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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 FAIRVIEW HOSPITAL Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite 725 NORTH STREET City or town, state or country, and ZIP + 4 PITTSFIELD, MA 012014109 F Name and address of principal officer DARLENE RODOWICZ 725 NORTH ST PITTSFIELD, MA 012014109	D Employer identification number 04-2133860 E Telephone number (413) 447-2508 G Gross receipts \$ 47,586,006 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 BHS1 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 1912 M State of legal domicile MA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE MISSION OF FAIRVIEW HOSPITAL IS TO IMPROVE THE HEALTH OF ALL PEOPLE IN THE BERKSHIRES AND (CONTINUED FROM FORM 990) SURROUNDING COMMUNITIES, REGARDLESS OF THEIR ABILITY TO PAY 2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a) 4 Number of independent voting members of the governing body (Part VI, line 1b) 5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) 6 Total number of volunteers (estimate if necessary) 7a Total unrelated business revenue from Part VIII, column (C), line 12 7b Net unrelated business taxable income from Form 990-T, line 34	3 4 5 6 7a 7b	24 20 329 50 0 0
Revenue	8 Contributions and grants (Part VIII, line 1h) 9 Program service revenue (Part VIII, line 2g) 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	Prior Year 576,768 39,162,376 600,743 519,146 40,859,033	Current Year 511,811 41,845,111 924,885 658,321 43,940,128
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 14 Benefits paid to or for members (Part IX, column (A), line 4) 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 16a Professional fundraising fees (Part IX, column (A), line 11e) b Total fundraising expenses (Part IX, column (D), line 25) ▶79,573 17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 19 Revenue less expenses Subtract line 18 from line 12	0 0 20,750,843 0 19,409,642 40,160,485 698,548	0 0 22,365,294 0 19,708,790 42,074,084 1,866,044
Net Assets or Fund Balances	20 Total assets (Part X, line 16) 21 Total liabilities (Part X, line 26) 22 Net assets or fund balances Subtract line 21 from line 20	Beginning of Current Year 28,199,684 18,992,731 9,206,953	End of Year 28,000,233 17,923,149 10,077,084

Part II Signature Block

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

Sign Here	Signature of officer DARLENE RODOWICZ CFO Type or print name and title	2012-08-15 Date
Paid Preparer Use Only	Print/Type preparer's name Preparer's signature Date Check if self-employed <input type="checkbox"/> PTIN	Firm's name ▶ Firm's EIN ▶ Firm's address ▶ Phone no ▶

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III Yes No

1 Briefly describe the organization's mission
THE MISSION OF FAIRVIEW HOSPITAL IS TO IMPROVE THE HEALTH OF ALL PEOPLE IN THE BERKSHIRES AND SURROUNDING COMMUNITIES, REGARDLESS OF THEIR ABILITY TO PAY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses \$ 38,091,780 including grants of \$) (Revenue \$ 42,295,271)
FAIRVIEW HOSPITAL, A 24 BED CRITICAL ACCESS COMMUNITY HOSPITAL, IS THE PRIMARY PROVIDER OF HEALTH CARE & ACCESS TO HEALTH CARE SERVICES IN SOUTHERN BERKSHIRE COUNTY, MA THE HOSPITAL SERVES A RURAL AREA WHICH INCLUDES TOWNS IN MA, NORTHWEST CT, & COLUMBIA COUNTY, NY WITH A FULL RANGE OF PRIMARY CARE SERVICES, INCLUDING PREVENTATIVE, DIAGNOSTIC & THERAPEUTIC CARE, ON BOTH AN IN- & OUT-PATIENT BASIS THE PRIMARY SERVICE AREA HAS A RESIDENT POPULATION OF APPROXIMATELY 30,000 THE HOSPITAL PLAYS AN ACTIVE ROLE IN MEETING THE HEALTH NEEDS OF THE COMMUNITY OUTSIDE THE HOSPITAL WALLS IN ITS PROACTIVE COMMUNITY OUTREACH, EDUCATION, & SCREENING INITIATIVES, WHICH ARE DESIGNED TO IMPROVE THE HEALTH STATUS OF THE COMMUNITY THROUGH COLLABORATION WITH NUMEROUS HEALTH & SOCIAL SERVICE AGENCIES, (CONTINUED ON SCHEDULE O) (CONTINUED FROM FORM 990) FAIRVIEW HOSPITAL PROMOTES ACCESS TO INFORMATION & SERVICES, & DRAWS EXTENSIVE MEDICAL, TECHNOLOGICAL, & FINANCIAL RESOURCES TO THE AREA THROUGH ITS AFFILIATION WITH BERKSHIRE MEDICAL CENTER & BERKSHIRE HEALTH SYSTEMS AS A RESULT, THE SOUTHERN BERKSHIRE COMMUNITY ENJOYS A COMPLETE CONTINUUM OF CARE SERVICES INCLUDING EDUCATION, PREVENTION, SCREENING, DIAGNOSTIC, THERAPEUTIC, REHABILITATIVE, & LONG-TERM CARE SERVICES, AN UNUSUALLY HIGH LEVEL OF HEALTH SERVICES WHEN COMPARED WITH SIMILAR RURAL COMMUNITIES PLEASE SEE THE FY2011 "COMMUNITY BENEFITS REPORT" AT WWW.CBSYS.AGO.STATE.MA.US/CBPUBLIC/PUBLIC/ANNUAL_REPORTS_START.ASPX FOR MORE DETAILS

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

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

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

4e Total program service expenses \$ 38,091,780

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i>	Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>		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? <i>If "Yes," complete Schedule C, Part II.</i>	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? <i>If "Yes," complete Schedule C, Part III.</i>		
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? <i>If "Yes," complete Schedule D, Part I.</i>		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? <i>If "Yes," complete Schedule D, Part II.</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>		No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i>		No
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>	Yes	
11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i>	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? <i>If "Yes," complete Schedule D, Part VII.</i>		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? <i>If "Yes," complete Schedule D, Part VIII.</i>		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? <i>If "Yes," complete Schedule D, Part IX.</i>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>	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)? <i>If "Yes," complete Schedule D, Part X.</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV.</i>		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 ? <i>If "Yes," complete Schedule F, Parts II and IV.</i>		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 ? <i>If "Yes," complete Schedule F, Parts III and IV.</i>		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? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>		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? <i>If "Yes," complete Schedule G, Part II.</i>	Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>	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)	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		No
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		No
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	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> <input checked="" type="checkbox"/> Yes <input 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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1a	70		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1b	0		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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	329		
2b	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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
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)?		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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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?	Yes	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	Yes	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		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?	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body?	Yes	
8b	b Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?	Yes	
14	Does the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	a The organization's CEO, Executive Director, or top management official	Yes	
15b	b Other officers or key employees of the organization	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?		No
16b	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?		

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed MA, NY
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 DARLENE RODOWICZ CFO
 725 NORTH STREET
 PITTSFIELD, MA 012014109
 (413) 447-2809

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)							1,917,009	2,444,556	431,707	

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
BARR & BARR INC 260 COCHITUATE RD FL 2 FRAMINGHAM, MA 017014608	CONSTRUCTION SVCS	568,268
BERKSHIRE SURGICAL ASSOCIATES PC 777 NORTH ST STE 407 PITTSFIELD, MA 012014141	HEALTHCARE SERVICES	189,510
WE WILLIAMS PAVING INC PO BOX 78 W STOCKBRIDGE, MA 012660078	CONSTRUCTION SVCS	185,801
COMPHEALTH MEDICAL STAFFING INC PO BOX 972651 DALLAS, TX 753972651	HEALTHCARE STAFFING	116,325
WEATHERBY LOCUMS INC PO BOX 972633 DALLAS, TX 753972633	HEALTHCARE STAFFING	113,683

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 **7**

Part VIII Statement of Revenue

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a Federated campaigns 1a					
	b Membership dues 1b					
	c Fundraising events 1c	130,306				
	d Related organizations 1d					
	e Government grants (contributions) 1e	91,251				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	290,254				
	g Noncash contributions included in lines 1a-1f \$	2,804				
	h Total. Add lines 1a-1f	511,811				
	Program Service Revenue	2a NET PATIENT SVC REVENU	41,845,111	41,845,111		
b						
c						
d						
e						
f All other program service revenue						
g Total. Add lines 2a-2f		41,845,111				
Other Revenue		3 Investment income (including dividends, interest and other similar amounts)	292,157			292,157
	4 Income from investment of tax-exempt bond proceeds	42,280			42,280	
	5 Royalties					
	6a Gross Rents	(i) Real	50,912			
		(ii) Personal				
		b Less rental expenses	8,038			
		c Rental income or (loss)	42,874			
	d Net rental income or (loss)	42,874			42,874	
	7a Gross amount from sales of assets other than inventory	(i) Securities	4,133,097	5,641		
		(ii) Other				
		b Less cost or other basis and sales expenses	3,544,910	3,380		
		c Gain or (loss)	588,187	2,261		
d Net gain or (loss)	590,448			590,448		
8a Gross income from fundraising events (not including \$ 130,306 of contributions reported on line 1c) See Part IV, line 18	a	89,550				
	b Less direct expenses b	89,550				
	c Net income or (loss) from fundraising events	0				
9a Gross income from gaming activities See Part IV, line 19 a	b Less direct expenses b					
	c Net income or (loss) from gaming activities					
	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	11a PHARMACY SALES	290,672	290,672			
	b CAFETERIA SALES	165,287			165,287	
	c REIMBURSED EXPENSES	61,521	61,521			
	d All other revenue	97,967	97,967			
	e Total. Add lines 11a-11d	615,447				
	12 Total revenue. See Instructions	43,940,128	42,295,271	0	1,133,046	

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				
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	1,022,123	1,018,372	3,332	419
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	16,471,841	16,138,409	296,199	37,233
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	643,923	630,865	11,601	1,457
9	Other employee benefits	3,023,293	2,971,550	46,188	5,555
10	Payroll taxes	1,204,114	1,180,785	20,724	2,605
a	Fees for services (non-employees)				
	Management	3,325,172		3,325,172	
b	Legal	13,840		13,840	
c	Accounting	260		260	
d	Lobbying	12,546	12,546		
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees	25,727		25,727	
g	Other	5,558,897	5,540,064	13,828	5,005
12	Advertising and promotion	35,370	23,327	461	11,582
13	Office expenses	3,332,671	3,299,924	24,488	8,259
14	Information technology	343,432	343,294	138	
15	Royalties				
16	Occupancy	764,155	749,350	13,497	1,308
17	Travel	183,106	177,249	3,469	2,388
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	358,687	358,687		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,647,557	1,615,637	31,920	
23	Insurance	494,686	485,102	8,514	1,070
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	RECIPROCAL/TEACHNG FEES	1,192,248	1,192,248		
b	BAD DEBT	706,503	706,503		
c	MAINTENANCE & REPAIRS	555,144	544,388	10,756	
d	MINOR HOSPITAL EQUIP	210,239	208,860	1,379	
e	HLTH SFTY NET ASSESSMNT	185,952	185,952		
f	All other expenses	762,598	708,668	51,238	2,692
25	Total functional expenses. Add lines 1 through 24f	42,074,084	38,091,780	3,902,731	79,573
26	Joint costs. Check here <input 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	5,413	1	11,574
	2 Savings and temporary cash investments	1,280,167	2	1,256,157
	3 Pledges and grants receivable, net	80	3	0
	4 Accounts receivable, net	4,155,306	4	4,338,011
	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	143,020	7	30,125
	8 Inventories for sale or use	301,106	8	278,996
	9 Prepaid expenses and deferred charges	161,844	9	150,987
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	24,429,441		
	b Less accumulated depreciation	15,724,045	10c	8,705,396
	11 Investments—publicly traded securities	9,705,191	11	11,469,349
	12 Investments—other securities See Part IV, line 11	3,225,731	12	1,341,202
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets	13,330	14	11,811
	15 Other assets See Part IV, line 11	383,997	15	406,625
16 Total assets. Add lines 1 through 15 (must equal line 34)	28,199,684	16	28,000,233	
Liabilities	17 Accounts payable and accrued expenses	2,835,539	17	2,899,111
	18 Grants payable		18	
	19 Deferred revenue	49,788	19	29,524
	20 Tax-exempt bond liabilities	7,172,075	20	6,884,364
	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		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities Complete Part X of Schedule D	8,935,329	25	8,110,150
	26 Total liabilities. Add lines 17 through 25	18,992,731	26	17,923,149
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	7,507,775	27	8,079,580
	28 Temporarily restricted net assets	1,440,936	28	1,739,262
	29 Permanently restricted net assets	258,242	29	258,242
	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	9,206,953	33	10,077,084	
34 Total liabilities and net assets/fund balances	28,199,684	34	28,000,233	

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	43,940,128
2	Total expenses (must equal Part IX, column (A), line 25)	2	42,074,084
3	Revenue less expenses Subtract line 2 from line 1	3	1,866,044
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	9,206,953
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-995,913
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	10,077,084

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 checked="" type="checkbox"/> Consolidated basis <input 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?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2010

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

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 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).

Additional Data

Software ID:
Software Version:
EIN: 04-2133860
Name: FAIRVIEW HOSPITAL

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JEROME J ANDERSON TRUSTEE	2 00	X					0	0	0	
THOMAS O ANDREWS TRUSTEE	2 00	X					0	0	0	
ALFRED A BARBALUNGA TRUSTEE	2 00	X					0	0	0	
BRONLY S BOYD TRUSTEE/VICE CHAIRMAN	2 00	X		X			0	0	0	
BRIAN T BURKE MD TRUSTEE/PHYSICIAN	50 00	X					200,213	0	37,926	
KIT DOBELLE TRUSTEE	2 00	X					0	0	0	
TIMOTHY C DOHERTY TRUSTEE/CHAIRMAN	2 00	X		X			0	0	0	
RICHARD M DOHONEY TRUSTEE	2 00	X					0	0	0	
BRIAN H FAIRBANK TRUSTEE	2 00	X					0	0	0	
A KING FRANCIS TRUSTEE	2 00	X					0	0	0	
DENNIS J HOGAN TRUSTEE	2 00	X					0	0	0	
EDMUND H HORNSTEIN DO TRUSTEE/CONTRACT PHYSICIAN	2 00	X					0	87,569	0	
JOHN R KEARNS MD TRUSTEE	2 00	X					0	0	0	
SUSAN M KORMANIK TRUSTEE	2 00	X					0	0	0	
LORINDA ACKLEY MAZUR TRUSTEE	2 00	X					0	0	0	
JOAN M MCFALLS TRUSTEE	2 00	X					0	0	0	
LAURIE NORTON MOFFATT TRUSTEE	2 00	X					0	0	0	
DAVID E PHELPS PRESIDENT/TRUSTEE	58 00	X		X			0	522,520	39,741	
PAUL E RAVERTA TRUSTEE	2 00	X					0	0	0	
CAROLE G SIEGEL TRUSTEE	2 00	X					0	0	0	
GEORGE T SMITH TRUSTEE	2 00	X					0	0	0	
MARILYN L SPERLING TRUSTEE	2 00	X					0	0	0	
ANN H TRABULSI TRUSTEE	2 00	X					0	0	0	
ROBERT P WESPISER MD TRUSTEE/CONTRACT PHYSICIAN	2 00	X					0	132,035	0	
THADDEUS S TUCKER WELCH TRUSTEE/NOT SERVING AT YEAR-END	2 00	X					0	0	0	

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			
DARLENE RODOWICZ TREASURER	51 00			X				0	329,477	35,958
EUGENE DELLEA PRESIDENT, FAIRVIEW HOSPTL	50 00			X				0	207,428	19,464
PHELPS D1-TIME RETIRMNT BENEFIT ADJ PRESIDENT	1 00			X				0	1,085,553	0
CHERYL M BOUDREAU CLERK	41 00			X				0	79,974	13,078
ALEC R BELMAN MD DIRECTOR, EMERGENCY DEPT	50 00				X			234,365	0	39,209
DOREEN HUTCHINSON VICE PRESIDENT, OPERATIONS	50 00				X			159,852	0	33,422
RAYMOND SABATELLI MD DIRECTOR, EMERGENCY DEPT	50 00				X			308,680	0	39,555
STEPHEN TRACY MD PHYSICIAN	50 00					X		225,612	0	34,978
GLEN R LOVEJOY MD PHYSICIAN	50 00					X		224,064	0	35,939
BRUCE E NAYOWITH MD PHYSICIAN	50 00					X		210,291	0	43,668
TOMASZ T PAJAK MD PHYSICIAN	50 00					X		177,038	0	37,668
KERSTIN L VOSS MD PHYSICIAN	50 00					X		176,894	0	21,101

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

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

2010

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

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

Table with 2 columns: Name of the organization (FAIRVIEW HOSPITAL) and Employer identification number (04-2133860)

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?
4a Was a correction made?
b If "Yes," describe in Part IV

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities
2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities
3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b
4 Did the filing organization file Form 1120-POL for this year?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%; text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <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> </tbody> </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)														
h Subtract line 1g from line 1a If zero or less, enter -0-														
i Subtract line 1f from line 1c If zero or less, enter -0-														
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?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	(a)		(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?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV	Yes		12,546
j Total lines 1c through 1i			12,546
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	LOBBYING ACTIVITIES EXPENDITURES FAIRVIEW HOSPITAL PAYS ANNUAL MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND THE MASSACHUSETTS HOSPITAL ASSOCIATION (MHA) A PORTION OF THESE DUES ARE USED BY THE AHA AND THE MHA TO CONDUCT LOBBYING ACTIVITIES FOR THE FYE 09/30/2011, THE PORTION OF THE DUES PAID TO THE AHA FOR LOBBYING ACTIVITIES WAS \$2,900, AND THE PORTION OF THE DUES PAID TO THE MHA FOR LOBBYING ACTIVITIES WAS \$9,646, FOR A TOTAL OF \$12,546

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2010

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization FAIRVIEW HOSPITAL

Employer identification number 04-2133860

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), Aggregate value at end of year.

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

- a Total number of conservation easements
b Total acreage restricted by conservation easements
c Number of conservation easements on a certified historic structure included in (a)
d Number of conservation easements included in (c) acquired after 8/17/06

Table with 2 columns: Held at the End of the Year. Rows 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?

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)?

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X \$

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

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

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

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

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

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

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

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

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

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	1,046,753	989,912	1,028,277		
b Contributions					
c Investment earnings or losses	11,564	56,841	-22,233		
d Grants or scholarships					
e Other expenditures for facilities and programs			16,132		
f Administrative expenses					
g End of year balance	1,058,317	1,046,753	989,912		

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

- a** Board designated or quasi-endowment ▶ 75.600 %
- b** Permanent endowment ▶ 24.400 %
- c** Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

	Yes	No
(i) unrelated organizations	3a(i)	No
(ii) related organizations	3a(ii)	No

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

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

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

Description of investment	(a) Cost or other basis (Investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		16,887		16,887
b Buildings		2,137,042	1,994,509	142,533
c Leasehold improvements				
d Equipment		12,392,332	8,778,084	3,614,248
e Other		9,883,180	4,951,452	4,931,728
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				8,705,396

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	INTENDED USES OF THE ORGANIZATION'S ENDOWMENT FUNDS FAIRVIEW HOSPITAL HAS FIVE PERMANENT ENDOWMENT FUNDS THE BALDWIN FUND'S INCOME IS TO BE USED FOR THE CARE OF PEOPLE WITHOUT OR OF LIMITED MEANS THE BEECHER FUND'S INCOME IS TO BE USED TO OFFSET THE HEALTHCARE COSTS OF AGING WOMEN OR UNWED MOTHERS THE BRANDI FUND'S INCOME HAS THREE PURPOSES (1) TO PROVIDE SCHOLARSHIPS FOR THE CONTINUING EDUCATION OF NURSES OR PROSPECTIVE NURSES ASSOCIATED WITH THE HOSPITAL, (2) TO SERVE AS A SOURCE OF EMERGENCY LOANS TO RETIRED NURSES OR CERTAIN NURSES WHO ARE CURRENTLY WORKING FOR THE HOSPITAL, AND (3) FOR THE PURCHASE OF EQUIPMENT, FURNISHINGS, OR OTHER ITEMS FOR THE BENEFIT OF THE NURSES OR THE MATERNITY SECTION OF THE HOSPITAL THE MOSKOWITZ FUND'S INCOME IS TO BE USED TO PROVIDE FOR SCHOLARSHIPS TO EMPLOYEES AND CHILDREN OF EMPLOYEES OF THE HOSPITAL WHO ARE ADVANCING THEIR EDUCATION OR TECHNICAL SKILLS AT A RECOGNIZED LEARNING INSTITUTION THE STANLEY FUND'S INCOME IS TO BE USED FOR THE REPAIR, UPKEEP, AND ADDITIONS TO THE HOSPITAL'S X-RAY EQUIPMENT
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION OF BERKSHIRE HEALTH SYSTEMS, INC AND AFFILIATES (INCLUDING FAIRVIEW HOSPITAL) FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010 DOES NOT CONTAIN A FOOTNOTE ADDRESSING ANY LIABILITY FOR UNCERTAIN TAX PROVISIONS UNDER FIN 48

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2010

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization FAIRVIEW HOSPITAL

Employer identification number 04-2133860

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

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

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

2a Did the organization have a written or oral agreement with any individual... Yes No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements...

Table with 6 columns: (i) Name and address of individual or entity (fundraiser), (ii) Activity, (iii) Did fundraiser have custody or control of contributions?, (iv) Gross receipts from activity, (v) Amount paid to (or retained by) fundraiser listed in col (i), (vi) Amount paid to (or retained by) organization. Includes a Total row at the bottom.

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

Dotted lines for listing states.

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

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		<u>GALA</u> (event type)	<u>GOLF TOURNAMENT</u> (event type)	(total number)	(Add col (a) through col (c))
Revenue	1 Gross receipts	187,226	32,630		219,856
	2 Less Charitable contributions	113,438	16,868		130,306
	3 Gross income (line 1 minus line 2)	73,788	15,762		89,550
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	1,847	5,538		7,385
	6 Rent/facility costs	15,098	4,347		19,445
	7 Food and beverages	17,356	3,169		20,525
	8 Entertainment	12,495			12,495
	9 Other direct expenses	26,992	2,708		29,700
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				89,550
11 Net income summary Combine lines 3 and 10 in column (d) ▶				0	

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

- 11** Does the organization operate gaming activities with nonmembers? Yes No
- 12** Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? Yes No

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ _____

Address ▶ _____

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

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

c If "Yes," enter name and address

Name ▶ _____

Address ▶ _____

16 Gaming manager information

Name ▶ _____

Gaming manager compensation ▶ \$ _____

Description of services provided ▶ _____

- Director/officer Employee Independent contractor

17 Mandatory distributions

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

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

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

Identifier	ReturnReference	Explanation
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SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization FAIRVIEW HOSPITAL

Employer identification number

04-2133860

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a. 1b If "Yes," is it a written policy? 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. 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. 3a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? 3b Does the organization use FPG to determine eligibility for providing discounted care to low income individuals? 4 Did 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. 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"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c 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? 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

Table with 6 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs (a-d) and Other Benefits (e-k).

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support			77,158	72,955	4,203	0.010 %
4 Environmental improvements						
5 Leadership development and training for community members			7,325	7,325		0 %
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development			20,033		20,033	0.050 %
9 Other						
10 Total			104,516	80,280	24,236	0.060 %

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	433,276	
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	16,151,346
6 Enter Medicare allowable costs of care relating to payments on line 5	6	16,012,534
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7	138,812
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				

Part V Facility Information

Section A. Hospital Facilities

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

How many hospital facilities did the organization operate during the tax year? 5

Name and address		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	FAIRVIEW HOSPITAL 29 LEWIS AVE GREAT BARRINGTON, MA 012301796	X	X			X		X		
2	FAIRVIEW PHYSICAL & SPORTS THERAPY CTR 710 STOCKBRIDGE RD STE 1 LEE, MA 01238									OUTPATIENT SERVICES
3	FAIRVIEW HOSPITAL AQUATIC THERAPY PROG 15 CHRISSEY RD GREAT BARRINGTON, MA 01230									OUTPATIENT SERVICES
4	FAIRVIEW HSP OUTPATNT PHYSICAL THERAPY 10 MAPLE AVE GREAT BARRINGTON, MA 01230									OUTPATIENT SERVICES
5	FAIRVIEW HOSPITAL DIALYSIS CENTER 10 MAPLE AVE GREAT BARRINGTON, MA 01230									OUTPATIENT SERVICES

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address

Type of Facility (Describe)

- 1
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 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 TOTAL COMMUNITY BENEFIT EXPENSE REPORTED ON PART I, LINES 7A, 7B, & 7C HAS BEEN CALCULATED USING THE RATIO OF PATIENT CARE COST TO CHARGES AS COMPUTED USING WORKSHEET 2 IN THE SCHEDULE H INSTRUCTIONS THE TOTAL COMMUNITY BENEFIT EXPENSE REPORTED ON PART I, LINE 7G HAS BEEN CALCULATED USING A COST ACCOUNTING METHOD BAD DEBT EXPENSE HAS BEEN EXCLUDED FROM THE COMPUTATION OF ALL COMMUNITY BENEFIT EXPENSE SHOWN IN PART I, LINE 7

Identifier	ReturnReference	Explanation
		PART I, LINE 7G SUBSIDIZED HEALTH SERVICES FAIRVIEW HOSPITAL RENAL DIALYSIS SERVICES

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF \$715,803 ATTRIBUTABLE TO PATIENT ACCOUNTS HAS BEEN EXCLUDED FROM THE COMPUTATION OF ALL COMMUNITY BENEFIT EXPENSE SHOWN IN PART I, LINE 7, COLUMN F

Identifier	ReturnReference	Explanation
		<p>PART II COMMUNITY BUILDING ACTIVITIES - AS SUMMARIZED IN PART II, EXPENDITURES BY FAIRVIEW HOSPITAL TO PROTECT OR IMPROVE THE COMMUNITY'S HEALTH OR SAFETY INCLUDE THE FOLLOWING LINE 3 COMMUNITY SUPPORT EMERGENCY PREPAREDNESS - GROSS EXPENSE \$40,503 LESS OFFSETTING REVENUE \$36,300 = NET COMMUNITY BENEFIT EXPENSE \$4,203</p> <p>LINE 3 COMMUNITY SUPPORT MEDICAL RESERVE CORPS - GROSS EXPENSE \$36,655 LESS OFFSETTING REVENUE \$36,655 = NET COMMUNITY BENEFIT EXPENSE \$0</p> <p>LINE 5 DEVELOPMENT & TRAINING MEDICAL INTERPRETER/CONVERSATIONAL SPANISH TRAINING - GROSS EXPENSE \$7,325 LESS OFFSETTING REVENUE \$7,325 = NET COMMUNITY BENEFIT EXPENSE \$0</p> <p>LINE 8 WORKFORCE DEVELOPMENT PHYSICIAN RECRUITMENT - GROSS EXPENSE \$20,033 LESS OFFSETTING REVENUE \$0 = NET COMMUNITY BENEFIT EXPENSE \$20,033 THIS IS IN RESPONSE TO CRITICAL PHYSICIAN SHORTAGES IN THE HOSPITAL'S SERVICE AREA AND THE EXPENDITURES REPORTED ARE AN INVESTMENT IN REPLENISHING THE SUPPLY OF INDEPENDENT PRIMARY CARE AND SPECIALTY PHYSICIANS AVAILABLE TO THE COMMUNITY BY ASSISTING IN ESTABLISHING NEW PHYSICIANS IN THE SERVICE AREA</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 FOOTNOTE 11 ("CHARITY CARE") TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION OF BERKSHIRE HEALTH SYSTEMS, INC AND AFFILIATES (INCLUDING FAIRVIEW HOSPITAL) FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010 CONTAINS THE FOLLOWING REGARDING BAD DEBT EXPENSE "THE HEALTH SYSTEM PROVIDES CARE TO PATIENTS WHO MEET CHARITY CARE POLICY CRITERIA WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES " "IF A PATIENT IS INELIGIBLE FOR CHARITY CARE OR CARE AT REDUCED RATES BECAUSE THE PATIENT'S INCOME EXCEEDS THE ELIGIBILITY GUIDELINES, SERVICES RENDERED ARE RECORDED AT ESTABLISHED RATES AND ANY UNPAID ACCOUNT RECEIVABLE BALANCE IS WRITTEN OFF TO BAD DEBTS AFTER A REASONABLE COLLECTION EFFORT HAS BEEN MADE "THE ESTIMATED COST OF BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS REPORTED ON LINE 2, PART III WAS CALCULATED USING THE RATIO OF PATIENT CARE COST TO CHARGES AS COMPUTED USING WORKSHEET 2 IN THE SCHEDULE H INSTRUCTIONS NO BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER FAIRVIEW HOSPITAL'S CHARITY CARE POLICY HAS BEEN REPORTED ON LINE 3, PART III BECAUSE ALL GROSS PATIENT CHARGES ATTRIBUTABLE TO THESE PATIENTS THAT WERE NOT PAID FROM UNCOMPENSATED CARE POOLS OR PROGRAMS WERE WRITTEN OFF AS "FREE CARE" EXPENSE</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE AMOUNT REPORTED ON LINE 6, PART III WAS DETERMINED USING THE COST ALLOCATION METHODOLOGY USED FOR THE MEDICARE COST REPORTS

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 9B THE FOLLOWING INDIVIDUALS AND PATIENT POPULATIONS ARE EXEMPT FROM ANY COLLECTION OR BILLING PROCEDURES PURSUANT TO STATE REGULATIONS A PATIENTS ENROLLED IN A STATE HEALTH INSURANCE PROGRAM, INCLUDING BUT NOT LIMITED TO, MASSHEALTH, EMERGENCY AID TO THE ELDERLY, DISABLED AND CHILDREN, HEALTHY START, CHILDREN'S MEDICAL SECURITY PLAN, "LOW INCOME PATIENTS" AS DETERMINED BY THE OFFICE OF MEDICAID PLEASE NOTE THAT FAIRVIEW HOSPITAL (FVH) MAY SEEK COLLECTION ACTION AGAINST ANY PATIENT ENROLLED IN THE ABOVE MENTIONED PROGRAMS FOR THEIR REQUIRED CO-PAYMENTS AND DEDUCTIBLES THAT ARE SET FORTH BY EACH SPECIFIC PROGRAM FVH MAY ALSO INITIATE BILLING OR COLLECTION FOR A PATIENT WHO ALLEGES THAT HE OR SHE IS A PARTICIPANT IN A FINANCIAL ASSISTANCE PROGRAM THAT COVERS THE COSTS OF THE HOSPITAL SERVICES, BUT FAILS TO PROVIDE PROOF OF SUCH PARTICIPATION UPON RECEIPT OF SATISFACTORY PROOF THAT A PATIENT IS A PARTICIPANT IN A FINANCIAL ASSISTANCE PROGRAM (INCLUDING RECEIPT OR VERIFICATION OF SIGNED APPLICATION), FVH SHALL CEASE ITS BILLING OR COLLECTION ACTIVITIES FVH MAY CONTINUE COLLECTION ACTION ON ANY LOW INCOME PATIENT FOR SERVICES RENDERED PRIOR TO THE LOW INCOME PATIENT DETERMINATION, PROVIDED THAT THE CURRENT LOW INCOME PATIENT STATUS HAS BEEN TERMINATED OR EXPIRED HOWEVER, ONCE A PATIENT IS DETERMINED ELIGIBLE AND ENROLLED IN THE HEALTH SAFETY NET, MASSHEALTH, OR CERTAIN COMMONWEALTH CARE PROGRAMS, FVH WILL CEASE COLLECTION ACTIVITY FOR SERVICES, PREVIOUSLY BILLED, THAT NOW FALL INTO THE ELIGIBILITY PERIOD FVH MAY SEEK COLLECTION ACTION AGAINST ANY OF THE PATIENTS PARTICIPATING IN THE PROGRAMS LISTED ABOVE FOR NON-COVERED SERVICES THAT THE PATIENT HAS AGREED TO BE RESPONSIBLE FOR, PROVIDED THAT THE HOSPITAL OBTAINED THE PATIENT'S PRIOR WRITTEN CONSENT TO BE BILLED FOR THE SERVICE FVH WILL NOT UNDERTAKE COLLECTION ACTION AGAINST AN INDIVIDUAL THAT HAS BEEN APPROVED FOR MEDICAL HARDSHIP UNDER THE MASSACHUSETTS HEALTH SAFETY NET PROGRAM WITH RESPECT TO THE AMOUNT OF THE BILL THAT EXCEEDS THE MEDICAL HARDSHIP CONTRIBUTION B FVH WILL NOT GARNISH A LOW INCOME PATIENT'S (AS DETERMINED BY THE OFFICE OF MEDICAID) OR THE PATIENT'S GUARANTOR'S WAGES OR EXECUTE A LIEN ON THE LOW INCOME PATIENT'S OR THE PATIENT'S GUARANTOR'S PERSONAL RESIDENCE OR MOTOR VEHICLE UNLESS (1) THE HOSPITAL CAN SHOW THAT THE PATIENT OR THE PATIENT'S GUARANTOR HAS THE ABILITY TO PAY, (2) THE PATIENT DID NOT RESPOND TO HOSPITAL REQUESTS FOR INFORMATION OR THE PATIENT REFUSED TO COOPERATE WITH THE HOSPITAL TO SEEK AN AVAILABLE FINANCIAL ASSISTANCE PROGRAM, OR (3) FOR PURPOSES OF THE LIEN, IT WAS APPROVED BY THE HOSPITAL'S BOARD OF TRUSTEES ON AN INDIVIDUAL CASE BY CASE BASIS C FVH AND ITS AGENTS SHALL NOT CONTINUE COLLECTION OR BILLING ON A PATIENT WHO IS A MEMBER OF A BANKRUPTCY PROCEEDING EXCEPT TO SECURE ITS RIGHTS AS A CREDITOR IN THE APPROPRIATE ORDER</p>

Identifier	ReturnReference	Explanation
		PART I, LINE 6A FAIRVIEW HOSPITAL AND BERKSHIRE MEDICAL CENTER EACH FILE A SEPARATE COMMUNITY BENEFITS REPORT WITH THE STATE OF MASSACHUSETTS FAIRVIEW'S FISCAL YEAR 2011 COMMUNITY BENEFITS REPORT CAN BE ACCESSED AT WWW.CBSYS.AGO.STATE.MA.US/CBPUBLIC/PUBLIC/ANNUAL_REPORTS_START.ASPX

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 FAIRVIEW HOSPITAL PLACES A PRIORITY ON MAINTAINING CLOSE ALLIANCES WITH ALL SOCIAL, HEALTH, SAFETY, LAW ENFORCEMENT AND WELFARE AGENCIES IN THE SOUTHERN BERKSHIRE COMMUNITY OUR PARTNERSHIPS WITH SCHOOLS, BUSINESSES, AS WELL AS CIVIC AND OTHER COMMUNITY ORGANIZATIONS KEEP FAIRVIEW HOSPITAL ABREAST OF THE HEALTH STATUS OF THE SOUTHERN BERKSHIRES FAIRVIEW ENGAGES A BROAD RANGE OF OUR CONSTITUENTS (INCLUDING PHYSICIANS, TOWN LEADERS, HEALTH OFFICIALS, SPECIAL INTEREST GROUPS, AND IMMIGRANT COMMUNITIES) TO RECEIVE DIRECT FEEDBACK AND INFORMATION IN ADDITION, COMMUNITY MEMBERS SERVE ON MANY HOSPITAL COMMITTEES, INCLUDING OUR PATIENT FAMILY ADVISORY COUNCIL WHICH PROVIDES FEEDBACK ON HOW FAIRVIEW HOSPITAL CAN BETTER SERVE OUR COMMUNITY STATISTICAL EVIDENCE SUPPORTS OUR COMMUNITY NEEDS ASSESSMENT FAIRVIEW UTILIZES IN-PATIENT, EMERGENCY AND MAJOR DIAGNOSTIC CATEGORIES DATA AND ONGOING POST-STAY SURVEYS FEDERAL, STATE AND LOCAL REPORTING ALERTS FAIRVIEW TO IMPORTANT TRENDS AND IDENTIFICATION OF AREAS THAT ARE ABOVE THE STATE NORM FAIRVIEW PARTICIPATES WITH THE WORK OF OUR PARTNER ORGANIZATIONS AND UTILIZES MANY ASSESSMENTS THAT ARE MADE AVAILABLE ON BEHALF OF SPECIFIC COMMUNITIES AMONG THE ORGANIZATIONS THAT HAVE PROVIDED SURVEY DATA ARE THE BERKSHIRE HEALTH SYSTEMS COMMUNITY HEALTH ASSESSMENT 2011 SURVEY, SOUTHERN BERKSHIRE YOUTH COALITION YOUTH SURVEY, UNITED WAY COMMUNITY IMPACT (FY2010) BASELINE REPORT, 2011 MASSACHUSETTS PREVENTION NEEDS ASSESSMENT SURVEY, CROSS-CULTURAL ACTION NETWORK, SOUTHERN BERKSHIRE EDUCATIONAL COLLABORATIVE, 2010 MASSACHUSETTS COUNTY HEALTH RANKINGS (UNIVERSITY OF WISCONSIN POPULATION HEALTH INSTITUTE), MASSACHUSETTS DEPARTMENT OF PUBLIC HEALTH DEMOGRAPHIC DATA AND HEALTH REGIONALIZATION STATUS REPORTS, BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT BMI REPORTS 2008/2009, AND BERKSHIRE COUNTY BOARDS OF HEALTH ASSOCIATION 2010 BERKSHIRE COMMUNITY HEALTH ASSESSMENT</p>

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FAIRVIEW HOSPITAL HELPS PATIENTS ACCESS COVERAGE AND CONSISTENTLY PROMOTES ELIGIBILITY FOR ASSISTANCE UNDER FEDERAL, STATE AND LOCAL GOVERNMENT PROGRAMS INSIDE AND OUTSIDE THE HOSPITAL THE ADVOCACY FOR ACCESS OFFICE, EASILY ACCESSIBLE AT THE MAIN ENTRANCE OF FAIRVIEW HOSPITAL, FACILITATES ASSISTANCE TO THOSE WHO NEED IMMEDIATE CARE AS WELL AS THOSE WHO ARE UNINSURED OR UNDERINSURED THE ADVOCACY TEAM HAS TRAINED STAFF AT ENTRY POINTS AS WELL AS CAREGIVERS THROUGHOUT THE HOSPITAL KNOWLEDGEABLE ABOUT THE IMPORTANT ROLE THEY CAN PROVIDE TO PATIENTS THE ADVOCACY TEAM REGULARLY VISITS PATIENTS IN THE HOSPITAL TO ANSWER QUESTIONS THE PATIENTS MAY HAVE AS WELL AS FACILITATING ENROLLMENT IN THE APPROPRIATE PLAN IN ADDITION, A FINANCIAL ADVISOR IS AVAILABLE DURING BUSINESS HOURS TO ASSIST PATIENTS IN EXPLAINING BILLING ISSUES AND CREATING FLEXIBLE BILLING ARRANGEMENTS TO MEET THE PATIENTS' NEEDS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 FAIRVIEW HOSPITAL SERVES A RURAL, GEOGRAPHICALLY ISOLATED AREA OF THE TWELVE TOWNS IN THE SOUTHWESTERN CORNER OF MASSACHUSETTS AND NEARBY COMMUNITIES IN NEW YORK STATE AND CONNECTICUT PRIMARY RESIDENTS OF THE SOUTHERN BERKSHIRES FACE THE SOCIAL AND ECONOMIC CHALLENGES OF RURAL COMMUNITIES ACROSS THE NATION THESE ARE SOME OF THE STATE'S REMOTEST COMMUNITIES THE SOUTHERN BERKSHIRE COMMUNITY IS PREDOMINATELY CAUCASIAN WITH A GROWING MULTI-CULTURAL COMMUNITY TWENTY-FIVE PERCENT OF FAMILIES ARE LIVING BELOW 200% OF THE POVERTY LEVEL (MORE THAN 3% OVER STATE AVERAGES) AND THE AVERAGE PER CAPITA INCOME IS \$3,297 LOWER THAN THE STATE AVERAGE OVER 25% OF THE STUDENTS IN THE LOCAL DISTRICT ARE ON FREE OR REDUCED PRICED LUNCHES THE ELDER POPULATION IN THE SOUTHERN BERKSHIRES IS SIGNIFICANTLY ABOVE THE STATE POPULATION, REACHING OVER 20% IN SOME COMMUNITIES (MASSACHUSETTS RATES ARE 13%) WITH MANY ELDERLY LIVING ALONE THERE ARE TWO SENIOR HOUSING UNITS AND THREE NURSING HOMES IN THE AREA, AND SENIOR CENTERS IN MOST AREA TOWNS BECAUSE THE SOUTHERN BERKSHIRES IS A MAJOR TOURIST DESTINATION FOR THE NEW YORK METROPOLITAN AREA, IN MANY COMMUNITIES MORE THAN HALF THE HOMES ARE OWNED BY PART-TIME RESIDENTS PART-TIME SERVICE JOBS ARE A MAJOR SOURCE OF INCOME FOR PRIMARY RESIDENTS HOWEVER, THE HOUSING MARKET REFLECTS THE SECONDARY MARKET WITH HIGHER VALUES THAT ARE NOT WITHIN REACH OF THE INCOME OF MOST LOCAL FAMILIES RURAL HOMELESSNESS IS A HIDDEN, BUT PERVASIVE SOCIAL AND ECONOMIC ISSUE PUBLIC TRANSPORTATION IS LIMITED AND NOT EASILY ACCESSIBLE AS A RESULT, TRANSPORTATION IS AN OBSTACLE FOR CARE FOR MANY, PARTICULARLY AMONG THE ELDERLY A PUBLIC TRANSPORTATION AGENCY RUNS A LIMITED BUS ROUTE WITH LIMITED HOURS ADDITIONAL ELDERLY TRANSPORTATION IS AVAILABLE BUT LIMITED PEOPLE WHO NEED TO ACCESS HEALTHCARE MUST RELY ON FAMILY OR FRIENDS TO GET TO MEDICAL CARE SPECIALTY CARE IS A PARTICULAR CHALLENGE TO OBTAIN FAIRVIEW HOSPITAL COLLABORATES WITH AREA ORGANIZATIONS TO HELP MAKE TRANSPORTATION OPTIONS AVAILABLE HEALTHCARE AND EDUCATION ARE THE PRIMARY EMPLOYMENT SECTORS THE SOUTHERN BERKSHIRE ECONOMY'S PRIMARY ECONOMIC ENGINE IS TOURISM, WITH A HIGH NUMBER OF HOTELS, BED AND BREAKFASTS, RESTAURANTS, AND RETAIL SHOPS AND SERVICES CATERING TO THE TOURIST COMMUNITY THE LOCAL CONSTRUCTION INDUSTRY WAS SEVERELY IMPACTED BY THE ECONOMIC DOWNTURN ALTHOUGH THESE ARE OFTEN SEASONAL AND SERVICE BASED JOBS, THEY ARE A SIGNIFICANT PART OF THE ECONOMY</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 FAIRVIEW HOSPITAL VALUES THE COMMUNITY'S VITAL ROLE AS STEWARDS OF THEIR COMMUNITY HOSPITAL MEMBERS OF THE COMMUNITY, REPRESENTING VARIOUS DEMOGRAPHIC AND CONSTITUENCY GROUPS, SERVE ON OUR GOVERNING BOARDS AS WELL AS VARIOUS COMMITTEES WHICH ASSURE THE INPUT AND INTERESTS OF THE COMMUNITY ARE REPRESENTED AT THE HIGHEST LEVELS HOSPITAL STAFF ALSO PLAY AN ACTIVE ROLE IN MANY LOCAL AND REGIONAL ORGANIZATIONS, SUPPORTING THEIR EFFORTS AND, BY ENGAGING WITH THEIR MISSION AND INTERESTS, CREATING NEW AVENUES OF COLLABORATION AND OPPORTUNITY TO BETTER MEET OUR COMMUNITY'S HEALTH NEEDS THE GOVERNING BODY OF FAIRVIEW HOSPITAL CONSISTS OF 20 COMMUNITY VOLUNTEERS, THREE PHYSICIAN REPRESENTATIVES, AND AS AN EX-OFFICIO MEMBER, THE CHIEF EXECUTIVE OFFICER THE COMMUNITY VOLUNTEERS ARE ELECTED FOR TERMS OF UP TO THREE YEARS, ARE SUBJECT TO TERM LIMITS AND REPRESENT A WIDE SPECTRUM OF COMMUNITY INTERESTS - INCLUDING SOCIAL SERVICE PROVIDERS, LOCAL BUSINESS LEADERS, FINANCIAL PROFESSIONALS, CONSUMER ADVOCATES AND EDUCATIONAL LEADERS MOST COMMITTEES OF THE BOARD OF TRUSTEES INCLUDE ADDITIONAL COMMUNITY REPRESENTATIVES FAIRVIEW MAINTAINS A PATIENT AND FAMILY COUNCIL TO PROVIDE INPUT AND ADVICE ON A WIDE RANGE OF SERVICE TOPICS THE MEDICAL STAFF OF FAIRVIEW HOSPITAL IS OPEN TO ALL PHYSICIANS WHO MEET CLINICAL AND PATIENT SERVICE CRITERIA, ALTHOUGH CERTAIN HOSPITAL BASED SERVICES - RADIOLOGY, ANESTHESIA, EMERGENCY DEPARTMENT AND PATHOLOGY - ARE FUNCTIONALLY CLOSED BECAUSE OF THE MANNER IN WHICH THOSE DEPARTMENTS ARE STRUCTURED FAIRVIEW REGULARLY EXPENDS PERSONNEL AND FINANCIAL RESOURCES IN SUPPORT OF COMMUNITY INITIATIVES THAT PROMOTE IMPROVEMENTS IN COMMUNITY HEALTH AND WELL-BEING AND FOR WHICH IT DOES NOT EXPECT REIMBURSEMENT FAIRVIEW HOSPITAL'S SERVICE AREA IS A DESIGNATED MEDICALLY UNDERSERVED COMMUNITY AND IT HAS PLACED HIGH PRIORITY ON RECRUITING PHYSICIANS TO OUR RURAL COMMUNITY TO ASSURE THAT THE PRIMARY HEALTH NEEDS ARE MET THE BERKSHIRE COUNTY COMMUNITY HAS LONG LABORED UNDER A CRITICAL PHYSICIAN SHORTAGE IN VARIOUS SPECIALTIES AND BERKSHIRE MEDICAL CENTER AND FAIRVIEW HOSPITAL HAVE IN RECENT YEARS EXPENDED SIGNIFICANT PERSONNEL TIME AND FINANCIAL RESOURCES IN RECRUITING PHYSICIANS TO THE AREA AS DIRECT EMPLOYEES OF BMC, FAIRVIEW, OR THEIR AFFILIATES MOREOVER, BMC AND FAIRVIEW HAVE, IN APPROPRIATE WAYS, PROVIDED SUBSTANTIAL ASSISTANCE TO COMMUNITY MEDICAL PRACTICES TO RECRUIT AND SUPPORT THE PRACTICE START-UP OF NEW PHYSICIANS IN NEEDED SPECIALTIES FAIRVIEW HAS EXTENSIVE COMMUNITY OUTREACH PROGRAMS AND SUPPORT WHICH ARE COMPREHENSIVE AND COMMUNITY-BASED TO ADDRESS SUCH DIVERSE HEALTHCARE CHALLENGES AS DIABETES, HEART FAILURE, CHRONIC PAIN MANAGEMENT, AND NARCOTICS MISUSE AND DIVERSION AS STEWARD OF THE COMMUNITY'S PRIMARY HEALTH ORGANIZATION, AND A NOT-FOR-PROFIT ORGANIZATION, FAIRVIEW HOSPITAL UTILIZES ANY SURPLUS FUNDS TO MEET THE HIGHEST PRIORITY NEEDS INCLUDING PATIENT CARE, SERVICE AND PROGRAM DEVELOPMENT, MEDICAL EDUCATION OF ALL STAFF, COMMUNITY SUPPORT AND EDUCATION AND RESEARCH BECAUSE FAIRVIEW HOSPITAL'S SERVICE AREA IS THE MORE RURAL SOUTHERN CORNER OF THE REGION, FAIRVIEW HOSPITAL HAS ALSO ESTABLISHED A FAIRVIEW COMMUNITY BENEFITS ADVISORY COMMITTEE (FCBAC), WHICH ENGAGES HEALTHCARE PROFESSIONALS ON THE SPECIFIC NEEDS OF OUR GEOGRAPHIC DISTRICT THE FCBAC MEETS THREE TIMES A YEAR INCLUDING THE PRESIDENT, TWO VICE PRESIDENTS, AND LEADERS OF THE HOSPITAL DEPARTMENTS AND STAFF WHO ARE DIRECTLY INVOLVED WITH PATIENTS, ALLOWING A GREATER FOCUS ON THE SPECIFIC NEEDS OF THIS GEOGRAPHIC DISTRICT THROUGH A MULTIDISCIPLINARY APPROACH TO IDENTIFY EMERGING HEALTH ISSUES IN THE COMMUNITY AS THE CENTER OF THE HEALTH CARE COMMUNITY IN THE SOUTHERN BERKSHIRES, FAIRVIEW HOSPITAL IS AN ACTIVE LEADER IN THE PROMOTION OF BETTER HEALTH IN OUR COMMUNITY FAIRVIEW OFFERS PRIMARY SERVICES TO ALL WHO SEEK CARE, REGARDLESS OF ABILITY TO PAY, FREE OR LOW-COST EDUCATIONAL PROGRAMS, SUPPORT GROUPS AND SCREENINGS TO PROVIDE VALUABLE INFORMATION TO OUR COMMUNITY, WITH PARTICULAR FOCUS ON VULNERABLE POPULATIONS, ONGOING MEDIA COMMUNICATION FOR IMPORTANT HEALTH ACCESS INFORMATION INCLUDING FLU PREVENTION, VACCINATIONS, COMMONWEALTH CARE DEADLINES, HEALTHIER MENUS, MORE SUSTAINABLE OR ENVIRONMENTALLY FRIENDLY POLICIES, DISCONTINUATION OF SUGAR DRINKS IN THE HOSPITAL TO SERVE AS A ROLE MODEL FOR A HEALTHIER COMMUNITY, AND LEADERSHIP AND COLLABORATION IN PUBLIC HEALTH INITIATIVES INCLUDING EMERGENCY PLANNING, BOARDS OF HEALTH AND OTHER COMMUNITY-WIDE INITIATIVES</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 7 FAIRVIEW HOSPITAL IS A PART OF AN INTEGRATED, NON-PROFIT HEALTHCARE SYSTEM THAT INCLUDES (A) A TEACHING HOSPITAL, (B) A CRITICAL ACCESS COMMUNITY HOSPITAL [FAIRVIEW], (C) A LARGE, MULTISPECIALTY FACULTY PRACTICE ORGANIZATION, (D) A HOME HEALTH AGENCY, AND (E) BY CONTRACT AND CLOSE COORDINATION, A NON-PROFIT SENIOR CARE ORGANIZATION THAT INCLUDES SUB-ACUTE SERVICES IN REHABILITATION AND LONG-TERM CARE FACILITIES, ASSISTED LIVING FACILITIES, HOSPICE CARE SERVICES, SENIOR DAY CARE AND OTHER ELDERCARE SERVICES FAIRVIEW ENGAGES IN HEALTHCARE NEEDS ASSESSMENT AND PLANNING ON A SYSTEM-WIDE BASIS, WITH A GOAL OF A SEAMLESS TRANSITION OF PATIENT-CENTERED CARE ACROSS THE SPECTRUM OF SERVICES OFFERED BY EACH OF THE SYSTEM'S COMPONENT ENTITIES FAIRVIEW, ALONG WITH ITS AFFILIATES, CONTINUES TO DEVELOP INTEGRATED CLINICAL AND INFORMATION SYSTEMS ACROSS THE ENTIRE ORGANIZATION SO AS TO RENDER CARE EFFICIENTLY, EFFECTIVELY AND CONSISTENTLY AT EVERY CARE SITE</p>

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	MA

Schedule H (Form 990) 2010

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items
- | | |
|---|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e g , maid, chauffeur, chef) |

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

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

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply

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

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

a Receive a severance payment or change-of-control payment from the organization or a related organization?

b Participate in, or receive payment from, a supplemental nonqualified retirement plan?

c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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

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

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

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

a The organization?

b Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

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

8 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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) BRIAN T BURKE MD	(i) (ii)	182,388 0	0 0	17,825 0	9,396 0	28,530 0	238,139 0	0 0
(2) DAVID E PHELPS	(i) (ii)	0 466,255	0 0	0 56,265	0 11,025	0 28,716	0 562,261	0 0
(3) DARLENE RODOWICZ	(i) (ii)	0 275,147	0 0	0 54,330	0 11,025	0 24,933	0 365,435	0 0
(4) EUGENE DELLEA	(i) (ii)	0 163,158	0 0	0 44,270	0 8,467	0 10,997	0 226,892	0 0
(5) PHELPS D1-TIME RETIRMNT BENEFIT ADJ	(i) (ii)	0 0	0 0	0 1,085,553	0 0	0 0	0 1,085,553	0 0
(6) ALEC R BELMAN MD	(i) (ii)	208,942 0	10,920 0	14,503 0	10,914 0	28,295 0	273,574 0	0 0
(7) DOREEN HUTCHINSON	(i) (ii)	140,469 0	0 0	19,383 0	7,529 0	25,893 0	193,274 0	0 0
(8) RAYMOND SABATELLI MD	(i) (ii)	257,976 0	14,040 0	36,664 0	11,025 0	28,530 0	348,235 0	0 0
(9) STEPHEN TRACY MD	(i) (ii)	175,461 0	10,764 0	39,387 0	9,340 0	25,638 0	260,590 0	0 0
(10) GLEN R LOVEJOY MD	(i) (ii)	194,834 0	10,764 0	18,466 0	8,544 0	27,395 0	260,003 0	0 0
(11) BRUCE E NAYOWITH MD	(i) (ii)	178,883 0	9,828 0	21,580 0	10,138 0	33,530 0	253,959 0	0 0
(12) TOMASZ T PAJAK MD	(i) (ii)	160,214 0	0 0	16,824 0	7,466 0	30,202 0	214,706 0	0 0
(13) KERSTIN L VOSS MD	(i) (ii)	160,034 0	0 0	16,860 0	8,022 0	13,079 0	197,995 0	0 0
(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

Table with 3 columns: Identifier, Return Reference, and Explanation. The 'Identifier' column contains 'SUPPLEMENTAL INFORMATION'. The 'Return Reference' column contains 'PART III'. The 'Explanation' column contains a detailed text block describing supplemental compensation information for Schedule J Part II, including details on compensation for officers and trustees, specifically mentioning Brian T. Burke, MD, and the allocation of compensation to various entities like Berkshire Medical Center, Inc. and Berkshire Faculty Services, Inc.

**Schedule K
(Form 990)**

OMB No 1545-0047

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.

2010

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

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 MASS HEALTH & EDUCAT FACIL AUTHORITY SER F	04-2456011	57586CLN3	07-26-2005	53,089,428	REFUND SER C & D BONDS, CAPITAL EXP		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired	13,270,000			
2 Amount of bonds legally defeased				
3 Total proceeds of issue	54,478,799			
4 Gross proceeds in reserve funds	5,019,000			
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrow				
7 Issuance costs from proceeds	1,003,800			
8 Credit enhancement from proceeds	898,795			
9 Working capital expenditures from proceeds	73,681			
10 Capital expenditures from proceeds	9,003,428			
11 Other spent proceeds				
12 Other unspent proceeds				
13 Year of substantial completion	2008			
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?	X			
15 Were the bonds issued as part of an advance refunding issue?		X		
16 Has the final allocation of proceeds been made?	X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	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						
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

2010

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3		FAIRVIEW HOSPITAL RELIES ON BHS MANAGEMENT SERVICES, INC TO PROVIDE MANAGEMENT AND SUPPORT SERVICES FOR THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, VP GENERAL COUNSEL, AND VP OF HUMAN RESOURCES

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		BERKSHIRE HEALTH SYSTEMS, INC IS THE SOLE CORPORATE MEMBER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE BOARD OF TRUSTEES IS COMPOSED OF THE INCUMBENT MEMBERS OF THE BOARD OF TRUSTEES OF BERKSHIRE HEALTH SYSTEMS, INC

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		BERKSHIRE HEALTH SYSTEMS, INC WILL MAKE THE FORMS 990 FOR BHS AND AFFILIATES AVAILABLE TO THE MEMBERS OF THE RESPECTIVE GOVERNING BODIES FOR THEIR REVIEW BY (A) SENDING COPIES TO THEM PHYSICALLY OR ELECTRONICALLY , OR (B) NOTIFYING THE MEMBERS THAT THE FORMS 990 CAN BE ACCESSED BY A SECURE WEB-BASED FOLDER BEFORE THEY ARE FILED WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION ENFORCES & MONITORS ITS CONFLICT OF INTEREST POLICY BY REQUIRING ALL MEMBERS OF THE GOVERNING BODY & SENIOR MANAGEMENT TO DISCLOSE POTENTIAL CONFLICTS OF INTEREST (A) ANNUALLY & (B) AS POTENTIAL CONFLICTS ARISE. SENIOR EMPLOYEES ARE NOT PERMITTED TO HAVE MATERIAL CONFLICTS OF INTEREST. MEMBERS OF THE GOVERNING BODY ARE TO ABSTAIN FROM ACTIONS THAT MAY BE INFLUENCED BY THEIR CONFLICT OR POTENTIAL CONFLICT BY (A) NOT VOTING, OR (B) NOT VOTING & LEAVING THE ROOM, OR (C) LEAVING THE GOVERNING BODY, AS DETERMINED BY THE GOVERNING BODY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	FAIRVIEW HOSPITAL RELIES ON BHS MANAGEMENT SERVICES, INC TO SUPPLY ITS CHIEF EXECUTIVE OFFICER THE PERFORMANCE & COMPENSATION PROVIDED TO CEO DAVID PHELPS IS REVIEWED ANNUALLY (AND OF OTHER SENIOR EXECUTIVES, PERIODICALLY) BY A SUBCOMMITTEE OF THE GOVERNING BODY, WHOSE MEMBERS ARE INDEPENDENT THE FULL GOVERNING BODY REVIEWS & APPROVES THE COMPENSATION OF THE SENIOR EXECUTIVE EVERY TWO OR THREE YEARS, THE ORGANIZATION ENGAGES A NATIONALLY RECOGNIZED HEALTHCARE COMPENSATION CONSULTING FIRM TO PROVIDE INFORMATION CONCERNING MARKET RATES OF COMPENSATION AND ASSESS THE ORGANIZATION'S COMPENSATION STRUCTURE AGAINST THOSE INDEPENDENT BENCHMARKS THE ORGANIZATION FOLLOWED THIS PROCESS FOR THE YEAR ENDED 09/30/11

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC AT THE OFFICES OF (A) THE CHIEF FINANCIAL OFFICER & (B) THE VICE PRESIDENT, GENERAL COUNSEL AT 725 NORTH STREET, PITTSFIELD, MASSACHUSETTS 01201

Identifier	Return Reference	Explanation
AVERAGE HOURS PER WEEK	FORM 990, PART VII, SECTION A, COLUMN (B)	<p>WITH THE EXCEPTION OF DAVID E. PHELPS AND BRIAN T. BURKE, MD, AVERAGE WEEKLY HOURS SHOWN ON FORM 990, PART VII, SECTION A, COLUMN (B) ARE FOR TRUSTEES' SERVICES AS TRUSTEES. DAVID PHELPS' HOURS ARE FURTHER DESCRIBED BELOW. DR. BURKE'S HOURS ARE NOT RELATED TO HIS SERVICE AS A TRUSTEE AND ARE SOLELY RELATED TO SERVICES PROVIDED TO THE ORGANIZATION FOR ITS TAX EXEMPT PURPOSES. EDMUND H. HORNSTEIN, DO'S HOURS SHOWN ARE FOR SERVICES AS A TRUSTEE, FOR WHICH HE RECEIVES NO COMPENSATION. DR. HORNSTEIN RECEIVES PAYMENT FROM BERKSHIRE MEDICAL CENTER FOR PHYSICIAN SERVICES. ROBERT P. WESPISER, MD'S HOURS SHOWN ARE FOR SERVICES AS A TRUSTEE, FOR WHICH HE RECEIVES NO COMPENSATION. DR. WESPISER RECEIVES PAYMENT FROM BERKSHIRE MEDICAL CENTER FOR PHYSICIAN SERVICES. ALL TRUSTEES (BOARD MEMBERS) RECEIVE NO COMPENSATION FOR SERVICES AS TRUSTEES. WITH RESPECT TO OFFICERS DAVID E. PHELPS, DARLENE RODOWICZ, AND CHERYL M. BOUDREAU, A PROPORTIONAL SHARE OF THE HOURS WORKED AND COMPENSATION AMOUNTS PAID BY RELATED ORGANIZATIONS IS ALLOCATED INTERNALLY TO THE FILING ENTITY AND 26 OTHER TAX EXEMPT HEALTHCARE ENTITIES FOR ACCOUNTING AND MANAGEMENT PURPOSES. THE FOLLOWING LIST SHOWS THE ORGANIZATIONS TO WHICH THE IDENTIFIED OFFICER PROVIDED SERVICES, THE AVERAGE WEEKLY HOURS WORKED FOR EACH ENTITY, AND THE RESPECTIVE ALLOCABLE SHARE OF HIS OR HER ANNUAL COMPENSATION (REPORTABLE COMPENSATION AND OTHER COMPENSATION) FOR CALENDAR 2010: DAVID E. PHELPS, PRESIDENT BERKSHIRE MEDICAL CENTER, INC. 30 WEEKLY HOURS/58 WEEKLY HOURS \$291,029 FAIRVIEW HOSPITAL 4 HOURS/58 HOURS \$38,796 BERKSHIRE FACULTY SERVICES, INC. 10 HOURS/58 HOURS \$96,934 BERKSHIRE INDEMNITY CO, SPC, LTD. 2 HOURS/58 HOURS \$19,398 BHS MANAGEMENT SERVICES, INC. (12 HOURS/58 HOURS) FOR BENEFIT OF BERKSHIRE HEALTHCARE SYSTEMS, INC. \$29,069 BOURNE MANAGEMENT SYSTEMS, INC. \$2,305 GREENFIELD MANAGEMENT SYSTEMS, INC. \$2,305 NEW BEDFORD MANAGEMENT SYSTEMS, INC. \$2,305 NORTHAMPTON MANAGEMENT SYSTEMS, INC. \$2,305 EAST LONGMEADOW MANAGEMENT SYSTEMS, INC. \$2,305 DANVERS MANAGEMENT SYSTEMS, INC. \$2,305 PEABODY MANAGEMENT SYSTEMS, INC. \$2,305 SOUTH YARMOUTH MANAGEMENT SYSTEMS, INC. \$2,305 BERKSHIRE PENNSYLVANIA, INC. \$2,305 XENIA EAST MANAGEMENT SYSTEMS, INC. \$2,305 WILLOWOOD OF GREAT BARRINGTON, INC. \$4,667 WILLOWOOD OF NORTH ADAMS, INC. \$3,486 WILLOWOOD OF WILLIAMSTOWN, INC. \$3,486 HILLCREST EXTENDED CARE SERVICES, INC. \$8,153 BERKSHIRE RETIREMENT COMMUNITY, INC. \$11,639 BERKSHIRE EXTENDED CARE SERVICES, INC. \$8,153 INTEGRINURSE, INC. \$3,486 INTEGRISCRIP, INC. \$3,486 HOSPIECECARE IN THE BERKSHIRES, INC. \$11,639 PITTSFIELD MANAGEMENT SYSTEMS, INC. \$5,791 DARLENE RODOWICZ, CFO BERKSHIRE MEDICAL CENTER, INC. 37 WEEKLY HOURS/51 WEEKLY HOURS \$270,421 FAIRVIEW HOSPITAL 3 HOURS/51 HOURS \$21,926 BERKSHIRE FACULTY SERVICES, INC. 7 HOURS/51 HOURS \$51,161 BERKSHIRE INDEMNITY CO, SPC, LTD. 3 HOURS/51 HOURS \$18,272 BHS MANAGEMENT SERVICES, INC. FOR BENEFIT OF BERKSHIRE HEALTHCARE SYSTEMS, INC. 1 HOUR/51 HOURS \$3,654 CHERYL M. BOUDREAU, CLERK BERKSHIRE MEDICAL CENTER, INC. 20 WEEKLY HOURS/41 WEEKLY HOURS \$45,375 FAIRVIEW HOSPITAL 2 HOURS/41 HOURS \$4,541 BERKSHIRE FACULTY SERVICES, INC. 8 HOURS/41 HOURS \$18,155 BERKSHIRE INDEMNITY CO, SPC, LTD. 1 HOUR/41 HOURS \$2,270 BHS MANAGEMENT SERVICES, INC. (10 HOURS/41 HOURS) FOR BENEFIT OF BERKSHIRE HEALTHCARE SYSTEMS, INC. \$5,667 BOURNE MANAGEMENT SYSTEMS, INC. \$456 GREENFIELD MANAGEMENT SYSTEMS, INC. \$456 NEW BEDFORD MANAGEMENT SYSTEMS, INC. \$456 NORTHAMPTON MANAGEMENT SYSTEMS, INC. \$456 EAST LONGMEADOW MANAGEMENT SYSTEMS, INC. \$456 DANVERS MANAGEMENT SYSTEMS, INC. \$456 PEABODY MANAGEMENT SYSTEMS, INC. \$456 SOUTH YARMOUTH MANAGEMENT SYSTEMS, INC. \$456 BERKSHIRE PENNSYLVANIA, INC. \$456 XENIA EAST MANAGEMENT SYSTEMS, INC. \$456 WILLOWOOD OF GREAT BARRINGTON, INC. \$912 WILLOWOOD OF NORTH ADAMS, INC. \$679 WILLOWOOD OF WILLIAMSTOWN, INC. \$679 HILLCREST EXTENDED CARE SERVICES, INC. \$1,591 BERKSHIRE RETIREMENT COMMUNITY, INC. \$2,270 BERKSHIRE EXTENDED CARE SERVICES, INC. \$1,591 INTEGRINURSE, INC. \$679 INTEGRISCRIP, INC. \$679 HOSPIECECARE IN THE BERKSHIRES, INC. \$2,270 PITTSFIELD MANAGEMENT SYSTEMS, INC. \$1,135</p>

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -995,913

Identifier	Return Reference	Explanation
TRUSTEES RECEIVE NO COMPENSATION FOR SERVICES AS TRUSTEES	FORM 990, PART VII, SECTION A	EDMUND H HORNSTEIN, DO HOURS SHOWN IN FORM 990, PART VII, SECTION A ARE FOR SERVICES AS A TRUSTEE, FOR WHICH HE RECEIVES NO COMPENSATION DR HORNSTEIN RECEIVES PAYMENT FROM BERKSHIRE MEDICAL CENTER FOR PHY SICIAN SERVICES ROBERT P WESPISER, MD HOURS SHOWN IN FORM 990, PART VII, SECTION A ARE FOR SERVICES AS A TRUSTEE, FOR WHICH HE RECEIVES NO COMPENSATION DR WESPISER RECEIVES PAYMENT FROM BERKSHIRE MEDICAL CENTER FOR PHY SICIAN SERVICES

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2010

**Open to Public
Inspection**

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

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) BERKSHIRE HEALTH SYSTEMS INC 725 NORTH ST PITTSFIELD, MA 01201 04-2442944	PARENT CORP	MA	501(C)(3)	11B	N/A		No
(2) BERKSHIRE MEDICAL CENTER INC 725 NORTH ST PITTSFIELD, MA 01201 04-2791396	ACUTE CARE HOSPITAL	MA	501(C)(3)	3	N/A		No
(3) BERKSHIRE FACULTY SERVICES INC 725 NORTH ST PITTSFIELD, MA 01201 04-2995053	PHYSICIAN SERVICES	MA	501(C)(3)	11B	N/A		No
(4) BHS MANAGEMENT SERVICES INC 725 NORTH ST PITTSFIELD, MA 01201 22-2755258	MANAGEMENT SERVICES	MA	501(C)(3)	11B	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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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) TRI-STATE MEDICAL MANAGEMENT CORP 725 NORTH STREET PITTSFIELD, MA01201 04-2913352	REAL ESTATE MGMT	MA	FAIRVIEW HOSPITAL	C	-19,949	333,418	100.000 %

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		No
1b	Yes	
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l	Yes	
1m	Yes	
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
1r	Yes	

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) TRI-STATE MEDICAL MANAGEMENT CORP	D	328,441	FAIR MARKET VALUE
(2) TRI-STATE MEDICAL MANAGEMENT CORP	R	36,962	FAIR MARKET VALUE
(3)			
(4)			
(5)			
(6)			

Part VII **Supplemental Information**

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

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2010**

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No 1545-0172

2010

Department of the Treasury Internal Revenue Service (99)

See separate instructions. Attach to your tax return.

Attachment Sequence No 67

Name(s) shown on return FAIRVIEW HOSPITAL

Business or activity to which this form relates FORM 990 PAGE 10

Identifying number 04-2133860

Part I Election to Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

Table with 5 rows for election details: 1 Maximum amount (500,000), 2 Total cost, 3 Threshold cost (2,000,000), 4 Reduction in limitation, 5 Dollar limitation.

Table with 13 rows for property election: 6-13 (a) Description, (b) Cost, (c) Elected cost, 7 Listed property, 8 Total elected cost, 9 Tentative deduction, 10 Carryover, 11 Business income limitation, 12 Section 179 expense deduction, 13 Carryover.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

Table with 3 rows: 14 Special depreciation allowance, 15 Property subject to section 168(f)(1) election, 16 Other depreciation (1,632,333).

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

Table with 2 rows: 17 MACRS deductions for assets placed in service in tax years beginning before 2010, 18 Grouping election checkbox.

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification, (b) Month/year, (c) Basis, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows 19a-i.

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

Table with 5 rows: 20a Class life, 20b 12-year, 20c 40-year.

Part IV Summary (see instructions)

Table with 3 rows: 21 Listed property, 22 Total (1,632,333), 23 Section 263A costs.

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation/deduction, (i) Elected section 179 cost.

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

26 Property used more than 50% in a qualified business use

27 Property used 50% or less in a qualified business use

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns (a) through (f) for Vehicle 1 through Vehicle 6. Rows include 30-33 (miles driven) and 34-36 (availability and use).

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with questions 37-41 and Yes/No columns.

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI Amortization

Table for Section VI with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year.

42 Amortization of costs that begins during your 2010 tax year (see instructions)

43 Amortization of costs that began before your 2010 tax year **43** 15,224

44 Total. Add amounts in column (f) See the instructions for where to report **44** 15,224

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No 1545-0172

2010

Attachment Sequence No 67

Department of the Treasury Internal Revenue Service (99)

See separate instructions. Attach to your tax return.

Table with 3 columns: Name(s) shown on return, Business or activity to which this form relates, Identifying number.

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

Table with 2 columns: Description, Amount. Rows 1-5.

Table with 3 columns: (a) Description of property, (b) Cost (business use only), (c) Elected cost. Rows 6-13.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

Table with 2 columns: Description, Amount. Rows 14-16.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

Table with 2 columns: Description, Amount. Rows 17-18.

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows 19a-i.

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

Table with 6 columns: Description, Amount, Recovery period, Convention, Method. Rows 20a-c.

Part IV Summary (see instructions)

Table with 2 columns: Description, Amount. Rows 21-23.

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation/deduction, (i) Elected section 179 cost.

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

26 Property used more than 50% in a qualified business use

27 Property used 50% or less in a qualified business use

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with 6 columns (a-f) for vehicles and rows for 30-36. Includes sub-columns for Yes/No for 34-36.

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with 2 columns (Yes/No) and rows for 37-41.

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

Table for Section VI with 6 columns: (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year.

42 Amortization of costs that begins during your 2010 tax year (see instructions)

43 Amortization of costs that began before your 2010 tax year **43**

44 Total. Add amounts in column (f) See the instructions for where to report **44**

Form 4562

Depreciation and Amortization (Including Information on Listed Property)

OMB No 1545-0172

2010

Department of the Treasury Internal Revenue Service (99)

See separate instructions. Attach to your tax return.

Attachment Sequence No 67

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Table with 2 columns: Description, Amount. Rows 1-5.

Table with 3 columns: (a) Description of property, (b) Cost (business use only), (c) Elected cost. Rows 6-13.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

Table with 2 columns: Description, Amount. Rows 14-16.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

Table with 2 columns: Description, Amount. Rows 17-18.

Section B—Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows 19a-i.

Section C—Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

Table with 6 columns: Description, Amount, Recovery period, Convention, Method. Rows 20a-c.

Part IV Summary (see instructions)

Table with 2 columns: Description, Amount. Rows 21-23.

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation/deduction, (i) Elected section 179 cost.

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

26 Property used more than 50% in a qualified business use

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28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

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Section B—Information on Use of Vehicles

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Table for Section B with columns (a) through (f) for Vehicle 1 through Vehicle 6. Rows include 30-33 (miles driven) and 34-36 (availability and use).

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with questions 37-41 and Yes/No columns. Includes a Note at the bottom: "Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles."

Part VI Amortization

Table for Section VI with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year.

42 Amortization of costs that begins during your 2010 tax year (see instructions)

43 Amortization of costs that began before your 2010 tax year **43**

44 Total. Add amounts in column (f) See the instructions for where to report **44**

**Audited Consolidated Financial
Statements and Other Financial
Information**

**Berkshire Health Systems, Inc. and
Affiliates**

Years ended September 30, 2011 and 2010

Berkshire Health Systems, Inc. and Affiliates

Audited Consolidated Financial Statements
and Other Financial Information

Years ended September 30, 2011 and 2010

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Report of Independent Auditors

Board of Trustees
Berkshire Health Systems, Inc
Pittsfield, Massachusetts

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

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Health System's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 consolidated financial position of Berkshire Health Systems, Inc and Affiliates at September 30, 2011 and 2010, and the consolidated results of their operations and changes in their net assets, and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

January 11, 2012

Berkshire Health Systems, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets

	Years ended September 30	
	2011	2010
Net patient service revenue	\$ 373,767,518	\$ 353,545,062
Other revenue	24,812,311	21,676,369
Total revenues	398,579,829	375,221,431
Expenses		
Salaries and wages	203,896,047	204,373,454
Fringe benefits	50,401,072	51,119,250
Supplies and other	93,210,171	87,716,851
Health Safety Net assessment	1,776,619	1,938,547
Provision for bad debts	11,776,840	7,703,478
Depreciation and amortization	25,065,809	25,682,035
Interest	6,064,536	5,828,679
Total expenses	392,191,094	384,362,294
Gain (loss) from operations	6,388,735	(9,140,863)
Nonoperating gains (losses)		
Investment gains	7,997,273	6,261,972
Other, net (losses) gains	(309,550)	206,106
Loss on refinancing		(104,931)
Total nonoperating gains	7,687,723	6,363,147
Excess (deficiency) of revenues over expenses	14,076,458	(2,777,716)

Continued on next page.

Berkshire Health Systems, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
(continued)

	Years ended September 30	
	2011	2010
Unrestricted net assets		
Excess (deficiency) of revenues over expenses	\$ 14,076,458	\$ (2,777,716)
Net unrealized (losses) gains on investments	(8,714,735)	5,191,711
Net assets released from restrictions used for purchase of property and equipment	819,944	1,161,819
Increase in unrestricted net assets	6,181,667	3,575,814
Temporarily restricted net assets		
Restricted contributions	860,183	744,989
Realized gains on investments	968,835	454,396
Unrealized (losses) gains on investments	(1,375,984)	605,373
Net assets released from restrictions for operating purposes	(163,945)	(243,973)
Net assets released from restrictions for purchase of property and equipment	(819,944)	(1,161,819)
(Decrease) increase in temporarily restricted net assets	(530,855)	398,966
Permanently restricted net assets		
Contributions for endowment funds	-	128,139
Increase in permanently restricted net assets	-	128,139
Increase in net assets	5,650,812	4,102,919
Net assets, beginning of year	191,843,763	187,740,844
Net assets, end of year	\$197,494,575	\$191,843,763

See accompanying notes.

Berkshire Health Systems, Inc. and Affiliates
Consolidated Statements of Cash Flows

	Years ended September 30	
	2011	2010
Operating activities and net gains		
Increase in net assets	\$ 5,650,812	\$ 4,102,919
Adjustments to reconcile increase in net assets to net cash provided by operating activities and net gains		
Unrealized losses (gains) on unrestricted investments	8,714,735	(5,191,711)
Realized and unrealized losses (gains) on restricted investments	407,149	(1,059,769)
Amortization of debt discount/premium	(430,992)	(455,538)
Depreciation and amortization	25,065,809	25,682,035
Restricted contributions	(860,183)	(873,128)
Loss on refinancing	-	104,931
Effects of changes in operating assets and liabilities		
Accounts receivable, net	(4,225,271)	7,103,463
Note and other receivables, inventories, prepaid expenses and other current assets	25,059	(1,102,857)
Accounts payable	(1,843,979)	(2,085,674)
Accrued salaries, fees and related withholdings, accrued expenses, and deferred revenue	(890,083)	(3,536,495)
Due to third-party payors	8,138,224	(2,926,315)
Other liabilities	2,402,825	1,162,145
Net cash provided by operating activities and net gains	42,154,105	20,924,006
Investing activities		
Additions to property and equipment	(20,367,061)	(30,132,163)
Decrease (increase) in funds held by trustees	3,387,875	(1,992,544)
Increase in funds designated by Boards and investments	(7,615,649)	(5,845,010)
Decrease (increase) in funds held for donor restricted purposes	445,187	(1,147,331)
Receipts on BHCS promissory note	1,964,349	820,213
Increase in other ongoing management fees and purchased services	(1,823,196)	(57,222)
Decrease in other assets	6,239,117	1,075,957
Net cash used in investing activities	(17,769,378)	(37,278,100)

Continued on next page

Berkshire Health Systems, Inc. and Affiliates
Consolidated Statements of Cash Flows
(continued)

	Years ended September 30	
	2011	2010
Financing activities		
Proceeds from issuance of long-term obligations	\$ -	\$ 37,000,000
Refunding of long-term obligations	-	(6,772,753)
Payment of deferred financing costs	-	(382,740)
Repayment of long-term obligations	(4,826,959)	(4,609,814)
Net payment of note payable	-	(10,694,085)
Restricted contributions and investments losses	453,034	1,932,897
Net cash (used in) provided by financing activities	(4,373,925)	16,473,505
Net increase in cash and cash equivalents	20,010,802	119,411
Cash and cash equivalents at beginning of year	12,560,073	12,440,662
Cash and cash equivalents at end of year	\$ 32,570,875	\$ 12,560,073
Supplemental disclosure of cash flow information for interest paid	\$6,178,703	\$5,937,831

See accompanying notes

Berkshire Health Systems, Inc. and Affiliates

Notes to Consolidated Financial Statements

Year Ended September 30, 2011

1. Organization

The consolidated financial statements include the accounts of Berkshire Health Systems, Inc and its controlled affiliates (collectively, the Health System) The following is a summary of controlled affiliated organizations included in the consolidated financial statements

Organization	Nature and Purpose
Parent Berkshire Health Systems, Inc (BHS)	The parent corporation which provides support for its controlled affiliates
Hospitals Berkshire Medical Center, Inc (the Medical Center) Fairview Hospital, Inc (the Hospital)	Not-for-profit hospital-operating corporations organized for the delivery of health care services
Management Company BHS Management Services, Inc (BMS)	A corporation that provides management services to not-for-profit corporations including controlled affiliates of BHS and Berkshire Healthcare Systems, Inc and affiliates (the Managed Entities)
Others Berkshire Faculty Services, Inc	A corporation that provides medical education, medical, surgical and other physician services for the benefit of the Medical Center and the Hospital
Tri-State Medical Management, Inc	A corporation that manages a physician office location for the benefit of the Hospital
Berkshire Indemnity Company SPC, LTD (BIC)	A segregated portfolio organized in 2003, within Berkshire Insurance Company SPC, LTD, a Cayman Islands Insurance Captive BHS owns 50% of Berkshire Insurance Co, SPC, LTD and 100% of BIC

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

BHS controls each of its affiliated entities through its status either as sole corporate member or as sole stockholder. BHS, the Medical Center and the Hospital are an obligated group for purposes of various debt financings.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States. The consolidated financial statements include the accounts of the above-named entities. All intercompany balances and transactions have been eliminated.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity. 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 consolidated statements of operations and changes in net assets as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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, cash equivalents and investments include currency on hand, demand deposits with banks or other financial institutions, and short-term investments with maturities of 90 days or less from the date of purchase. Amounts whose use is limited or restricted are reported in accordance with their intended use, and are excluded from cash and cash equivalents. The carrying values reported in the consolidated balance sheets approximate fair value.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

2. Summary of Significant Accounting Policies (continued)

Investments and Investment Income

Investments in equity and debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments other than temporary impairments of investments, interest and dividends) is included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues over expenses. The Health System reviews investments where the market value is substantially below cost, and in cases where the decline is considered to be other than temporary, an adjustment is recorded to recognize the loss. Investment income on proceeds of borrowings that are held by a trustee, to the extent not capitalized, and unrestricted income of endowment funds are reported as other revenue. Investment income from all other general fund investments is reported as nonoperating gains.

Property and Equipment

Property and equipment is recorded at cost or, if received by gift or bequest, at fair market value when received. Depreciation is charged to operations using the straight-line method, based upon the estimated useful lives of the depreciable assets. Property and equipment under capital leases is amortized using the straight-line method over the shorter of the lease term or its estimated useful life. Such amortization is included with depreciation expense. Renovations and improvements which extend the useful lives of property and equipment are capitalized and recorded at cost.

Costs of Borrowing

Deferred financing costs and original issue discounts are amortized over the period that the related obligation is outstanding using the effective interest method.

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.

Gifts and Bequests

Unrestricted gifts and bequests are included in other revenue in the combined statements of operations and changes in net assets. Restricted gifts and bequests are credited directly to the applicable restricted net asset category.

2. Summary of Significant Accounting Policies (continued)

Professional Liability Insurance

The Health System covers its primary hospital and physician professional liability and commercial general liability risk on a claims-made basis with tail coverage through a captive insurance company, BIC. The Health System establishes reserves for unpaid losses, with the assistance of consulting actuaries, based on a combination of industry and hospital specific data. Management believes these reserves, which at September 30, 2011 and 2010, total \$10,103,000 and \$7,689,000 respectively, are adequate, however, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustments to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate payments, will be reflected in the consolidated statements of operations and changes in net assets of future years when such adjustments, if any, become known.

Income Taxes

Provisions for income taxes were made for Tri-State Medical Management, Inc., which is a taxable corporation. The tax liability is minimal due to the existence of cumulative net operating losses of approximately \$234,000 for financial reporting and income tax purposes. BHS Segregated Portfolio of BIC is a segregated cell of a captive insurance company in the Cayman Islands. BHS Segregated Portfolio is not an insurance arrangement for federal tax purposes and does not operate in the U.S., therefore no federal income tax is applied. Further, BHS Segregated Portfolio is not subject to Cayman Islands taxation. All other entities qualify as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is required for those entities.

Asset Retirement Obligation

Conditional asset retirement obligations for certain buildings and land improvements amounted to \$2,273,000 and \$2,235,000 as of September 30, 2011 and 2010, respectively. The obligations are recorded as other liabilities in the accompanying consolidated balance sheets.

Reclassifications

Certain amounts for the year ended September 30, 2010 have been reclassified to be consistent with the presentation of the amounts for the year ended September 30, 2011. The reclassifications had no effect on the excess of revenues over expenses, or the increase in total net assets, or on total net assets as previously reported.

2. Summary of Significant Accounting Policies (continued)

New Authoritative Pronouncements

In August 2010, the Financial Accounting Standards Board (“FASB”) issued amended guidance relating to measuring charity care for disclosures. The amended guidance requires that the level of charity care provided be presented based on the direct and indirect costs of the charity services provided. Separate disclosure of the amount of any cash reimbursements received for providing charity care must also be disclosed. The amended guidance is effective for fiscal years beginning after December 15, 2010. The Health System will adopt the disclosures required by the amended guidance for periods beginning after December 15, 2010.

In August 2010, the FASB issued amended guidance related to the presentation of insurance claims and related insurance recoveries. Under the new guidance, anticipated insurance recoveries and estimated liabilities for medical malpractice claims or similar contingent liabilities will be presented separately on the statement of financial position. The guidance is effective for fiscal years beginning after December 15, 2010. The Health System will adopt the presentation changes to the balance sheet for periods beginning after December 15, 2010.

In July 2011, the FASB issued new guidance, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts. The guidance requires certain health care entities to present the bad debt expense associated with the patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than operating expense. The guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 31, 2011 with early adoption permitted.

3. Third-Party Payment Arrangements

The Medical Center and the Hospital maintain agreements with the Social Security Administration under the Medicare Program and the Commonwealth of Massachusetts (Commonwealth) under the Medicaid Program and various other insurance companies. These agreements provide for payment to the Medical Center and the Hospital for services rendered to patients covered by these programs based on the applicable regulations or contracts as described below.

3. Third-Party Payment Arrangements (continued)

Medicare

The Medical Center is paid for Medicare patients under the Prospective Payment System (PPS), the national Medicare system in which hospitals are paid a standard amount for inpatients based upon the patient's diagnosis and a majority of Medicare outpatient services are paid based upon ambulatory payment classifications (APCs). Certain services are excluded from APCs and are paid under fee schedules or other payment methodologies.

The Hospital received the Critical Access Hospital (CAH) designation from Medicare during 2003. CAHs are reimbursed on a reasonable-cost basis for inpatient and outpatient services.

Medicaid

The Commonwealth Executive Office of Health & Human Services utilizes a prospective payment methodology for acute hospital services provided to Medicaid beneficiaries. Medicaid pays hospitals a fixed amount per discharge for inpatient services. Outpatient services are paid on a prospective payment methodology based upon a Payment Amount Per Episode (PAPE). The Medical Center and the Hospital contract with Boston Medical Center Healthnet Plan, a Medicaid HMO. Payment is based on percentage of charges for inpatient and outpatient services.

Health Safety Net

The Health Safety Net (HSN) program reimburses hospitals for uncompensated care based on actual services provided at rates approximating the Medicare PPS. Reimbursement rates are subject to available funds. HSN is partially funded by acute hospitals through an assessment on gross charges billed to non-government payors. The Medical Center and the Hospital have recorded estimates of their final settlements with the HSN. The Medical Center and the Hospital have recorded their gross obligations to the program as an expense in the consolidated statements of operations and changes in net assets. Reimbursement from HSN for uncompensated care is recorded as net patient service revenue.

Commonwealth Care

The Medical Center and the Hospital contract with Boston Medical Center Healthnet Plan, Health New England and Network Health for the Health Connector's health insurance program for uninsured adults who meet income and other eligibility requirements. Payment is based on a percentage of Medicaid rates.

Nongovernmental Payors

The Medical Center and the Hospital have entered into contracts with nongovernmental payors whereby they are paid on per case, per diem or discounted charge basis.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

3. Third-Party Payment Arrangements (continued)

Third-Party Settlements

Several of the above agreements require the Medical Center and the Hospital to prepare and file settlement reports annually. Settlement reports have been submitted for all prior years, final settlements have been made with Medicare through 2006 for the Medical Center and through 2007 for the Hospital. Provisions have been made in the consolidated financial statements for prior and current year estimated final settlements.

The Health System primarily provides healthcare services to residents of the region. Revenues from the Medicare and Medicaid programs accounted for approximately 40% and 11%, respectively, of the Health System's net patient service revenues for the year ended September 30, 2011 and 40% and 11%, respectively, for the year ended September 30, 2010. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Adjustments to estimates of prior year settlements with third-party payors are reflected in current year net patient service revenue and decreased net patient service revenue by \$1,250,000 in 2011 and increased net patient service revenue by \$3,794,000 in 2010.

4. Related Party Transactions

As of September 30, 2011 and 2010, BHS had \$1,067,445 and \$1,208,598, respectively, due from nursing homes and other entities (collectively, the Managed Entities) owned and operated by Berkshire Healthcare Systems, Inc (BHCS) and managed by BMS.

Amounts due from Managed Entities consisted of the following at September 30

	<u>2011</u>	<u>2010</u>
Term promissory note	\$ -	\$ 288,236
Ongoing management fees and other purchased services	<u>1,067,445</u>	920,362
Total amounts due from managed entities	<u>\$ 1,067,445</u>	<u>\$ 1,208,598</u>

The term promissory note dated February 1, 2000, bears interest at 8% with remaining monthly installments of principal plus interest in the amount of \$72,775 through February 2, 2011.

On August 31, 2009 BHCS issued a promissory note to BHS related to the transfer of Pittsfield Management Systems, Inc. The note bears interest at 2.75% with monthly installments of \$25,308 through September 1, 2024. As of September 30, 2011 and 2010, the note had a balance of \$3,316,327 and \$3,525,698 respectively. These amounts were recorded with \$215,202 in 2011 and \$209,371 in 2010 as Notes and other receivables and \$3,101,125 in 2011 and \$3,316,327 in 2010 as other assets.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

5. Investments

Assets Limited as to Use

The composition and classification of investments at September 30, 2011 and 2010, is set forth in the following table. Investments are stated at fair value.

	2011	2010
Cash and cash equivalents	\$32,570,875	\$12,560,073
Funds held by trustees – current	7,569,748	10,896,283
Assets whose use is limited		
Funds designated by Boards	123,581,080	124,680,166
Funded held by trustees	10,328,000	10,389,340
Funds held as endowments	7,026,994	7,026,994
Funds held for donor restricted purposes	8,835,353	9,280,540
Deferred Compensation	4,342,592	4,030,235
	\$ 194,254,642	\$ 178,863,631

The following is a summary of the composition of cash, investments and assets whose use is limited.

	2011	2010
Cash and cash equivalents	\$ 39,274,034	22,968,974
Equity Securities		
Consumer Discretionary & staples	14,201,344	15,683,519
Energy & Utilities	7,818,669	8,406,358
Financials	8,809,542	9,557,602
Healthcare	5,642,675	3,720,109
Industrials & Materials	10,843,564	10,877,358
Information Technologies	11,270,697	9,731,875
Telecommunication Services	2,816,084	4,066,472
Total Equities	61,402,575	62,043,293
U S Treasury & U S Government Agency debt	14,183,891	24,892,450
Other Government debt issues	9,480,972	11,778,285
Corporate debt securities	19,972,745	20,580,154
REIT's and mortgage backed securities	20,323,111	13,066,505
Non- U S equities	25,274,722	19,503,735
Mutual Funds	4,342,592	4,030,235
	\$ 194,254,642	178,863,631

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

5. Investments (continued)

Assets Limited as to Use

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended September 30

	2011	2010
Income		
Other revenue - interest income	\$ 831,882	\$ 702,508
Nonoperating gains		
Interest income	\$ 3,535,112	\$ 3,684,329
Realized gains on sale of securities	4,462,161	2,577,643
Investment gains	\$ 7,997,273	\$ 6,261,972
Other changes in net assets		
Unrealized (losses) gains – unrestricted net assets	\$ (8,714,735)	\$ 5,191,711
Realized gains – restricted net assets	\$ 968,835	\$ 454,396
Unrealized (losses) gains – restricted net assets	\$ (1,375,984)	\$ 605,373

Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors and the length of time and extent to which the market value has been less than cost. During the year ended September 30, 2010, the Health System recorded losses of \$ 10,426 for other-than-temporary declines in the fair value of investments.

At September 30, 2011 investments with a fair market value of \$78,131,378 have unrealized losses of \$12,947,974, of which \$6,549,882 had been unrealized for over a year. At September 30, 2010 investments with a fair market value of \$65,688,818 had unrealized losses of \$6,492,178, of which \$5,718,855 had been unrealized for over a year. The Health System has the ability to hold those investments until recovery.

Investment management fees were \$194,674 and \$201,838 for the years ended September 30, 2011 and 2010, respectively.

5. Investments (continued)

Fair Value of Financial Instruments

As of September 30, 2011, the Health System held certain assets that are required to be measured at fair value on a recurring basis. These include cash and cash equivalents, investments and assets whose use is limited. The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs are generally unsupported by market activity. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Investments classified in this level generally include exchange traded equity securities.

Level 2: Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including fixed income government obligations and asset-backed securities.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Health System uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers non-performance risk in its assessment of fair value.

Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 assets is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Health System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

5. Investments (continued)

Financial instruments carried at fair value as of September 30, 2011 are classified in the table below in one of the three categories described above

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 39,274,034			\$ 39,274,034
Equity Securities				
Consumer Discretionary	9,366,164	\$ 4,835,180		14,201,344
Energy & Utilities	5,437,575	2,381,094		7,818,669
Financials	6,755,009	2,054,533		8,809,542
Healthcare	5,642,675			5,642,675
Industrials & Materials	8,775,903	2,067,661		10,843,564
Information Technologies	9,139,705	2,130,992		11,270,697
Telecommunication Services	1,043,499	1,772,585		2,816,084
U S Treasury & U S Government				
Agency debt	14,139,476	44,415		14,183,891
Other Government debt issues	9,480,972			9,480,972
Corporate debt securities	19,972,745			19,972,745
REIT's and mortgage backed				
Securities	20,323,111			20,323,111
Non- U S equities	25,274,722			25,274,722
Mutual Funds	4,342,592			4,342,592
	<u>\$ 178,968,182</u>	<u>\$ 15,286,460</u>	<u>-</u>	<u>\$ 194,254,642</u>

Financial instruments carried at fair value as of September 30, 2010 are classified in the table below in one of the three categories described above

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 22,571,960	\$ 397,014		\$22,968,974
Equity Securities				
Consumer Discretionary	4,916,528	10,766,991		15,683,519
Energy & Utilities	3,632,847	4,773,511		8,406,358
Financials	3,957,621	5,599,981		9,557,602
Healthcare	2,559,048	1,161,061		3,720,109
Industrials & Materials	4,718,271	6,159,087		10,877,358
Information Technologies	4,822,110	4,909,765		9,731,875
Telecommunication Services	884,633	3,181,839		4,066,472
U S Treasury & U S Government				
Agency debt	24,819,698	72,752		24,892,450
Other Government debt issues	11,778,285			11,778,285
Corporate debt securities	20,580,154			20,580,154
REIT's and mortgage backed				
Securities	13,066,505			13,066,505
Non- U S equities	19,503,735			19,503,735
Mutual Funds	4,030,235			4,030,235
	<u>\$ 141,841,630</u>	<u>\$ 37,022,001</u>	<u>-</u>	<u>\$ 178,863,631</u>

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

5. Investments (continued)

As of September 30, 2011 and 2010, the level 2 assets listed in the fair value hierarchy tables utilize the following valuation techniques and inputs

U.S. Government Obligations

The fair value of investments in U S government, state, and municipal obligations is primarily determined using techniques consistent with the income approach

Equity Securities

The fair value of investments in equity securities is primarily determined using unadjusted quoted market prices for identical assets in active markets

6. Property and Equipment

Property and equipment consisted of the following at September 30

	<u>2011</u>	<u>2010</u>
Land and improvements	\$ 11,447,696	\$ 11,353,549
Buildings and building improvements	172,219,632	157,984,605
Fixed equipment	90,041,344	80,797,384
Major movable equipment	115,994,237	112,341,565
	<u>389,702,909</u>	362,477,103
Less accumulated depreciation and amortization	<u>(256,049,442)</u>	(231,445,160)
	133,653,467	131,031,943
Construction in progress	20,698,898	27,739,464
	<u><u>\$ 154,352,365</u></u>	<u>\$ 158,771,407</u>

The cost to complete construction in progress at September 30, 2011 and 2010 was approximately \$2,400,000 and \$3,900,000, respectively

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

7. Long-Term Obligations

Long-term obligations consisted of the following at September 30

	<u>2011</u>	<u>2010</u>
Obligated Group		
Massachusetts Health and Educational Facilities Authority (MHEFA) Revenue Bonds, Berkshire Health Systems, Inc Issues		
2009 Series A	\$ 22,600,000	22,600,000
2009 Series B	6,623,227	6,830,861
2005 Series F, net of unamortized premium of \$1,103,522 in 2011 and \$1,347,865 in 2010	38,023,522	41,327,865
2001 Series E, net of unamortized debt discount of \$170,172 in 2011 and \$183,993 in 2010	62,289,828	63,821,007
Other		
Berkshire Bank promissory note	7,400,000	7,400,000
Capital lease obligations (<i>Note 9</i>)		14,325
	136,936,577	141,994,058
Less portion classified as current	(5,721,732)	(5,007,169)
	131,214,845	136,986,889
Adjustment in carrying value associated with termination of interest rate swap agreement	2,468,414	2,668,884
Total long-term obligations	<u>\$ 133,683,259</u>	<u>\$139,655,773</u>

Obligated Group

On November 20, 2009, the Medical Center entered into two ten-year loan agreements with MHEFA 2009 Series A and B along with a ten-year loan from Berkshire Bank (the Construction Loan). The proceeds from 2009 Series B (\$7,000,000) were used to refund the outstanding balance of the Series M-4A, Pool loan. A loss on refinancing of \$104,931 was recorded representing the unamortized deferred financing costs. The proceeds from 2009 Series A (\$22,600,000) and the Construction Loan (\$7,400,000) have been used to fund the construction of a parking garage, a new ambulatory surgery center and to acquire adjacent properties. The proceeds were also used to pay off the line of credit that was drawn to fund the parking garage and ambulatory surgery center until these new loans were secured. The 2009 Series A and B bonds bear interest at a variable rate equal to 69% of the LIBOR rate plus 275 basis points with a minimum rate of 2.50%. The Construction Loan is also a variable rate equal to 100% of LIBOR plus 250 basis points with a minimum rate of 3.75%. At September 30, 2011, the interest rates were at their minimums.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

7. Long-Term Obligations (continued)

On July 15, 2005, MHEFA issued Revenue Bonds, Series F, with a face value of \$50,190,000 which was used to refund debt and finance additions to property and equipment. The Series F bonds are fixed rate bonds and bear interest at rates ranging from 3.875% to 5.0% per annum and mature in various annual amounts through 2020. The Series F bonds are redeemable prior to maturity without premiums after October 1, 2015.

On December 15, 2001, the Obligated Group entered into a loan with MHEFA to finance reconstruction and renovation as well as new equipment for both the Medical Center and the Hospital campuses. MHEFA financed the loan through issuance of Revenue Bonds, Series E, with a face value of \$73,000,000, the bonds are fixed rate bonds and bear interest at rates ranging from 5.00% to 6.25% per annum and mature in various annual amounts through 2031. There are special redemption provisions for the Series E bonds without premiums and certain bonds dated 2011 through 2013 are redeemable at premiums of up to 1%.

Under a Master Trust Indenture (MTI), the Obligated Group granted MHEFA a lien on its revenues, excluding revenues related to endowment funds whose principal and income are restricted and not available to be pledged. The Obligated Group also purchased bond insurance as additional security for the payment of principal and interest.

The MTI provides for, among other requirements, the maintenance by the Obligated Group of a minimum debt service ratio and restrictions on incurring additional debt and the sale or disposition of assets, and requires the Obligated Group to comply with various financial and other reporting requirements. The Obligated Group is in compliance with those requirements at September 30, 2011.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

7. Long-Term Obligations (continued)

Interest Rate Swap

On January 15, 2003, the BHS entered into an interest rate swap agreement effectively converting \$38,765,000 of its Series E bonds from a fixed to a variable interest rate through the term of the bonds. This interest rate swap agreement met the definition of a derivative instrument under ASC 815-10, *Derivatives and Hedging Instruments and Hedging Activities*.

In August, 2008, BHS terminated the swap agreement. In connection with the termination, the Health System recognized a loss of approximately \$555,000. In accordance with ASC 815-10, the adjustment to the carrying value of long-term debt of \$3,100,611 at the date of the swap termination will be amortized over the remaining life of the Series E bonds. At September 30, 2011 and 2010, the unamortized value was \$2,468,414 and \$2,668,884, respectively.

Maturities

Aggregate maturities, including capital lease obligations, of the Health System subsequent to September 30, 2011 are as follows:

<u>Year ending September 30</u>	
2012	\$ 5,721,732
2013	6,115,551
2014	6,470,569
2015	6,751,452
2016	7,040,742
2017 and thereafter	<u>104,836,531</u>
	<u><u>\$136,936,577</u></u>

The fair value of long-term debt is reported in the accompanying balance sheets at principal value, less unamortized discount or premium, which totaled \$136,936,577 at September 30, 2011. The fair value of these obligations at September 30, 2011, as estimated based on quoted market prices for similar bonds, totaled \$137,872,227.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

8. Funds Held by Trustees

Under the terms of the agreements with MHEFA, certain funds are required to be maintained as follows at September 30

	2011	2010
Escrow for long-term obligations		
Debt service fund	\$ 7,569,748	\$ 7,634,656
Debt service reserve fund	10,328,000	10,389,340
Construction fund	-	3,261,627
	17,897,748	21,285,623
Less portion classified as current	(7,569,748)	(10,896,283)
	\$ 10,328,000	\$ 10,389,340

These funds are primarily invested in money market funds and United States Government securities and are carried at fair value. The Series E debt service reserve fund interest rate is guaranteed at a fixed rate of 6.25% by Lehman Brothers per the Reserve Fund Agreement. Income earned of \$651,975 and \$461,956 in 2011 and 2010, respectively, on certain debt-financed funds held in escrow has been reported as other revenue. Income of \$6,890 and \$60,979 in 2011 and 2010, respectively, has been reported as nonoperating gains since the related funds held in escrow have been contributed by the Obligated Group.

9. Lease Commitments

Minimum rental commitments under noncancelable capital and operating leases for buildings and equipment are as follows

<u>Year ending September 30</u>	<u>Operating Leases</u>
2012	\$ 512,904
2013	402,193
2014	402,193
2015	402,193
2016	269,317
2017 and thereafter	45,480
Total minimum lease payments	<u>\$ 2,034,280</u>

Rent expense under noncancelable operating leases approximated \$1,108,552 in 2011 and \$1,037,664 in 2010.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

10. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30

	<u>2011</u>	<u>2010</u>
Health care services		
Patient care	\$ 6,550,832	\$ 6,879,708
Education	294,006	164,813
Property and equipment	2,327,388	2,404,921
Scholarship	34,313	116,708
Undistributed appreciation on permanently restricted funds	2,722,425	2,893,669
	<u>\$ 11,928,964</u>	<u>\$ 12,459,819</u>

Permanently restricted net assets at September 30 are restricted to

	<u>2011</u>	<u>2010</u>
Investments to be held in perpetuity, the income from which is restricted as to use	\$ 5,525,040	\$ 5,525,040
Investments to be held in perpetuity, the income from which is unrestricted	1,501,954	1,501,954
	<u>\$ 7,026,994</u>	<u>\$ 7,026,994</u>

During 2011 and 2010, net assets of \$983,889 and \$1,405,792, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes as noted above

Interpretation of Relevant Law

The Commonwealth requires the preservation of the fair value of the original gift as of the date of the donor-restricted endowment absent explicit donor stipulations to the contrary. As a result of this interpretation, the Medical Center and the Hospital classify as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure. The Medical Center and the Hospital consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) the investment policies of the Health System.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

10. Temporarily and Permanently Restricted Net Assets (continued)

The following represent the net asset classes of the Health System endowment funds as well as the changes in endowments for the year ended September 30, 2011

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2010	\$ 9,660,914	\$ 7,026,994	\$ 16,687,908
Investment income	91,671	-	91,671
Endowment expenditures	(25,456)	-	(25,456)
Realized gains on investments	877,163	-	877,163
Unrealized losses on investments	(1,375,984)	-	(1,375,984)
Endowment net assets at September 30, 2011	\$ 9,228,308	\$ 7,026,994	\$ 16,255,302

The following represent the net asset classes of the Health System endowment funds as well as the changes in endowments for the year ended September 30, 2010

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2009	\$8,621,225	\$6,898,855	\$15,520,080
Investment income	102,551	-	102,551
Contributions	-	128,139	128,139
Endowment expenditures	(20,081)	-	(20,081)
Realized gains on investments	351,846	-	351,846
Unrealized gains on investments	605,373	-	605,373
Endowment net assets at September 30, 2010	\$9,660,914	\$7,026,994	\$16,687,908

11. Charity Care

The Health System provides care to patients who meet charity care policy criteria without charge or at amounts less than established rates. Because Health System entities do not pursue collection of amounts qualifying as charity care, such amounts are not reported as revenue. The Health System's charity care policy is based on the poverty income guidelines established by the Massachusetts Division of Healthcare Finance and Policy.

11. Charity Care (continued)

If a patient is ineligible for charity care or care at reduced rates because the patient's income exceeds the eligibility guidelines, services rendered are recorded at established rates and any unpaid account receivable balance is written off to bad debts after a reasonable collection effort has been made

During 2011 and 2010, the Health System provided \$8,703,764 and \$7,894,501 in charity care, respectively, based on established rates. During 2011 and 2010, the Medical Center and the Hospital received \$3,075,848 and \$3,190,710, respectively, from the Health Safety Net for reimbursement of charity care.

12. Pension Plans

Pension benefits are available to eligible employees of the Health System through the defined contribution Berkshire Health Systems Partnership Tax Deferred Annuity Retirement Plan (the Plan) and the Berkshire Health Systems 457B Deferred Compensation Plan (the 457B Plan).

The Plan allows employees of the Health System, age 21 or older, who are regularly scheduled to work at least twenty hours per week, to participate in the Plan upon the completion of one year of service. Employees may contribute up to 21.5% of their base pay.

Each week, the Health System makes a minimum fixed contribution to the Plan from 2.5% to 3.5% of each participant's salary, and a matching contribution of 50% of employee voluntary contributions on the first 4% of a participant's salary for those employees who elect to contribute. Contributions made by the Health System to the Plan in fiscal 2011 and 2010 were \$7,584,060, and \$7,635,773, respectively.

The 457B Plan is a non-qualified supplemental retirement plan available to certain executives of Berkshire Health Systems. The contribution limit for 2011 is \$16,500 (employee plus employer). Contributions made by the Health System to the plan in fiscal 2011 and 2010 were \$181,420 and \$167,959, respectively.

13. Commitments and Contingencies

The Health System has obtained a \$4,800,000 surety bond from an insurance company, with an irrevocable \$1,650,000 Letter of Credit from TD Bank (formerly known as TD Banknorth), as security for potential workers' compensation obligations as required by the Commonwealth.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

13. Commitments and Contingencies (continued)

At September 30, 2011, the amount outstanding under the Health System's \$15,000,000 secured demand line of credit from TD Bank was zero. Interest is equal to LIBOR plus 1.5% resulting in an interest rate of 1.76% at September 30, 2011.

14. Functional Expenses

The Health System provides general health care services to residents within its geographic region. Expenses related to providing these services at September 30 are as follows:

	<u>2011</u>	<u>2010</u>
Health care services	\$ 352,629,421	\$ 343,167,694
General and administrative	39,561,673	41,194,600
	<u>\$ 392,191,094</u>	<u>\$ 384,362,294</u>

15. Concentration of Credit Risk

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

	<u>2011</u>	<u>2010</u>
Medicare	39 %	37%
Medicaid and connector products	15	16
Commercial insurance and other	23	27
Patients	12	12
Blue Cross	11	8
	<u>100 %</u>	<u>100%</u>

16. Subsequent Event

The Health System evaluated the impact of subsequent events through January 11, 2012, representing the date at which the consolidated financial statements were issued.

Report of Independent Auditors on Other Financial Information

Board of Trustees
Berkshire Health Systems, Inc
Pittsfield, Massachusetts

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst & Young LLP

January 11, 2012

Berkshire Health Systems, Inc. and Affiliates

Consolidating Balance Sheet

September 30, 2011

Assets	Consolidated	Eliminations and Reclassifications	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Current assets						
Cash and cash equivalents	\$32,570,875		\$16,260	\$54,556		\$8,665,923
Accounts receivable, less allowance for uncollectible amounts of \$14,726,000	44,185,743			1,133,245		
Note and other receivables	2,985,536	\$(1,471,844)	18,996	208,354		1,471,844
Inventories	6,576,967					
Funds held by trustees	7,569,748					
Due from managed entities	1,067,445					
Prepaid expenses and other current assets	3,070,668		1,762,282	39,016		
Due from affiliates		(2,337,179)	1,956,924	380,255		
Total current assets	98,026,982	(3,809,023)	3,754,462	1,815,426		10,137,767
Due from affiliates		(328,441)				
Assets whose use is limited						
Funds designated by Boards	123,581,080					
Funds held by trustees	10,328,000					
Funds held as endowments	7,026,994					
Funds held for donor restricted purposes	8,835,353					
Deferred compensation	4,342,592		1,394,633	651,011		
Total assets whose use is limited	154,114,019		1,394,633	651,011		
Property and equipment, net	154,352,365		223,018		\$ 333,419	
Deferred financing costs, net	2,222,393					
Other assets	3,916,461					
Investments in subsidiaries		(100)				
Total assets	\$ 412,632,220	\$ (4,137,564)	\$ 5,372,113	\$ 2,466,437	\$ 333,419	\$ 10,137,767

Berkshire Health Systems, Inc. and Affiliates
Consolidating Balance Sheet (continued)

September 30, 2011

Assets	Obligated Group	Eliminations and reclass- ifications	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Current assets					
Cash and cash equivalents	\$ 23,834,136		\$ 22,795,976	\$ 98,193	\$ 939,967
Accounts receivable, less allowance for uncollectible amounts of \$14,096,000	43,052,498		38,807,183	4,245,315	217,960
Note and other receivables	2,758,186		2,417,405	122,821	
Inventories	6,576,967		6,297,971	278,996	
Funds held by trustees	7,569,748		7,087,318	482,430	
Due from managed entities	1,067,445				1,067,445
Prepaid expenses and other current assets	1,269,370		1,252,688	16,682	
Due from affiliates		\$ (7,300,336)			7,300,336
Total current assets	86,128,350	(7,300,336)	78,658,541	5,244,437	9,525,708
Due from affiliates	328,441	(12,353,575)	12,353,575	328,441	
Assets whose use is limited					
Funds designated by Boards	123,581,080		111,817,408	11,763,672	
Funds held by trustees	10,328,000		9,652,330	675,670	
Funds held as endowments	7,026,994		6,768,752	258,242	
Funds held for donor restricted purposes	8,835,353		8,035,278	800,075	
Deferred compensation	2,296,948		2,227,418	69,530	
Total assets whose use is limited	152,068,375		138,501,186	13,567,189	
Property and equipment, net	153,795,928		145,078,721	8,717,207	
Deferred financing costs, net	2,222,393		2,088,088	134,305	
Other assets	3,916,461		746,682	8,654	3,161,125
Investments in subsidiaries	100				100
Total assets	\$ 398,460,048	\$ (19,653,911)	\$ 377,426,793	\$ 28,000,233	\$ 12,686,933

Berkshire Health Systems, Inc. and Affiliates

Consolidating Balance Sheet (continued)

September 30, 2011

Liabilities and Net Assets	Consolidated	Eliminations and Reclassifi- cations	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Current liabilities						
Accounts payable	\$ 9,513,827		\$ 934,688	\$ 44,247	\$ 23	\$ 35,160
Accrued salaries and related withholdings	19,568,268		2,526,086	1,523,080		
Accrued expenses	11,415,865	\$ (1,471,844)	509,270	206,141	4,955	
Deferred revenue	207,448			7,834		
Due to third-party payors	18,158,116					
Current portion of long-term obligations	5,721,732					
Due to affiliates	(2,337,179)					
Total current liabilities	64,585,256	(3,809,023)	3,970,044	1,781,302	4,978	35,160
Due to affiliates		(328,441)			328,441	
Deferred compensation	4,342,592		1,394,633	651,011		
Other liabilities	12,526,538		7,436	34,124		
Long-term obligations, less current portion	133,683,259					10,102,507
Total liabilities	215,137,645	(4,137,464)	5,372,113	2,466,437	333,419	10,137,667
Net assets						
Unrestricted	178,538,617	(100)				100
Temporarily restricted	11,928,964					
Permanently restricted	7,026,994					
Total net assets	197,494,575	(100)				100
Total liabilities and net assets	\$ 412,632,220	\$ (4,137,564)	\$ 5,372,113	\$ 2,466,437	\$ 333,419	\$ 10,137,767

Berkshire Health Systems, Inc. and Affiliates
Consolidating Balance Sheet (continued)

September 30, 2011

Liabilities and Net Assets	Obligated Group	Eliminations and Reclassifications	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Current liabilities					
Accounts payable	\$ 8,499,709		\$ 7,735,925	\$ 703,084	\$ 60,700
Accrued salaries and related withholdings	15,519,102		13,856,497	1,662,605	
Accrued expenses	12,167,343		11,633,796	533,422	125
Deferred revenue	199,614		170,090	29,524	
Due to third-party payors	18,158,116		16,839,145	1,318,971	
Current portion of long-term obligations	5,721,732		5,432,232	289,500	
Due to affiliates	2,337,179	\$ (7,300,336)	8,999,990	637,525	
Total current liabilities	62,602,795	(7,300,336)	64,667,675	5,174,631	60,825
Due to affiliates		(12,353,575)		5,300,000	7,053,575
Deferred compensation	2,296,948		2,227,418	69,530	
Other liabilities	2,382,471		1,795,820	586,651	
Long-term obligations, less current portion	133,683,259		126,890,922	6,792,337	
Total liabilities	200,965,473	(19,653,911)	195,581,835	17,923,149	7,114,400
Net assets					
Unrestricted	178,538,617		164,886,504	8,079,580	5,572,533
Temporarily restricted	11,928,964		10,189,702	1,739,262	
Permanently restricted	7,026,994		6,768,752	258,242	
Total net assets	197,494,575		181,844,958	10,077,084	5,572,533
Total liabilities and net assets	\$398,460,048	\$ (19,653,911)	\$ 377,426,793	\$ 28,000,233	\$ 12,686,933

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets

Year ended September 30, 2011

	Eliminations and Reclassifi- cations	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Net patient service revenue	\$ 373,767,518		\$ 16,245,799		
Other revenue	24,812,311	\$ (35,356,062)	\$ 41,519,875	\$ 2,165,569	\$ 53,162
Total revenue	398,579,829	(35,356,062)	41,519,875	18,411,368	53,162
Expenses					
Salaries and wages	203,896,047		20,286,844		16,879,395
Fringe benefits	50,401,072		5,636,818		2,305,576
Supplies and other	93,210,171	(35,356,062)	15,551,365		8,278,542
Health Safety Net assessment	1,776,619				
Provision for bad debts	11,776,840				517,561
Depreciation and amortization	25,065,809		44,848		51,331
Interest	6,064,536				
Total expenses	392,191,094	(35,356,062)	41,519,875	27,981,074	88,982
Gain (loss) from operations	6,388,735			(9,569,706)	(35,820)
Nonoperating gains and losses					
Investment gains	7,997,273				
Other, net	(309,550)				53,032
Loss on investments in subsidiary		35,820			
Total nonoperating gains	7,687,723	35,820			53,032
Excess (deficiency) of revenues over expenses	14,076,458	35,820		(9,516,674)	(35,820)

Continued on next page

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets

Year ended September 30, 2011

	Consolidated	Eliminations and reclassifications	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Unrestricted net assets						
Excess (deficiency) of revenues over expenses	\$ 14,076,458	\$ 35,820		\$ (9,516,674)	\$ (35,820)	
Net unrealized losses on investments	(8,714,735)					
Net assets released from restrictions used for purchase of property and equipment	819,944			9,516,674		
Equity transfer		(6,114)			6,114	
Investment from Parent	6,181,667	29,706			(29,706)	
Increase (decrease) in unrestricted net assets						
Temporarily restricted net assets						
Restricted contributions	860,183					
Realized gains on investments	968,835					
Unrealized losses on investments	(1,375,984)					
Net assets released from restrictions for operating purposes	(163,945)					
Net assets released from restrictions for purchase of property and equipment	(819,944)					
Decrease in temporarily restricted net assets	(530,855)					
Increase (decrease) in net assets	5,650,812	29,706			(29,706)	
Net assets, beginning of year	191,843,763	(29,806)			29,706	100
Net assets, end of year	\$ 197,494,575	\$ (100)	\$ -	\$ -	\$ -	\$ 100

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (continued)

Year ended September 30, 2011

	Eliminations and reclassif- ications	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Obligated Group				
Net patient service revenue	\$ 357,521,719	\$ 315,676,608	\$ 41,845,111	
Other revenue	12,575,076	(4,539,709)	16,292,069	822,574
Total revenue	<u>370,096,795</u>	<u>(4,539,709)</u>	<u>331,968,677</u>	<u>42,667,685</u>
Expenses				
Salaries and wages	166,729,808	149,352,336	17,377,472	
Fringe benefits	42,458,678	37,987,243	4,471,435	
Supplies and other	100,843,984	(4,539,709)	16,142,429	89
Health Safety Net assessment	1,776,619	1,590,667	185,952	
Provision for bad debts	11,259,279	10,552,776	706,503	
Depreciation and amortization	24,969,630	23,319,397	1,650,233	
Interest	6,064,536	5,705,849	358,687	
Total expenses	<u>354,102,534</u>	<u>(4,539,709)</u>	<u>317,749,443</u>	<u>40,892,711</u>
Gain from operations	15,994,261	14,219,234	1,774,974	53
Nonoperating gains and losses				
Investment gains	7,944,241	7,206,584	737,657	
Other, net	(309,550)	(409,048)	2,261	97,237
Loss on investments in subsidiary	(35,820)		(35,820)	
Total nonoperating gains	<u>7,598,871</u>	<u>6,797,536</u>	<u>704,098</u>	<u>97,237</u>
Excess (deficiency) of revenues over expenses	23,593,132	21,016,770	2,479,072	97,290

Continued on next page

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (continued)

Year ended September 30, 2011

	Obligated Group	Eliminations and Reclassifications	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Unrestricted net assets					
Excess of revenues over expenses	\$ 23,593,132		\$ 21,016,770	\$ 2,479,072	\$ 97,290
Net unrealized losses on investments	(8,714,735)		(7,872,774)	(841,961)	
Net assets released from restrictions used for purchase of property and equipment	819,944		693,001	126,943	
Equity transfer	(9,516,674)		(8,324,426)	(1,192,248)	
Increase in unrestricted net assets	6,181,667		5,512,571	571,806	97,290
Temporarily restricted net assets					
Restricted contributions	860,183		371,160	489,023	
Realized gains on investments	968,835		803,319	165,516	
Unrealized losses on investments	(1,375,984)		(1,222,032)	(153,952)	
Net assets released from restrictions for operating Purposes	(163,945)		(88,626)	(75,319)	
Net assets released from restrictions for purchase of property and equipment	(819,944)		(693,001)	(126,943)	
Increase (decrease) in temporarily restricted net assets	(530,855)		(829,180)	298,325	
Increase in net assets	5,650,812		4,683,391	870,131	97,290
Net assets, beginning of year	191,843,763		177,161,567	9,206,953	5,475,243
Net assets, end of year	\$ 197,494,575		\$ 181,844,958	\$ 10,077,084	\$ 5,572,533