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DLN: 93493223000222

Form **990** 

Department of the Treasury

### **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)

2010

OMB No 1545-0047

Open to Public Inspection

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

A EA	r tha	2010 calendar year or tay year beginning 10-01-2010 and ending 00-30-20	011		Inspection
		2010 calendar year, or tax year beginning 10-01-2010 and ending 09-30-20 pplicable C Name of organization	V11	D Employer	identification number
_	:ск іт а ress ch	THE WILLIAM W BACKUS HOSPITAL		06-0250	773
— Nar	ne cha	Doing Business As		E Telephone	number
_	al retu		Room/suite		
— Ter	mınate	226 MACHINGTON CTREET	Room/suite	(860)88	9-8331
– <sub>Am</sub>	ended	return City or town, state or country, and ZIP + 4		<b>G</b> Gross recei	pts \$ 354,887,874
— <sub>Apr</sub>	lication	NORWICH, CT 06360 n pending			
		F Name and address of principal officer	H(a) Is this a	group return for affi	liates? Yes No
		DAVID WHITEHEAD 326 WASHINGTON STREET	13(4) 13 (113 (	group recurrior am	maces y les y lie
		NORWICH,CT 06360	1	affiliates included	
				," attach a lis o exemption r	t (see instructions) iumber <b>F</b>
Ta	r-exem	npt status		·	
W	ebsite	e: ► WWW BACKUSHOSPITAL ORG			
<b>∢</b> Forr	of or	ganization	<b>L</b> Year of for	mation 1891	<b>M</b> State of legal domicile CT
Pa	rt I	Summary			
å		Briefly describe the organization's mission or most significant activities BACKUS HOSPITAL DELIVERS AND COORDINATES A CONTINUUM OF I TO THE NEEDS OF INDIVIDUALS IN EASTERN CONNECTICUT	HIGH-QUALITY	HEALTHCAR	RE THAT IS SENSITIVE
<u>}</u> ₹					_
ACTIVITIES & GOVERNANCE					
ž Š	2	Check this box দ if the organization discontinued its operations or dispose	d of more than 25	5% of its net	assets
ő.	3	Number of voting members of the governing body (Part VI, line 1a) $ \cdot  \cdot  \cdot $ .		3	14
ŝ		Number of independent voting members of the governing body (Part VI, line 1		4	1:
		Total number of individuals employed in calendar year 2010 (Part V , line 2a)		5	2,064
ì		Total number of volunteers (estimate if necessary)		6 7a	3 163 034
		Total unrelated business revenue from Part VIII, column (C), line 12  Net unrelated business taxable income from Form 990-T, line 34		7a 7b	2,162,036
			Prior	Year	Current Year
	8	Contributions and grants (Part VIII, line 1h)		1,527,754	1,296,004
ē.	9	Program service revenue (Part VIII, line 2g)	. 2	70,048,715	271,933,218
Revenue	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		3,471,412	5,938,478
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		1,774,538	1,609,862
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), 12)		76,822,419	280,777,562
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		81,360	692,681
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0	C
Ø	15	Salaries, other compensation, employee benefits (Part IX, column (A), line $5-10$ )	s 1	36,363,855	135,892,894
Expenses	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0	0
æ ⊕	b	Total fundraising expenses (Part IX, column (D), line 25) ▶273,836			
ш	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	. 1	24,070,814	113,381,675
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25	) 2	60,516,029	249,967,250
	19	Revenue less expenses Subtract line 18 from line 12		16,306,390	30,810,312
net Assets or Fund Balances				of Current ear	End of Year
76	20	Total assets (Part X, line 16)		35,457,576	358,349,465
2 E	21	Total liabilities (Part X, line 26)		76,145,231	195,793,905
Ž. 🖺	22	Net assets or fund balances Subtract line 21 from line 20	. 1	59,312,345	162,555,560
Par	t II	Signature Block			
Par Under	penal pedge	Signature Block  Ities of perjury, I declare that I have examined this return, including accompanying and belief, it is true, correct, and complete. Declaration of preparer (other than off	schedules and sticer) is based on a	atements, and Il information	to the best of my
Sign		Signature of officer		L2-08-15 te	
Here		DANIEL E LOHR CFO			
		Type or print name and title			
		Print/Type preparer's name Michael J Engle Michael J Engle		Check if self-	PTIN
	l l	TICIACI I FIGURE I FIGURE I		pioycu F	i e
Paid	-	Firm's name BKD LLP			Firm's FIN
Paid Prepa	rer -	proparet o manife		· · · · · · · · · · · · · · · · · · ·	Firm's EIN • Phone no • (816) 221-

Part	Ш				<b>lishments</b> Jestion in this Part III		৮
1	Brief	y describe the organiz	ation's mission				
SEE S	CHE	OULE O					
		ne organization underta Tor Form 990 or 990-				r which were not listed on	┌ Yes ┌ No
	If "Ye	s," describe these nev	v services on Sch	nedule O			
		e organization cease		ake sıgnıfıcar	nt changes in how it co	onducts, any program	┌ Yes ┌ No
	If "Ye	s," describe these cha	inges on Schedul	e O			
	Secti		(c)(4) organizatio	ons and section	on 4947(a)(1) trusts a	elargest program services be are required to report the am service reported	
	(Code	e )	(Expenses \$	201,048,233	ıncludıng grants of \$	692,681 ) (Revenue \$	272,479,814 )
	IN FI	SCAL YEAR 2011, BACKUS I	HOSPITAL HAD 11,05 47 SAME DAY SURGI	0 ADMISSIONS, CAL PROCEDURE	63,198 EMERGENCY DEPAR ES BACKUS PERFORMED 1	RTMENT VISITS, AND 435,458 OUT 20,505 IMAGING EXAMS, 8,101 MF	PATIENT VISITS THE HOSPITAL
4b	(Cod	e )	(Expenses \$		ıncludıng grants of \$	) (Revenue \$	)
4c	(Cod	)	(Expenses \$		including grants of \$	) (Revenue \$	)
4d		er program services (I		•			
	(Exp	enses \$	ınclu	ding grants o	f \$	) (Revenue \$	)
4e	Tota	l program service exp	enses <b>-</b> \$	201,048,23	3		

Part TV	Checklist of	Required	Schedules

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

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II $\textcircled{\textbf{5}}$	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
C	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part $I$	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
С	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		Νo
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O	38	Yes	
		F	orm <b>990</b>	(2010)

	,
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
3	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable 1a 206			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable  1b  0			
С	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax  Statements filed for the calendar year ending with or within the year covered by this			
,	return			
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
	Did the organization have unrelated business gross income of \$1,000 or more during the			
	year?	3a 3b	Yes Yes	
,	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)?	35 4a	165	No
)	If "Yes," enter the name of the foreign country			140
	See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
)	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		N
	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a		N
)	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).			
	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes	
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes	
	file Form 8282?	<b>7</b> c		N
	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		N
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
1	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
	Sponsoring organizations maintaining donor advised funds.			
	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
	Initiation fees and capital contributions included on Part VIII, line 12   10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
•	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them )			
	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
)	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
	Section 501(c)(29) qualified nonprofit health insurance issuers.			
	Is the organization licensed to issue qualified health plans in more than one state?  Note. See the instructions for additional information the organization must report on Schedule O	13a		
,	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			
	Enter the amount of reserves on hand  13c			
	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
	If "Yes " has it filed a Form 720 to report these payments? If "No" provide an explanation in Schedule O	14b		

**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.

	ection 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			
b	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?	2	Yes	ı
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
ь	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the			
	year by the following		.,	1
a	The governing body?	8a	Yes	
ь	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No
	ection B. Policies (This Section B requests information about policies not required by the Internal evenue Code.)			
			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		Νo
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?			
	anniates, and branches to ensure their operations are consistent with those of the organization.	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	$\vdash$	Yes	
	·		Yes	
b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?		Yes	
b 12a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990	11a		
b 12a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13	11a 12a	Yes	
b 12a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b	Yes Yes	
b 12a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b	Yes Yes Yes	
b 12a b c	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13	Yes Yes Yes	
b 12a b c 13 14 15	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13	Yes Yes Yes	
b 12a b c 13 14 15	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13	Yes Yes Yes Yes	
b 12a b c 13 14 15	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15 a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15 a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes	No
b 12a b c 13 14 15 a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990	11a  12a  12b  12c  13  14  15a  15b	Yes Yes Yes Yes Yes Yes	No
b 12a b c 13 14 15 a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990  Does the organization have a written conflict of interest policy? If "No," go to line 13  Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a  12a  12b  12c  13  14  15a  15b	Yes Yes Yes Yes Yes Yes	No
b 12a b c 13 14 15 a b	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?  Describe in Schedule O the process, if any, used by the organization to review this Form 990	11a  12a  12b  12c  13  14  15a  15b	Yes Yes Yes Yes Yes Yes	No

- 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 DANIEL E LOHR
  326 WASHINGTON STREET

NORWICH,CT 06360 (860)889-8331

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

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

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

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

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

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

<b>(A)</b> Name and Tıtle	(B) Average hours	Posi t				II		( <b>D)</b> Reportable compensation from the	<b>(E)</b> Reportable compensation from related	(F) Estimated amount of other compensation		
	per week (describe hours for related organizations in Schedule O)	Individual trustee or director	righest compensured amployee  Key employee  Officer  Institutional Trustee  Individual trustee				lighest compensated miployee  Key employee  Officei		Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations
(1) DAVID WHITEHEAD TRUSTEE/PRESIDENT/CEO	40 0	х		Х				533,927	0	40,155		
(2) PETER V DISCH TRUSTEE/CHAIRMAN	6 0	Х		Х				0	0	0		
(3) ROBERT RAMSDELL TRUSTEE/TREASURER	6 0	Х		Х				0	0	0		
(4) JOSEPH FATONE TRUSTEE/SECRETARY	6 0	Х		Х				0	0	0		
(5) ANTHONY JOYCE TRUSTEE/VICE CHAIRMAN	6 0	х		Х				0	0	0		
(6) JOHN F BILDA TRUSTEE	2 0	х						0	0	0		
(7) ELIZABETH CONWAY TRUSTEE	2 0	х						0	0	0		
(8) BERT A COPPOTELLI MD TRUSTEE	2 0	х						0	0	0		
(9) GRACE JONES PHD TRUSTEE	2 0	х						0	0	0		
(10) PETER MANERI TRUSTEE	2 0	х						0	0	0		
(11) DEBORAH MONAHAN TRUSTEE	2 0	х						0	0	0		
(12) TODD POSTLER TRUSTEE	2 0	х						0	0	0		
(13) LYNNE QUINTAL-HILL TRUSTEE	2 0	х						0	0	0		
(14) MARK TRAMONTOZZI MD TRUSTEE	2 0	Х						0	0	0		
(15) DANIEL E LOHR SENIOR VP/CFO	40 0			х				412,881	0	34,617		
(16) PETER SHEA SENIOR VP/MEDICAL DIRECTOR	40 0				Х			424,113	0	32,805		

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

(A) Name and Title	(B) Average hours		tion ( that a	che		II		(D) Reportable compensation	<b>(E)</b> Reportable compensation from related	<b>(F)</b> Estimated amount of othe compensation	ited f other
	per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Key employee Officer Institutional Trustee		Former Highest compensated employee Key employee		from the organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from t organizati relati organiza	:he on and ed	
(17) SERGIO CASILLAS MD PHYSICIAN	40 0					Х		460,101	0		13,307
(18) ROBERT SIDMAN MD PHYSICIAN	40 0					х		375,275	0		33,514
(19) MARK TOUSIGNANT MD PHYSICIAN	40 0					х		317,187	0		33,514
(20) JUAN ESCALON MD PHYSICIAN	40 0					х		313,617	0		33,514
(21) NADER BAHADORY MD PHYSICIAN	40 0					х		306,020	0		40,693
(22) THOMAS P PIPICELLI FORMER PRESIDENT	0 0						Х	692,040	0		34,228
(23) MARK SANTAMARIA FORMER SENIOR VP/COO	0 0						х	206,690	0		C
1b Sub-Total					•		Þ				
c Total from continuation sheets t					•	•					
d Total (add lines 1b and 1c) .						1	<b>F</b>	4,041,851	0	4	296,347
2 Total number of individuals (inclu \$100,000 in reportable compens						bove	) who	received more tha	n		

			1 63	140
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If</i> " <i>Yes,"</i> complete <i>Schedule J for such individual</i>	3	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual		Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person	5	103	No

### **Section B. Independent Contractors**

\$100,000 in compensation from the organization  $\blacktriangleright$ 32

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
WELLSPRING PARTNERS	CONSULTING	4,250,000
ALLIANCE HEALTHCARE SERVICES	MEDICAL SERVICES	3,016,144
HURON CONSULTING GROUP	CONSULTING	2,930,194
YALE NH HOSPITAL	MEDICAL SERVICES	2,094,415
NORWICH ANESTHESIA ASSOC	MEDICAL SERVICES	556,404
2 Total number of independent contractors (including but not limited to those	se listed above) who received more than	

Form 9  Part \		(2010)					Pag	e <b>9</b>
Part	· · · · · · · · · · · · · · · · · · ·	Statement of Revenu	ie		<b>(A)</b> Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	exclude from tax under sections 512, 513, or
Contributions, gifts, grants and other similar amounts	b	Federated campaigns Membership dues		68,480				514
s,gifts nilara	d	Fundraising events Related organizations		1,200				
bution: Uhersin		All other contributions, gifts, grants, similar amounts not included above	1e , and 1f	578,977 647,347				
Contri and o	_	Noncash contributions included in lin  Total. Add lines 1a-1f	_	2,921	1,296,004			
				Business Code				
Program Service Revenue	2a	Inpatient		900099	125,515,508	125,515,508		
æ	b	Outpatient		900099		101,175,035		
ИСе	C			900099	42,902,718			
Ser	d	Lab courier service		621500	2,339,957		2,339,957	
ran	e	All other program convector	/onue					
<b>્ર</b>	T	All other program service rev	venue					
					271,933,218			
	3	Investment income (includin and other similar amounts)		-	1,854,181			1,854,18
	4	Income from investment of tax-exe			0			' '
	5	Royalties		ļ	0			
			(ı) Real	(II) Personal				
		Gross Rents Less rental	1,216,398 2,208,204					
	_	expenses	-991,806					
		Rental income or (loss)	<u> </u>					
	d	Net rental income or (loss)	(ı) Securities	(II) O ther	-991,806		-181,585	-810,22
	7a	Gross amount from sales of assets other than inventory	75,408,845	206,186				
	b	Less cost or other basis and	70,758,675	772,059				
		sales expenses Gain or (loss)	4,650,170	-565,873				
	_	Net gain or (loss)		333/313	4,084,297			4,084,29
e Te		Gross income from fundraisir (not including						
Other Revenue		\$ 68,480 of contributions reported on I See Part IV, line 18						
er		230 ( 4.01 ) / / / / / / / /	a	22,900				
Ħ.	b	Less direct expenses	. <b>b</b>	42,116				
-		Net income or (loss) from fur			-19,216			-19,21
			ctivities See Part IV, line 19 .					
		Less direct expenses Net income or (loss) from ga		ь	0			
		<b>a</b> Gross sales of ≀nventory, les						
		returns and allowances .	a					
	ь	Less cost of goods sold .		457,671 329,258				
		Net income or (loss) from sa		323,230	128,413			128,41
		Miscellaneous Revenue		Business Code				
	<b>11</b> a	Cafeteria		722320	1,102,720			1,102,72
		Child care		624410	391,976			391,97
		Purchase discounts		900099	269,594			269,59
		d All other revenue			728,181	724,517	3,664	
		e <b>Total.</b> Add lines 11a-11d .	•		2,492,471			
	12	Total revenue. See Instruction	ons		280,777,562	270,317,778	2,162,036	7,001,74
							m <b>990</b> (20:	10)

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

Δ	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 no	ot include amounts reported on lines 6b, p, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	( <b>D</b> ) Fundraising expenses	
1	Grants and other assistance to governments and organizations		<u>'</u>	,		
	in the U.S. See Part IV, line 21	682,681	682,681			
2	Grants and other assistance to individuals in the	·	,			
	U S See Part IV, line 22	10,000	10,000			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0				
4	Benefits paid to or for members	0				
5	Compensation of current officers, directors, trustees, and key employees	2,370,911	479,197	1,891,714		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0				
7	Other salaries and wages	107,798,945	93,702,462	14,003,552	92,931	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	8,743,448	7,606,800	1,136,648		
9	Other employee benefits	9,094,736	7,912,420	1,182,316		
10	Payroll taxes	7,884,854	6,859,823	1,025,031		
а	Fees for services (non-employees) Management	0				
b	Legal	971,044		971,044		
c	Accounting	158,170		158,170		
d	Lobbying	47,410		47,410		
е	Professional fundraising services See Part IV, line 17	0				
f	Investment management fees	77,835		77,835		
g	Other	15,966,576	12,697,875	3,268,251	450	
12	Advertising and promotion	194,970	149,411		45,559	
13	Office expenses	38,647,753	37,631,879	1,013,284	2,590	
14	Information technology	4,480,434	376,363	4,104,071		
15	Royalties	0				
16	Occupancy	5,448,973	586,056	4,862,089	828	
17	Travel	253,178	100,629	152,549		
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0				
19	Conferences, conventions, and meetings	31,343	2,754	27,967	622	
20	Interest	2,951,831		2,951,831		
21	Payments to affiliates	0				
22	Depreciation, depletion, and amortization	15,861,992	7,768,430	8,093,562		
23	Insurance	1,937,247	1,344,246	593,001		
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)					
а	Lab expenses	4,360,264	4,360,264			
b	Food/dietary	1,146,564	1,085,817	60,747		
С	Maintenance/service contracts	5,095,821	3,956,093	1,139,568	160	
d	Education	527,714	455,729	71,985		
е	Bad debt	12,522,978	12,492,090	30,888		
f	All other expenses	2,699,578	787,214	1,781,668	130,696	
25	Total functional expenses. Add lines 1 through 24f	249,967,250	201,048,233	48,645,181	273,836	
26	Joint costs. Check here ► ☐ If following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation					

Pa	rt X	Balance Sheet					
					(A) Beginning of year		<b>(B)</b> End of year
	1	Cash—non-interest-bearing	•		4,239,212	1	2,802,148
	2	Savings and temporary cash investments			68,235,460	2	90,659,933
	3	Pledges and grants receivable, net			185,866	3	101,211
	4	Accounts receivable, net			30,758,941	4	32,373,122
	5	Receivables from current and former officers, directors, trustee highest compensated employees Complete Part II of	employees, and				
		Schedule L			5		
	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$ , and contributing esponsoring organizations of section $501(c)(9)$ voluntary emploorganizations (see instructions)	ers, and				
ets		Schedule L			6		
Assets	7	Notes and loans receivable, net			153,242	7	100,023
۲	8	Inventories for sale or use			3,844,330	8	3,757,730
	9	Prepaid expenses and deferred charges	: •		4,267,569	9	4,493,355
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	230,812,071			
	b	Less accumulated depreciation	10b	140,828,407	99,122,387	10c	89,983,664
	11	Investments—publicly traded securities			123,615,211	11	133,516,829
	12	Investments—other securities See Part IV, line 11 $\cdot$	12,632	12	12,632		
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			1,022,726	15	548,818
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .			335,457,576	16	358,349,465
	17	Accounts payable and accrued expenses .			25,301,642	17	22,318,404
	18	Grants payable				18	
	19	Deferred revenue				19	
(0)	20	Tax-exempt bond liabilities	•		63,125,000	20	61,230,000
<u>ie</u>	21	Escrow or custodial account liability Complete Part IV of Schedu	le D	• •		21	
abilities	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified					
Lia		persons Complete Part II of Schedule L	•			22	
	23	Secured mortgages and notes payable to unrelated third parties	s .	•	1,236,586	23	1,183,176
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D	•		86,482,003	25	111,062,325
	26	<b>Total liabilities.</b> Add lines 17 through 25			176,145,231	26	195,793,905
ys di		Organizations that follow SFAS 117, check here ▶    and com	plete l	ines 27			
Fund Balances		through 29, and lines 33 and 34.			147,735,382		153,706,889
<u>8</u>	27	Unrestricted net assets					· · ·
ă	28	Temporarily restricted net assets			4,101,543		1,399,547
pur	29	Permanently restricted net assets			7,475,420	29	7,449,124
		Organizations that do not follow SFAS 117, check here ► a lines 30 through 34.	na con	npiete			
ō	30	Capital stock or trust principal, or current funds	_			30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
25.5	32	Retained earnings, endowment, accumulated income, or other fi		- ·		32	_
	33	Total net assets or fund balances			159,312,345		162,555,560
Net	34	Total liabilities and net assets/fund balances			335,457,576		358,349,465
		Total habilities and het assets/fulla balances			1 200,407,970	J~	

Par	Check if Schedule O contains a response to any question in this Part XI			. [고	
1	Total revenue (must equal Part VIII, column (A), line 12)	1		280,7	77,562
2	Total expenses (must equal Part IX, column (A), line 25)	2			67,250
3	Revenue less expenses Subtract line 2 from line 1	3		30,8	310,312
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) $\cdot$ .	4		159,3	312,345
5	Other changes in net assets or fund balances (explain in Schedule O)	5		-27,5	67,097
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		162,5	55,560
Par	The triangle of the contains a response to any question in this Part XII				
				Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? $\cdot$ .		2a		Νo
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of 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 Schedule O		2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were on a separate basis, consolidated basis, or both	issued			
	Separate basis Consolidated basis 🔽 Both consolidated and separated basis				
За	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?	ie	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits $\cdot$ .	required	3b	Yes	

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As Filed Data -

DLN: 93493223000222

**Employer identification number** 

OMB No 1545-0047

Inspection

### **SCHEDULE A**

(Form 990 or 990EZ)

Name of the organization

Department of the Treasury Internal Revenue Service

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

**Public Charity Status and Public Support** 

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

THE WILLIAM W BACKUS HOSPITAL 06-0250773 Reason for Public Charity Status (All organizations must complete this part.) See instructions

he d	organı:		•	e foundation becaus	•	'	• ,	•	•		
1	Г	A churc	ch, conventi	on of churches, or as	ssociation of	churches de	escribed in <b>se</b>	ection 170(b)	)(1)(A)(i).		
2	Г	A scho	ol described	I in <b>section 170(b)(1</b>	)(A)(ii). (At	tach Schedu	le E )				
3	<u>~</u>	A hosp	ıtal or a coo	perative hospital sei	rvice organiz	atıon descrıl	bed in <b>sectio</b> i	n 170(b)(1)(	A)(iii).		
4	Γ	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state									
5	Γ	_	- ·	erated for the benefit		or universit	y owned or op	perated by a	governmenta	al unit descri	bed in
6	Г	section 170(b)(1)(A)(iv). (Complete Part II)  A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).									
7	Ë	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in									
		sect ion	170(b)(1)(	A)(vi) (Complete Pa	art II )						
8	Γ	A comr	munity trust	described in <b>section</b>	170(b)(1)( <i>l</i>	<b>A)(vi)</b> (Com	plete Part II	)			
9	Г	An orga	anızatıon tha	at normally receives	(1) more th	an 331/3% o	f its support	from contrıb	utıons, meml	pership fees,	and gross
		receipt	s from actıv	ities related to its ex	cempt function	ons—subject	to certain ex	ceptions, ar	nd (2) no mor	e than 331/3	% of
		-	_	oss investment incor				-		ax) from bus	inesses
	_			janization after June							
10		_	_	ganized and operated	-	-	="				
11	ı	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 <b>section 509(a)(3).</b> 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									
е	Γ	other th		ox, I certify that the on managers and oth							
f				received a written de	etermination	from the IRS	Sthat it is a T	ype I, Type	II or Type II	II supporting	g organization,
		check t	his box								Ė
g			August 17, 2 ng persons?	2006, has the organi	zation accep	ted any gift	or contribution	on from any o	of the		
				rectly or indirectly c	ontrols, eithe	er alone or to	aether with r	ersons desc	ribed in (ii)		Yes No
				governing body of th					(,	11g(i	
				er of a person describ		_				11g(i	<del></del>
		(iii) a 3	35% control	led entity of a persoi	n described i	n (ı) or (ıı) al	bove?			11g(ii	<del></del>
h		Provide	the followin	ng information about	the supporte	ed organizati	on(s)				<u> </u>
9	(ii) Name of supported or ganization (see  (iii) Type of organization in col (i) listed in your governing document?  (iv) Is the organization in col (i) of your support?  (v) Did you notify the organization in col (i) of your support?  (vi) Is the organization in col (i) of your support?  (vi) Is the organization in col (i) of your support?  (vi) Is the organization in col (i) of your support?  (vi) Is the organization in col (i) of your support?  (vi) Is the organization in col (i) of your support?			<b>(vii)</b> A mount of support							
				instructions))	Yes	No	Yes	No	Yes	No	
				_							

Total

## 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.)

S	ection A. Public Support		and to quanty t			Jaco complete	
	endar year (or fiscal year beginning						
Care	in)	<b>(a)</b> 2006	<b>(b)</b> 2007	<b>(c)</b> 2008	<b>(d)</b> 2009	<b>(e)</b> 2010	<b>(f)</b> Total
1	Gifts, grants, contributions, and						
	membership fees received (Do not						
	ınclude 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						
Ū	line 4						
S	ection B. Total Support		<u> </u>	<b>I</b> I.			
	endar year (or fiscal year beginning						
	ın) <b>&gt;</b>	<b>(a)</b> 2006	<b>(b)</b> 2007	<b>(c)</b> 2008	<b>(d)</b> 2009	<b>(e)</b> 2010	<b>(f)</b> Total
7	A mounts from line 4						
8	Gross income from interest,						
Ū	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 activiti	es, etc (See inst	ructions )			12	
13	First Five Years If the Form 990 is t	for the organizati	on's first, second	, thırd, fourth, or	fifth tax year as a	501(c)(3) organı	
	check this box and <b>stop here</b>						<b>►</b>
	-tiC Ct-ti	L'a Carana at B					
<u> </u>	ection C. Computation of Pub Public Support Percentage for 2010			11 column (f))			
	· ·		•	II Column (1))		14	
15	Public Support Percentage for 2009	Schedule A, Pa	rt II, line 14			15	
16a	<b>33 1/3% support test—2010.</b> If the				line 14 is 33 1/3%	or more, check	
_	and <b>stop here.</b> The organization qua						<b>▶</b> □
b	<b>33 1/3% support test—2009.</b> If the				5a, and line 15 is 3	33 1/3% or more,	- <del>-</del>
	box and <b>stop here.</b> The organization				45.46		<b>►</b>
1/a	10%-facts-and-circumstances test-						
	is 10% or more, and if the organization made						rt a d
	in Part IV how the organization mee	ts the "racts and	circumstances"	test ine organiz	ration qualifies as	a publicly suppo	
L	organization	_2000 If+ba a	anization did not	chack a hay an l	no 12 165 166 -	r 17a and line	<b>►</b> □
D	<b>10%-facts-and-circumstances test-</b> 15 is 10% or more, and if the organ						
	Explain in Part IV how the organization						v
	supported organization	aon meets the 10	acts and circuilis	tances test file	z organizacion qual	mes as a publici	y ▶[¯
18	Private Foundation If the organizati	on did not check	a box on line 13	. 16a. 16b. 17a o	r 17b, check this	box and see	- 1
	instructions	on ala not check	a box on fine 15	, 100, 100, 1700	I by check tills	SON GING SCC	<b>▶</b> □

organization

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 (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total ın) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified 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 Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total in) 9 Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include 12 gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 11 and 12) 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 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 Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) 17 **17** Investment income percentage from 2009 Schedule A, Part III, line 17 18 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

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

**▶**□

Part IV

**Supplemental Information.** Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Schedule A (Form 990 or 990-EZ) 2010

DLN: 93493223000222

OMB No 1545-0047

Open to Public **Inspection** 

### **SCHEDULE C**

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527 ► Complete if the organization is described below.

Political Campaign and Lobbying Activities

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

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

- ◆ 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

	me of the organization WILLIAM W BACKUS HOSPITAL			Employer id	entification number
IHE	: WILLIAM W DACKUS HUSPITAL			06-025077	3
ar	t I-A Complete if the or	ganization is exempt und	er section 501(		
	Provide a description of the org	ganızatıon's dırect and ındırect po	litical campaign act	civities in Part IV	
:	Political expenditures			▶	\$
3	Volunteer hours				
	AT D. Commisso if the ow			-1/21	
	<u> </u>	ganization is exempt und	-		
	·	tax incurred by the organization			\$
2		tax incurred by organization mai		n 4955 <b>►</b>	\$
}		ection 4955 tax, did it file Form 4	1/20 for this year?		☐ Yes ☐ No
la	Was a correction made?				Yes   No
b	If "Yes," describe in Part IV			-\ <del></del>	04(-)(0)
	•	ganization is exempt und			U1(c)(3).
•		nded by the filing organization for			\$
2	Enter the amount of the filing o exempt funtion activities	rganızatıon's funds contributed to	other organization:	s for section 527	\$
3	Total exempt function expendit	cures Add lines 1 and 2 Enter he	re and on Form 112	.0-POL, line 17b ►	\$
	* <del></del>				
	Enter the names, addresses an	nd employer identification number			
	Enter the names, addresses an organization made payments F amount of political contribution		the amount paid fro d directly delivered	om the filing organization' to a separate political or	ons to which the filing is funds Also enter the ganization, such as a
	Enter the names, addresses an organization made payments F amount of political contribution	nd employer identification number for each organization listed, enter is received that were promptly an	the amount paid fro d directly delivered	om the filing organization' to a separate political or	ons to which the filing s funds Also enter the ganization, such as a nation in Part IV  (e) A mount of political contributions received
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none,
1 5	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of politica contributions received and promptly and directly delivered to a separate political organization If none,
	Enter the names, addresses an organization made payments F amount of political contribution separate segregated fund or a	od employer identification number for each organization listed, enter is received that were promptly an political action committee (PAC)	the amount paid from the directly delivered If additional space	om the filing organization to a separate political or is needed, provide inform  (d) A mount paid from filing organization's	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none,

Р	art II-A Complete if the organization under section 501(h)).	is exempt under section 501(c)(3)	and filed Form 5768	(election
	Check If the filing organization belongs to a Check If the filing organization checked bo	n affiliated group x A and "limited control" provisions apply		
	Limits on Lobbying E (The term "expenditures" means ar		(a) Filing O rganization's Totals	<b>(b)</b> Affiliated Group Totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lobbyıng)		
b	Total lobbying expenditures to influence a legisl	ative body (direct lobbying)		
C	Total lobbying expenditures (add lines 1a and 1	o)		
d	O ther exempt purpose expenditures			
е	Total exempt purpose expenditures (add lines 1	c and 1d)		
f	Lobbying nontaxable amount Enter the amount to columns	rom the following table in both		
	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		
	Grassroots nontaxable amount (enter 25% of lir	e 1f)		
h	Subtract line 1g from line 1a If zero or less, ent	er -0 -		
i	Subtract line 1f from line 1c If zero or less, ente	r-0-		
j	If there is an amount other than zero on either lii section 4911 tax for this year?	ne 1h or line 1i, did the organization file Form	4720 reporting	┌ Yes ┌ No

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

	Lobbying Expendit	ures During 4	4-Year Avera	ging Period		
	Calendar year (or fiscal year beginning in)	<b>(a)</b> 2007	<b>(b)</b> 2008	<b>(c)</b> 2009	<b>(d)</b> 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)).	

	(election under section 501(n)).	( :	a)	1	(b)	
		Yes	No		Amour	nt
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					
а	Volunteers?		No			
ь	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	1		
c	Media advertisements?		No	1		
d	Mailings to members, legislators, or the public?		No			
е	Publications, or published or broadcast statements?		No			
f	Grants to other organizations for lobbying purposes?	Yes				47,410
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		Νo			
i	O ther activities? If "Yes," describe in Part IV		Νo			
j	Total lines 1c through 1i					47,410
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		Νo			
b	If "Yes," enter the amount of any tax incurred under section 4912			1		
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?					
Par	t III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(6).	501(c	)(5),	or s	ectio	n
			_		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?		L	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?			3		
	t III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part I answered "Yes".	II-À,			ectio	n
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).					
а	Current year	2a				
b	Carryover from last year	2b				
_	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		5				
	art 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

DLN: 93493223000222

OMB No 1545-0047

**SCHEDULE D** (Form 990)

> ► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

**Supplemental Financial Statements** 

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► Attach to Form 990. ► See separate instructions. Name of the organization

Employer identification number

E WILLIAM W BA	CKUS HOSPITAL					
art I Org	anizations Maintaining Donor A	dvised Funds or Other Similar F		250773	Comple	to if the
	anizations Maintaining Donor A anization answered "Yes" to Form 99		unus c	or Accounts	. Comple	te ii tiit
		(a) Donor advised funds	(1	) Funds and	ther accou	nts
Total numbe	er at end of year					
Aggregate o	contributions to (during year)					
Aggregate g	grants from (during year)					
Aggregate v	value at end of year					
_	anization inform all donors and donor adv ne organization's property, subject to the	isors in writing that the assets held in dor organization's exclusive legal control?	nor advis	ed	┌ Yes	┌ No
used only fo	or charitable purposes and not for the ber	donor advisors in writing that grant funds nefit of the donor or donor advisor, or for a			┌ Yes	⊏ No
	mpermissible private benefit	ıf the organization answered "Yes" t	o Form	QQN Dart IV		, 140
	of conservation easements held by the o		.0 1 01111	550, Tare 1	v, iiic 7.	
	•	ion or pleasure)	n historia	ally importan	tly land are	a
☐ Protec	tion of natural habitat	☐ Preservation of a	certified	historic struc	ture	
┌ Preser	vation of open space					
•	nes 2a–2d if the organization held a qual	ified conservation contribution in the form	of a co	nservation		
	m ene rabe day or ene eax year			Held at the	End of the	Year
Total numb	er of conservation easements		2a			
Total acrea	ge restricted by conservation easements	5	2b			
Number of o	conservation easements on a certified his	storic structure included in (a)	2c			
Number of o	conservation easements included in (c) a	2d				
	conservation easements modified, transfo	erred, released, extinguished, or terminate	ed by the	e organization	during	
Number of s	states where property subject to conserv	ation easement is located ▶				
Does the or		g the periodic monitoring, inspection, han	dling of	violations, and	☐ Yes	┌ No
Staff and vo	plunteer hours devoted to monitoring, ins	pecting and enforcing conservation easen	nents du	rıng the year l	·	
A mount of	expenses incurred in monitoring, inspecti	ng, and enforcing conservation easement	s durıng	the year ► \$ .		
	conservation easement reported on line : 3)(i) and 170(h)(4)(B)(ii)?	2(d) above satisfy the requirements of sec	ction		┌ Yes	┌ No
balance she		onservation easements in its revenue and the footnote to the organization's financia ments				
	anizations Maintaining Collection of the organization answered	ons of Art, Historical Treasures, "Yes" to Form 990, Part IV, line 8.	or Oth	er Similar	Assets.	
art, historic	al treasures, or other similar assets held	5 116, not to report in its revenue statemo I for public exhibition, education or resear nancial statements that describes these i	ch in fur			≘,
historical ti		5 116, to report in its revenue statement a public exhibition, education, or research i s			•	
(i) Revenue	es included in Form 990, Part VIII, line 1			<b>►</b> \$		
(ii) <sub>Assets</sub>	included in Form 990, Part X			<b>-</b> \$		
If the organ	•	orical treasures, or other similar assets f S 116 relating to these items	or financ	ıal gaın, provi	de the	
Revenuesı	ncluded in Form 990, Part VIII, line 1			<b>▶</b> \$		
	,,					

**b** Assets included in Form 990, Part X

Par	<b>TIT</b> Organizations Maintaining Co	llections of Art	t, His	toric	al Tre	asures, or	Oth.	<u>er Similar</u>	· Asse	ets (coi	ntınued)
3	Using the organization's accession and othe items (check all that apply)	r records, check an	y of th	ne follo	owing th	at are a signif	icant	use of its co	llectio	n	
а	Public exhibition		d	Γ	Loan or	exchange pro	gram	ıs			
b	Scholarly research		e	Γ	Other						
c	Preservation for future generations										
4	Provide a description of the organization's co	ollections and expla	ain hov	w they	further	the organizat	on's e	exempt purp	ose in		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than to							mılar	Г	Yes	┌ No
Par	t IV Escrow and Custodial Arrang Part IV, line 9, or reported an ar						red "	Yes" to For	m 99	0,	
1a	Is the organization an agent, trustee, custoo included on Form 990, Part X?	lian or other interm	ediary	forco	ntributi	ons or other a	ssets	not	Г	Yes	┌ No
b	If "Yes," explain the arrangement in Part XI	V and complete the	follow	ıng ta	ble				Amo	unt	
c	Beginning balance						1c				
d	Additions during the year						1d				
e	Distributions during the year						1e				
f	Ending balance										
2a	Did the organization include an amount on Fo	orm 990 Part Y lin	212 م							Yes	
zu b	If "Yes," explain the arrangement in Part XIV		6 21.						'	163	, 140
	rt V Endowment Funds. Complete		n ans	were	d "Yes'	to Form 99	0. Pa	art IV. line	10.		
	Enactment Fanasi Complete	(a)Current Year		)Prior Y		(c)Two Years B	ack (	<b>d)</b> Three Years	Back (	<b>e)</b> Four Ye	ars Back
1a	Beginning of year balance	5,320,786		4,	841,631	3,87	1,631				
b	Contributions	5,000			358,064	970	,000				
C	Investment earnings or losses	76,505			505,259	142	142,089				
d	Grants or scholarships	0			0		0				
e	Other expenditures for facilities and programs	0			378,271	13	5,254				
f	Administrative expenses	5,432			5,897	(	5,835				
g	End of year balance	5,396,859		5,	320,786	4,84	1,631				
2	Provide the estimated percentage of the year	r end balance held	as								
а	Board designated or quasi-endowment 🕨	0 %									
b	Permanent endowment ► 100 000 %										
c	Term endowment ► 0 %										
3a	Are there endowment funds not in the posse	ssion of the organiz	ation	that a	re held a	and administe	red fo	r the			
	organization by  (i) unrelated organizations								3a(i)	Yes	No No
	(ii) related organizations			•					3a(ii)		No
b	If "Yes" to 3a(II), are the related organization								3b		
4	Describe in Part XIV the intended uses of th								I	1 1	
Par	t VI Investments—Land, Building	s, and Equipme	nt. S	ee Fo	orm 99	0, Part X, lır	ne 10				
	Description of investment				Cost or ot (investm			(c) Accumu depreciat		( <b>d</b> ) Boo	k value
1a	Land						2,229,79			2	,229,795
b	Buildings				10,381,	,267 40,9	99,71	7 32,27	78,800	19	,102,184
С	Leasehold improvements					77,6	56,29	39,00	52,881	38	,593,413
d	Equipment					98,:	179,22	5 69,48	86,726	28	,692,499
e	Other					1,:	365,77	3		1	,365,773

Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)

89,983,664

Part VIII Investments—Other Securities. See	Form 990, Part X, line 12		
(a) Description of security or category	(b)Book value		d of valuation
(including name of security)  (1)Financial derivatives		Cost of elia-of	year market value
2 )Closely-held equity interests			
Other			
otal. (Column (b) should equal Form 990, Part X, col (B) line 12 )			
art VIII Investments—Program Related. See	Form 990, Part X, line		
(a) Description of investment type	(b) Book value		d of valuation - year market value
		Cost of end-of	- year market value
Total. (Column (b) should equal Form 990. Part X. col (B) line 13 )			
Total. (Column (b) should equal Form 990, Part X, col (B) line 13 )  Part IX  Other Assets. See Form 990, Part X, lin			
(a) Descrip			(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1.	5.)		
Part X Other Liabilities. See Form 990, Part X			
(a) Description of Liability	(b) A mount		
ederal Income Taxes	0		
ax exempt bond premium, net	711,971		
DUE TO 3RD PARTY REIMB AGENCIES	23,845,704		
mployee related obligations	73,827,779		
Self-insured prof liability	10,853,762		
Capital lease obligations	1,379,926		
Other liabilities	443,183		
Fotal. (Column (b) should equal Form 990, Part X, col (B) line 25 )	111,062,325		
., .	, _ , _ ,		

Pai	TEXT Reconciliation of Change in Net Assets from Form 990 to Financial Statemen	nts	
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	280,777,562
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	249,967,250
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	30,810,312
4	Net unrealized gains (losses) on investments	4	-5,813,831
5	Donated services and use of facilities	5	
6	Investment expenses	6	-226,561
7	Prior period adjustments	7	
8	Other (Describe in Part XIV )	8	-21,526,705
9	Total adjustments (net) Add lines 4 - 8	9	-27,567,097
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	3,243,215
Par	Reconciliation of Revenue per Audited Financial Statements With Revenue p	er R	eturn
1	Total revenue, gains, and other support per audited financial statements	1	283,503,815
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
C	Recoveries of prior year grants		
d	Other (Describe in Part XIV) 2d 42,116		
е	Add lines <b>2a</b> through <b>2d</b>	2e	42,116
3	Subtract line <b>2e</b> from line <b>1</b>	3	283,461,699
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a 226,561		
b	Other (Describe in Part XIV)		
C	Add lines <b>4a</b> and <b>4b</b>	<b>4</b> c	-2,684,137
5	Total Revenue Add lines <b>3</b> and <b>4c.</b> (This should equal Form 990, Part I, line 12)	5	280,777,562
Part	Reconciliation of Expenses per Audited Financial Statements With Expenses	per	
1	Total expenses and losses per audited financial statements	1	258,453,439
2	A mounts included on line 1 but not on Form 990, Part IX, line 25		
а	Donated services and use of facilities		
b	Prior year adjustments	_	
c	Other losses	1	
d	Other (Describe in Part XIV)	1	
e	Add lines <b>2a</b> through <b>2d</b>	2e	8,630,024
3	Subtract line <b>2e</b> from line <b>1</b>	3	249,823,415
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a		
b	Other (Describe in Part XIV)	]	
c	Add lines <b>4a</b> and <b>4b</b>	4c	143,835
5	Total expenses Add lines <b>3</b> and <b>4c.</b> (This should equal Form 990, Part I, line 18)	5	249,967,250

### 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 XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE PERMANENTLY RESTRICTED ENDOWMENT FUNDS ARE MEANT TO PROVIDE LONG-TERM SUPPORT FOR CAPITAL AND OPERATING PROGRAMS FOR THE HOSPITAL IN ACCORDANCE WITH THE DONOR'S WISHES
UNCERTAIN TAX POSITIONS DISCLOSURE	SCHEDULE D, PART X, LINE 2	ASC 740-10, Uncertain Tax Positions, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosure requirements for uncertain tax positions. Management has evaluated the implications of ASC 740-10 and determined that its impact on the financial statements is not significant.
RECONCILIATION OF CHANGE IN NET ASSETS	SCHEDULE D, PART XI, LINE 8	K-1 GAIN AND INTEREST (2,641) TRANSFER TO AFFILIATES (245,005) DECREASE IN NET ASSETS HELD IN TRUST (102,368) CHANGE IN PENSION FUNDING (21,176,691) TOTAL \$(21,526,705)
RECONCILIATION OF REVENUE- OTHER ADJUSTMENTS	SCHEDULE D, PART XII, LINE 2D	GOLF TOURNAMENT EXPENSES \$42,116
RECONCILIATION OF REVENUES- OTHER ADJUSTMENTS	SCHEDULE D, PART XII, LINE 4B	AUXILIARY INCOME 136,034 K-1 GAIN AND INTEREST 2,641 LOSS ON FIXED ASSETS (565,873) RENTAL EXPENSE (2,208,204) TEMPORARILY RESTRICTED INCOME (275,296) TOTAL \$(2,910,698)
RECONCILIATION OF EXPENSES- OTHER ADJUSTMENTS	SCHEDULE D, PART XIII, LINE 2D	RENTAL EXPENSE 2,208,204 GOLF TOURNAMENT EXPENSE 42,116 LOSS ON FIXED ASSETS 565,873 TOTAL \$2,816,193
RECONCILIATION OF EXPENSES- OTHER ADJUSTMENTS	SCHEDULE D, PART XIII, LINE 4B	AUXILIARY EXPENSE 143,835

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OMB No 1545-0047

**SCHEDULE G** (Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

### **Supplemental Information Regarding Fundraising or Gaming Activities**

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

Open to Public Inspection

Name of the organization		Employer identification number					
THE WILLIAM W BACKUS HOS	SPITAL					06-0250773	1
Part I Fundraising Ac	tivities. Complet	e if the o	organiza	tion answered "Yes"	to Form	າ 990, Part IV	', line 17.
1 Indicate whether the orga	nızatıon raısed funds	through	any of the	following activities Ch	eck all t	hat apply	
a Mail solicitations		_	e	Solicitation of no	n-goverr	nment grants	
<b>b</b> Internet and e-mail so	olicitations		f	Solicitation of go			
c Phone solicitations			а	Special fundraisi			
d In-person solicitation	s		,	,		-	
<b>2a</b> Did the organization have or key employees listed in							Г <sub>Yes</sub> Г <sub>No</sub>
<b>b</b> If "Yes," list the ten highe to be compensated at leas							
(i) Name and address of	(ii) Activity	(iii)	) Dıd	(iv) Gross receipts	(v) A	mount paid to	(vi) Amount paid to
ındıvıdual			ser have	from activity	(or r	etained by)	(or retained by)
or entity (fundraiser)			ody or			raiser listed in col (i)	organization
		1	rol of outions?				
		Yes	No				
Total			<b>.</b>				
3 List all states in which the licensing	organization is regi	stered or	licensed t	o solicit funds or has b	een notıf	ied it is exempt	t from registration or

Pai	rt II	Fundraising Events. Com more than \$15,000 on Form				
			(a) Event #1  GOLF TOURNAMENT (event type)	(b) Event #2	(c) Other Events  0 (total number)	(d) Total Events (Add col (a) through col (c))
ξE	1	Gross receipts	91,380		(**************************************	91,380
Revenue	2	Less Charitable	68,480			68,480
<u>~</u>	3	Gross income (line 1 minus line 2)	22,900			22,900
	4	Cash prizes				
မှ	5	Non-cash prizes	2,613	3		2,613
Expenses	6	Rent/facility costs	27,709	9		27,709
ă	7	Food and beverages	3,524	1		3,524
Direct	8	Entertainment				
ᇫ	9	Other direct expenses .	8,270			8,270
	10	Direct expense summary Add line	es 4 through 9 ın column	(d)		42,116
	11	Net income summary Combine lii	nes 3 and 10 ın column (	d)		-19,216
Par	t III	Gaming. Complete if the or \$15,000 on Form 990-EZ, lir		"Yes" to Form 990, Pa	art IV, line 19, or rep	orted more than
Revenue			(a) Bingo	<b>(b)</b> Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
	1	Gross revenue				
မှ မ	2	Cash prizes				
Expenses	3	Non-cash prizes				
ă K	4	Rent/facility costs				
Direct	5	Other direct expenses				
	6	Volunteer labor	┌ Yes% ┌ No	┌ Yes%_ ┌ No	┌ Yes% ┌ No	
		Direct expense summary Add lines  Net gaming income summary Com				
9 a b	Ente Is t	er the state(s) in which the organiza he organization licensed to operate No," Explain	tion operates gaming ac gaming activities in eacl	tivities		
10a b		re any of the organization's gaming l	icenses revoked, susper	nded or terminated during	j the tax year?	· · 「Yes 「No

11	Does the organization operate ga	aming activities with nonmembers? .		$\Gamma_{ m Yes}$ $\Gamma_{ m No}$
12	Is the organization a grantor, be	neficiary or trustee of a trust or a mem	ber of a partnership or other entity	
	formed to administer charitable of	gaming?		. Г <sub>Yes</sub> Г <sub>No</sub>
13	Indicate the percentage of gamin	ng activity operated in		
а	The organization's facility		13a	
b	An outside facility		13b	
14	Provide the name and address of records	f the person who prepares the organiza	tion's gaming/special events books and	
	Name 🟲			
	Address 🟲			
15a	Does the organization have a co	ntract with a third party from whom the	organization receives gaming	
	<del>-</del>	· ·		. $\Gamma_{Yes}$ $\Gamma_{No}$
b			tion 🟲 \$ and the	, , , , , , , , , , , , , , , , , , , ,
	amount of gaming revenue retain	ned by the third party 🟲 \$		
c	If "Yes," enter name and address	s		
	Name 🟲			
	Address ►			
16	Gaming manager information			
	Name 🟲			
	Gaming manager compensation I	<b>&gt;</b> \$		
	Description of services provided	<b></b>		
	Director/officer	□ Employee	Independent contractor	
17	Mandatory distributions			
а		er state law to make charitable distribu		
				Tyes No
b		required under state law distributed t	o other exempt organizations or spent	
D		activities during the tax year \$	reconnect to question on Cohedule C./	
Pa	t IV Complete this part to proceed instructions.)	provide additional information for	responses to question on Schedule G (	see 
	Identifier	ReturnReference	Explanation	

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### **SCHEDULE H** (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization THE WILLIAM W BACKUS HOSPITAL

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

Hospitals

**Employer identification number** 

					06-	0250773				
Pa	art I Financial Assista	nce and C	ertain Oth	er Community Be	nefits at Cost					
								Yes	No	
<b>1</b> a	Did the organization have a fi	nnancial assi	stance policy	during the tax year? I	f "No," skip to questio	n 6a .	1a	Yes		
b	If "Yes," is it a written policy	?				:	1b	Yes		
2	If the organization has multip assistance policy to its vario				describes application o	of the financial				
	Applied uniformly to all ho	•	Is	Applied uniformly	to most hospitals					
_	·	•								
3	Answer the following based o organization's patients during		icial assista	nce eligibility criteria ti	nat applied to the large	est number of the				
а	Does the organization use Fe income individuals? If "Yes,"					ity for fron core	3a	Yes		
	Γ <sub>100%</sub> Γ <sub>150%</sub>	Γ 20	0 % <b>~</b>	Other	<u>250. %</u>					
b	Does the organization use FP	G to determin	ne eligibility f	or providing <i>discounted</i>	care to low income inc	dividuals? If				
	"Yes," indicate which of the f						зь	Yes		
	Г <sub>200%</sub> Г <sub>250%</sub>	_	0% F		0% <b>Г</b> Other_	<u> </u>				
					_					
C	If the organization does not u determining eligibility for free test or other threshold, regar	or discounte	d care Inclu	de in the description wl	hether the organizatior					
4	Did the organization's financi					uring the tax year	4	Yes		
provide for free or discounted care to the "medically indigent"?										
Ja b										
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?										
	care to a patient who was eligibile for free or discounted care?									
6a	Does the organization prepar year?			ort during the tax			6a	Yes		
6b	6b If "Yes," did the organization make it available to the public?									
	Complete the following table worksheets with the Schedule		ksheets prov	ided in the Schedule H	instructions Do not s	ubmit these				
7	Financial Assistance and C	Certain Other	Community I	Benefits at Cost		•		•		
	Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community ben expense		<b>(f)</b> Perc total ex		
а	Financial Assistance at cost (from Worksheets 1 and 2)			2,221,554	481,911	1,739,6	543	0	700 %	
b	Unreimbursed Medicaid (from			46,273,759	31,545,137	14,728,3			900 %	
c	Worksheet 3, column a) Unreimbursed costs—other means-tested government programs (from Worksheet 3,			40,273,739	31,343,137	14,720,3	576		900 %	
d	column b)  Total Financial Assistance and Means-Tested Government Programs			48,495,313	32,027,048	16,468,6	110	6	600 %	
	Other Benefits			70,057,013	32,027,040	10,408,0	-17	- 0	300 70	
e	Community health improvement services and community benefit operations (from		40,398	430,740	9,834	420,9	206	0	170 %	
f	(Worksheet 4) Health professions education			·	·					
g	(from Worksheet 5) Subsidized health services		1,775	240,048	0	240,0	048		100 %	
_	(from Worksheet 6)		9,379	12,347,573	8,999,744 0	3,347,8	-		340 % 010 %	
h i	Research (from Worksheet 7) Cash and in-kind contributions to community groups			24,279		24,2				
į ·	(from Worksheet 8)  Total Other Benefits		51,552	650,133 13,692,773	9,009,578	650,1 4,683,1	_		260 % 880 %	
-	Total. Add lines 7d and 7j		51,552	62,188,086	41,036,626	21,151,2	_		480 %	

	1 (F01111 990) 2010										age .
Part II	activities during the	tax year, an									ealth
	of the communities i	t serves.  (a) Number of activities or programs (optional)	<b>(b)</b> Persons served (optional)	(c) Total community building expense	1 ' '	rect offs revenue	etting	(e) Net communit building expense		(f) Perce total ex	
1 Physica	al improvements and housing										
2 Econon	nic development										
3 Comm	unity support			8,61				8	618		
_	nmental improvements			0,01				٥,	010		
Liiviioi	ship development and training										
for con	nmunity members			2,64					645		
	on building unity health improvement			4,37	7			4,	.377		
advoca	су			2,62	2			2,	622		
<ul><li>8 Workfo</li><li>9 Other</li></ul>	rce development										
0 Total				18,26	2			18.	.262		
Part III	Bad Debt, Medicar	e, & Collec	tion Practic		- 1			,			
	Bad Debt Expense he organization report bad	d daht avnanse	n accordance	with Hoathcaro Fir	ancial M	202001	nont A	scociation [		Yes	No
	ement No 15?			· · · · ·		anayel			1		Νo
	r the amount of the organi					2		5,225,824			
	r the estimated amount of outable to patients eligible	_			olicy .	3		3,832,933			
	annana na pananna angian		,		,			1			
	ide in Part VI the text of t Idition, describe the costi										
	nale for including a portio				reporte	u on m	ies z ai	iu 5, aiiu			
ection B.	Medicare										
<b>5</b> Ente	r total revenue received fi	rom Medicare (	(including DSH	and IME)		5		53,932,695			
5 Ente	r Medicare allowable cost	s of care relati	ng to payment	s on line 5		6		66,548,262			
	ract line 6 from line 5 Th	•				. 7		-12,615,567			
Also	ribe in Part VI the extent describe in Part VI the c k the box that describes	osting method	ology or source								
r c	ost accounting system	Γc。	st to charge ra	tio	Other						
ection C.	Collection Practices										
<b>9a</b> Does	the organization have a	wrıtten debt co	llection policy?	·				[	9a	Yes	
	es," does the organization								9b	Yes	
Part IV	nts who are known to qua  Management Com				ribe in F	art VI	• •			1 1 63	<u> </u>
	(a) Name of entity	•	) Description of pi		(c) Organi	zation's	(d	) Officers, directors,	Τ.	e) Physic	:ians'
			activity of entit	y	profit % o ownersh		er	trustees, or key nployees' profit %		ofit % or ownership	
		-					or	stock ownership%	+		
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Part	V Facility Information									
Section A. Hospital Facilities (list in order of size, measured by total revenue per facility, from largest to smallest)  How many hospital facilities did the organization operate during the tax year?  1				Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	
Name	and address		eurgreat							Other (Describe)
1	WILLIAM W BACKUS HOSPITAL 326 WASHINGTON ST NORWICH,CT 06360	x	х					х		
		<u> </u>								
		<u> </u>			-					
		<del>                                     </del>	-	-	-	-				

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?	10						
Name and address	Type of Facility (Describe)		_					
		Schedule H (Form 990) 2010						

Part V Facility Information (continued)

Schedule H (Form 990) 2010 Page 8

### Part VI Supplemental Information

Complete this part to provide the following information

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

- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 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
- 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.)
- Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7, COLUMN F		THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THE COLUMN IS \$12,522,978

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE WAS THE COST TO
		CHARGE RATIO DERIVED FROM WORKSHEET 2

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7G	SCHEDULE H, PART II	PHYSICIAN CLINIC COST \$ 877,678

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	Backus Hospital conducts and sponsors 11 support groups that provide ongoing education and counseling for a wide array of health-related issues, from infant child loss to cancer. Hospital employees volunteer their service on dozens of community notfor-profit organizations, many of which has healthcare as a primary or major focus. Examples include the New London County Healthcare Collaborative, the Health Care Council of Eastern Connecticut, the Foundation of Three Rivers. Community College (which provides funding for nursing student education and equipment), the region's non-profit Hospice organization, United Way of Southeastern Connecticut (which provides funding for many regional human services, including those that are health-related), as well as service and board memberships on the region's two Federally Qualified Health Centers. Additionally, Backus personnel volunteer on other boards and organizations that advance the quality of life and economic well-being of the region, including the local library, family support and social service organizations, the regional Chamber of Commerce, numerous civic and governmental bodies, and various volunteer fire companies and ambulance services. Members of the administrative staff routinely submit government testimony on behalf of regional not-for-profit health-related organizations, and provide research and advocacy for the healthcare access.

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE		THE HOSPITAL PROVIDES SERVICES WITHOUT CHARGE, OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES, TO PATIENTS WHO MEET THE CRITERIA OF ITS CHARITY CARE POLICY BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO BE CHARITY CARE, SUCH SERVICES ARE NOT REPORTED AS NET REVENUE THE HOSPITAL'S CHARITY CARE POLICY UTILIZES THE GENERALLY RECOGNIZED POVERTY INCOME LEVELS FOR THE STATE FOR PATIENTS WHO DO NOT APPLY OR DO NOT QUALIFY, THE UNCOLLECTED AMOUNTS ARE RECOGNIZED AS BAD DEBT EXPENSE ESTIMATED COST OF BAD DEBT IS BASED ON THE RATIO OF COST TO CHARGES AS DETERMINED BY HOSPITAL SPECIFIC DATA

Identifier	ReturnReference	Explanation
MEDICARE SHORTFALL	SCHEDULE H, PART III, LINE 8	THE MEDICARE SHORTFALL WAS NOT INCLUDED IN THE COMMUNITY BENEFIT COST THE COSTING METHODOLOGY CONSISTED OF INFORMATION FROM THE HOSPITAL'S COST ACCOUNTING SYSTEM AS WELL AS COSTS FROM THE MEDICARE COST REPORT

I dentifier Return Reference		Explanation			
COLLECTION POLICY	SCHEDULE H. PAKI III. LINE 9B	THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO BE CHARITY CARE			

Identifier	ReturnReference	Explanation
IGEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	Explanation  (a) In addition to conducting its own research, Backus Hospital collaborates with local and regional health care organizations to determine the need for health-related programs and services (b) In 2010, the Hospital commissioned a comprehensive community health needs assessment conducted by Holleran, a professional research firm The assessment consisted of 1,109 BRFSS telephone surveys which were conducted throughout the Hospital's service region (both New London and Windham Counties) The assessment also included a detailed analysis of secondary data sources, as well as two comprehensive focus groups to gain qualitative data on identified priority health areas The needs assessment was presented and distributed, and can be accessed at www backushospital org/healthsurvey Subsequently the Hospital has developed a Community Needs Strategic Plan which identifies and outlines top priority health areas include obesity and overweight, autism, smoking, alcohol and substance abuse, mental health, chronic lower respiratory diseases, and access to healthcare This plan has guided Hospital's outreach efforts for the last two fiscal years. A second needs assessment is planned to measure the Hospital's progress Based on the Holleran survey, the Hospital partnered with United Way of Southeastern Connecticut to create the New London County Food Policy Council, which is using the data to address obesity and other food-related issues, as well as Norwich Technical High School, to focus on adolescent health issues such as self-esteem, depression, and substance abuse (c) The hospital identifies health problems in the community through indicators and measures of health risk, disease prevalence, disease management and outcomes using sources such as birth and mortality records, census data, Behavioral Risk Factor Survey data, Robert Wood Johnson County Health Rankings, and other datasets (d) The hospital partners with two regional Federally Q ualified Health Centers (FQHC)- United Community and Family Services, and Generati

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	(a) Notification about charitable care and assistance programs is available at all registration areas, on and off the main hospital campus, in waiting areas, in the patient handbook, on our website, on prominently placed signs (in English and Spanish) Additionally, Care Management Social Workers meet with patients, family, clergy and others as appropriate to discuss assistance programs and services that may be available. Here is the information from our website. If you do not have health insurance and are eligible for a government sponsored health program, our Access to Care staff at Backus Hospital is available to help you through the application process. If you qualify, programs such as HUSKY, T-19, and SAGA may help you with access to healthcare and other vital services for yourself and your family. If you are uninsured, and do not qualify for a government sponsored insurance program you may be eligible for free or discounted services from Backus Hospital depending on your income level and circumstances. In addition, extended payment plans are available to patients who qualify for payment assistance and who are making good-faith efforts to pay their bill. To get help enrolling in a government sponsored insurance program or to apply for charitable care from Backus Hospital, please call our Advocate for Charitable Care at (860) 889-8331, ext. 3831 or Customer Service at (860) 823-6394. Our staff will work with you to improve access to care for you and your family (b) The hospital provides two Access to Care Specialists (both first and second shift) in its Emergency Department, who provides free insurance eligibility screenings to uninsured clients seeking care. The Specialist works with uninsured patients to connect them with a primary medical home, so they can receive preventative care, rather than using costly emergency services for illnesses that are not medical emergencies. Significant one-on-one follow-up is provided through phone calls or letters to make appointments to screen patients and help them fill

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINE 4	The William W Backus Hospital is located in Norwich, 45 minutes southeast of Hartford In the past decade, the region has undergone major economic changes, due to the operation of two Native American-owned casinos - both among the largest casinos in the world. These gambling and entertainment venues bring bringing an average of 40,000 visitors into the region each day. The casinos are the largest employers, and are experiencing layoffs and cutbacks as the economy continues to decline. The hospital's primary service area has an estimated population of about 118,000. The secondary service area consists of larger communities, such as New London and Groton, and smaller lower-density rural communities. The total population of the secondary service area is about 123,000. The service areas contain municipalities in New London and Windham Counties. The fastest growing segment of the region's population is the elderly. For the last decennial census, the region's elderly population grew at 10 times the rate of growth for the total population. The region's lack of affordable housing began to emerge as a critical issue even before the economic downturn. Homelessness is a growing concern, as the number of mortgage foreclosures grow. Further, the 2012 Robert Wood Johnson County Health Rankings reported that in New London and Windham Counties between 12-15% of children are living in poverty, and 31-32% are living in single parent households. Unemployment in the regional labor market (per the 2012. Robert Wood Johnson County Health Ranking) stands at 8.7-10.3% in New London and Windham Counties, hovering around state average of 9.1%, and well above the national average of 5.4%

Directors/Trustees These individuals represent an array of professions and backgrounds b) The hospital has 110 Corporators - volunteer members chosen from all the communities in our prinary and secondary service areas. In addition to their official capacity as nominators of Board members, the Corporatos serve as the hospital's eyes and ears throughout its service area. C) The hospital owns and operates a Mobile Health Resource Center - a 40-foot van that travels to vanisus locations in eastern Connecticut offering health education, counseling, and screenings The van makes regularly scheduled stops at senior citizens centers, soup kitchens, elderly housing complexes and homeless shelters Not-for-profit groups are encouraged to request the van and its services at their functions or offices d) The hospital provides individuals who do not identify as having a primary medical home with a follow up visit post discharge from to become link these individuals with adviduals with parmary care physician in the community. This is facilitated through the My Health Direct program, a web-based tool that allows hospital staff to access blocked appointments for physicians in the community. From 10/1/10 to 9/30/11 the Ospital inked 52. Individuals with primary care. Physicians in the community From 10/1/10 to 9/30/11 the Ospital inked 52. Individuals with primary care. In the ospital provides free community prostate screenings, diabetes eaction, backpack safety, HIV education/testing, blood pressure tests, skin cancer screenings, diabetes eaction on advision to the system of the staff the hospital provides free community provides free website access to complete and current medical information to help with sport as subscriptions to hundreds of major scientific and clinical journals, as well as an on-staff librarian to help with sport as subscriptions to hundreds of major scientific and clinical journals, as well as an on-staff librarian to help with sport as subscriptions to hundred side provides free website access to complete a	Identifier	ReturnReference	Explanation
screenings, and contact information for healthcare providers 44,000 copies are distributed monthly	PROMOTION OF COMMUNITY HEALTH		a) The hospital is governed by a volunteer community Board of Directors/Trustees These individuals represent an array of professions and backgrounds b) The hospital has 110 Corporators - volunteer members chosen from all the communities in our primary and secondary service areas. In addition to their official capacity as nominators of Board members, the Corporators serve as the hospital's eyes and ears throughout its service area c) The hospital owns and operates a Mobile Health Resource Center - a 40-foot van that travels to various locations in eastern Connecticut offering health education, counseling, and screenings. The van makes regularly scheduled stops at senior citizens centers, soup kitchens, elderly housing complexes and homeless shelters. Not-for-profit groups are encouraged to request the van and its services at their functions or offices. d) The hospital provides individuals who do not identify as having a primary medical home with a follow up visit post discharge from to become link these individuals with a primary care physician in the community. This is facilitated through the My Health Direct program, a web-based tool that allows hospital staff to access blocked appointments for physicians in the community. From 10/1/10 to 9/30/11 the Hospital linked 582 individuals with primary care e) The hospital provides free community prostate screenings, diabetes education, backpack safety, HIV education/testing, blood pressure tests, skin cancer screenings, nutrition education and many others services f). The hospital provides a comprehensive medical library, which is open to all staff. The library has subscriptions to hundreds of major scientific and clinical journals, as well as an on-staff librarian to help with specific research requests g). The hospital provides free website access to complete and current medical information to answer clinical questions, through UpToDate cowers more than 7,400 topics in 13 medical specialties and includes more than 76,000 pages of text, graphics, links to Medline ab

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Schedule I (Form 990)

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

OMB No 1545-0047

2010

DLN: 93493223000222

Open to Public Inspection

Department of the Treasury Internal Revenue Service Name of the organization Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

Attach to Form 990

Employer identification number

THE WILLIAM W BACKUS HOS	PITAL					06-0250773	
Part I General Inform	nation on Grants	and Assistance					
<ul> <li>Does the organization mainstrain the selection criteria used</li> <li>Describe in Part IV the organization</li> </ul>	to award the grants	orassistance?			ty for the grants or as	ssistance, and	√ Yes
Form 990, Part IV	V, line 21 for any	Governments and recipient that received eded	l more than \$5,000.	Check this box if no	one recipient rec	eived more than \$5,	d "Yes" to 000. Part II can be
1 (a) Name and address of organization or government	<b>(b)</b> EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) A mount of non- cash assistance	( <b>f)</b> Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) HOSPICE OF SE CONNECTICUT	22-2667260	501(C)(3)	8,500				CORPORATE BENEFACTOR
(2) UNITED WAY OF SE CT	06-0771393	501(C)(3)	17,000				CORPORATE BENEFACTOR
(3) PLAINFIELD REC DEPT	06-6002062	PLAINFIELD	10,000				PRESIDENTS AWARD
(4) AMERICAN HEART ASSOC	13-5613797	501(C)(3)	25,000				SPO NSO RSHIP
(5) UNITED COMMUNITY & FAMILY SERVICES	06-0653142	501(C)(3)	559,990				WOMEN'S HEALTH
<ul><li>2 Enter total number of sect</li><li>3 Enter total number of othe</li></ul>							<b>▶</b> 5

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

(a)Type of grant or assistance	( <b>b)</b> Number of recipients	(c)A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIPS	4	10,000			

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

Identifier	Return Reference	Explanation
Procedures for Monitoring	SCHEDULE I, PART I, LINE 2	DONATIONS MADE FOR LOCAL EVENTS, SUCH AS THE RELAY FOR LIFE AND HEALTH FAIRS, ARE TYPICALLY
the use of grant funds in		ATTENDED BY HOSPITAL EMPLOYEES FOUR SCHOLARSHIPS IN THE AMOUNT OF \$2,500 EACH ARE AWARDED TO
the U S		STUDENTS WHO WILL ATTEND SCHOOL EITHER FOR NURSING OR IN THE MEDICAL FIELD THE APPLICANTS ARE
		REVIEWED BY THE SCHOLARSHIP COMMITTEE OF THE AUXILIARY AND WINNERS ARE CHOSEN BASED ON
		ACADEMICS AS WELL AS COMMUNITY SERVICE

**Compensation Information** 

DLN: 93493223000222

OMB No 1545-0047

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## **Schedule J** (Form 990)

Department of the Treasury Internal Revenue Service

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

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

► Attach to Form 990. ► See separate instructions.

Name of the organization THE WILLIAM W BACKUS HOSPITAL **Employer identification number** 

06-0250773

Pa	rt I Questions Regarding Compensation			
			Yes	Νo
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			
	First-class or charter travel Housing allowance or residence for personal use			
	Travel for companions Payments for business use of personal residence			
	Tax idemnification and gross-up payments  Health or social club dues or initiation fees			
	Discretionary spending account Personal services (e.g., maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	1b		No
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	▼ Compensation committee ▼ Written employment contract			
	☑ Independent compensation consultant ☑ Compensation survey or study			
	Form 990 of other organizations  Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
а	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a		Νo
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	<u> </u>
C	Participate in, or receive payment from, an equity-based compensation arrangement?	<b>4</b> c		Νo
	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			
а	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
а	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was			
	subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8		N.a
_		0		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and	(D) Nontaxable	(E) Total of columns	<b>(F)</b> Compensation	
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ	
(1) DAVID WHITEHEAD	(I) (II)	446,113 0	87,400	0 414 0 0	19,600	20,555 0	5 574,082 0 0	ວ່	
(2) DANIEL E LOHR	(I) (II)	336,248 0	54,800 0	21,833	19,600	15,017 0	7 447,498 0 0	) 	
(3) MARK SANTAMARIA	(ı) (ıı)	150,565 0	25,000	31,125 0 0	0	0	0 206,690 0 0	ງ	
(4) PETER SHEA	(ı) (ıı)	361,520 0	54,800	7,793 0 0	12,250	20,555 0	5 456,918 0 0	ט ט	
(5) SERGIO CASILLAS MD	(I) (II)	344,101 0	116,000	o'	12,250	1,057		o l	
(6) ROBERT SIDMAN MD	(ı) (ıı)	258,456 0	96,344	4 20,475 0 0	12,250	21,264 0	4 408,789 0 0	) )	
(7) MARK TOUSIGNANT MD	(ı) (ıı)	249,187 0	, o	68,000	12,250	21,264 0	4 350,701 0 0	ວ່	
(8) JUAN ESCALON MD	(ı) (ıı)	297,117 0	0	16,500 0 0	12,250	21,264 0	4 347,131 0 0	ວ່	
(9) NADER BAHADORY MD	(I) (II)	226,076 0	77,919	9 2,025 0 0	19,600	21,093 0	3 346,713 0 0	) )	
(10) THOMAS P PIPICELLI	(ı) (ıı)	609,268 0	, o	82,772 0 82,772	19,600	14,628 0	8 726,268 0 0	) )	
( 11 )	<u> </u>	'							
( 12 )	<u> </u>			,		1			
( 13 )	1 7	1		'		1			
( 14 )	+	<b> </b>				1	†		
( 15 )	1	<b>T</b>		,		1			
( 16 )	<del>    '</del>	†			<b></b>				

### Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	SCHEDULE J, PART I, LINE 1A	THE FORMER PRESIDENT RECEIVED GROSS-UP PAYMENTS ON SELECTED EXPENSES PROPERLY INCLUDED IN HIS W-2 WAGES
	PART I, LINE	DAVID WHITEHEAD, DANIEL E LOHR AND PETER SHEA PARTICIPATE IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN, HOWEVER THERE WERE NO ACCRUALS OR CONTRIBUTIONS THAT WERE MADE TO THE PLAN DURING THE REPORTING PERIOD
NON-FIXED PAYMENTS		BONUSES ARE BASED ON THE EVALUATION OF AN INDIVIDUAL'S PERFORMANCE AND ACCOMPLISHMENT OF GOALS SET AT THE BEGINNING OF THE YEAR BY AN INDEPENDENT COMPENSATION COMMITTEE
OTHER DEFERRED	PART II, COLUMN C	COMPENSATION IS REPORTED ON THE FORM 990 IN THE YEAR THE COMPENSATION IS EARNED BY OR AWARDED TO AN INDIVIDUAL, EVEN IF THE COMPENSATION IS NOT PAID TO THE INDIVIDUAL, IS NOT FULLY VESTED, OR IS SUBJECT TO SUBSTANTIAL RISK OF FORFEITURE IF COMPENSATION IS EARNED OR AWARDED IN ONE YEAR BUT PAID IN A LATER YEAR, THEN THE COMPENSATION IS GENERALLY REPORTED A SECOND TIME ON THE FORM 990 IN THE YEAR THE COMPENSATION IS PAID TO THE INDIVIDUAL AS A RESULT OF THE REPORTING REQUIREMENT, AN ORGANIZATION COULD BE REQUIRED TO REPORT THE SAME COMPENSATION ON FORM 990 IN TWO DIFFERENT YEARS
	PART II, LINE 10	THOMAS PIPICELLI'S COMPENSATION INCLUDES AMOUNTS ESTABLISHED AND PAID PURSUANT TO EMPLOYMENT AGREEMENT DATED DECEMBER 15, 2008, UNDER WHICH EMPLOYEE'S EMPLOYMENT WOULD TERMINATE ON DECEMBER 31, 2011 THE AMOUNT OF COMPENSATION RECOGNIZED THE EMPLOYEE'S DECADES-LONG SERVICE TO THE ORGANIZATION AS PRESIDENT AND CEO, AND HIS SERVICES IN TRANSITIONING TO THE ORGANIZATION'S CURRENT MANAGEMENT TEAM

Schedule J (Form 990) 2010

Schedule K (Form 990)

**Supplemental Information on Tax Exempt Bonds** 

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

► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2010

DLN: 93493223000222

Open to Public Inspection

Internal Revenue Service
Name of the organization

Department of the Treasury

THE WILLIAM W BACKUS HOSPITAL

Employer identification number 06-0250773

P	art I Bond Issues									<u> </u>					
	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue	Price	(f)	<b>)</b> Description	of Purpose	(g) Def	eased	Beh	On alf of suer		) Pool ancing
										Yes	No	Yes	No	Yes	No
A	STATE OF CT HEALTH & EDUCATIONAL FACILITIES	06-0806186	20774LSV3	08-10-2005	28,99	2,719	SEE:	SCHEDULE	K, PART V		X		х		X
В	STATE OF CT HEALTH & ENDUCATIONAL FACILITIES	06-0806186	20774UC86	07-02-2008	30,16	58,922	SEE :	SCHEDULE	K, PART V		Х		Х		х
_ 															
P	art II Proceeds				1	_		<u> </u>							
	A mount of bonds retired				-	A			3 100 000		С		+	D	
1	Amount of bonds legally defeas	· ed				2,885	,000,		2,100,000						
2 3	Total proceeds of issue					20.002	710		20.160.022				+		
$\frac{3}{4}$	Gross proceeds in reserve fund	łe				28,992			30,168,922						
<u>4</u> 5	Capitalized interest from proce					/55	755,086 0		0				+		
6	Proceeds in refunding escrow					16.750	063		20.100.000				+		
1 -	Issuance costs from proceeds					16,750			30,100,000				+		
8	Credit enhancement from proce						,723 ,673		68,922				+		
9	Working capital expenditures fr					503	,6 / 3		- 0				+		
10						10,514	252		0						
11							,923		0				+		
12							,,,,,,						+		
13					20	008		20	0.8						
					Yes	No	,	Yes	No	Yes	1	No	Yes	,	No
14	Were the bonds issued as part	of a current refundı	ng issue?			Х		Х							
15	Were the bonds issued as part	of an advance refur	nding issue?		Х				Х						
16	Has the final allocation of proce	eeds been made?			Х			Х							
17	Does the organization maintain allocation of proceeds?	adequate books ar	nd records to suppo	ort the final	Х			Х							
Pa	rt IIII Private Business Us	se													
						Ą		E	3		С			D	
					Yes	No	<b>)</b>	Yes	No	Yes		No	Yes	; <u> </u>	No

property financed by tax-exempt bonds?

financed property?

Was the organization a partner in a partnership, or a member of an LLC, which owned

Are there any lease arrangements that may result in private business use of bond-

Χ

Χ

Χ

Part III Private Business Use (Continued)

1 4	Private Business Ose (Continued)		•		D			1	
			4	<del>                                     </del>		<del></del>		ı	<u> </u>
		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				
С	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?	Х		Х					
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		% 0 9					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %		0 %			
6	Total of lines 4 and 5		0 %		0 %				
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	Х		Х					

Part IV Arbitrage

Pa	IIV Arbitrage								
		Α	<u> </u>	I	В	С		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the								
	bond issue?		.,						
			X	X					
2	Is the bond issue a variable rate issue?		Х	Х					
За	Has the organization or the governmental issuer entered								
	into a hedge with respect to the bond issue?								
			×	×					
b	Name of provider	UBS AG		UBS AG					
	Term of hedge		29 9		29 9				-
d	Was the hedge superintegrated?								
			X		X				
	W 1 1 2			-					_
е	Was a hedge terminated?		X		×				
			^		^				
4a	Were gross proceeds invested in a GIC?		Х		Х				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market								
	value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary								
	period?		X		X				
6	Did the bond issue qualify for an exception to rebate?								
			×		×				

# Part V Supplemental Information

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

	Ident if ier	Return Reference	Explanation
			A-(F)- ADVANCE REFUND SERIES D/FINANCE FACILITY MASTER PLAN B-(F)- CONSTRUCTION, RENOVATIONS, AND IMPROVEMENTS TO THE
	BONDS	PART I	FACILITY PURSUANT TO THE FACILITY MASTER PLAN
ı			

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DLN: 93493223000222

OMB No 1545-0047

### Schedule L

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

# **Transactions with Interested Persons**

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

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

2010

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	f the organization IAM W BACKUS HOSPITAL							E	mployer id	dent if ica	tion numb	er
•									6-02507			
Part I	Excess Benefit Trar Complete If the organizat										no 40h	
1	(a) Name of disqu			163 0111011	11 9 9 0 , F	<b>(b)</b> Desc				raic v , ii		(c)
_						(2, 2 33 3					Yes	No
<b>2</b> Ent	er the amount of tax impos	ed on tl	ne organ	nization man	agers or	disqualified perso	ons duri	na the v	ear unde	r	•	•
	tion 4958								🕨	·		
<b>3</b> Ent	er the amount of tax, if any	, on line	2, abo	ve, reimburs	ed by th	e organızatıon .			🕨	· \$		
Part I	Loans to and/or F	rom	Intoro	stad Dare	one							
rait I.	Complete if the organiz					. Part IV . line 26	. or Forr	n 990-E	Z. Part V	. line 38	а	
			oan to						(f)			
(a) Nam	ne of interested person and		m the	<b>(c)</b> 0 rig	ıınal		(e) I		Approv		(g)Writt	
(,	purpose	organı	zatıon?	principal a		(d)Balance due	defau	it?	by boar		agreeme	ntz
		То	From				Yes	No	Yes	No	Yes	No
									1			
					<b>.</b> .				1			
Total .	Cuanta au Assista				<b>P</b> \$	2						
Part II	Grants or Assistar Complete if the orga						/ line 2	7				
						en interested per						
(	(a) Name of interested pers	on	`			ganızatıon .		( <b>c)</b> A m	nount of g	rant or ty	pe of assi	stance
			_									
			$\perp$									
							I					

Part IV Business Transactions Involving Interested Persons.

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

complete if the organization	il aliswered Tes Oil	ronn 550, raictv, m	ic 200, 200, 01 20c.		
(a) Name of interested person	(b) Relationship between interested person and the	(c) A mount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
	organization			Yes	No
1) SEE SCHEDULE L PART V					

# **Supplemental Information**

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTION INVOLVING INTERESTED PERSONS		(A) CONNCARE, INC (B) DAVID WHITEHEAD, DANIEL E LOHR, PETER V DISCH AND PETER SHEA ARE OFFICERS, TRUSTEES, DIRECTORS AND/OR KEY EMPLOYEES OF THE WILLIAM W BACKUS HOSPITAL(WWBH) AND CONNCARE, INC (CI) (C)/(D) \$3,687,182 REIMBURSEMENTS PAID BY CI TO WWBH \$373,523 LEASE FACILITIES AND EQUIPMENT TO CI BY WWBH \$109,258 PERFORMANCE OF SERVICES BY WWBH FOR CI (E) NO

Schedule L (Form 990 or 990-EZ) 2010

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DLN: 93493223000222

Supplemental Information to Form 990 or 990-EZ

2010

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Inspection

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service 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.

Name of the organization THE WILLIAM W BACKUS HOSPITAL Employer identification number

06-0250773

ldentifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990, PART I, LINE 1 & PART III, LINE 1	THE WILLIAM W BACKUS HOSPITAL DELIVERS AND COORDINATES A CONTINUUM OF HIGH QUALITY HEALTH CARE THAT IS SENSITIVE TO THE NEEDS OF INDIVIDUALS IN EASTERN CONNECTICUT THE HOSPITAL IS COMMITTED TO BEING RESPONSIVE AND ACCOUNTABLE TO THOSE FOR WHOSE BENEFIT IT EXISTS, AND TO IMPROVING THE HEALTH OF ITS COMMUNITIES

ldentifier	Return Reference	Explanation
BUSINESS RELATIONSHIPS	SECTION A, LINE 2	DAVID WHITEHEAD, DANIEL E LOHR, PETER V DISCH AND PETER SHEA HAVE A BUSINESS RELATIONSHIP WITH EACH OTHER THEY SERVE AS AN OFFICER OR DIRECTOR FOR CONNCARE, INC OR WWB CORPORATION, WHICH ARE RELATED FOR PROFIT COMPANIES

Identifier	Return Reference	Explanation
MEMBERS	· · · · · · · · · · · · · · · · · · ·	BACKUS CORPORATION, A NOT-FOR-PROFIT, 501(C)(3) ORGANIZATION, IS THE SOLE MEMBER OF THE WILLIAM W BACKUS HOSPITAL

ldentifier	Return Reference	Explanation
	l ' '	BACKUS CORPORATION, BEING THE SOLE MEMBER OF THE WILLIAM W BACKUS HOSPITAL, HAS THE RIGHT TO ELECT ALL THE BOARD OF TRUSTEES

ldentifier	Return Reference	Explanation
DECISIONS SUBJECT TO APPROVAL OF MEMBERS	FORM 990, PART VI, SECTION A, LINE 7B	THE ADMINISTRATIVE POWERS OF THE HOSPITAL SHALL BE VESTED IN THE BOARD OF TRUSTEES WHO SHALL HAVE CHARGE, CONTROL AND MANAGEMENT OF THE PROPERTY, AFFAIRS AND FUNDS OF THE HOSPITAL, SHALL BE RESPONSIBLE FOR THE DELIVERY AND MAINTENANCE OF QUALITY PATIENT CARE, THE PROMOTION OF QUALITY IMPROVEMENT, OVERSIGHT OF RISK MANAGEMENT ACTIVITIES, AND WHICH SHALL HAVE THE POWER AND AUTHORITY TO DO AND PERFOM ALL ACTS AND FUNCTIONS NOT INCONSISTENT WITH THE BYLAWS THE BOARD OF TRUSTEES SHALL MAKE ALL POLICIES AND RULES THAT GOVERN THE HOSPITAL AND SHALL PROVIDE FOR THE ABILITY OF HOSPITAL LEADERSHIP TO ESTABLISH AND IMPLEMENT POLICIES AND TO PROVIDE NECESSARY RESOURCES

ldentifier	Return Reference	Explanation
990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	THE 990 IS PREPARED BY THE ACCOUNTING STAFF AND THEN REVIEWED BY AN INDEPENDENT ACCOUNTING FIRM THE 990 IS THEN REVIEWED BY THE CFO AND ANY QUESTIONS OR CONCERNS THE CFO MAY HAVE ARE ADDRESSED THE FINANCE COMMITTEE OF THE BOARD WILL THEN REVIEW THE 990 AND ANY QUESTIONS OR CONCERNS THE FINANCE COMMITTEE HAVE ARE ADDRESSED THE FINAL FORM 990 WITH ALL REQUIRED SCHEDULES IS THEN PROVIDED TO ALL VOTING MEMBERS OF THE BOARD PRIOR TO FILING

ldentifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	ALL TRUSTEES, OFFICERS, AND KEY EMPLOYEES OF THE HOSPITAL SHALL COMPLETE AND SIGN A DISCLOSURE STATEMENT. THE STATEMENT WILL INCLUDE AN ITEMIZATION AND DESCRIPTION OF ANY ACTUAL OR POTENTIAL CONFLICT OF INTEREST AND ALL MATERIAL FACTS RELATED THERETO FOR SUCH TRUSTEE, OFFICER, OR KEY EMPLOYEE BY VIRTUE OF HIS OR HER ACTIVITIES OR THE ACTIVITIES OF RELATED PERSONS TRUSTEES, OFFICERS, AND KEY EMPLOYEES ARE URGED TO BE INCLUSIVE IN THIS DISCLOSURE OF POTENTIAL AND ACTUAL CONFLICTS OF INTEREST IS ESSENTIAL TO ENSURING DISCUSIVE OF CONFLICT DISCLOSURE STATEMENTS SHALL BE RETURNED TO THE CORPORATE COMPLIANCE OFFICER ALL DISCLOSURES MADE WILL BE REVIEWED BY THE COMPLIANCE OFFICER, UNDER THE DIRECTION OF THE CHAIR AND THE PRESIDENT, WHO SHALL EXERCISE GOOD FAITH JUDGEMENT AS TO WHETHER A CONFLICT EXISTS THE CHAIR AND THE PRESIDENT SHALL BE RESPONSIBLE FOR MONITORING TRANSACTIONS OR ARRANGENTS IN WHICH A TRUSTEE, OFFICER, OR KEY EMPLOYEE SERVES THE HOSPITAL'S BEST INTERESTS THE COMPLIANCE OFFICER, THE CHAIR AND/OR PRESIDENT MAY CONSULT WITH ANY TRUSTEE, OFFICER, OR KEY EMPLOYEE AND OBTAIN INFORMATION NECESSARY FOR AN ORDINARILY PRUDENT PERSON TO MAKE A JUDGMENT AS TO WHETHER A CONFLICT EXISTS AND EACH TRUSTEE, OFFICER, AND KEY EMPLOYEE SHALL COOPERATE WITH SUCH REQUESTS THE COMPLIANCE OFFICER, THE CHAIR, AND/OR THE PRESIDENT SHALL PROVIDE GUIDANCE TO THE TRUSTEE, OFFICER, OR KEY EMPLOYEE AND TO THE BOARD OF TRUSTEES AS TO THE APPROPRIATE COURSE OF ACTION WHEN DEEMED PRUDENT BY THE CHAIR OR THE PRESIDENT, THE CHAIR AND THE PRESIDENT SHALL SEEK THE ADVICE AND APPROVAL OF THE CHAIR OR THE PRESIDENT, THE CHAIR AND THE PRESIDENT SHALL SEEK THE ADVICE AND APPROVAL OF THE FULL BOARD OF TRUSTEES OR GOVERNANCE COMMITTEE IN DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS AND THAT THE TRUSTEE, OFFICER, OR KEY EMPLOYEE SERVES THE HOSPITAL'S BEST INTERESTS IF, AFTER COMPLETING AND SIGNING THE ANNUAL DISCLOSURE STATEMENT, AN ACTUAL OR POTENTIAL CONFLICT OF RIVSTEES OFFICER IN WRITING TRUSTEES, OFFICER, AND KEY EMPLOYEE WITH THE CON

ldentifier	Return Reference	Explanation
COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & B	A PERFORMANCE REVIEW COMMITTEE CONSISTING OF INDEPENDENT BOARD MEMBERS REVIEWS THE PERFORMANCE OF THE SENIOR MANAGEMENT TEAM COMPENSATION IS BASED ON THE RESULTS OF THESE REVIEWS AND THE INDEPENDENT COMPENSATION CONSULTANT THE COMMITTEE ALSO TAKES INTO CONSIDERATION INFORMATION FROM COMPENSATION SURVEYS

ldentifier	Return Reference	Explanation
JOINT VENTURES	FORM 990, PART VI, SECTION B, LINE 16B	ALL NEW VENTURES ARE REVIEWED BY OUTSIDE COUNSEL AND PRESENTED TO THE BOARD FOR REVIEW AND APPROVAL

ldentifier	Return Reference	Explanation
AVAILABILITY OF DOCUMENTS	· · · · · · · · · · · · · · · · · · ·	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST PLEASE CONTACT DANIEL E LOHR AT 326 WASHINGTON STREET, NORWICH, CT, 06360, ABOUT INSPECTING THE ORGANIZATION'S DOCUMENTS

ldentifier	Return Reference	Explanation
	FORM 990, PART XI, LINE 5	K-1 GAIN AND INTEREST (2,641) TRANSFER TO AFFILIATE (245,005) DECREASE IN ASSETS HELD IN TRUST (102,368) CHANGE IN PENSION FUNDING (21,176,691) UNREALIZED LOSS (5,813,831) INVESTMENT EXPENSES (226,561) TOTAL \$(27,567,097)

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DAVID WHITEHEAD TITLE TRUSTEE/PRESIDENT/CEO HOURS 7

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME PETER V DISCH TITLE TRUSTEE/CHAIRMAN HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ROBERT RAMSDELL TITLE TRUSTEE/TREASURER HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JOSEPH FATONE TITLE TRUSTEE/SECRETARY HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ANTHONY JOYCE TITLE TRUSTEE/VICE CHAIRMAN HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAMEJOHN F BILDA TITLE TRUSTEE HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ELIZABETH CONWAY TITLE TRUSTEE HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAMEBERT A COPPOTELLI, MD TITLE TRUSTEE HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME GRACE JONES PHD TITLE TRUSTEE HOURS 1

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME PETER MANERI TITLE TRUSTEE HOURS 1

ldentifier	Return Reference	Explanation				
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DEBORAH MONAHAN TITLE TRUSTEE HOURS 1				

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME TODD POSTLER TITLE TRUSTEE HOURS 1

ldentifier	Return Reference	Explanation				
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAMELYNNE QUINTAL-HILL TITLE TRUSTEE HOURS 1				

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MARK TRAMONTOZZI, MD TITLE TRUSTEE HOURS 1

ldentifier	Return Reference	Explanation				
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DANIEL E LOHR TITLE SENIOR VP/CFO HOURS 9				

ldentifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME THOMAS P PIPICELLI TITLE FORMER PRESIDENT HOURS 10

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DLN: 93493223000222

2010

OMB No 1545-0047

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Schedule R (Form 990) 2010

# SCHEDULE R (Form 990)

Name of the organization

THE WILLIAM W BACKUS HOSPITAL

# **Related Organizations and Unrelated Partnerships**

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

► Attach to Form 990. ► See separate instructions.

Department of the Treasury Internal Revenue Service

Employer identification number

Cat No 50135Y

				1 00-0230773			
Part I Identification of Disregarded Entities (Comp	olete if the organiza	tion answered "Ye	s" on Form 990, Pa			,	
(a) Name, address, and EIN of disregarded entity	<b>(b)</b> Primary activity	(c) Legal domicile (sta or foreign country	(d) ate Total income y)	<b>(e)</b> End-of-year assets	(f) Direct controlling entity		
Part II Identification of Related Tax-Exempt Organ or more related tax-exempt organizations during	izations (Complet the tax year.)	e if the organization	on answered "Yes"	on Form 990, Part	I IV, line 34 becau	se it had	one
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	<b>(f)</b> Direct controlling entity	(g) Section 512(b)( controlled organization	
						Yes	No
(1) BACKUS HEALTH CARE INC							
326 WASHINGTON ST	SUPPORT	СТ	501(C)(3)	11A	BACKUS CORP		
NORWICH, CT 06360 22-2481794							
(2) BACKUS CORPORATION							
326 WASHINGTON ST	SUPPORT	ст	501(C)(3)	118	NA		
NORWICH, CT 06360 22-2757608							
						+	

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>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)		(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	<b>(h</b> Disprop allocat	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j Gene mana part	ral or aging	<b>(k)</b> Percentage ownership
							Yes	No		Yes	No	1
(1) OMNI HOME HEALTH SERVICES NORWICH CT 06360 NORWICH, CT06360 06-1458837	HOME HEALTH CARE	СТ	NA	RELATED	0	0		No	0		No	0 %
Part IV Identif	ication of Pelat	ted Ord	anizations Tax	ahle as a Cornor	ation or Trust (	Complete if the	organ	ızatıor	answered "Ves"	on Fo	rm 9	90 Part IV

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>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	<b>(d)</b> Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	<b>(f)</b> Share of total income	<b>(g)</b> Share of end-of-year assets	<b>(h)</b> Percentage ownership
(1) WWB CORPORATION 326 WASHINGTON ST NORWICH, CT06360 06-1094836	HOLDING COMPANY	СТ	NA	C-CORP	0	0	0 %
(2) CONNCARE INC 326 WASHINGTON ST NORWICH, CT06360 06-1387598	HEALTH CARE SRVCS	СТ	NA	C CORP	0	0	0 %
(3) BACKUS MEDICAL CENTER CONDO ASSOC INC 330 WASHINGTON ST NORWICH, CT06360 06-1542647	CONDO ASSOCIATION	СТ	NA	C-CORP	0	0	69 000 %

Par	rt V	Transactions With Related Organizations (Complete if the organization answered "Yes	s" on Form 990, Par	t IV, line 34, 35, 3	5A, or 36.)						
	Note.	Complete line 1 if any entity is listed in Parts II, III or IV				Yes	No				
<b>1</b> Du	ırıng th	e tax year, did the orgranization engage in any of the following transactions with one or more related organ	nizations listed in Part	s II-IV?							
а	Receip	ot of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity			1a		No				
b	<b>b</b> Gift, grant, or capital contribution to other organization(s)										
c	Gıft, gı	ant, or capital contribution from other organization(s)			1c		No				
d	Loans	or loan guarantees to or for other organization(s)			1d		No				
e	Loans	or loan guarantees by other organization(s)			1e		No				
f	Sale o	assets to other organization(s)			1f		No				
g	Purch	ase of assets from other organization(s)			1g		No				
h		nge of assets			1h		No				
i	Lease	of facilities, equipment, or other assets to other organization(s)			1i	Yes					
j	Lease	of facilities, equipment, or other assets from other organization(s)			1 <u>j</u>		No				
k	Perfor	mance of services or membership or fundraising solicitations for other organization(s)			1k	Yes					
I	Perforr	nance of services or membership or fundraising solicitations by other organization(s)			11	Yes					
m											
n	Sharın	g of paid employees			1n	Yes					
o	Reımb	ursement paid to other organization for expenses			10		No				
р	Reımb	ursement paid by other organization for expenses			<b>1</b> p	Yes					
q	Other	transfer of cash or property to other organization(s)			<b>1</b> q		No				
r	Other	ransfer of cash or property from other organization(s)			1r		No				
2	If the a	inswer to any of the above is "Yes," see the instructions for information on who must complete this line, in	ncluding covered relati	onships and transact	ion thresholds						
		(a) Name of other organization	( <b>b)</b> Transaction type(a-r)	(c) Amount involved	(d) Method of determi involved		ount				
(1)											
(2)											
(3)											
(4)											
(5)											
(6)											

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

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

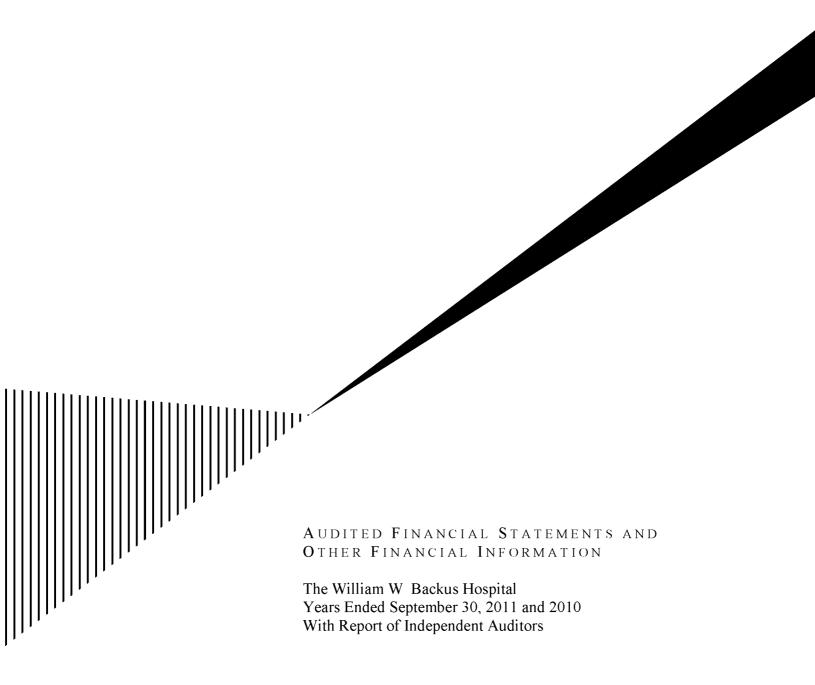
<b>(a)</b> Name, address, and EIN of entity	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		<b>(e)</b> Share of end-of-year assets		ortionate cions?	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(l Gene mana part	agıng tner?
			Yes	No		Yes	No		Yes	No
										-
										+
							++			+
										T

# 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



Ernst & Young LLP

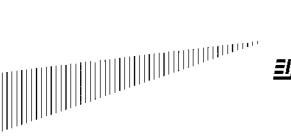


# Audited Financial Statements and Other Financial Information

Years Ended September 30, 2011 and 2010

# **Contents**

Report of Independent Auditors	1
Audited Financial Statements	
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Statements of Operations	4
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Report of Independent Auditors on Other Financial Information	33
Consolidating Balance Sheet	34
Consolidating Statement of Operations	36





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# Report of Independent Auditors

The Board of Trustees
The William W Backus Hospital

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

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 Hospital'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 Hospital'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 financial position of The William W Backus Hospital as of September 30, 2011 and 2010, and the results of its operations and changes in net assets and its cash flows for the years then ended in conformity with U S generally accepted accounting principles

Ernst + Young LLP

January 27, 2012

# Balance Sheets

	September 30			
	2011	2010		
Assets				
Current assets				
Cash and cash equivalents	\$ 93,136,217	\$ 72,131,779		
Assets whose use is limited – required for current				
liabilities	5,885,482	7,931,590		
Accounts receivable, less allowance for uncollectible				
accounts (2011 – \$21,200,000, 2010 – \$20,081,000)	32,373,122	30,758,941		
Pledges receivable	101,211	185,866		
Due from affiliates	164,147	661,088		
Inventories of supplies	3,704,067	3,799,896		
Prepaid expenses and other	1,624,606	1,277,144		
Total current assets	136,988,852	116,746,304		
Assets whose use is limited Board-designated investments Held by trustee	105,438,402 28,078,427	96,626,409 26,988,802		
Total assets whose use is limited	133,516,829	123,615,211		
Less assets whose use is limited – required for current liabilities	5,885,482 127,631,347	7,931,590 115,683,621		
Property, plant, and equipment, net	89,983,664	99,122,387		
Deferred financing costs Other assets	1,842,330 1,542,292	1,933,364 1,603,864		
Total assets	\$ 357,988,485	\$ 335,089,540		

	September 30		
	2011	_	2010
Liabilities and net assets			
Current liabilities			
Accounts payable – trade	\$ 9,918	,459	\$ 10,129,146
Salaries and wages, payroll taxes, and taxes withheld			
from payroll	6,666	,138	6,206,054
Other accrued liabilities	4,999	,447	8,213,638
Employee related obligations	3,942	,900	3,589,500
Due to third-party reimbursement agencies	4,683	,178	2,614,222
Interest payable	734	,838	754,026
Current portion of long-term debt	2,115	,360	2,032,691
Total current liabilities	33,060	,320	33,539,277
Other liabilities			
Long-term debt	62,389	,713	64,591,831
Employee related obligations	69,884	,879	54,383,703
Self-insured professional liability	10,853	,762	10,514,332
Due to third-party reimbursement agencies	19,162	,526	12,767,632
Other	443	,183	349,678
	162,734	,063	142,607,176
Net assets			
Unrestricted	153,345	,431	147,366,124
Temporarily restricted	1,399	,547	4,101,543
Permanently restricted	7,449	,124	7,475,420
Total net assets	162,194	,102	158,943,087
Total liabilities and net assets	\$ 357,988	,485	\$ 335,089,540

# Statements of Operations

	Year Ended September 30			
	2011	2010		
Operating revenues				
Net patient service revenue	\$ 271,933,218	\$ 270,048,715		
Other operating revenues	4,848,198	4,673,356		
Net assets released from restriction	673,194	91,211		
	277,454,610	274,813,282		
Operating expenses				
Salaries, wages, and professional fees	110,169,857	109,179,026		
Payroll taxes and other fringe benefits	25,655,346	27,181,443		
Supplies, insurance, and other	83,918,758	91,056,415		
Provision for uncollectible accounts	12,522,978	14,409,876		
Depreciation and amortization	16,971,187	17,480,126		
Interest	3,247,715	3,185,038		
	252,485,841	262,491,924		
Operating income	24,968,769	12,321,358		
Nonoperating gains and (losses)				
Income from investments	581,947	6,218,347		
Contributions	158,300	328,840		
Other	(565,873)	(116,761)		
Excess of revenues over expenses	\$ 25,143,143	\$ 18,751,784		

# Statements of Changes in Net Assets

	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Net assets. September 30, 2009	\$ 112,621,638	\$ 102,312,376	\$ 3,447,432	\$ 6,861,830
Excess of revenues over expenses	18,751,784	18,751,784		
Investment income	739,782		618,691	121,091
Curtailment gain	34,536,288	34,536,288		
Change in pension funding and				
postretirement obligation	(9,564,206)	(9,564,206)		
Transfer to affiliates	(73,056)	(73,056)		
Merger of Properties	1,402,938	1,402,938		
Contributions	484,695		126,631	358,064
Change in net assets held in trust	134,435			134,435
Net assets released from restriction	(91,211)		(91,211)	
Increase in net assets	46,321,449	45,053,748	654,111	613,590
Net assets, September 30, 2010	158,943,087	147,366,124	4,101,543	7,475,420
Excess of revenues over expenses	25,143,143	25,143,143		
Investment (loss) income	(275,296)		(346,369)	71,073
Change in pension funding and				
postretirement obligation	(21,176,691)	(21,176,691)		
Transfer to affiliates	(245,005)	(245,005)		
Contributions	580,427		575,427	5,000
Change in net assets held in trust	(102,369)			(102,369)
Net assets released from restriction used				
for purchase of equipment	2,257,860	2,257,860		
Net assets released from restriction	(2,931,054)		(2,931,054)	
Increase (decrease) in net assets	3,251,015	5,979,307	(2,701,996)	(26,296)
Net assets, September 30, 2011	\$ 162,194,102	\$ 153,345,431	\$ 1,399,547	\$ 7,449,124

# Statements of Cash Flows

Nere star   Section   Se		Year Ended September 30 2011 2010		
Adjustments to reconcile decrease in net assets to net cash provided by operating activities  Depreciation and amortization Provision for uncollectible accounts Curtailment gain Change in pension funding and postretirement obligation Transfer to affiliates Purchase of investments – board designated, net cash provided by operating assets and liabilities (Note 16)  Investing activities Purchase of investments – held in trust, net (1,089,625)  Investing activities Purchase of investments – held in trust, net (1,089,625) Cash transfer from merger Net additions to property, plant, and equipment Decrease (increase) in other assets Cash transfer from merger Proceeds from loan Principal payments on long-term debt and capital lease obligations Change in deferred financing costs and amortization of bond premium Change in deferred financing activities Permanently restricted contributions and income Cash and cash equivalents at beginning of year Cash and cash equivalents at beginning of year  72,131,779 72,131,779 73,056 74,409,87	Operating activities			
cash provided by operating activities         16,971,187         17,480,126           Depreciation and amortization         12,522,978         14,409,876           Provision for uncollectible accounts         12,522,978         14,409,876           Curtailment gain         (34,536,288)           Change in pension funding and postretirement obligation         21,176,691         9,564,206           Transfer to affiliates         245,005         73,056           Merger of Properties         (1,402,938)         (15,613,572)           Permanently restricted contributions and income         26,296         (613,590)           Changes in operating assets and liabilities (Note 16)         (13,216,508)         (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities         20,206,405         (1,917,827)           Purchase of investments – held in trust, net         (1,089,625)         (1,917,827)           Net additions to property, plant, and equipment         (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities	Increase in net assets	\$	3,251,015	\$ 46,321,449
Depreciation and amortization   16,971,187   17,480,126   Provision for uncollectible accounts   12,522,978   14,409,876   Curtailment gain   (34,536,288)   Change in pension funding and postretirement obligation   21,176,691   9,564,206   Transfer to affiliates   245,005   73,056   Merger of Properties   (1,402,938)   Purchase of investments – board designated, net   (8,811,993)   (15,613,572)   Permanently restricted contributions and income   26,296   (613,590)   Changes in operating assets and liabilities (Note 16)   (13,216,508)   (9,177,820)   Net cash provided by operating activities   32,164,671   26,504,505   Transfer to affiliates   (1,089,625)   (1,917,827)   Net additions to property, plant, and equipment   (7,741,430)   (12,056,041)   Decrease (increase) in other assets   61,572   (72,956)   Cash transfer from merger   2,226,244   Net cash used in investing activities   (8,769,483)   (11,820,580)    Financing activities   (2,074,347)   (1,863,950)   Change in deferred financing costs and amortization of bond premium   (45,102)   (49,465)   Permanently restricted contributions and income   (26,296)   613,590   Transfer to affiliates   (245,005)   (73,056)   Net cash used in financing activities   (2,390,750)   (122,881)   Net increase in cash and cash equivalents   21,004,438   14,561,044   Cash and cash equivalents at beginning of year   72,131,779   57,570,735   Cash and cash equivalents at beginning of year   72,131,779   57,570,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of yea	Adjustments to reconcile decrease in net assets to net			
Depreciation and amortization   16,971,187   17,480,126   Provision for uncollectible accounts   12,522,978   14,409,876   Curtailment gain   (34,536,288)   Change in pension funding and postretirement obligation   21,176,691   9,564,206   Transfer to affiliates   245,005   73,056   Merger of Properties   (1,402,938)   Purchase of investments – board designated, net   (8,811,993)   (15,613,572)   Permanently restricted contributions and income   26,296   (613,590)   Changes in operating assets and liabilities (Note 16)   (13,216,508)   (9,177,820)   Net cash provided by operating activities   32,164,671   26,504,505   Transfer to affiliates   (1,089,625)   (1,917,827)   Net additions to property, plant, and equipment   (7,741,430)   (12,056,041)   Decrease (increase) in other assets   61,572   (72,956)   Cash transfer from merger   2,226,244   Net cash used in investing activities   (8,769,483)   (11,820,580)    Financing activities   (2,074,347)   (1,863,950)   Change in deferred financing costs and amortization of bond premium   (45,102)   (49,465)   Permanently restricted contributions and income   (26,296)   613,590   Transfer to affiliates   (245,005)   (73,056)   Net cash used in financing activities   (2,390,750)   (122,881)   Net increase in cash and cash equivalents   21,004,438   14,561,044   Cash and cash equivalents at beginning of year   72,131,779   57,570,735   Cash and cash equivalents at beginning of year   72,131,779   57,570,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of year   72,131,779   75,750,735   Cash and cash equivalents at beginning of yea	cash provided by operating activities			
Provision for uncollectible accounts	Depreciation and amortization		16,971,187	17,480,126
Change in pension funding and postretirement obligation         21,176,691         9,564,206           Transfer to affiliates         245,005         73,056           Merger of Properties         (1,402,938)           Purchase of investments – board designated, net Permanently restricted contributions and income Changes in operating assets and liabilities (Note 16)         26,296         (613,590)           Changes in operating assets and liabilities (Note 16)         (13,216,508)         (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities           Purchase of investments – held in trust, net Net additions to property, plant, and equipment (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities           Financing activities           Proceeds from loan         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and			12,522,978	14,409,876
Change in pension funding and postretirement obligation         21,176,691         9,564,206           Transfer to affiliates         245,005         73,056           Merger of Properties         (1,402,938)           Purchase of investments – board designated, net Permanently restricted contributions and income Changes in operating assets and liabilities (Note 16)         26,296         (613,590)           Changes in operating assets and liabilities (Note 16)         (13,216,508)         (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities           Purchase of investments – held in trust, net Net additions to property, plant, and equipment (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities           Financing activities           Proceeds from loan         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and	Curtailment gain			(34,536,288)
obligation         21,176,691         9,564,206           Transfer to affiliates         245,005         73,056           Merger of Properties         (1,402,938)           Purchase of investments – board designated, net         (8,811,993)         (15,613,572)           Permanently restricted contributions and income         26,296         (613,590)           Changes in operating assets and liabilities (Note 16)         (13,216,508)         (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities         20,504,505         (1,917,827)           Purchase of investments – held in trust, net         (1,089,625)         (1,917,827)           Net additions to property, plant, and equipment         (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities         (2,074,347)         (1,863,950)           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)				, , , , , ,
Transfer to affiliates         245,005         73,056           Merger of Properties         (1,402,938)           Purchase of investments – board designated, net         (8,811,993)         (15,613,572)           Permanently restricted contributions and income         26,296         (613,590)           Changes in operating assets and liabilities (Note 16)         (13,216,508)         (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities           Purchase of investments – held in trust, net         (1,089,625)         (1,917,827)           Net additions to property, plant, and equipment         (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities           Proceeds from loan         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and income         (26,296)         613,590			21,176,691	9,564,206
Purchase of investments – board designated, net Permanently restricted contributions and income Changes in operating assets and liabilities (Note 16)         (8,811,993) (15,613,572)         (613,590) (613,590)           Changes in operating assets and liabilities (Note 16)         (13,216,508) (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities         1,089,625)         (1,917,827)           Purchase of investments – held in trust, net Net additions to property, plant, and equipment Peccase (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and income         (26,296)         613,590           Transfer to affiliates         (245,005)         (73,056)           Net cash used in financing activities         (2,390,750)         (122,881)           Net increase in cash and cash equivalents         21,004,438         14,561,044	Transfer to affiliates		245,005	73,056
Purchase of investments – board designated, net Permanently restricted contributions and income Changes in operating assets and liabilities (Note 16)         (8,811,993) (15,613,572)         (613,590) (613,590)           Changes in operating assets and liabilities (Note 16)         (13,216,508) (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities         1,089,625)         (1,917,827)           Purchase of investments – held in trust, net Net additions to property, plant, and equipment Peccase (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and income         (26,296)         613,590           Transfer to affiliates         (245,005)         (73,056)           Net cash used in financing activities         (2,390,750)         (122,881)           Net increase in cash and cash equivalents         21,004,438         14,561,044	Merger of Properties			(1,402,938)
Changes in operating assets and liabilities (Note 16)         (13,216,508)         (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities         26,504,505           Purchase of investments – held in trust, net         (1,089,625)         (1,917,827)           Net additions to property, plant, and equipment         (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities         2           Proceeds from loan         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and income         (26,296)         613,590           Transfer to affiliates         (245,005)         (73,056)           Net cash used in financing activities         (2,390,750)         (122,881)           Net increase in cash and cash equivalents         21,004,438         14,561,044           Cash and cash equivalents at beginning of y			(8,811,993)	(15,613,572)
Changes in operating assets and liabilities (Note 16)         (13,216,508)         (9,177,820)           Net cash provided by operating activities         32,164,671         26,504,505           Investing activities         26,504,505           Purchase of investments – held in trust, net         (1,089,625)         (1,917,827)           Net additions to property, plant, and equipment         (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities         2           Proceeds from loan         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and income         (26,296)         613,590           Transfer to affiliates         (245,005)         (73,056)           Net cash used in financing activities         (2,390,750)         (122,881)           Net increase in cash and cash equivalents         21,004,438         14,561,044           Cash and cash equivalents at beginning of y	Permanently restricted contributions and income		26,296	(613,590)
Investing activities         32,164,671         26,504,505           Purchase of investments – held in trust, net         (1,089,625)         (1,917,827)           Net additions to property, plant, and equipment         (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and income         (26,296)         613,590           Transfer to affiliates         (245,005)         (73,056)           Net cash used in financing activities         (2,390,750)         (122,881)           Net increase in cash and cash equivalents         21,004,438         14,561,044           Cash and cash equivalents at beginning of year         72,131,779         57,570,735			(13,216,508)	
Purchase of investments – held in trust, net         (1,089,625)         (1,917,827)           Net additions to property, plant, and equipment         (7,741,430)         (12,056,041)           Decrease (increase) in other assets         61,572         (72,956)           Cash transfer from merger         2,226,244           Net cash used in investing activities         (8,769,483)         (11,820,580)           Financing activities           Proceeds from loan         1,250,000           Principal payments on long-term debt and capital lease obligations         (2,074,347)         (1,863,950)           Change in deferred financing costs and amortization of bond premium         (45,102)         (49,465)           Permanently restricted contributions and income         (26,296)         613,590           Transfer to affiliates         (245,005)         (73,056)           Net cash used in financing activities         (2,390,750)         (122,881)           Net increase in cash and cash equivalents         21,004,438         14,561,044           Cash and cash equivalents at beginning of year         72,131,779         57,570,735	Net cash provided by operating activities			
Proceeds from loan Principal payments on long-term debt and capital lease obligations Change in deferred financing costs and amortization of bond premium Permanently restricted contributions and income Transfer to affiliates Net cash used in financing activities Net increase in cash and cash equivalents  1,250,000 (1,863,950) (1,863,950) (49,465) (49,465) (26,296) (13,590) (73,056) (73,056) (122,881) (1,863,950) (122,881) (1,863,950) (1245,002) (1245,003) (122,881) (1,863,950) (1245,003) (13,590) (13,056) (13,056) (13,056) (13,056) (14,044) (1,863,950)	Purchase of investments – held in trust, net Net additions to property, plant, and equipment Decrease (increase) in other assets Cash transfer from merger	_	(7,741,430) 61,572	(12,056,041) (72,956) 2,226,244
Change in deferred financing costs and amortization of bond premium  Permanently restricted contributions and income  Transfer to affiliates  Net cash used in financing activities  Net increase in cash and cash equivalents  Cash and cash equivalents at beginning of year  Cash and cash equivalents at beginning of year  (45,102)  (49,465)  (26,296)  (13,590)  (73,056)  (122,881)  21,004,438  14,561,044	Principal payments on long-term debt and capital lease		(2.074.247)	
Permanently restricted contributions and income Transfer to affiliates (245,005) (73,056) Net cash used in financing activities (2,390,750) Net increase in cash and cash equivalents  Cash and cash equivalents at beginning of year  72,131,779 57,570,735	<u>e</u>		(2,074,347)	(1,863,950)
Transfer to affiliates         (245,005)         (73,056)           Net cash used in financing activities         (2,390,750)         (122,881)           Net increase in cash and cash equivalents         21,004,438         14,561,044           Cash and cash equivalents at beginning of year         72,131,779         57,570,735	•		(45,102)	, , ,
Net cash used in financing activities(2,390,750)(122,881)Net increase in cash and cash equivalents21,004,43814,561,044Cash and cash equivalents at beginning of year72,131,77957,570,735	•		•	
Net increase in cash and cash equivalents  21,004,438  14,561,044  Cash and cash equivalents at beginning of year  72,131,779  57,570,735			(245,005)	·
Cash and cash equivalents at beginning of year 72,131,779 57,570,735	•		(2,390,750)	<u> </u>
	Net increase in cash and cash equivalents		21,004,438	14,561,044
	Cash and cash equivalents at beginning of year		72,131,779	57,570,735
Cash and cash equivalents at end of year <b>5 93,130,21</b> / <b>5</b> /2,131,7/9	Cash and cash equivalents at end of year	\$	93,136,217	\$ 72,131,779

#### Notes to Financial Statements

September 30, 2011

#### 1. Significant Accounting Policies

#### **Organization**

The William W Backus Hospital (the Hospital), a voluntary association incorporated under the General Statutes of the State of Connecticut, is a wholly-owned subsidiary of Backus Corporation (the sole member) The Board of Directors of Backus Corporation elects a Board of Trustees that has control of the operations of the Hospital Refer to Note 9 for further discussion of related party transactions

The financial statements include the operations of Backus Medical Center Condominium Association, Inc (the Association) All intercompany transactions have been eliminated in consolidation

#### Merger

Effective November 1, 2009, Backus Foundation, Inc and Backus Properties Inc were merged into the Hospital The merger was accounted for as a "pooling of interests" The merger of the Foundation had no impact on net assets because the Foundation was previously accounted for in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-20, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises of Holds Contributions for Others* The merger of Properties increased unrestricted net assets by approximately \$1,400,000 in 2010

#### **Use of Estimates**

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

#### **Regulatory Matters**

The Hospital is required to file annual operating information with the State of Connecticut Department of Public Health, Office of Health Care Access (OHCA)

# Notes to Financial Statements (continued)

#### 1. Significant Accounting Policies (continued)

#### **Cash Equivalents**

The Hospital considers all highly liquid time deposits, commercial paper, and money market mutual funds purchased with a maturity at date of acquisition of three months or less to be cash equivalents

#### **Assets Whose Use Is Limited**

The Board of Trustees has designated certain unrestricted funds, including principal and income, for construction and other purposes The President and Chief Executive Officer of the Hospital may, after consultation with the Chairman, Vice Chairman, or the Board of Trustees, use board-designated funds, if required, to meet short-term operating cash requirements of the Hospital Assets whose use is limited also include assets obtained through a financing arrangement with the State of Connecticut Health and Educational Facilities Authority (the Authority), as more fully explained in Note 8 The portion of those amounts required for funding current liabilities is included in current assets The carrying amounts reported in the balance sheets are stated at fair value

#### **Investments**

Marketable securities are classified as trading securities Investments in debt and equity securities with readily determinable fair values are reported at fair value based on quoted market prices Investment income or loss (including realized gains and losses on investments, interest and dividends) and the change in the net unrealized gains and losses are included in the excess of revenues over expenses unless the income or loss is restricted by the donor

#### **Inventories**

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

#### Property, Plant, and Equipment

Property, plant, and equipment are stated on the basis of cost The Hospital provides for depreciation using the straight-line method in amounts sufficient to depreciate the cost of its assets over their estimated useful lives

### Notes to Financial Statements (continued)

#### 1. Significant Accounting Policies (continued)

#### **Temporarily and Permanently Restricted Net Assets**

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

#### **Nonoperating Gains and Losses**

Activities other than those in connection with providing health care services are considered to be nonoperating Nonoperating gains and losses primarily consist of income on invested funds

#### **Donor-Restricted Gifts**

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

#### General and Professional Liability Self-Insurance

The Hospital has adopted the policy of self-insuring the deductible portion of its general and professional liability insurance coverage. The deductible limits are \$1,000,000 per claim and \$5,000,000 annually for 2011 and \$4,000,000 for 2010. Management accrues its best estimate of ultimate losses for both reported claims and claims incurred but not reported.

#### **Excess of Revenues Over Expenses**

The statements of operations and changes in net assets include excess of revenues over expenses Changes in unrestricted net assets which are excluded from the excess of revenues over expenses (the performance indicator), consistent with industry practice, include pension curtailment gains, equity transfers from affiliates, both temporarily and permanently restricted donations and investment income, changes in perpetual trust arrangements and the change in pension funding and postretirement obligations

#### Notes to Financial Statements (continued)

#### 1. Significant Accounting Policies (continued)

#### **Income Taxes**

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The Association is a taxable entity, however, any taxes are immaterial to the financial statements of the Hospital taken as a whole

#### **Adoption of New Authoritative Pronouncements**

In January 2010, the Financial Accounting Standards Board issued Accounting Standards Update 2010-06, Improving Disclosures about Fair Value Measurements, (ASU 2010-06) ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and require a number of additional disclosures The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each "class" of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances and settlements of Level 3 assets and liabilities on a gross basis With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which will be effective for the Hospital's fiscal 2012, the guidance in ASU 2010-06 became effective for the Hospital's fiscal 2011 The adoption of the provisions of ASU 2010-06 did not impact the Hospital's consolidated financial statements

In January 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, (ASU 2010-07), which establishes accounting and disclosure requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, how to account for each, and the required disclosures In addition, ASU 2010-07 included amendments to FASB's Accounting Standards Codification (the Codification, or ASC) Topic 350, *Intangibles – Goodwill and Other*, (ASC Topic 350), and Topic 810, *Consolidation*, (ASC Topic 810) to make both applicable to not-for-profit entities ASC Topic 350 clarifies the accounting for goodwill and indefinite-lived identifiable intangible assets recognized in a not-for-profit entity's acquisition of a business or nonprofit activity Such assets are not amortized and are tested for impairment at least annually The Hospital adopted the guidance relative to ASU 2010-07 as of October 1, 2010

# Notes to Financial Statements (continued)

#### 1. Significant Accounting Policies (continued)

In August 2010, the FASB issued Accounting Standards Codification ("ASC") 954-605, *Measuring Charity Care for Disclosure* ASC 954-605 requires that the level of charity care provided be presented based on the direct and indirect costs of the charity services provided ASC 954-605 also requires separate disclosure of the amount of any cash reimbursements received for providing charity care ASC 954-605 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010 The Hospital is evaluating the effect of ASC 954-605 on its consolidated financial statements

In August 2010, the FASB also issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* Under ASU 2010-24, anticipated insurance recoveries and estimated liabilities for medical malpractice claims or similar contingent liabilities will be presented separately on the balance sheet. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Hospital is evaluating the effect of ASU 2010-24 on its consolidated financial statements.

In July 2011, 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 patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than as an operating expense The guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted The Hospital is evaluating the effect of the new guidance on its consolidated financial statements

#### Reclassifications

Certain reclassifications were made to the 2010 financial statements in order that they may be consistent with the current year presentation

### Notes to Financial Statements (continued)

#### 2. Revenues from Services to Patients and Charity Care

Net patient service revenue for the years ended September 30, 2011 and 2010 consists of the following

	Year Ended	Year Ended September 30			
	2011	2010			
Gross patient service revenue	\$ 604,060,585	\$ 585,390,725			
Deductions					
Allowances	(327,123,232)	(308,845,388)			
Charity care (at charges)	(5,004,135)	(6,496,622)			
	(332,127,367)	(315,342,010)			
	\$ 271,933,218	\$ 270,048,715			

Patient accounts receivable and revenues are recorded when patient services are performed Differences between amounts received from most third-party payors and the established billing rates of the Hospital are accounted for as allowances

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 Changes in estimates increased net patient service revenue by approximately \$2,065,000 in 2011 and had no impact on net patient service revenue for 2010

Revenues from the Medicare and Medicaid programs accounted for approximately 27 5% and 9 5%, respectively, of the Hospital's net patient service revenue for the year ended September 30, 2011 and 28% and 8% for the year ended September 30, 2010 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation The Hospital believes that it is in compliance with all applicable laws and regulations, except as noted in Note 13 While no regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital

# Notes to Financial Statements (continued)

#### 3. Charity Care

The Hospital provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. Because the Hospital does not pursue collection of amounts determined to be charity care, such services are not reported as net revenue. The Hospital's charity care policy utilizes the generally recognized poverty income levels for the state. For patients who do not apply or do not qualify, the uncollected amounts are recognized as bad debt expense.

Together, charity care and bad debt expense represent uncompensated care The following table summarizes uncompensated care

	At Charge	Estimated Cost
Charity care Bad debt	\$ 5,004,135 12,522,978	\$ 2,201,819 5,510,110
Total uncompensated care, September 30, 2011	\$ 17,527,113	\$ 7,711,929
Charity care Bad debt Total uncompensated care, September 30, 2010	\$ 6,496,622 14,409,876 \$ 20,906,498	\$ 2,858,514 6,340,345 \$ 9,198,859

Estimated cost is based on the ratio of cost to charges, as determined by Hospital-specific data

# Notes to Financial Statements (continued)

# 4. Promises to Give

Included in pledges receivable at September 30 are the following unconditional promises to give

	2011	2010
BackusCare campaign Other	\$ 45,546 57,077	\$ 185,114 7,077
Unconditional promises to give before unamortized discount	102,623	192,191
Less unamortized discount and allowance	(1,412) \$ 101,211	(6,325) \$ 185,866
Amounts due in Less than one year One to five years Total	\$ 96,211 5,000 \$ 101,211	\$ 133,366 52,500 \$ 185,866

#### 5. Investments

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

	2011	2010
	<b>0</b> (1.1/2.//1)	Ф 4574175
Realized and unrealized (losses) gains on investments	\$ (1,163,661)	\$ 4,574,175
Interest and dividend income	1,959,569	1,813,339
Other investment income	12,600	11,600
Investment fees	(226,561)	(180,767)
	\$ 581,947	\$ 6,218,347

# Notes to Financial Statements (continued)

#### 5. Investments (continued)

The market value of assets whose use is limited at September 30 is set forth in the following table

	2011	2010
Board designated		_
Cash and cash equivalents	\$ 41,525,574	\$ 33,837,100
Mutual funds	37,251,516	38,540,722
Common stocks	12,925,056	13,327,371
Government bonds	12,811,596	8,462,882
Corporate bonds	924,660	2,458,334
	\$105,438,402	\$ 96,626,409
Held by trustee Cash and cash equivalents Mutual funds Government bonds Common stock Real estate	\$ 24,668,758 2,327,261 731,506 292,470 58,432	\$ 4,430,958 22,211,515 287,581 58,748
	\$ 28,078,427	\$ 26,988,802

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides guidance on investment decisions and endowment expenditures for nonprofit organizations. The Board of Trustees of the Hospital has interpreted UPMIFA as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Hospital classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the 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 fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure

### Notes to Financial Statements (continued)

#### 5. Investments (continued)

The primary objective of the endowment fund is to provide long-term support for the Hospital's capital and operating programs. The Hospital's investment goals are to maximize total return (capital appreciation, dividends and interest) while also protecting the Hospital's inflation-adjusted value over time. The Hospital's assets are diversified across multiple asset classes (e.g., common stocks, bonds and cash) to achieve an optimal balance between risk and return and between current income and capital appreciation. The investment program is structured to offer reasonably high probability of generating a real return of 5% per year over a period of five to ten years to protect the real inflation-adjusted value of assets and to meet the spending requirements. The Investment Committee reviews investment policies annually to determine if changes need to be made due to changing market conditions or other factors

Management evaluates endowment spending in light of capital replacement and expansion plans. The spending policy does not apply a prescribed rate of spending in a given year, but does consider the following factors in making determinations to appropriate or accumulate donor restricted endowment funds.

- (1) The duration and preservation of the fund
- (2) The purposes 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
- (6) Other resources of the Hospital
- (7) The investment policies of the Hospital

Endowment assets are donor-restricted gifts which are meant to provide a permanent source of income to the Hospital and are included in permanently restricted net assets. Any deficits are funded with available temporarily restricted or unrestricted funds so as to maintain the corpus Subsequent positive market returns replace the deficits

The activity for the year ended September 30, 2011 is as follows

	iporarily stricted	ermanently Restricted	Total
Endowment net assets at beginning of vear	\$ 513,486	\$ 5,320,786	\$ 5,834,272
Investment return			
Investment income		151,536	151,536
Net depreciation (realized and unrealized)		(176,945)	(176.945)
Earnings reclassified	(96,482)	96,482	
Total investment (loss) return	(96,482)	71,073	(25,409)
Contributions		5,000	5,()()()
Endowment net assets at end of vear	\$ 417,004	\$ 5,396,859	\$ 5,813,863

### Notes to Financial Statements (continued)

#### 5. Investments (continued)

The activity for the year ended September 30, 2010 is as follows

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 135,215	\$ 4,841,631	\$ 4,976,846
Investment return		170 170	170 170
Investment income		179,170 320,192	179,170 320,192
Net appreciation (realized and unrealized) Earnings reclassified	378,271	(378,271)	320,192
Total investment return	378,271	121.091	499,362
Contributions		358,064	358,064
Endowment net assets at end of year	\$ 513,486	\$ 5,320,786	\$ 5,834,272

#### 6. Fair Value of Financial Instruments

For assets and liabilities required to be measured at fair value, the Hospital measures fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Fair value measurements are applied based on the unit of account from the Hospital's perspective The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements

The Hospital follows a valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad categories. Level one inputs are quoted market prices in active markets that are accessible at the measurement date. Level two inputs are observable, but not quoted in active markets. Level three inputs are unobservable and are used when little or no market data is available.

Fair value for Level 2 assets are 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 Level 3 assets consist of asset backed and mortgage backed obligations held by the defined benefit plan which are priced using model-based valuations using market information that best represents the value at which the security could be sold

# Notes to Financial Statements (continued)

#### 6. Fair Value of Financial Instruments (continued)

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 Hospital uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

Financial assets as of September 30, 2011 are classified in the table below

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 95,941,634	\$ 852,014		\$ 96,793,648
Certificates of deposit		24,901,139		24,901,139
Money market funds	37,571,306	64,456		37,635,762
US government obligations (a)	10,833,829	2,709,273		13,543,102
Corporate bonds (b)	249,858	674,802		924,660
Equity securities	13,217,526			13,217,526
Mutual funds-equities (c)	8,773,825	9,707,473		18,481,298
Mutual funds-international				
equities (d)	8,140,798	219,147		8,359,945
Mutual funds-fixed income (e)	12,062,082	675,452		12,737,534
Real estate (REIT)		58,432		58,432
Total	\$ 186,790,858	\$ 39,862,188	_	\$ 226,653,046

- (a) Includes both Treasury bonds and Treasury stripped bonds
- (b) Includes both foreign and domestic corporate bonds
- (c) This category primarily represents investments in common stock or similar securities of high-quality, financially secure companies listed on principal exchanges
- (d) This category seeks long term growth of capital with at least 80% of its investments in international equity securities
- (e) This category seeks maximum current income primarily thorough investments in fixed income securities of varying maturities

# Notes to Financial Statements (continued)

#### 6. Fair Value of Financial Instruments (continued)

Financial assets as of September 30, 2010 are classified in the table below

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 75,157,25	5 \$ 2,738		\$ 75,159,993
Certificates of deposit		14,873,395		14,873,395
Money market funds	19,578,73	1 35,017		19,613,748
US government obligations	7,751,442	2		7,751,442
Corporate bonds	150,00	1 3,772,474		3,922,475
Equity securities	13,614,95	2		13,614,952
Mutual funds	44,289,71	5 16,462,519		60,752,234
Real estate (REIT)		58,751		58,751
Total	\$ 160,542,09	6 \$ 35,204,894	_	\$ 195,746,990

The following table presents the Hospital's fair value hierarchy for defined benefit plan assets as of September 30, 2011 At September 30, 2011, Level 3 assets comprise approximately 0.2% of the Hospital Plan's total investment portfolio fair value

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 10,173,248			\$ 10,173,248
Mutual funds-equity (a)	23,965,541	\$ 25,514,446		49,479,987
Mutual funds-international				
equity(b)	22,103,407			22,103,407
Mutual funds-fixed income (c)	9,739,453	38,850		9,778,303
US Government obligations(d)	6,277,919	319,903		6,597,822
Corporate bonds (e)		9,553,768		9,553,768
Mortgage backed obligations		7,777,727	\$180,660	7,958,387
Total	\$ 72,259,568	\$ 43,204,694	\$ 180,660	\$ 115,644,922

- (a) This category primarily represents investments in common stocks or similar securities of high-quality, financially secure companies listed on principal exchanges
- (b) This category seeks long term growth of capital with at least 80% of its investments in international equity securities
- (c) This category seeks maximum current income primarily thorough investments in fixed income securities of varying maturities
- (d) Includes both Treasury bonds and Treasury stripped bonds
- (e) Includes both foreign and domestic corporate bonds

# Notes to Financial Statements (continued)

#### 6. Fair Value of Financial Instruments (continued)

The following table presents reconciliation for all Level 3 assets measured at fair value for the period October 1, 2010 to September 30, 2011

	Asset Backed Obligations	Mortgage Backed Obligations	Total
Beginning balance Purchases	\$ 250,065	\$ 88,920 99,500	\$ 338,985 99,500
Unrealized gains (losses)	716	(7,760)	(7,044)
Sales	(250,781)		(250,781)
Total	\$ -	\$180,660	\$ 180,660

The following table presents the Hospital's fair value hierarchy for defined benefit plan assets as of September 30, 2010 At September 30, 2010, Level 3 assets comprise approximately 0 3% of the Hospital Plan's total investment portfolio fair value

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 6,692,388			\$ 6,692,388
Mutual funds-equity (a)		\$ 35,874,257		35,874,257
Mutual funds-international				
equity(b)	24,860,967			24,860,967
Mutual funds-fixed income (c)	24,136,988			24,136,988
US Government obligations(d)	18,403,319			18,403,319
Asset backed obligations		542,186	\$ 250,065	792,251
Corporate bonds (e)		1,738,845		1,738,845
Mortgage backed obligations		1,615,755	88,920	1,704,675
Total	\$ 74,093,662	\$ 39,771,043	\$ 338,985	\$ 114,203,690

- (a) This category primarily represents investments in common stocks or similar securities of high-quality, financially secure companies listed on principal exchanges
- (b) This category seeks long term growth of capital with at least 80% of its investments in international equity securities
- (c) This category seeks maximum current income primarily through investments in fixed income securities of varying maturities
- (d) Includes both Treasury bonds and Treasury stripped bonds
- (e) Includes both foreign and domestic corporate bonds

# Notes to Financial Statements (continued)

#### 6. Fair Value of Financial Instruments (continued)

The following table presents reconciliation for all Level 3 assets measured at fair value for the period October 1, 2009 to September 30, 2010

	Asset Backed Obligations	Mortgage Backed Obligations	Total
Beginning balance	\$ -	\$ -	\$ -
Purchases	249,998	85,975	335,973
Unrealized gains	67	2,945	3,012
Total	\$ 250,065	\$ 88,920	\$ 338,985

The carrying amount of certain of the Hospital's financial instruments, including cash and cash equivalents and pledge receivables approximate fair value due to the relatively short maturities of such instruments. Fair values of investments are based on quoted market prices and are recorded on the balance sheets as such Fair value of the long-term debt is estimated using discounted cash flow analysis which is based on the AAA insured bond rate at the Hospital's fiscal year end. The fair value of long-term debt is \$70,878,867 and \$69,437,056 at September 30, 2011 and 2010, respectively

#### 7. Temporarily and Permanently Restricted Net Assets

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

	 2011	2010
Health care services	\$ 789,466	\$ 499,200
Preventative care	193,861	792,377
Extraordinary nursing care	105,444	109,852
Nursing education	87,446	84,912
Laboratory	8,522	228,659
Free beds	8,066	25,821
Capital projects		1,733,950
Other	206,742	626,772
	\$ 1,399,547	\$ 4,101,543

# Notes to Financial Statements (continued)

# 7. Temporarily and Permanently Restricted Net Assets (continued)

Income generated by permanently restricted net assets at September 30 is restricted to the following purposes

	2011	2010
Income to be used		
For general uses and purposes	\$ 6,605,539	\$ 6,631,835
To provide free beds	527,060	527,060
For laboratory	258,182	258,182
To provide extraordinary nursing care	48,203	48,203
For nursing education	10,140	10,140
	\$ 7,449,124	\$ 7,475,420

# 8. Long-term Debt

A summary of long-term debt at September 30 is as follows

	 2011	2010
Tax-exempt Hospital Revenue Bonds Series E, serial maturities (\$565,000) to 2012, with an interest rate of 4 80%, term maturities (\$7.515,000) from 2017 to 2022 at an interest rate of 5 00%	\$ 8,080,000	\$ 8,625,000
Series F, serial maturities (\$5,875,000) from 2012 to 2018, with interest rates of 4 00% to 4 25%, term maturities (\$22,125,000) from 2023 to 2035 with interest rates of 5 00% to 5 25%	28,000,000	28,725,000
Series G. serial maturities (\$17,730,000) from 2012 to 2026, with interest rates of 3 50% to 5 00%, term maturities (\$7,420,000) in 2035 at an interest rate of 5%	25,150,000	25,775,000
Other long-term debt		
Mortgage, maturing May 1, 2025 with a fixed interest rate of 6 125%	1,183,176	1,236,586
Obligations under capital leases	1,379,926	1,505,864
·	63,793,102	65,867,450
Add net unamortized bond premium Less current portion	711,971 (2,115,360)	757.072 (2.032,691)
Long-term debt	\$ 62,389,713	\$ 64,591,831

### Notes to Financial Statements (continued)

#### 8. Long-term Debt (continued)

The Master Indenture, as amended and supplemented by Supplemental Master Indenture No 4, provides for, among other things, a pledge of the gross receipts, as defined, of the Hospital, restriction on the incurrence of certain indebtedness of the Hospital, and covenants regarding the Hospital's debt service coverage ratios, sale and lease of assets, and other covenants similar in financings of this type. The bonds are secured by the real property of the Hospital, including all buildings and equipment. Pursuant to the loan agreements, the Hospital is obligated to provide amounts which will be sufficient to enable the Authority to pay the principal and interest on the Series E, Series F and Series G bonds

Series E bonds are subject to redemption prior to maturity Series F bonds are subject to optional redemption prior to maturity Series G bonds maturing after July 1, 2015 are subject to optional redemption prior to maturity

Future minimum principal payments on long-term debt and future minimum principal payments and interest on capital leases during each of the next five fiscal years, and in the aggregate, are as follows

	Long-Term Debt	Capital Leases
2012 2013 2014	\$ 2,021,619 2,105,440 2,184,302	\$ 361,204 361,204 361,204
2015 2016 Aggregate thereafter	2,303,411 2,387,624 51,410,780	336,859 263,904 2,111,232
Add net unamortized bond premium	62,413,176	3,795,607
Less interest	\$ 63,125,147	(2,415,681) \$ 1,379,926

The Hospital paid interest of \$3,312,005 and \$3,323,608 in 2011 and 2010, respectively Interest incurred in 2011 and 2010 was \$3,247,715 and \$3,185,038, respectively

In 2010 the Hospital entered into a fixed rate commercial mortgage of \$1,250,000 for a period of fifteen years at a rate of 6 125% The note is secured by real property located at 11 Stott Avenue, Norwich, CT

#### Notes to Financial Statements (continued)

#### 8. Long-term Debt (continued)

In 2010 the Hospital also entered into a five year capital lease of \$458,781 with an interest rate of 5 9% for a building located at 80 Route 32, Montville, CT, to be used for patient services The outstanding balance on this capital lease at September 30, 2011 was \$326,520 Under the terms of the lease, the Hospital has the option to renew for five periods of five years each

Deferred financing costs are amortized over the life of the bonds

#### 9. Related Party Transactions

The Hospital processes payroll and disbursements for several of its affiliated entities for which it is reimbursed Reimbursements due to the Hospital at September 30, 2011 and 2010 were approximately \$165,000 and \$647,000, respectively

#### 10. Retirement Benefit Plans

Effective January 1, 2010, the Hospital amended its defined benefit pension plan to close the plan to new participants and to freeze accruals for the existing participants in favor of a defined contribution plan The change in the defined benefit plan resulted in a curtailment gain and a reduction of long-term liabilities of \$34,536,288

The defined contribution plan covers substantially all of the employees of the Hospital Under the provisions of the plan, the Hospital will make non-elective contributions to the plan on behalf of each eligible employee in the amount of 3% of the employee's eligible earnings. The Hospital will also make a non-elective transition contribution equal to 3% of employee's eligible earnings for all employees who meet the transition participant criteria. The Hospital may also, at the discretion of the Board of Trustees, make an elective matching contribution at the end of the plan year based on the Hospital's financial performance. The cost recorded for the years ended September 30, 2011 and 2010 was \$5,206,397 and \$3,589,500, respectively

The Hospital also provides noncontributory postretirement health care benefits to eligible retirees and to eligible spouses of retirees who retired prior to January 1, 1994 Subsequent to 1993, covered retirees contribute a percentage of the cost based on years of service. In addition, the Hospital sponsors a nonqualified pension benefit program. Included in other long-term liabilities at September 30, 2011 and 2010 is approximately \$2,600,000 related to the future obligation for the nonqualified benefits.

## Notes to Financial Statements (continued)

#### 10. Retirement Benefit Plans (continued)

Included in unrestricted net assets at September 30 are the following amounts that have not yet been recognized in net periodic benefit cost

	 <b>Pension Benefits</b>		nefits	Postretirement			Benefits
	2011		2010		2011		2010
	 (In thousands)						
Unrecognized actuarial (loss) gain Unrecognized transition obligation	\$ (64,522)	\$	(43,157)	\$	1,600 (565)	\$	1,734 (889)
	\$ (64,522)	\$	(43,157)	\$	1,035	\$	845

The actuarial loss and transition obligation included in unrestricted net assets and expected to be recognized in net periodic benefit cost during the year ending September 30, 2012 are \$4,557,386 and \$323,491, respectively

At September 30, 2010, the unfunded status of the pension plan is included in long-term liabilities in the amount of \$44,062,536. The unfunded status of the postretirement benefits is \$4,266,082, with \$452,466 included in short-term liabilities, and the remainder of \$3,813,616 included in long-term liabilities. At September 30, 2011, the unfunded status of the pension plan is included in long-term liabilities in the amount of \$60,301,776. The unfunded status of the postretirement benefits is \$4,083,669, with \$435,510 included in short-term liabilities, and the remainder of \$3,648,159 included in long-term liabilities.

# Notes to Financial Statements (continued)

## 10. Retirement Benefit Plans (continued)

The following table sets forth the funded status of the plans as of the measurement date of September 30, 2011 and 2010

Part		Pension Benefits		Postretirement		ent	t Benefits	
Change in projected benefit obligation at beginning of year         \$ (158,266)         \$ (171,831)         \$ (4,266)         \$ (4,969)           Sen sice cost         (7,963)         (7,684)         (207)         (267)           Interest cost         (7,963)         (7,684)         (207)         (267)           Change in assumptions         (12,536)         (11,951)         (117)         387           Actual (loss) gain         (2,006)         (3,598)         113         154           Effect of curtallinent         34,551         488         448           Benefits paid         4,825         4,083         428         444           Benefit obligation at end of year         \$ (175,946)         \$ (158,266)         \$ (4,083)         \$ (4,265)           Change in plan assets         \$ (114,004)         \$ (1,264)         \$ (4,265)         \$ (4,263)         \$ (4,265)			2011					2010
Benefit obligation at beginning of year         \$ (158,266)         \$ (171,831)         \$ (4,266)         \$ (4,967)           Service cost         (7,963)         (7,684)         (207)         (267)           Interest cost         (7,963)         (7,684)         (207)         (267)           Change in assumptions         (12,536)         (11,951)         (147)         387           Actuarial (loss) gain         (2,006)         (3,598)         113         154           Effect of curtailment         34,551         8         428         444           Benefits paid         4,825         4,083         428         444           Benefit obligation at end of year         \$ (175,946)         \$ (158,266)         \$ (4,083)         \$ (4,266)           Change in plan assets           Early alue of plan assets at beginning of year         \$ (14,834)         10,0145         \$ (4,266)         \$ (4,268)         \$ (4,484) </td <td></td> <td>_</td> <td></td> <td>(In thoi</td> <td>isan</td> <td>ds)</td> <td></td> <td>_</td>		_		(In thoi	isan	ds)		_
Service cost         (1,836)         (4)         (15)           Interest cost         (7,963)         (7,684)         (207)         (267)           Change in assumptions         (12,536)         (11,951)         (147)         387           Actuanal (loss) gain         (2,006)         (3,598)         113         154           Effect of curtailment         34,551         428         444           Benefits paid         4,825         4,083         428         444           Benefit obligation at end of year         \$114,203         \$100,145         \$4,265         \$4,083         \$4,266           Change in plan assets         11,834         10,017         \$4,265         \$4,825         \$4,883         \$4,266           Contributions         8,104         8,104         \$4,285         \$4,485         \$4								
Interest cost	c c.	\$	(158,266)	\$ 	\$		\$	
Change in assumptions				, ,				
Actuanal (loss) gain         (2,006)         (3,598)         113         154           Effect of curtailment         34,551         34,551         4,825         4,083         428         444           Benefits paid         4,825         4,083         428         444           Benefit obligation at end of year         \$ (175,946)         \$ (158,266)         \$ (4,083)         \$ (4,266)           Change in plan assets           Fair value of plan assets at beginning of year         \$ (1,834)         100,015         \$ (1,834)         10,017         \$ (1,834)         \$ (1								
Effect of curtailment         34.551         4.083         428         444           Benefits paid         \$ (175,946)         \$ (158.266)         \$ (4,083)         \$ (4.266)           Change in plan assets           Earr value of plan assets at beginning of year         \$ 114,203         \$ 100,145         \$ 428         \$ 444           Actual return on plan assets         (1,834)         10,017         \$ 428         \$ 444           Contributions         8,100         8,124         \$ 428         \$ 444           Benefits paid         (4,825)         (4,083)         \$ 428         (444)           Fair value of plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$ 2         \$ 144           Components of net periodic benefit cost         \$ (60,302)         \$ (44.063)         \$ (4,083)         \$ (4.266)           Components of net periodic benefit cost         \$ (60,302)         \$ (44.063)         \$ (4.083)         \$ (4.266)           Components of net periodic benefit cost         \$ 7,963         7,684         207         267           Expected return on plan assets         (7,832)         (6.091)         \$ 224         269           Net amortization and deferral         2,247						, ,		
Benefits paid         4,825         4,083         428         4,145           Benefit obligation at end of year         \$ (175,946)         \$ (182,066)         \$ (4,083)         \$ (4,266)           Change in plan assets           Fair value of plan assets at beginning of year         \$ 114,203         \$ 100,145         \$ 428         \$ 448           Actual return on plan assets         \$ 1,834         \$ 100,175         \$ 448         \$ 448           Contributions         \$ 8,100         \$ 8,124         \$ 428         \$ 444           Benefits paid         \$ 4,825         \$ (4,083)         \$ (428)         \$ 444           Benefits paid         \$ 18,04         \$ 114,203         \$ 12         \$ 444           Benefits paid         \$ (4,825)         \$ (4,083)         \$ (444)			(2,006)			113		154
Senefit obligation at end of year   Senefit obligations   Senefit obligation at end of year   Senefit obligation at each of year   Senefit obligation at end of year   Senef				-				
Change in plan assets           Fair value of plan assets at beginning of year         \$ 114,203         \$ 100,145           Actual return on plan assets         (1,834)         10,017           Contributions         8,100         8,124         \$ 428         \$ 444           Benefits paid         (4,825)         (4,083)         (428)         (444)           Fair value of plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$ 428         \$ 444           Change in plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$ 428         \$ 444           Change in plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$ 428         \$ 4444           Change in plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$ 428         \$ 4444           Change in plan assets at end of year         \$ 115,644         \$ 114,203         \$ 44,063         \$ 44,083         \$ 4266           Change in plan assets at end of year         \$ 7,963         7,684         \$ 207         267           Envice cost         \$ 7,963         7,684         \$ 207         267           Envice cost         \$ 7,963         7,684         \$ 207         267 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>								
Samptions:   Samptions   Sam	Benefit obligation at end of year		(175,946)	\$ (158,266)	\$	(4,083)	\$	(4,266)
Samptions:   Samptions   Sam								
Actual return on plan assets         (1,834)         10.017           Contributions         8,100         8.124         \$ 428         \$ 444           Benefits paid         (4,825)         (4.083)         (428)         (444)           Fair value of plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$         \$ \$           Underfunded status           Accrued benefit liability recognized in the balance sheets         \$ (60,302)         \$ (44.063)         \$ (4,083)         \$ (4.266)           Components of net periodic benefit cost           Service cost         \$ 1,836         \$ 4         \$ 15           Interest cost         \$ 7,963         7,684         207         267           Expected return on plan assets         (7,832)         (6,901)         \$ 269           Net amortization and deferral         2,843         1,964         224         269           Net periodic benefit cost         \$ 2,974         \$ 4,583         \$ 35         \$ 551    Assumptions:  Weighted-average assumptions used to determine benefit obligations	Change in plan assets							
Contributions         8,100         8,124         \$ 428         \$ 444           Benefits paid         (4,825)         (4,083)         (428)         (4441)           Fair value of plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$ \$ \$ \$ \$ \$           Underfunded status           Accrued benefit liability recognized in the balance sheets         \$ (60,302)         \$ (44.063)         \$ (4,083)         \$ (4.266)           Components of net periodic benefit cost           Service cost         \$ 1,836         \$ 4         \$ 15           Interest cost         \$ 7,963         7,684         207         267           Expected return on plan assets         (7,832)         (6,901)         224         269           Net amortization and deferral         2,843         1,964         224         269           Net periodic benefit cost         \$ 2,974         4,583         \$ 435         \$ 551    Assumptions:  Weighted-average assumptions used to determine benefit obligations		\$	114,203	\$ 100,145				
Benefits paid         (4,825)         (4.083)         (428)         (444)           Fair value of plan assets at end of year         \$ 115,644         \$ 114,203         \$ \$           Underfunded status           Accrued benefit liability recognized in the balance sheets         \$ (60,302)         \$ (44,063)         \$ (4,083)         \$ (4.266)           Components of net periodic benefit cost           Service cost         \$ 1,836         \$ 4         \$ 15           Interest cost         \$ 7,963         7,684         207         267           Expected return on plan assets         (7,832)         (6,901)         \$ 24         269           Net amortization and deferral         2,843         1,964         224         269           Net periodic benefit cost         \$ 2,974         \$ 1,583         \$ 435         \$ 551    Assumptions:  Weighted-average assumptions used to determine benefit obligations								
Samptions   Samp			8,100	8,124	\$	428	\$	444
Underfunded status  Accrued benefit liability recognized in the balance sheets  Service cost Interest cost Expected return on plan assets Net amortization and deferral Net periodic benefit cost  Assumptions:  Weighted-average assumptions used to determine benefit obligations  Winderfunded status  (60,302) \$ (44,063) \$ (4,083) \$ (4.266)  1.836 \$ 4 \$ 15 1.836 \$ 4 \$ \$ 15 1.836 \$ 4 \$ \$ \$ 15 1.836 \$ 4 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Benefits paid		(4,825)			(428)		(444)
Accrued benefit liability recognized in the balance sheets    S   (60,302)   S   (44.063)   S   (4,083)   S   (4.266)	Fair value of plan assets at end of year	\$	115,644	\$ 114,203	\$		\$	
Accrued benefit liability recognized in the balance sheets    S   (60,302)   S   (44.063)   S   (4,083)   S   (4.266)								
Components of net periodic benefit cost  Service cost \$ 1,836 \$ 4 \$ 15  Interest cost \$ 7,963 7.684 207 267  Expected return on plan assets (7,832) (6.901)  Net amortization and deferral 2,843 1.964 224 269  Net periodic benefit cost \$ 2,974 \$ 4.583 \$ 435 \$ 551   Assumptions:  Weighted-average assumptions used to determine benefit obligations	Underfunded status							
Service cost         \$ 1,836         \$ 4         \$ 15           Interest cost         \$ 7,963         7,684         207         267           Expected return on plan assets         (7,832)         (6,901)         224         269           Net amortization and deferral         2,843         1,964         224         269           Net periodic benefit cost         \$ 2,974         \$ 4,583         \$ 435         \$ 551   Assumptions:  Weighted-average assumptions used to determine benefit obligations	Accrued benefit liability recognized in the balance sheets	\$	(60,302)	\$ (44,063)	\$	(4,083)	\$	(4,266)
Service cost         \$ 1,836         \$ 4         \$ 15           Interest cost         \$ 7,963         7,684         207         267           Expected return on plan assets         (7,832)         (6,901)         224         269           Net amortization and deferral         2,843         1,964         224         269           Net periodic benefit cost         \$ 2,974         \$ 4,583         \$ 435         \$ 551   Assumptions:  Weighted-average assumptions used to determine benefit obligations								
Service cost         \$ 1,836         \$ 4         \$ 15           Interest cost         \$ 7,963         7,684         207         267           Expected return on plan assets         (7,832)         (6,901)         224         269           Net amortization and deferral         2,843         1,964         224         269           Net periodic benefit cost         \$ 2,974         \$ 4,583         \$ 435         \$ 551   Assumptions:  Weighted-average assumptions used to determine benefit obligations	Components of net periodic benefit cost							
Expected return on plan assets  Net amortization and deferral  Net periodic benefit cost  Assumptions:  Weighted-average assumptions used to determine benefit obligations  (7,832) (6,901)  2,843 1.964 224 269  \$ 2,974 \$ 4.583 \$ 435 \$ 551				\$ 1,836	\$	4	\$	15
Net amortization and deferral  Net periodic benefit cost  2,843  1,964  224  269  Net periodic benefit cost  \$ 2,974 \$ 4.583 \$ 435 \$ 551   Assumptions:  Weighted-average assumptions used to determine benefit obligations	Interest cost	\$	7,963	7,684		207		267
Net periodic benefit cost  \$ 2,974 \$ 4.583 \$ 435 \$ 551  Assumptions: Weighted-average assumptions used to determine benefit obligations	Expected return on plan assets		(7,832)	(6,901)				
Assumptions: Weighted-average assumptions used to determine benefit obligations	Net amortization and deferral		2,843	1,964		224		269
Weighted-average assumptions used to determine benefit obligations	Net periodic benefit cost	\$	2,974	\$ 4,583	\$	435	\$	551
Weighted-average assumptions used to determine benefit obligations								
benefit obligations	Assumptions:							
benefit obligations	Weighted-average assumptions used to determine							
DISCOURI TATE 4.60% 5.10% 4.60% 5.10%	Discount rate		4.60%	5 10%		4.60%		5 10%
Weighted-average assumptions used to determine net	Weighted-average assumptions used to determine net							
periodic benefit cost	periodic benefit cost							
Discount rate 5.10 5 60 5.10 5 60	Discount rate		5.10	5 60		5.10		5 60
Expected long-term rate of return on plan assets 6.75 6 75	Expected long-term rate of return on plan assets		6.75	6 75				

## Notes to Financial Statements (continued)

#### 10. Retirement Benefit Plans (continued)

The accumulated benefit obligation at September 30, 2011 and 2010 was \$175,946,699 and \$158,266,226, respectively

The asset allocations for the retirement plan at the end of 2011 and 2010 and the target allocation by asset category are as follows

	Target Allocation			itage of Assets
Asset Category	Minimum	Maximum	2011	2010
US Equity Large Cap	20%	50%	34%	31%
US Equity Small Cap		15	5	5
International Equity	10	30	15	17
Core Fixed Income	20	60	46	47
Total		_	100%	100%

The Hospital Plan's investment policy includes target asset allocations percentages as shown above The investment objective for the Hospital Plan is to produce a total rate of return (net of fees) that meets or exceeds the actuarial return assumption used for funding purposes, while generally striving to minimize significant variations in annual contribution levels through investment diversification. Investment return assumptions are developed through a multi-step process using external economic research including industry surveys and published economic research combined with internal economic scenario analysis, historical market returns and correlation trends

Information about the expected cash flows for both plans is as follows

	Pension Benefits	Postretirement Benefits
Expected employer contributions for 2012	\$ 8,100,000	\$ 435,510
Estimated future benefit payments		
2012	5,621,240	435,510
2013	6,120,026	423,489
2014	6,721,770	414,800
2015	7,280,102	392,976
2016	7,768,999	370,874
2017-2021	47,330,022	1,533,884

## Notes to Financial Statements (continued)

#### 10. Retirement Benefit Plans (continued)

Assumed healthcare cost trend rates for 2011 are as follows	
Health care trend rate assumed for next year	7 50%
Rate to which the cost rate trend rate is assumed to decline (the	
ultimate trend rate)	5 00%
Year that the rate reaches the ultimate trend rate	2015

A one-percentage-point change in assumed health care cost trend rates would have the following effects on the postretirement benefit plan

	One-Percentage-Point		
	Increas	se Dec	rease
	(In thousands)		
Effect on total of service and interest cost components	\$ 1	\$	(1)
Effect on postretirement benefit obligation	\$ 6	\$	(5)

## 11. Property, Plant, and Equipment

Property, plant, and equipment at September 30 consist of the following

	2011	2010
		<b>.</b>
Land and land improvements	\$ 4,862,121	\$ 4,889,512
Buildings and leasehold improvements	125,984,685	125,274,358
Equipment	98,557,288	101,055,036
Construction in process (2012 estimated cost to		
complete \$5,995,000)	1,365,773	630,806
Less accumulated depreciation	(140,786,203)	(132,727,325)
	\$ 89,983,664	\$ 99,122,387

The net unamortized value of internally developed software was \$388,314 and \$968,970 at September 30, 2011 and 2010, respectively Amortization expense for the years ended September 30, 2011 and 2010 was \$596,429 and \$591,171, respectively

The Hospital wrote off approximately \$7,299,000 of fully depreciated assets in 2011

## Notes to Financial Statements (continued)

#### 11. Property, Plant, and Equipment (continued)

The Hospital leases space to be used for patient services Two years remain on the initial term, with two five-year renewal options available at the discretion of the Hospital Rent expense for the years ended September 30, 2011 and 2010 was \$655,574 and \$640,018, respectively

The Hospital leases various types of equipment with annual payments ranging from \$103 to \$39,000 Expenses as a result of these leases were approximately \$362,000 and \$375,000 for the years ended September 30, 2011 and 2010, respectively

Future minimum lease payments under the above leases during each of the next five years were as follows

2012	\$ 907,327
2013	831,624
2014	173,838
2015	118,349
2016	11,378
	\$ 2,042,516

#### 12. Concentrations of Credit Risk

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

	2011	2010
Medicare	26%	27%
Self pay	23	24
Health Maintenance Organizations Anthem Blue Cross/Blue Shield	17 15	15 14
Medicaid	10	10
Commercial	5	5
Other state agencies	4	5
	100%	100%

## Notes to Financial Statements (continued)

#### 13. Contingencies

There have been malpractice claims that fall within the Hospital's partially self-insured program (see Note 1) which have been asserted against the Hospital In addition, there are known incidents that have occurred through September 30, 2011, that may result in the assertion of claims Hospital management, in conjunction with its consulting actuaries, has accrued its best estimate of these contingent losses

Hospital management believes that it may not have conformed to all applicable laws and regulations regarding certain arrangements with outside parties. An internal investigation is underway and management has estimated and accrued a liability related to this matter. Except for this matter, Hospital management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of any potential wrongdoing

The Hospital is a party to various lawsuits incidental to its business Management believes that the lawsuits will not have a material adverse effect on the Hospital's financial position or results of operations

#### 14. Other Operating Revenues

Other operating revenues consist of the following

	Year Ended September 30			
	2011	2010		
Rental income	\$ 1,336,398	\$ 1,222,133		
Cafeteria sales	1,102,713	1,063,020		
Miscellaneous	590,792	361,626		
Grants	<b>578,977</b>	733,844		
Condominium income	412,106	389,640		
Child care	391,976	355,497		
Purchase discounts	269,594	351,343		
Interest	165,642	196,253		
	\$ 4,848,198	\$ 4,673,356		
	•			

## Notes to Financial Statements (continued)

## 15. Functional Expenses

The Hospital provides inpatient medical and surgical, outpatient, psychiatric and emergency care services to residents of eastern Connecticut Expenses related to providing these services are as follows

	Year Ended	Year Ended September 30			
	2011	2010			
Health care services General and administrative Fundraising	\$ 200,530,936 51,760,982 193,923	\$ 213,627,999 48,673,060 190,865			
<u> </u>	\$ 252,485,841	\$ 262,491,924			

Costs for interest and insurance are included in general and administrative expenses Malpractice insurance is included in health care services

#### 16. Cash Flows

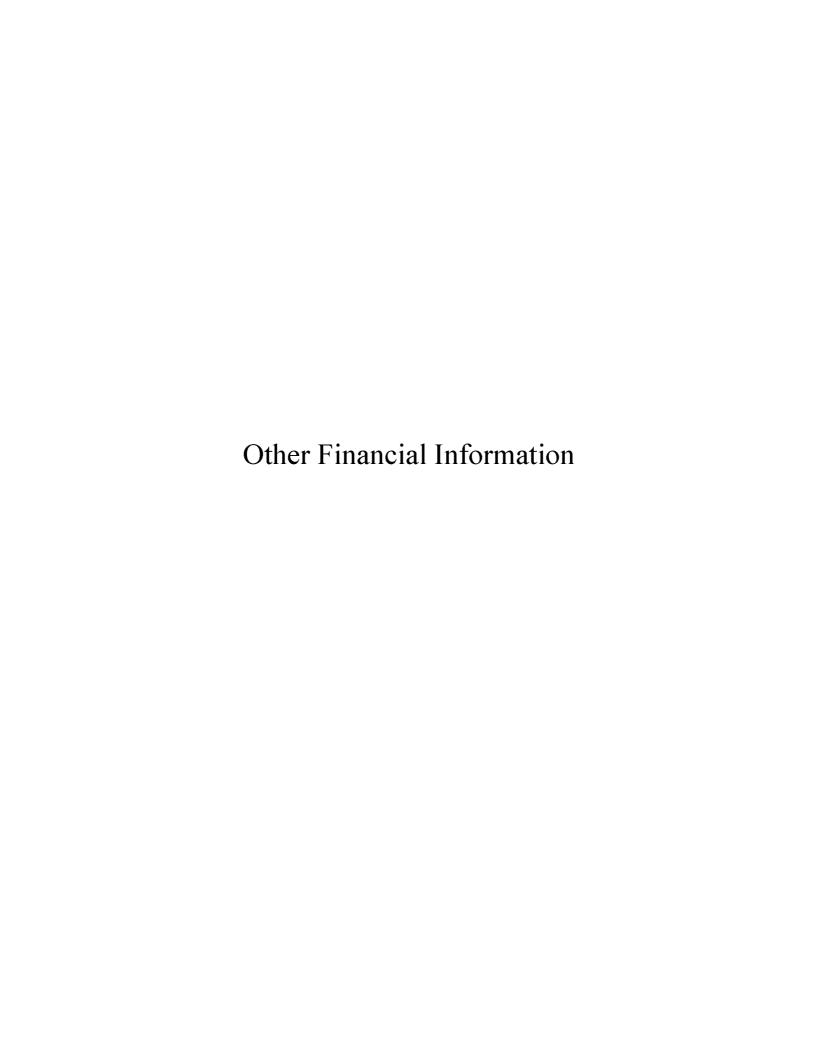
Changes in operating assets and liabilities at September 30 include the following

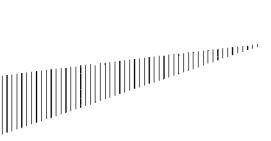
	2011	2010
(Increase) decrease in assets		
Accounts receivable	\$ (14,137,159)	\$ (9,057,522)
Pledges receivable	84,655	348,127
Due from affiliates	496,941	(141,929)
Inventories of supplies, prepaid expenses, and other	(251,633)	(783,378)
Increase (decrease) in liabilities		
Due to third-party reimbursement agencies	8,463,850	3,243,626
Accounts payable	(210,687)	(421,931)
Employee related obligations	(5,322,115)	(1,497,412)
Interest payable and other accrued liabilities	(3,233,379)	1,523,472
Salaries and wages, payroll taxes, and taxes withheld		
from payroll	460,084	(1,998,968)
Self-insured professional liability	339,430	(66,430)
Other liabilities	93,505	(325,475)
Changes in operating assets and liabilities	\$ (13,216,508)	\$ (9,177,820)

## Notes to Financial Statements (continued)

## 17. Subsequent Events

The Hospital evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date for the year ended September 30, 2011 The Hospital evaluated subsequent events through January 27, 2012, which is the date the financial statements were issued No events occurred that require disclosure or adjustment to the combined financial statements







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## Report of Independent Auditors on Other Financial Information

Board of Trustees The William W Backus Hospital

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

Ernst + Young LLP

January 27, 2012

# Consolidating Balance Sheet

September 30, 2011

		Backus Medical Center		
	The William W.	Condominium		
	Backus Hospital	Association, Inc.	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 93,136,217			\$ 93,136,217
Assets whose use is limited – required for current liabilities	5,885,482			5,885,482
Accounts receivable, less allowance for uncollectible accounts	32,373,122			32,373,122
Pledges receivable	101,211			101,211
Due from affiliates	161,210	\$ 2.937		164,147
Inventories of supplies	3,704,067			3,704,067
Prepaid expenses and other	1,608,996	15,610		1,624,606
Total current assets	136,970,305	18.547		136,988,852
Assets whose use is limited				
Board-designated investments	105,438,402			105,438,402
Held by trustee	28,078,427	_		28,078,427
Total assets whose use is limited	133,516,829	_		133,516,829
Less assets whose use is limited – required for current liabilities	5,885,482			5,885,482
·	127,631,347	_		127,631,347
Property, plant, and equipment, net	89,983,664			89,983,664
Deferred financing costs	1,842,330			1,842,330
Other assets	1,542,292			1,542,292
Total assets	\$ 357,969,938	\$ 18,547		\$ 357,988,485

# Consolidating Balance Sheet (continued)

September 30, 2011

	The William W. Backus Hospital	Backus Medical Center Condominium Association, Inc.	Eliminations	Consolidated
Liabilities and net assets				_
Current liabilities				
Accounts payable – trade	\$ 9,918,459			\$ 9,918,459
Salaries and wages, payroll taxes, and taxes withheld from payroll	6,666,138			6,666,138
Other accrued liabilities	4,998,969	\$ 478		4,999,447
Employee related obligations	3,942,900			3,942,900
Due to third-party reimbursement agencies	4,683,178			4,683,178
Interest payable	734,838			734,838
Current portion of long-term debt	2,115,360			2,115,360
Total current liabilities	33,059,842	478		33,060,320
Other liabilities				
Long-term debt, less current portion	62,389,713			62,389,713
Employee related obligations	69,884,879			69,884,879
Self-insured professional liability	10,853,762			10,853,762
Due to third-party reimbursement agencies	19,162,526			19,162,526
Other	443,183			443,183
	162.734.063			162,734,063
Net assets				
Unrestricted	153,327,362	18,069		153,345,431
Temporarily restricted	1,399,547			1,399,547
Permanently restricted	7,449,124			7,449,124
Total net assets	162,176,033	18,069		162,194,102
Total liabilities and net assets	\$ 357,969,938	\$ 18,547		\$ 357,988,485

# Consolidating Statement of Operations

Year Ended September 30, 2011

	The William W. Backus Hospital	Backus Medical Center Condominium Association, Inc.	Eliminations	Consolidated
Operating revenues				
Net patient service revenue	\$ 271,933,218			\$ 271,933,218
Other operating revenues	4,436,092	\$ 440,909	\$ (28,803)	4,848,198
Net assets released from restriction	673,194			673,194
	277,042,504	440,909	(28,803)	277,454,610
Operating expenses				
Salaries, wages, and professional fees	110,169,857			110,169,857
Payroll taxes and other fringe benefits	25,655,346			25,655,346
Supplies, insurance, and other	83,506,652	440,909	(28,803)	83,918,758
Provision for uncollectible accounts	12,522,978			12,522,978
Depreciation and amortization	16,971,187			16,971,187
Interest	3,247,715			3,247,715
	252,073,735	440,909	(28,803)	252,485,841
Operating income	24,968,769			24,968,769
Nonoperating gains and (losses)				
Income from investments	581,947			581,947
Contributions	158,300			158,300
Other	(565,873)			(565,873)
Excess of revenues over expenses	\$ 25,143,143			\$ 25,143,143

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