u>	<u>1,730,399</u>
	<u>46,624,972</u>	<u>42,248,186</u>
Patient service revenue (net of contractual allowances and discounts)	<u>58,389,478</u>	<u>53,890,263</u>
Less provision for bad debts	<u>2,281,396</u>	<u>2,183,302</u>
Net patient service revenue	<u>\$ 56,108,082</u>	<u>\$ 51,706,961</u>

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

Medicare

As a Critical Access Hospital, the Hospital is reimbursed allowable cost for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed for cost reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2008.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors and are not subject to retroactive adjustment. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2008.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

Blue Cross

Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed at submitted charges less a negotiated discount. The amounts paid to the Hospital are not subject to any retroactive adjustments.

Revenue from the Medicare and Medicaid programs accounted for approximately 33% and 15%, respectively, of the Hospital's net patient service revenue for the year ended September 30, 2011, and 35% and 13%, respectively, of the Hospital's net patient service revenue for the year ended September 30, 2010. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2011 net patient service revenue was not impacted and the 2010 net patient service revenue increased approximately \$269,000, due to settlements in excess of amounts previously estimated.

The Hospital recognizes patient service revenue associated with services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates (or on the basis of discounted rates, if negotiated or provided by policy). Based on historical trends, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services rendered. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are rendered. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during fiscal year ended September 30, 2011 totaled \$58,389,478, of which \$54,512,378 was revenue from third-party payors and \$3,877,100 was revenue from self-pay patients.

3. Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The following information measures the level of charity care provided for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Charges foregone, based on established rates	<u>\$ 1,902,362</u>	<u>\$ 1,730,399</u>
Estimated costs incurred to provide charity care	<u>\$ 1,024,000</u>	<u>\$ 944,000</u>
Equivalent percentage of charity care services to all services	<u>1.81%</u>	<u>1.80%</u>

Costs of providing charity care services have been estimated based on the relationship of charges for those services to total expenses.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

4. Assets Limited as to Use

The composition of assets limited as to use as of September 30, 2011 and 2010 is set forth in the following table. Investments are stated at fair value.

	<u>2011</u>	<u>2010</u>
Internally designated for capital acquisitions		
Cash and short-term investments	\$ 557,461	\$ 304,950
Corporate bonds	1,330,281	1,422,675
U.S. Treasury securities and other government securities	1,497,465	1,062,207
Common stock	<u>5,127,265</u>	<u>5,744,761</u>
	<u>8,512,472</u>	<u>8,534,593</u>
Internally designated to fund depreciation		
Cash and short-term investments	125,462	107,353
Corporate bonds	551,026	702,757
U.S. Treasury securities and other government securities	466,291	254,771
Common stock	<u>1,562,007</u>	<u>1,647,001</u>
	<u>2,704,786</u>	<u>2,711,882</u>
Held by trustee for debt service		
Cash and short-term investments (included in current assets)	<u>378,765</u>	<u>363,752</u>
Held by trustee under indenture agreement for future capital projects		
Cash and cash equivalents	<u>1,887,774</u>	<u>3,405,713</u>
	<u>\$ 13,483,797</u>	<u>\$ 15,015,940</u>

Investment income and gains (losses) on investments are comprised of the following for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Income		
Interest and dividend income	\$ 328,455	\$ 322,926
Realized gains on sales of securities	415,112	24,202
Investment management fees	<u>(36,394)</u>	<u>(33,238)</u>
	<u>\$ 707,173</u>	<u>\$ 313,890</u>
Other changes in unrestricted net assets		
Change in net unrealized gains	<u>\$ (711,735)</u>	<u>\$ 529,398</u>
Other changes in restricted net assets		
Investment income	<u>\$ 1,064</u>	<u>\$ 1,392</u>

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

Income on investments is reported as follows for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Other revenues	\$ 96,645	\$ 89,730
Nonoperating gains (losses)	<u>610,528</u>	<u>224,160</u>
	<u>\$ 707,173</u>	<u>\$ 313,890</u>

At September 30, 2011, the cost of certain investments held by the Hospital exceeded their quoted market value. The following table presents the age of gross unrealized losses and the fair value by investment category.

	<u>Less than 12 months</u>		<u>12 months or greater</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Corporate bonds	\$ 901,661	\$ (3,212)	\$ 476,215	\$ (8,850)	\$ 1,377,876	\$ (12,062)
Common stock	<u>1,626,314</u>	<u>(356,264)</u>	<u>2,015,522</u>	<u>(285,431)</u>	<u>3,641,836</u>	<u>(641,695)</u>
Total	<u>\$ 2,527,975</u>	<u>\$ (359,476)</u>	<u>\$ 2,491,737</u>	<u>\$ (294,281)</u>	<u>\$ 5,019,712</u>	<u>\$ (653,757)</u>

In the opinion of management, no individual unrealized loss as of September 30, 2011, represents an other-than-temporary impairment. Based on assessments of holdings of common stock and corporate bonds in individual companies, the Hospital believes losses for such securities are temporary in nature, and that it has both the intent and the ability to hold these securities for the time necessary to recover their cost.

Vermont law was amended effective May 5, 2009, to adopt the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Hospital has reviewed its policy to ensure compliance with the law, and there has been no material financial impact from this law.

5. Fair Value Measurements

FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

Assets and liabilities measured at fair value on a recurring basis are summarized below.

<u>Fair Value Measurements at September 30, 2011</u>				
	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets.				
Cash and cash equivalents	\$ 682,923	\$ 682,923	\$ -	\$ -
Corporate bonds	1,881,307	-	1,881,307	-
US Treasury obligations and government securities	1,963,756	1,963,756	-	-
Common stock				
Consumer	1,428,304	1,428,304	-	-
Energy	827,578	827,578	-	-
Financials	960,697	960,697	-	-
Healthcare	956,183	956,183	-	-
Industrials	647,631	647,631	-	-
Information technology	1,285,782	1,285,782	-	-
Materials	170,626	170,626	-	-
Telecommunications	230,952	230,952	-	-
Utilities	181,519	181,519	-	-
Total common stock	6,689,272	6,689,272	-	-
Beneficial interest in charitable remainder trust	26,504	-	-	26,504
Total assets	\$ 11,243,762	\$ 9,335,951	\$ 1,881,307	\$ 26,504
Liabilities:				
Interest rate swap	\$ 723,641	-	\$ 723,641	-
Total liabilities	\$ 723,641	\$ -	\$ 723,641	\$ -

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

<u>Fair Value Measurements at September 30, 2010</u>				
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
Assets				
Cash and cash equivalents	\$ 412,303	\$ 412,303	\$ -	\$ -
Corporate bonds	2,125,432	-	2,125,432	-
US Treasury obligations and government securities	1,316,978	1,316,978	-	-
Common stock				
Consumer	1,428,000	1,428,000	-	-
Energy	882,648	882,648	-	-
Financials	978,736	978,736	-	-
Healthcare	972,571	972,571	-	-
Industrials	944,917	944,917	-	-
Information technology	1,373,995	1,373,995	-	-
Materials	291,243	291,243	-	-
Telecommunications	293,808	293,808	-	-
Utilities	225,844	225,844	-	-
Total common stock	7,391,762	7,391,762	-	-
Beneficial interest in charitable remainder trust	<u>251,504</u>	<u>-</u>	<u>-</u>	<u>251,504</u>
Total assets	<u>\$ 11,497,979</u>	<u>\$ 9,121,043</u>	<u>\$ 2,125,432</u>	<u>\$ 251,504</u>
Liabilities:				
Interest rate swap	<u>\$ 675,254</u>	<u>\$ -</u>	<u>\$ 675,254</u>	<u>\$ -</u>
Total liabilities	<u>\$ 675,254</u>	<u>\$ -</u>	<u>\$ 675,254</u>	<u>\$ -</u>

The fair value for Level 2 assets and liabilities is primarily based on market prices of underlying assets, comparable securities, interest rates, and credit risk. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. The fair value of Level 3 assets is based on the value of the underlying assets, but is classified as Level 3 as there is no market in which to trade the beneficial interest itself.

Changes in the fair value of assets classified as Level 3 are comprised of the following at September 30:

Balance, September 30, 2009	\$ 283,324
Unrealized loss	<u>(31,820)</u>
Balance, September 30, 2010	251,504
Distribution	<u>(225,000)</u>
Balance, September 30, 2011	<u>\$ 26,504</u>

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

6. Property and Equipment

A summary of property and equipment follows as of September 30:

	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 1,300,076	\$ 954,898
Buildings and improvements	27,040,515	25,410,372
Fixed equipment	2,453,215	2,437,099
Major moveable equipment	<u>17,111,160</u>	<u>16,100,036</u>
	<u>47,904,966</u>	44,902,405
Less accumulated depreciation	<u>27,471,102</u>	<u>25,463,414</u>
	<u>20,433,864</u>	19,438,991
Construction in progress	<u>240,155</u>	<u>1,107,417</u>
Property and equipment, net	<u>\$20,674,019</u>	<u>\$20,546,408</u>

Depreciation expense for the years ended September 30, 2011 and 2010, amounted to \$2,161,806 and \$2,119,018, respectively. Accumulated amortization for equipment under capital lease obligations was \$38,479 and \$13,200 at September 30, 2011 and 2010, respectively.

In August 2009, the Hospital signed a contract with H.P. Cumming Construction Company to expand the operating and procedures rooms of the Hospital. The project was funded with proceeds from the Hospital Revenue 2009 Series A Bonds. The final project cost was approximately \$1,443,000 and was placed into service in September 2011.

7. Beneficial Interest in Trust

The Hospital is the beneficiary of a charitable remainder trust. The Hospital's interest in split-interest agreements is reported as a contribution in the year in which it is notified of its interest. The present value of the Hospital's interest in the split-interest agreement approximates the fair value of the Hospital's proportional share of the asset of the trust.

The balance of the trust at September 30, 2011 is expected to be distributed to the Hospital early in its 2012 fiscal year.

8. Borrowings

In December 2004, the Vermont Educational and Health Buildings Financing Agency issued \$11,530,000 of tax-exempt variable rate demand bonds (Northeastern Vermont Regional Hospital Project 2004 Series A Bonds). The bonds were issued for the purpose of providing funds to repay the balance of the 2000 Series A Bonds, to fund certain capital expenditures and to pay certain expenses incurred in connection with issuance of the bonds.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

In February 2009, the Vermont Educational and Health Buildings Financing Agency issued \$4,500,000 of tax-exempt variable rate demand bonds (Northeastern Vermont Regional Hospital Project 2009 Series A Bonds). The bonds were issued for the purpose of providing funds to pay certain capital expenditures and certain expenses incurred in connection with issuance of the bonds.

The Agency has entered into loan agreements with the Hospital, under which the Hospital will make payments of principal and interest on the bonds under determined repayment schedules. The payments are deposited with a trustee until principal and interest are due to the Agency. Such deposits are included with assets limited as to use. Payment of principal and accrued interest on the bonds is secured by irrevocable direct pay letters of credit issued by TD Bank. The bonds are collateralized by the gross receipts of the Hospital. The revenue note indentures also place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the notes are outstanding.

Long-term debt consists of the following as of September 30:

	<u>2011</u>	<u>2010</u>
Vermont Educational and Health Buildings Financing Agency variable rate (0.15% at September 30, 2011) Hospital Revenue Bonds 2004 Series A Bonds, due October 2029. Principal payments are due in annual installments, ranging from \$375,000 in 2012 to \$735,000 in 2030.	\$ 10,170,000	\$ 10,530,000
Vermont Educational and Health Buildings Financing Agency variable rate (0.15% at September 30, 2011) Hospital Revenue Bonds 2009 Series A Bonds, due October 2032. Principal payments are due in annual installments, ranging from \$70,000 in 2012 to \$1,000,000 in 2032.	4,500,000	4,500,000
Capital leases payable in monthly principal installments of \$11,649, bearing no interest, maturing in 2014.	<u>331,943</u>	<u>6,628</u>
	15,001,943	15,036,628
Less current portion	<u>585,304</u>	<u>366,118</u>
Long-term debt, excluding current portion	<u>\$ 14,416,639</u>	<u>\$ 14,670,510</u>

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

Scheduled principal repayments on long-term debt are as follows:

<u>Fiscal Year Ending</u>	<u>Long-Term Debt</u>	<u>Capital Lease Obligations</u>
2012 (included in current liabilities)	\$ 445,000	\$ 140,304
2013	465,000	139,794
2014	485,000	51,845
2015	505,000	-
2016	525,000	-
Thereafter	<u>12,245,000</u>	<u>-</u>
	<u>\$ 14,670,000</u>	<u>\$ 331,943</u>

The Hospital incurred various expenses in connection with the 2009 and 2004 bonds totaling \$137,311 and \$129,444, respectively. In addition, the Hospital is required to pay fees based on 1.5% and 1.75% of the face amount of the letters of credit for the 2004 and 2009 bonds, respectively, on a quarterly basis. The amount of the costs related to the 2009 and 2004 letters of credit at the time of issuance are being amortized over three and five years, respectively. The remaining amounts are being amortized over the respective lives of the bonds on a straight-line basis. Accumulated amortization as of September 30, 2011 and 2010 relating to the 2009 bond was \$19,607 and \$998, respectively and accumulated amortization as of September 30, 2011 and 2010 relating to the 2004 bonds was \$53,623 and \$45,678, respectively.

The following is a summary of interest costs on long-term debt and investment income on funds held by the trustee for the years ended September 30:

	<u>2011</u>	<u>2010</u>
Interest costs		
Interest expense	\$ 16,681	\$ 31,382
Letter of credit fees	<u>467,232</u>	<u>443,048</u>
	<u>\$ 483,913</u>	<u>\$ 474,430</u>
Interest income		
Credited to other operating revenue	<u>\$ 24,511</u>	<u>\$ 22,653</u>

The Hospital has available \$400,000 in an unsecured line of credit with a bank with interest at the Wall Street Journal prime rate or 4%, whichever is higher (4% at September 30, 2011). The line expires December 31, 2011. As of September 30, 2011 and 2010, there were no amounts outstanding on the line.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of September 30:

	<u>2011</u>	<u>2010</u>
Plant replacement, included in assets limited as to use	\$ 236,392	\$ 236,277
Special purpose, included in cash and cash equivalents	228,491	327,746
Beneficial interest in net assets of Parent	255,870	254,955
Beneficial interest in charitable remainder trust	<u>26,504</u>	<u>251,504</u>
	<u>\$ 747,257</u>	<u>\$ 1,070,482</u>

Permanently restricted net assets are available for the following purposes as of September 30:

	<u>2011</u>	<u>2010</u>
Investments to be held in perpetuity, included in cash and cash equivalents	\$ 91,335	\$ 91,131
Beneficial interest in net assets of Parent	<u>350,000</u>	<u>350,000</u>
	<u>\$ 441,335</u>	<u>\$ 441,131</u>

10. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows as of September 30:

	<u>2011</u>	<u>2010</u>
Medicare	24 %	26 %
Medicaid	13	12
Blue Cross	15	13
Commercial	33	30
Self pay	<u>15</u>	<u>19</u>
	<u>100 %</u>	<u>100 %</u>

The Hospital maintains its cash balances at several financial institutions located in Vermont that, at times, may exceed federally insured limits. The Hospital has not experienced any losses in such accounts. The Hospital believes it is not exposed to any significant risk on cash and cash equivalents.

NORTHEASTERN VERMONT REGIONAL HOSPITAL, INC.

Notes to Financial Statements

September 30, 2011 and 2010

11. Commitments and Contingencies

The Hospital carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. The Hospital intends to renew its coverage on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage. The possibility exists, which is a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted. As of September 30, 2011, no such claims were known to exist. The Hospital has estimated that its potential liability for incurred, but not reported, malpractice claims, based on its own past experience, is immaterial to its overall financial position as of September 30, 2011. Therefore, no liability has been recorded in the accompanying financial statements.

The Hospital entered into an agreement with Northern Counties Health Care, Inc. (NCHC) on March 1, 2009, in which the Hospital agreed to provide NCHC the sum of \$440,900 over approximately a three-year period to maintain, increase the availability of, and enhance the quality of services to its medically underserved population. During 2011 and 2010 the Hospital made payments of \$185,650 and \$180,250, respectively, to NCHC. The Hospital has satisfied this commitment as of September 30, 2011.

12. Related Party Transactions

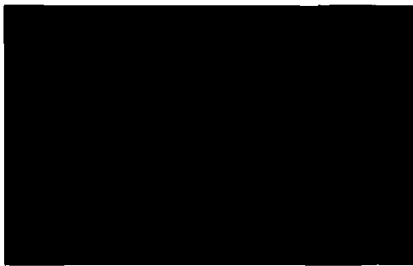
NVRC supports the activities and charitable purposes of the Hospital. NVRC holds funds for purposes of the Hospital, which are reflected in these financial statements as "Beneficial interest in net assets of Parent."

NVRC leases office space to the Hospital under a continuing two-year lease effective through April 30, 2013, in the amount of \$58,448 per annum.

During 2005, the Hospital transferred a building with a net book value of \$2,063,710 to NVRC to be used primarily as an oncology treatment center. The costs of renovating the building were incurred by the Hospital and are payable by NVRC. As of September 30, 2011 and 2010, the total amounts due from NVRC were \$2,150,509 and \$1,532,466, respectively.

13. Fair Value of Financial Instruments

The Hospital's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, estimated third-party payor settlements and long-term debt. The fair values of all financial instruments approximate their carrying values at September 30, 2011.



Additional Data

Software ID:

Software Version:

EIN: 03-6013761

Name: Northeastern Vermont Regional Hosp 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			
Donald Bostic Trustee	2 00	X						0	0	0
Charlie Browne Trustee	2 00	X						0	0	0
Joyce Dobbertin MD DC Past Trustee	2 00	X						0	0	0
John Haygood Trustee	2 00	X						0	0	0
Gretchen Hammer Trustee	2 00	X						0	0	0
Deanna Howard Trustee	2 00	X						0	0	0
Richard Lyon Treasurer	2 00	X		X				0	0	0
Edwin Magnus Past Trustee	2 00	X						0	0	0
James Newell Trustee	2 00	X						0	0	0
Thomas Paul Esq Trustee	2 00	X						0	0	0
Mary Ready MD Trustee	2 00	X						0	0	0
Richard H Showalter Jr Trustee	2 00	X						0	0	0
Katherine Silloway DDS Trustee	2 00	X						0	0	0
Elaine Stasny MD Past Trustee	2 00	X						0	0	0
Deborah Yonker RN Trustee	40 00	X						48,718	0	23,639
Susan Gallagher Chair	2 00	X		X				0	0	0
Charles Bucknam 1st Vice Chair	2 00	X		X				0	0	0
Sam Kempton 2nd Vice Chair	2 00	X		X				0	0	0
J Timothy Ide Past Treasurer	2 00	X		X				0	0	0
Cathy Boykin Trustee	2 00	X						0	0	0
William Sargent MD Trustee	2 00	X						0	0	0
Craig Schein DPM Trustee	2 00	X						0	0	0
Barry Hertz Past Chair	2 00	X		X				0	0	0
Paul Bengtson CEO	40 00			X				313,526	0	30,558
Robert Hersey CFO	40 00			X				184,595	0	26,992

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			
Craig D Dreisbach Physician	40 00					X		311,667	0	29,159
Elaine S Paul Physician	40 00					X		259,875	0	27,256
Martin S Walko Physician	40 00					X		256,159	0	29,784
Richard Gagnon Physician	40 00					X		428,800	0	35,036
Karen Kenny Physician	40 00					X		249,604	0	25,433

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services			
(Code) (Expenses \$	including grants of \$) (Revenue \$
The emergency room at NVRH is fully staffed by full-time physicians and specialized nurses who are trained to deal with all aspects of medical care. Emergency room staff provide pre-hospital provider training and support, participation in local education programs, hospital continuing medical education and quality assurance programs. Care provided by the emergency room is coordinated with appropriate local physician practices. The NVRH pharmacy provides pharmaceutical services for patients, including a complete patient medication profile and computerized monitoring. Our pharmacy staff is a vital component of the healthcare team, consulting with physicians and other health professionals to ensure that patients receive the appropriate drug therapies. NVRH owns Corner Medical, a family practice serving patients of the Northeast Kingdom since 1973. The practice includes nine healthcare providers: six M.D.'s, one D.O., a nurse practitioner, and a physician assistant. NVRH St. Johnsbury Pediatrics is also owned by the hospital, with four pediatricians and a nurse practitioner. Occupational Medicine at NVRH serves both the hospital community as well as local businesses and industry for work-related medical needs. Staff of Occupational Medicine includes an M.D., as well as a nurse practitioner. The Women's Wellness Center provides OB/GYN care to women of all ages and health needs. Two certified nurse midwives, two women's health nurse practitioners, and three MDs (OB/GYN) provide comprehensive health services. NVRH also employs a full-time MMHC (Masters in Mental Health Counseling) employee, as well as a hospitalist program, with one hospitalist overseeing the service.			