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Form 990 Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047
		2011
		Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011		
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization VNA Care Network Foundation Inc	D Employer identification number 04-2794849
	Doing Business As	E Telephone number (508) 786-0693
	Number and street (or P O box if mail is not delivered to street address) Room/suite 120 Thomas Street	G Gross receipts \$ 4,505,045
	City or town, state or country, and ZIP + 4 Worcester, MA 01608	
	F Name and address of principal officer Karen H Green 120 Thomas Street Worcester, MA 01608	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1983
		M State of legal domicile MA

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities VNA Care Network Foundation Inc primary exempt purpose is to raise and invest funds for the benefit of its affiliates to further their charitable activities Home Health Care Services as well as to provide operating facilities and management services		
	2 Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	11
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	6
6 Total number of volunteers (estimate if necessary)	6		
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
b Net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	704,894	803,033
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,066,429	2,039,046
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-44,330	24,645
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,466,449	1,638,321
		4,193,442	4,505,045
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,228,088	1,088,110
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶176,745		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	3,009,684	3,426,200
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	4,237,772	4,514,310
	19 Revenue less expenses Subtract line 18 from line 12	-44,330	-9,265
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	32,406,994	30,871,156
	21 Total liabilities (Part X, line 26)	8,801,254	9,131,707
	22 Net assets or fund balances Subtract line 21 from line 20	23,605,740	21,739,449

Part II Signature Block				
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.				
Sign Here	▶ _____ Signature of officer		2012-11-09 Date	
	▶ Joanne M Kramer Treasurer and VP of Finance Type or print name and title			
Paid Preparer's Use Only	Preparer's signature ▶ _____	Date _____	Check if self-employed ▶ <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ _____			EIN ▶ _____
				Phone no ▶ _____

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

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

VNA Care Network Foundation Inc primary exempt purpose is to raise and invest funds for the benefit of its affiliates to further their charitable activities Home Health Care Services as well as to provide operating facilities and management services

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

If "Yes," describe these changes on Schedule O









VNA Care Network Foundation Inc primary exempt purpose is to raise and invest funds for the benefit of its affiliates to further their charitable activities Home Health Care Services as well as to provide operating facilities and management services

[illegible]

4e	Total program service expenses	\$ 4,135,865
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Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i>	4	No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>	5	
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	Yes
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i>	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>	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? <i>If "Yes," complete Schedule D, Part IV.</i>	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	Yes
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>	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? <i>If "Yes," complete Schedule D, Part IX.</i>	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i>	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>	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 ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	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 ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	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? <i>If "Yes," complete Schedule G, Part I.</i>	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? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>	20a	No
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements.	20b	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance		
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>		
		YesNo
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a40
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1cYes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return	2a6
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2bYes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3aNo
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4aNo
b	If "Yes," enter the name of the foreign country <input type="text"/> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5aNo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5bNo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6aNo
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b
7	Organizations that may receive deductible contributions under section 170(c).	
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7aNo
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7cNo
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7eNo
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7fNo
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8No
9	Sponsoring organizations maintaining donor advised funds.	
a	Did the organization make any taxable distributions under section 4966?	9aNo
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9bNo
10	Section 501(c)(7) organizations. Enter	
a	Initiation fees and capital contributions included on Part VIII, line 12	10a
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b
11	Section 501(c)(12) organizations. Enter	
a	Gross income from members or shareholders	11a
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state	13a
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b
c	Enter the aggregate amount of reserves on hand	13c
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14aNo
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	14b

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed MA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made 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. Joanne M Kramer 333 Turnpike Road Southborough, MA 01772 (508) 786-0693

Part VII

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Robin F Spaulding Director	1 00	X						0	0	0
(2) Carol VanDeusen Lukas Director	1 00	X						0	0	0
(3) John Cogswell Director	1 00	X						0	0	0
(4) Suzanne Skolnick Director	1 00	X						0	0	0
(5) Frederick H Jamieson Director	1 00	X						0	0	0
(6) Henry S Poler Director	1 00	X						0	0	0
(7) Lenore Monahan Director	1 00	X						0	0	0
(8) Diane L Leclair Chairman	1 00	X		X				0	0	0
(9) Michael Morris First Vice Chairman	1 00	X		X				0	0	0
(10) Renee L Harper Second Vice Chairman	1 00	X		X				0	0	0
(11) Brenda S Cherry Clerk	1 00			X				0	0	0
(12) Janet Bovaird Assistant Clerk	40 00			X				57,574	0	11,718
(13) Karen H Green President and CEO	40 00	X		X				298,139	0	34,076
(14) Joanne M Kramer Treasurer and CFO	40 00			X				250,887	0	9,350
(15) Barbara Brooks VP of Clinical Services	40 00				X	X		208,215	0	14,594
(16) Jane Woodbury VP Business and Development	40 00				X	X		184,861	0	14,058

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	803,033			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f			803,033		
Program Service Revenue	2a	Management Fees for Affiliates	Business Code 541610	2,028,076	2,028,076		
	b	Management Fees for Unemployment Pool	541610	10,970	10,970		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f			2,039,046		
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			578,626	
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties					
6a		Gross rents	(i) Real 1,278,340	(ii) Personal			
b		Less rental expenses					
c		Rental income or (loss)	1,278,340				
d		Net rental income or (loss)			1,278,340		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b		Less cost or other basis and sales expenses	553,981				
c		Gain or (loss)	-553,981				
d		Net gain or (loss)			-553,981		-9,265
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events . . .					
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . . .					
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold	b				
c		Net income or (loss) from sales of inventory . . .					
	Miscellaneous Revenue		Business Code				
11a	Release from Restriction	900099	359,981	359,981			
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d			359,981			
12	Total revenue. See Instructions			4,505,045	2,399,027		-9,265

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States 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	918,535	835,629		82,906
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	0			
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	66,824	63,332		3,492
9	Other employee benefits	55,098	54,766		332
10	Payroll taxes	47,653	43,114		4,539
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	6,000		6,000	
c	Accounting	18,942		18,942	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	0			
13	Office expenses	13,579	13,579		
14	Information technology	0			
15	Royalties	0			
16	Occupancy	1,151,000	1,151,000		
17	Travel	8,870	4,687		4,183
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	0			
21	Payments to affiliates	1,206,756	1,206,756		
22	Depreciation, depletion, and amortization	127,340	127,340		
23	Insurance	232,579		232,579	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Telephone	434,949	434,949		
b	Bank Fees	2,715		2,715	
c	Miscellaneous	46,470	13,881		32,589
d	Contracted Services	128,296	128,296		
e					
f	All other expenses	48,704			48,704
25	Total functional expenses. Add lines 1 through 24f	4,514,310	4,077,329	260,236	176,745
26	Joint costs. Check here if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			136,409	2	98,045
	3	Pledges and grants receivable, net			111,669	3	
	4	Accounts receivable, net				4	
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use				8	
	9	Prepaid expenses and deferred charges			138,321	9	228,720
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	4,588,647			
	b	Less: accumulated depreciation	10b	3,246,093	1,313,594	10c	1,342,554
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11			30,011,985	12	29,158,244
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			695,016	15	43,593
16	Total assets. Add lines 1 through 15 (must equal line 34)			32,406,994	16	30,871,156	
Liabilities	17	Accounts payable and accrued expenses			1,134,303	17	1,218,499
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			7,666,951	25	7,913,208
	26	Total liabilities. Add lines 17 through 25			8,801,254	26	9,131,707
	Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
27		Unrestricted net assets			18,913,539	27	17,688,157
28		Temporarily restricted net assets			2,570,316	28	1,788,784
29		Permanently restricted net assets			2,121,885	29	2,262,508
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.							
30		Capital stock or trust principal, or current funds				30	
31		Paid-in or capital surplus, or land, building or equipment fund				31	
32		Retained earnings, endowment, accumulated income, or other funds				32	
33		Total net assets or fund balances			23,605,740	33	21,739,449
34	Total liabilities and net assets/fund balances			32,406,994	34	30,871,156	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,505,045
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,514,310
3	Revenue less expenses Subtract line 2 from line 1	3	-9,265
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	23,605,740
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,857,026
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	21,739,449

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization VNA Care Network Foundation Inc	Employer identification number 04-2794849
---	--

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☐

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☒

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety Se**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						0

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)						12
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	0 %
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a	33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
b	33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a	10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
b	10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

Part IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	1,151,490	1,068,780	1,013,817	704,894	803,033	4,742,014
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	2,366,933	2,213,016	2,285,770	2,066,429	2,039,046	10,971,194
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	3,518,423	3,281,796	3,299,587	2,771,323	2,842,079	15,713,208
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						15,713,208

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6	3,518,423	3,281,796	3,299,587	2,771,323	2,842,079	15,713,208
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources		119,267	535,329	561,430	578,626	1,794,652
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c Add lines 10a and 10b		119,267	535,329	561,430	578,626	1,794,652
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	1,899,140	937,858	1,133,381	860,689	1,084,340	5,915,408
13 Total support (Add lines 9, 10c, 11 and 12.)	5,417,563	4,338,921	4,968,297	4,193,442	4,505,045	23,423,268
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here	<input type="checkbox"/>					

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	67.080 %
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	66.090 %

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	7.660 %
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	13.390 %
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization	<input checked="" type="checkbox"/>	
b 33 1/3% support tests—2010. 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	<input type="checkbox"/>	
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	<input type="checkbox"/>	

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

Facts And Circumstances Test
Part III Line 12 This is the gross rents, gains and loss of investments and release from restriction

Explanation

Additional Data

Software ID: 11000218
Software Version: 2011.0.0
EIN: 04-2794849
Name: VNA Care Network Foundation Inc

Form 990, Special Condition Description:

Special Condition Description

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
VNA Care Network Foundation Inc

Employer identification number
04-2794849

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	49
2	Aggregate contributions to (during year)	16,762
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	

5

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

☒ Yes ☐ No

6

Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit

☒ Yes ☐ No

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

1

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

2

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

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

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

► \$ _____

(ii)

Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☒ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	2,121,885	2,121,885	2,121,885	2,121,885
b	Contributions	140,623			
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance	2,262,508	2,121,885	2,121,885	2,121,885

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

Yes

No

3a(ii)

Yes

No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		12,000		12,000
b Buildings		3,844,472	2,744,306	1,249,941
c Leasehold improvements				
d Equipment		732,175	658,086	80,613
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				1,342,554

Part XI

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	4,505,045
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	4,514,310
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-9,265
4	Net unrealized gains (losses) on investments	4	-1,216,117
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-1,216,117
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-1,225,382

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	3,224,940
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	3,224,940
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	1,280,105
c	Add lines 4a and 4b	4c	1,280,105
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	4,505,045

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	3,258,850
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	3,258,850
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	1,255,460
c	Add lines 4a and 4b	4c	1,255,460
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	4,514,310

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
V	4	This is a permanent endowment fund. Any income generated is used to fund patient free and charity care.
XII	4b	Adding back all transfers to affiliates and fundraising expenses and investment income.
XIII	4b	Adding the transfers to affiliates and fundraising expenses.

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
VNA Care Network Foundation Inc

Employer identification number
04-2794849

Part I

Questions Regarding Compensation

		Yes	No
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		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div></div> <div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div></div> <div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div></div> <div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	
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	
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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div></div> <div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div></div> <div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Karen H Green	(i) (ii)	237,288	44,351	16,500	7,746	26,330	332,215	
(2) Joanne M Kramer	(i) (ii)	205,967	28,420	16,500	5,020	4,330	260,237	
(3) Barbara Brooks	(i) (ii)	178,925	22,445	6,845	4,028	10,566	222,809	
(4) Jane Woodbury	(i) (ii)	153,153	21,431	10,277	3,492	10,566	198,919	

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
I	4b	Included in column C is the 457f plan. Karen Green 457f was 2,846 and Joanne Kramers was 332.

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
VNA Care Network Foundation Inc

Employer identification number
04-2794849

Identifier	Return Reference	Explanation
Form 990 Part VI	19	If a formal request is made we will make copies
Form 990 Part VI	11b	990 was compiled and reviewed by the CEO and CFO and sent to the Finance committee for review The Finance committee presents to the Board for approval The Board members are offered a copy of the 990 at that time
Form 990 Part VI	15a	The Executive Compensation committee made up of independent Board members obtains a competitive salary survey from an outside independent source The Executive Compensation Committee then deliberates and decides on the executive compensation
Form 990 Part VI	15b	Other officers and key employees salaries are determined by the CEO based on comparable data obtained by competitive salary survey from an outside independent source
Form 990 Part VI	12c	Annually the Board is asked to sign a conflict of interest statement Also, at the beginning of all Board meetings the Board chair asks if there is any conflicts with any of the agenda items
Form 990 Part VII	1a	The forty hours worked are spread over all Affiliated companies
Form 990 Part XI	5	The difference is unrealized gains on investments and changes in temporarily restricted net assets
Form 990 Part XI	5	The changes to net assets
		Form 990 Part VI Section C Line 19 If a formal request is made we will make copies Form 990 Part VI Section B Line 11b 990 was compiled and reviewed by the CEO and CFO and sent to the Finance committee for review The Finance committee presents to the Board for approval The Board members are offered a copy of the 990 at that time Form 990 Part VI Section B Line 15a The Executive Compensation committee made up of independent Board members obtains a competitive salary survey from an outside independent source The Executive Compensation Committee then deliberates and decides on the executive compensation Form 990 Part VI Section B Line 15b Other officers and key employees salaries are determined by the CEO based on comparable data obtained by competitive salary survey from an outside independent source Form 990 Part VI Section B Line 12c Annually the Board is asked to sign a conflict of interest statement Also, at the beginning of all Board meetings the Board chair asks if there is any conflicts with any of the agenda items Form 990 Part VII Section A Line 1a The forty hours worked are spread over all Affiliated companies Form 990 Part XI Line 5 The difference is unrealized gains on investments and changes in temporarily restricted net assets Form 990 Part XI Line 5 The changes to net assets

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
VNA Care Network Foundation Inc

Employer identification number
04-2794849

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) VNA Care Network Inc 120 Thomas Street Worcester, MA 01608 04-2103825	Home Health Care	MA	501c3	9	VNA Care Network Foundation Inc		No
(2) VNA Care Hospice Inc 120 Thomas Street Worcester, MA 01608 04-3217872	Hospice Care	MA	501c3	9	VNA Care Network Foundation Inc		No
(3) VNA Care Advantage Inc 120 Thomas Street Worcester, MA 01608 04-2953171	Day Care	MA	501c3	9	VNA Care Network Foundation Inc		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Home Staff LLC 40 Millbrook Street Worcester, MA 01608 42-1757904	Home Care	MA	N/A					No			No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V

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

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

1

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

a

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

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

No

1c

No

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

Yes

1j

No

1k

Yes

1l

No

1m

No

1n

No

1o

No

1p

No

1q

Yes

1r

No

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

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

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
------------	------------------	-------------	--

Software ID: 11000218
Software Version: 2011.0.0
EIN: 04-2794849
Name: VNA Care Network Foundation Inc

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1) VNA Care Network Inc	l	922,864	Cost
(2) VNA Care Hospice Inc	l	292,450	Cost
(3) VNA Care Advantage Inc	l	63,026	Cost
(4) VNA Care Network Inc	q	565,357	Cost
(5) VNA Care Hospice Inc	k	547,581	Cost
(6) VNA Care Network Inc	q	371,168	Cost
(7) VNA Care Advantage Inc	d	2,000,000	Cost
(8) VNA Care Network Inc	k	1,460,215	Cost
(9) VNA Care Advantage Inc	k	20,281	Cost
(10) VNA Care Hospice Inc	q	182,814	Cost

VNA CARE NETWORK FOUNDATION, INC.
AND AFFILIATES

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

C O N T E N T S

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BRAD BORBIDGE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
197 LOUDON ROAD, SUITE 350
CONCORD, NEW HAMPSHIRE 03301

TELEPHONE 603/224-0849
FAX 603/224-2397

INDEPENDENT AUDITOR'S REPORT

Board of Directors
VNA Care Network Foundation, Inc. and Affiliates
Worcester, Massachusetts

We have audited the accompanying consolidated balance sheets of VNA Care Network Foundation, Inc. and Affiliates (Association) as of December 31, 2011 and 2010, and the related statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Association'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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VNA Care Network Foundation, Inc. and Affiliates as of December 31, 2011 and 2010, and the results of operations, changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating balance sheets, statements of operations and changes in net assets are presented for the purpose 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 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink, appearing to be 'A. Dwyer'.

Concord, New Hampshire
March 28, 2012

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
Current Assets		
Cash and cash equivalents	\$ 1,479,363	\$ 1,144,177
Temporary investments	521,551	1,542,748
Investments	24,079,074	23,339,239
Patient accounts receivable, less allowances for doubtful accounts of \$348,452 and \$369,240 at December 31, 2011 and 2010, respectively	4,950,960	6,235,591
Due from affiliate, net	-	213,193
Other current assets	509,555	508,654
Total Current Assets	31,540,503	32,983,602
Assets limited as to use	5,079,170	6,945,148
Other Assets		
Investment in limited liability company	2,384,550	2,434,348
Goodwill	-	944,053
Other assets	46,043	46,043
Property and equipment, net	7,034,989	7,107,467
TOTAL ASSETS	\$ 46,085,255	\$ 50,460,661

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 2,968,684	\$ 2,644,101
Accrued payroll and related expenses	2,096,496	2,087,860
Due to affiliate, net	9,478	-
Due to third-party payers	479,232	565,426
Deferred revenue	1,135,308	1,236,171
Total Current Liabilities	6,689,198	6,533,558
Long-term debt, less current maturities	155,000	155,000
Total Liabilities	6,844,198	6,688,558
Net Assets		
Unrestricted	35,189,765	38,939,279
Temporarily restricted	1,788,784	2,570,316
Permanently restricted	2,262,508	2,262,508
Total Net Assets	39,241,057	43,772,103
TOTAL LIABILITIES AND NET ASSETS	\$ 46,085,255	\$ 50,460,661

(See accompanying notes to these consolidated financial statements)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Operating Revenue		
Net patient service revenue	\$ 43,061,160	\$ 48,622,932
Other operating revenue	826,672	1,065,278
Contributions and fundraising, net of expenses	673,012	724,409
Investment (loss) income in limited liability company	(49,984)	241,800
Net assets released from restriction for program services	572,444	550,343
Total Operating Revenue	45,083,304	51,204,762
Operating Expenses		
Salaries and benefits	35,010,110	36,614,483
Other operating expenses	11,640,378	12,950,695
Depreciation and amortization	1,759,538	869,794
Interest	-	7,496
Bad debt expense	150,000	120,000
Total Operating Expenses	48,560,026	50,562,468
OPERATING (LOSS) INCOME	(3,476,722)	642,294
Other Revenue, Gains and Losses		
Investment income, net of expenses	583,344	608,568
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES	(2,893,378)	1,250,862
Change in unrealized (loss) gain on investments	(1,216,117)	1,879,830
Net assets released for capital acquisition	359,981	153,142
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	\$ (3,749,514)	\$ 3,283,834

(See accompanying notes to these consolidated financial statements)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Unrestricted Net Assets:		
(Deficit) excess of revenue over expenses	\$ (2,893,378)	\$ 1,250,862
Change in unrealized (loss) gain on investments	(1,216,117)	1,879,830
Net assets released for capital acquisition	359,981	153,142
	<u>(3,749,514)</u>	<u>3,283,834</u>
Temporarily Restricted Net Assets:		
Realized loss on investments	(3,293)	(17,691)
Change in unrealized (loss) gain on investments	(331,111)	462,406
Donor restricted contributions	485,297	116,820
Net assets released for capital acquisition	(359,981)	(153,142)
Net assets released from restrictions for program services	(572,444)	(550,343)
	<u>(781,532)</u>	<u>(141,950)</u>
(Decrease) Increase in Net Assets	(4,531,046)	3,141,884
Net assets, beginning of year	<u>43,772,103</u>	<u>40,630,219</u>
NET ASSETS, END OF YEAR	<u><u>\$ 39,241,057</u></u>	<u><u>\$ 43,772,103</u></u>

(See accompanying notes to these consolidated financial statements)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash Flows From Operating Activities:		
Change in net assets	\$ (4,531,046)	\$ 3,141,884
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,759,538	869,794
Bad debt expense	150,000	120,000
Change in unrealized loss (gain) on investments	1,547,228	(2,342,236)
Restricted contributions	(485,297)	(116,820)
Net realized loss on investment transactions	11,419	62,020
(Increase) decrease in the following assets:		
Temporary investments	1,021,197	(42,748)
Patient accounts receivable	1,134,631	(1,191)
Due from affiliate	213,193	(213,193)
Other current assets	(901)	(260,636)
Increase (decrease) in the following liabilities:		
Accounts payable and accrued expenses	324,583	(653,000)
Accrued payroll and related expenses	8,636	100,715
Due to affiliate	9,478	(27,046)
Due to third-party payers	(86,194)	(174,839)
Deferred revenue	(100,863)	(154,076)
Net Cash Provided By Operating Activities	975,602	308,628
Cash Flows From Investing Activities		
Restricted contributions	485,297	116,820
Capital distribution from limited liability company	-	200,000
Investment loss (income) in limited liability company	49,984	(241,799)
Capital expenditures	(743,007)	(460,336)
Sale of investments	5,987,515	6,211,026
Purchase of investments	(6,420,205)	(6,989,480)
Net Cash Used By Investing Activities	(640,416)	(1,163,769)
Cash Flows From Financing Activities		
Repayment of long term debt	-	(1,366,673)
Net Cash Used By Financing Activities	-	(1,366,673)

(See accompanying notes to these consolidated financial statements)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Net Increase (Decrease) in Cash and Cash Equivalents	335,186	(2,221,814)
Cash and cash equivalents, beginning of year	<u>1,144,177</u>	<u>3,365,991</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,479,363</u>	<u>\$ 1,144,177</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ -	\$ 7,496

(See accompanying notes to these consolidated financial statements)

VNA CARE NETWORK FOUNDATION, INC.
AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The VNA Care Network Foundation, Inc. (Foundation) is a non-stock, not-for-profit corporation organized in Massachusetts. The Foundation's primary purposes are to act as a holding company, maintain an investment portfolio, fund raise, and provide management services to affiliated health care providers providing services to patients in the central and eastern Massachusetts area. The Foundation is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3).

Subsidiaries

VNA Care Network, Inc. (Network) is a non-stock, not-for-profit corporation organized in Massachusetts, whose primary purpose is to provide home health care services. Network is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3).

VNA Care Hospice, Inc. (Hospice) is a non-stock, not-for-profit corporation organized in Massachusetts, whose primary purpose is to provide hospice and palliative care services. Hospice is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3).

VNA Care Advantage, Inc. (Advantage) is a non-stock, not-for-profit corporation organized in Massachusetts, whose primary purposes are to provide personal care, homemaker, and child care services. Advantage is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3).

Principles of Consolidation

The consolidated financial statements include the accounts of Foundation and its subsidiaries: Network, Hospice, and Advantage. These agencies will collectively be referred to as the Association. The affiliations are through a common board membership. All significant inter-company balances and transactions have been eliminated in consolidation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association consists of four public charities under Section 501(c)(3) of the Internal Revenue Code. As public charities, the Association is exempt from state and federal income taxes on income earned in accordance with its tax exempt purpose. Unrelated business income is subject to state and federal income tax. Management has evaluated the Association's tax position and concluded that the Association has no unrelated business income or uncertain tax positions that require adjustment to the financial statements.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less, excluding assets limited as to use.

Temporary Investments

Temporary investments include investments in liquid debt instruments with original maturities of more than three months, excluding assets limited as to use and temporary investments within the investment pool.

Investments

Investments in equity and debt securities are reported at fair value. Investment income, realized gains and losses, and other than temporary impairments on investments are included in the excess of revenue over expenses unless otherwise stipulated by the donor or State law. Unrealized gains and losses are reported as an increase or decrease in unrestricted net assets, unless otherwise stipulated by the donor or State law. The Association reviews investments where the fair value is significantly below cost and in cases where the decline is considered to be other than temporary, an adjustment is recorded to reflect this amount in the excess of revenue over expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture agreements, designated assets set aside by the board of directors and temporarily and permanently restricted net assets.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. The Association's capitalization threshold is \$5,000.

Temporarily and Permanently Restricted Net Assets

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

Donor-Restricted Gifts

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Gifts of Long-lived Assets

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

Patient Service Revenue

Standard charges for services to all patients are recorded as revenue when services are rendered. Clients unable to pay full charge, who do not have other third-party resources, are charged a reduced amount based on the Association's published sliding fee scale. Reductions in full charge are recognized when the service is rendered

(Deficit) Excess of Revenues Over Expenses

The statements of operations reflect the (deficit) excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from the (deficit) excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction were to be used for the purposes of acquiring such assets).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

A number of volunteers have donated substantial amounts of their time to Network's and Hospice's program services. No amounts have been reflected in the financial statements for these volunteer services, since the contributed services did not meet the criteria for recognition under Statement of Financial Auditing Standards No. 116.

Goodwill

Goodwill has been recognized at the time of acquisition of other home care agencies by the Association. Goodwill is tested annually for possible loss on the impairment of the asset's value. For the year ended December 31, 2011, management fully amortized all goodwill in recognition of the impairment of goodwill due to the competitive environment specific to the service areas involved in the goodwill. The total reported loss on impairment of goodwill (amortization expense) for the year ended in December 31, 2011 was \$944,053. There was no reported loss on impairment of goodwill for the year ended December 31, 2010. Goodwill assets amounted to \$0 and \$944,053 for the years ended December 31, 2011 and 2010, respectively.

Recently Issued Accounting Pronouncements

In August 2010, the Financial Accounting Standards Board issued guidance that requires that cost be used as a measurement for charity care disclosure purposes. It also requires disclosure of the method used to identify or determine such costs. The amended disclosure requirements are effective for fiscal years beginning after December 15, 2010 and must be applied retrospectively. The Association adopted the amended disclosure requirements on January 1, 2011.

NOTE 2 INVESTMENTS

Investments are identified as current assets and assets limited as to use, and are stated at fair value and consist of the following at December 31, 2011 and 2010:

NOTE 2 INVESTMENTS (CONTINUED)

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 6,470,930	\$ 6,466,047
Marketable equity securities		
Consumer discretionary	281,650	319,937
Consumer Staples	73,404	128,306
Energy	406,012	280,624
Financial services	42,097	34,360
Health care	156,690	81,840
Industrials	237,564	479,546
Information technology	525,493	508,778
Materials	187,354	148,760
Telecommunication services	25,563	53,592
Mutual funds		
Equity funds	5,717,660	6,916,016
Fixed income funds	4,314,245	4,276,206
International equity	3,962,187	4,535,777
Other		
Hedge funds	6,141,310	5,308,301
Limited liability corporation	<u>2,384,550</u>	<u>2,434,348</u>
Total Investments	<u>\$ 30,926,709</u>	<u>\$ 31,972,438</u>
Current assets	\$ 24,079,074	\$ 23,339,239
Investment in a limited liability corporation	2,384,550	2,434,348
Assets limited as to use (Note 3)	<u>4,463,085</u>	<u>6,198,851</u>
Total Investments	<u>\$ 30,926,709</u>	<u>\$ 31,972,438</u>

Cash and cash equivalents included in investments and assets limited as to use are not considered cash and cash equivalents for cash flow purposes.

Investments are maintained in an investment pool. Each investment fund is allocated realized and unrealized gains and losses based upon units. Units are calculated using the market value approach determined on the last day of the month the transaction took place.

Financial accounting standards have established a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs – quoted prices traded daily in active markets.
- Level 2 inputs - other than quoted prices for active markets that are traded less frequently than daily.
- Level 3 inputs - unobservable inputs.

NOTE 2 INVESTMENTS (CONTINUED)

All investments are considered Level 1 inputs, with the exception of hedge funds and the investment in the limited liability corporation, which are considered Level 3 inputs.

The hedge fund investments are considered a Level 3 input because they are based on the representation of the respective fund managers, and are not independently priced by the Association's custodian. The investment managers utilize a combination of observable and unobservable inputs to value the investments including quoted market prices of actual or similar holdings, commodities pricing and other financial information. The investment in the limited liability corporation is considered a Level 3 input which is valued using the equity method as required by generally accepted accounting standards in the United States of America.

The following table provides the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Level 1	\$22,400,850	\$24,229,789
Level 2	-	-
Level 3	<u>8,525,859</u>	<u>7,742,649</u>
Total Investments	<u>\$30,926,709</u>	<u>\$31,972,438</u>

The following table summarizes the changes in the fair value of the Level 3 inputs for the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 7,742,649	\$ 8,249,867
Shares purchased	1,000,000	-
Shares redeemed	(125,413)	(1,304,109)
Investment income, net of expense	46,431	50,581
Investment income in a limited liability corporation	(49,799)	241,800
Change in realized and unrealized gains (losses) included change in net assets	<u>(88,009)</u>	<u>504,510</u>
Ending balance	<u>\$ 8,525,859</u>	<u>\$ 7,742,649</u>

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended December 31, 2011 and 2010.

NOTE 2 INVESTMENTS (CONTINUED)

	<u>2011</u>	<u>2010</u>
Unrestricted investment income		
Investment income	\$ 671,109	\$ 713,106
Investment in a limited liability company	(49,984)	241,800
Realized (loss) gain on investments	(8,126)	(44,329)
Less investment fees	(79,639)	(60,209)
Change in unrealized gain on investments	(1,216,117)	1,879,830
Temporarily restricted investment gain (loss)		
Realized loss on investments	(3,293)	(17,691)
Change in unrealized (loss) gain on investments	<u>(331,111)</u>	<u>462,406</u>
Total Investment income and change in unrealized (loss) gain on investments	<u>\$ (1,017,161)</u>	<u>\$ 3,174,913</u>

NOTE 3 ASSETS LIMITED AS TO USE

Assets limited as to use consist of the following board designated and donor restricted net assets at December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Designated by the governing board		
Board designation of 2010 investment spending policy for Tippet Hospice Home	\$ 411,793	\$ 420,000
Future expansion and operation of hospice program	-	832,993
Through merger agreement for purposes or uses in or around the Town of Spencer called the "Spencer VNA Board Restricted Fund"	-	224,703
Net assets held in trust		
Unemployment insurance fund	311,333	336,559
Funds held for Sections 457(b) and 457(f) deferred compensation plan	304,752	298,069

NOTE 3 ASSETS LIMITED AS TO USE (CONTINUED)

	<u>2011</u>	<u>2010</u>
Donor restricted		
Temporarily restricted for Tippet Hospice House	-	111,670
Temporarily restricted for education	8,889	8,889
Temporarily restricted cumulative gains on endowment investments	1,779,895	2,449,757
Permanently restricted for Endowment	<u>2,262,508</u>	<u>2,262,508</u>
Total Assets Limited as to Use	<u>\$ 5,079,170</u>	<u>\$ 6,945,148</u>

The composition of assets limited as to use at December 31, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Pledge receivables	\$ -	\$ 111,669
Funds held in trust	616,085	634,628
Investments (Note 2)	<u>4,463,085</u>	<u>6,198,851</u>
Total Assets Limited as to Use	<u>\$ 5,079,170</u>	<u>\$ 6,945,148</u>

NOTE 4 INVESTMENT IN LIMITED LIABILITY COMPANY

Beginning April 3, 2008, Advantage had a one-half interest as a member in Home Staff, LLC, a limited liability company organized in Massachusetts to provide private duty home health aide services. Advantage's investment in Home Staff is accounted for on the equity method, and Advantage's activities include its share of the net income of the limited liability company. A summary of the limited liability company's audited financial information is as follows:

	<u>2011</u>	<u>2010</u>
Total assets	\$ 4,677,188	\$ 5,077,437
Total liabilities	<u>342,909</u>	<u>444,559</u>
Member's capital	<u>\$ 4,334,279</u>	<u>\$ 4,632,878</u>
Net (loss) income	<u>\$ (98,599)</u>	<u>\$ 467,607</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Land	\$ 926,823	\$ 926,823
Land improvements	330,224	330,224
Buildings and leasehold improvements	10,090,577	9,630,819
Furniture and equipment	<u>13,205,253</u>	<u>12,995,072</u>
Total	24,552,877	23,882,938
Less accumulated depreciation	<u>17,517,888</u>	<u>16,775,471</u>
Property and Equipment, Net	<u>\$ 7,034,989</u>	<u>\$ 7,107,467</u>

NOTE 6 RESTRICTIONS ON NET ASSETS

Permanently restricted net assets amounted to \$2,262,508 for years ended December 31, 2011 and 2010, which consisted of contributions to be held in perpetuity, the income from which is expendable to support operations.

Temporarily restricted net assets at December 31, 2011 and 2010 included the following:

	<u>2011</u>	<u>2010</u>
Donor restricted contributions for Tippet House	\$ -	\$ 111,670
Temporarily restricted for education	8,889	8,889
Cumulative realized and unrealized gains and losses on donor restricted net assets	<u>1,779,895</u>	<u>2,449,757</u>
Temporarily Restricted Net Assets	<u>\$ 1,788,784</u>	<u>\$ 2,570,316</u>

NOTE 7 ENDOWMENTS

There are no board designated endowments. Donor restricted endowments consisted of an investment portfolio managed by a contracted investment manager with oversight by the Association's investment committee. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 7 ENDOWMENTS (CONTINUED)

The State of Massachusetts continues to be guided by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Association has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor- restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment (also known as historical cost). Net appreciation in excess of the historical cost is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of procedure prescribed by UPMIFA.

Investment income earned on endowments is expended when earned unless otherwise stipulated by the donor.

The following summarizes changes in endowment assets for years ended December 31, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowments, December 31, 2009	\$ -	\$ 2,425,042	\$ 2,262,508
Investment gains	-	444,715	-
Expenditures	<u>-</u>	<u>(420,000)</u>	<u>-</u>
Endowments, December 31, 2010	\$ -	\$ 2,449,757	\$ 2,262,508
Investment (losses)	-	(334,404)	-
Other	-	4,542	-
Expenditures	<u>-</u>	<u>(340,000)</u>	<u>-</u>
Endowments, December 31, 2011	<u>\$ -</u>	<u>\$ 1,779,895</u>	<u>\$ 2,262,508</u>

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, there were no deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2011 and 2010.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets consist of a balanced portfolio of cash, certificates of deposits, debt and equity securities.

NOTE 8 LINE OF CREDIT

On December 1, 2008 the Foundation entered into a revolving line of credit in the amount of \$7,000,000 with TD Bank in which Network is the Guarantor. The interest rate on the line is set at 0.5% above the Wall Street Journal prime rate (3.25%), which equated to 3.75% at December 31, 2011. The line of credit is secured by all assets of the Association. There was no outstanding balance at December 31, 2011 and 2010.

Under the terms of the agreement, Association must comply with certain covenants relating to maintaining a minimum balance of \$28,000,000 in unrestricted net assets at all times and other financial covenants. At December 31, 2011 and 2010, Association complied with all applicable covenants.

NOTE 9 NOTES PAYABLE

Long term debt consisted of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Deferred note payable with principal due on November 19, 2033 with an option of extending the maturity for an additional 40 years. In 2005 the total accumulated, deferred simple interest of 5% was forgiven. The note is collateralized by property in Hospice.	\$ 125,000	\$ 25,000
Deferred note payable with simple interest of 10%. Principal and interest due on January 18, 2034. The note is collateralized by property in Hospice. Principal and interest will be forgiven if certain terms are met through the full 40 years.	<u>30,000</u>	<u>30,000</u>
Total	155,000	155,000
Less current portion	<u>-</u>	<u>-</u>
Total long term debt, less current maturities	<u>\$ 155,000</u>	<u>\$ 155,000</u>

NOTE 10 NET PATIENT SERVICE REVENUE

Net patient service revenue provided for the years ended December 31, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Medicare	\$ 24,583,196	\$ 28,018,085
Medicaid	1,278,144	1,553,663
Other	<u>17,199,820</u>	<u>19,051,184</u>
Total	<u>\$ 43,061,160</u>	<u>\$ 48,622,932</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. 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. The Association believes that it is in substantial compliance with all applicable laws and regulations. However, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known.

Network has a policy of providing health care services without charge to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since Network does not expect payment, estimated charges for charity care are not included in revenue. Network estimates the costs associated with providing charity care to patients who are eligible for free care by multiplying the number of free care visits by the cost per visit, by service type, as determined by the Medicare cost report methodology. The estimated costs incurred in these activities amounted to \$60,903 and \$57,748 for the years December 31, 2011 and 2010, respectively.

Network also provides medically necessary services to Medicaid patients at costs exceeding Medicaid reimbursement, which Network considers to be partial charity care. Network estimates the loss from providing services to Medicaid patients by applying the difference between the Medicaid visit reimbursement rate, by service type, and the cost of providing those services under the Medicare cost report methodology. The estimated costs incurred in these activities amounted to \$1,176,990 and \$1,093,120 for the years December 31, 2011 and 2010, respectively.

NOTE 10 NET PATIENT SERVICE REVENUE (CONTINUED)

Network provides other patient care services that are either not covered by insurance providers or are reimbursed at rates below the cost of providing these services. Network estimates the cost of this charity care by applying the difference between the insurance providers' visit reimbursement rate, by service type, and the cost of providing those services under the Medicare cost report methodology. The estimated costs incurred in these activities amounted to \$227,900 and \$291,995 for the years December 31, 2011 and 2010, respectively.

Hospice provides a subsidy for free or reduced residential rates in each of their hospice houses, which Hospice considers to be charity care. Hospice estimates the cost of this charity care by applying the ratio of uncompensated room occupancy to total room occupancy to the total cost of operating each of the houses. The cost of providing free or reduced residential rates in the hospice houses amounted to \$324,804 and \$208,313 for the years ended December 31, 2011 and 2010, respectively.

The Association also provides resources and services to support numerous initiatives aimed at contributing to the physical and psychological well being of individuals in the Association's community. The Association is able to provide these services with a component of funds received through local community support and state grants. Local community support consists of contributions and the United Way.

NOTE 11 MALPRACTICE INSURANCE

The Association insures its medical malpractice risks on a claims-made basis. There were no known malpractice claims outstanding at December 31, 2011, which in the opinion of management, will be settled for amounts in excess of insurance coverage; nor are there any unasserted claims or incidents which require loss accrual. The Association intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

NOTE 12 FUNCTIONAL EXPENSES

The Association provides various services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2011</u>	<u>2010</u>
Program services	\$ 42,384,696	\$ 45,343,070
Administrative and general	5,761,497	4,797,155
Fundraising	<u>413,833</u>	<u>422,243</u>
Total	<u>\$ 48,560,026</u>	<u>\$ 50,562,468</u>

NOTE 13 PENSION PLAN

The Association has adopted a defined contribution pension plan under the Internal Revenue Code 401(k) covering substantially all of its full-time employees. The pension expense related to the 401(k) plan amounted to \$525,958 and \$769,767 for the years ended December 31, 2011 and 2010, respectively.

During 2006, the Association established an unqualified deferred compensation plan under Internal Revenue Code Section 457(b) and 457(f) for certain key employees. Under this plan, participating employees can elect to defer their compensation within the Internal Revenue Code limits. For the years ended December 31, 2011 and 2010 the activity in the plan was as follows:

	<u>2011</u>	<u>2010</u>
Employee deferred compensation, net of withdrawals	\$ 31,230	\$ 42,733
Investment gains (losses)	<u>(24,547)</u>	<u>25,434</u>
Total Deferred Compensation	<u>\$ 6,683</u>	<u>\$ 68,167</u>

The total balance of the deferred compensation amounted to \$304,752 and \$298,069 for the years ended December 31, 2011 and 2010, respectively, and is reported as assets limited as to use under Note 3.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental charged to operations as incurred.

The following is a schedule by year of future minimum lease payments under operating leases for office facilities and equipment that have initial or remaining lease terms in excess of one year as of December 31, 2011.

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2012	\$ 574,125
2013	306,457
2014	<u>151,245</u>
Total	<u>\$ 1,031,827</u>

Rental expense, other than intercompany charges, amounted to \$606,249 and \$598,526 for the years ended December 31, 2011 and 2010, respectively.

NOTE 15 CONCENTRATIONS OF RISK

The Association maintained cash balances in excess of \$250,000 in banks, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The financial institutions have strong credit rating and management believes the credit risk related to the deposits is minimal.

The Association grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. At December 31, 2011, Medicare represented 55% of gross accounts receivable. No other individual payer source exceeded 10% of the gross accounts receivable balance.

NOTE 16 RELATED PARTY TRANSACTIONS

Beginning 2008, Advantage became a one-half interest member in Home Staff, LLC, a limited liability company organized in Massachusetts to provide private duty home health aide services.

For the years ended December 31, 2011 and 2010, Network and Hospice purchased home health aide services from Home Staff, LLC, in the amount of \$496,199 and \$416,411, respectively.

Management provided management and administrative services to Home Staff, LLC, in the amount of \$51,120 and \$41,795 for the years ended December 31, 2011 and 2010. The Association also provided cash advances to Home Staff, LLC.

At December 31, 2011 and 2010 the total net balance due (to) and due from amounted to (\$9,478) and \$213,193, respectively.

NOTE 17 PRIOR YEAR COMPARATIVE AMOUNTS

Certain prior year comparative amounts have been reclassified to be consistent with current year presentations.

NOTE 18 SUBSEQUENT EVENTS

For financial reporting purposes, subsequent events have been evaluated by management through March 28, 2012, which is the date the financial statements were available to be issued.

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATING BALANCE SHEETS

DECEMBER 31, 2011

ASSETS

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2011 Consolidated Totals
Current Assets						
Cash and cash equivalents	\$ 98,045	\$ 645,886	\$ 660,217	\$ 75,215	\$ -	\$ 1,479,363
Temporary investments	-	521,551	-	-	-	521,551
Investments	24,079,074	-	-	-	-	24,079,074
Patient accounts receivable, net	-	3,799,246	1,142,943	8,771	-	4,950,960
Other current assets	228,720	270,556	10,279	-	-	509,555
Due from affiliates	-	613,075	8,435,818	-	(9,048,893)	-
Total Current Assets	24,405,839	5,850,314	10,249,257	83,986	(9,048,893)	31,540,503
Assets limited as to use	5,079,170	99,322	107,018	10,101	(216,441)	5,079,170
Other assets						
Investment in limited liability company	-	-	-	2,384,550	-	2,384,550
Other assets	43,593	2,450	-	-	-	46,043
Property and equipment, net	1,342,554	1,986,157	3,706,278	-	-	7,034,989
TOTAL ASSETS	<u>\$ 30,871,156</u>	<u>\$ 7,938,243</u>	<u>\$ 14,062,553</u>	<u>\$ 2,478,637</u>	<u>\$ (9,265,334)</u>	<u>\$ 46,085,255</u>

LIABILITIES AND NET ASSETS

Current Liabilities						
Accounts payable and accrued expenses	\$ 1,021,394	\$ 1,329,641	\$ 819,727	\$ 14,363	\$ (216,441)	\$ 2,968,684
Accrued payroll and related expenses	197,105	1,582,380	291,349	25,662	-	2,096,496
Due to affiliates	7,913,208	9,479	-	1,135,684	(9,048,893)	9,478
Due to third-party payers	-	479,232	-	-	-	479,232
Deferred revenue	-	1,135,308	-	-	-	1,135,308
Total Current Liabilities	9,131,707	4,536,040	1,111,076	1,175,709	(9,265,334)	6,689,198
Long-term debt, less current maturities	-	-	155,000	-	-	155,000
Total Liabilities	9,131,707	4,536,040	1,266,076	1,175,709	(9,265,334)	6,844,198
Net Assets						
Unrestricted	17,688,157	3,402,203	12,796,477	1,302,928	-	35,189,765
Temporarily restricted	1,788,784	-	-	-	-	1,788,784
Permanently restricted	2,262,508	-	-	-	-	2,262,508
Total Net Assets	21,739,449	3,402,203	12,796,477	1,302,928	-	39,241,057
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,871,156</u>	<u>\$ 7,938,243</u>	<u>\$ 14,062,553</u>	<u>\$ 2,478,637</u>	<u>\$ (9,265,334)</u>	<u>\$ 46,085,255</u>

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATING BALANCE SHEETS

DECEMBER 31, 2010

ASSETS

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2010 Consolidated Totals
Current Assets						
Cash and cash equivalents	\$ 136,409	\$ 179,516	\$ 706,018	\$ 122,234	\$ -	\$ 1,144,177
Temporary investments	-	519,170	1,023,578	-	-	1,542,748
Investments	23,319,130	20,109	-	-	-	23,339,239
Patient accounts receivable, net	-	4,230,810	2,000,620	4,161	-	6,235,591
Other current assets	138,321	346,221	24,112	-	-	508,654
Due from affiliates	-	2,464,707	6,599,991	-	(8,851,505)	213,193
Total Current Assets	23,593,860	7,760,533	10,354,319	126,395	(8,851,505)	32,983,602
Assets limited as to use	6,804,524	233,920	94,564	4,778	(192,638)	6,945,148
Other assets						
Investment in limited liability company	-	-	-	2,434,348	-	2,434,348
Goodwill	651,423	292,630	-	-	-	944,053
Other assets	43,593	2,450	-	-	-	46,043
Property and equipment, net	1,313,594	2,261,754	3,532,119	-	-	7,107,467
TOTAL ASSETS	\$ 32,406,994	\$ 10,551,287	\$ 13,981,002	\$ 2,565,521	\$ (9,044,143)	\$ 50,460,661

LIABILITIES AND NET ASSETS

Current Liabilities						
Accounts payable and accrued expenses	\$ 919,413	\$ 1,377,355	\$ 523,721	\$ 16,250	\$ (192,638)	\$ 2,644,101
Accrued payroll and related expenses	214,890	1,531,027	318,508	23,435	-	2,087,860
Due to affiliates	7,666,951	-	-	1,184,554	(8,851,505)	-
Due to third-party payers	-	565,426	-	-	-	565,426
Deferred revenue	-	1,236,171	-	-	-	1,236,171
Total Current Liabilities	8,801,254	4,709,979	842,229	1,224,239	(9,044,143)	6,533,558
Long-term debt, less current maturities	-	-	155,000	-	-	155,000
Total Liabilities	8,801,254	4,709,979	997,229	1,224,239	(9,044,143)	6,688,558
Net Assets						
Unrestricted	18,913,539	5,700,685	12,983,773	1,341,282	-	38,939,279
Temporarily restricted	2,570,316	-	-	-	-	2,570,316
Permanently restricted	2,121,885	140,623	-	-	-	2,262,508
Total Net Assets	23,605,740	5,841,308	12,983,773	1,341,282	-	43,772,103
TOTAL LIABILITIES AND NET ASSETS	\$ 32,406,994	\$ 10,551,287	\$ 13,981,002	\$ 2,565,521	\$ (9,044,143)	\$ 50,460,661

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2011 Consolidated Totals
Operating Revenue						
Net patient service revenue	\$ -	\$ 33,680,606	\$ 10,547,229	\$ 495,630	\$ (1,662,305)	\$ 43,061,160
Other operating revenue						
Management services	2,028,076	-	-	-	(2,028,076)	-
Governmental grants	-	539,669	-	-	-	539,669
Rental Income	1,278,340	-	-	-	(1,278,340)	-
United Way and other revenue	92,287	185,079	7,189	2,448	-	287,003
Equity in earnings of limited liability company	-	-	-	(49,984)	-	(49,984)
Contributions and fundraising, net of expenses	673,012	-	-	-	-	673,012
Transfers to (from) affiliates for donor contributions	(846,775)	337,557	509,218	-	-	-
Net assets released from restriction						
for program services	572,444	-	-	-	-	572,444
Transfers from affiliates for net assets released from restrictions for program services	(572,444)	227,800	344,644	-	-	-
Total Operating Revenue	3,224,940	34,970,711	11,408,280	448,094	(4,968,721)	45,083,304
Operating Expenses						
Salaries and benefits	1,088,110	28,333,954	5,219,708	368,338	-	35,010,110
Other operating expenses						
Professional fees and contracted services	153,238	2,834,661	3,635,579	8,681	(1,662,305)	4,969,854
Management services	-	1,460,214	547,581	20,281	(2,028,076)	-
Occupancy	1,151,000	936,673	295,640	63,026	(1,278,340)	1,167,999
Other	739,162	2,872,040	1,865,171	26,152	-	5,502,525
Depreciation and amortization	127,340	1,105,080	527,118	-	-	1,759,538
Bad debt expense	-	125,000	25,000	-	-	150,000
Total Operating Expenses	3,258,850	37,667,622	12,115,797	486,478	(4,968,721)	48,560,026
OPERATING INCOME (LOSS)	(33,910)	(2,696,911)	(707,517)	(38,384)	-	(3,476,722)
Other Revenue and Gains (Losses)						
Transfers (to) from affiliates for investments	(553,981)	371,167	182,814	-	-	-
Investment (loss) income, net of expense	578,626	27,262	(22,574)	30	-	583,344
Total Other Revenue and Gains (Losses)	24,645	398,429	160,240	30	-	583,344
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(9,265)	(2,298,482)	(547,277)	(38,354)	-	(2,893,378)
Change in unrealized gain on investments	(1,216,117)	-	-	-	-	(1,216,117)
Net assets released for capital acquisition	359,981	-	-	-	-	359,981
Net assets transferred to (from) affiliates	(359,981)	-	359,981	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ (1,225,382)	\$ (2,298,482)	\$ (187,296)	\$ (38,354)	\$ -	\$ (3,749,514)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATING STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2010 Consolidated Totals
Operating Revenue						
Net patient service revenue	\$ -	\$ 37,163,365	\$ 12,620,937	\$ 499,495	\$ (1,660,865)	\$ 48,622,932
Other operating revenue						
Management services	2,053,763	-	-	-	(2,053,763)	-
Governmental grants	-	783,107	-	-	-	783,107
Rental Income	1,313,306	41,000	-	-	(1,354,306)	-
United Way and other revenue	100,380	132,471	47,275	2,045	-	282,171
Equity in earnings of limited liability company	-	-	-	241,800	-	241,800
Contributions and fundraising, net of expenses	724,409	-	-	-	-	724,409
Transfers to (from) affiliates for donor contributions	(870,697)	354,431	515,866	400	-	-
Net assets released from restriction						
for program services	550,343	-	-	-	-	550,343
Transfers from affiliates for net assets released from restrictions for program services	(550,343)	-	550,343	-	-	-
Total Operating Revenue	3,321,161	38,474,374	13,734,421	743,740	(5,068,934)	51,204,762
Operating Expenses						
Salaries and benefits	1,228,088	28,910,916	6,110,386	365,093	-	36,614,483
Other operating expenses						
Professional fees and contracted services	12,481	3,392,609	4,330,216	864	(1,660,865)	6,075,305
Management services	-	1,478,709	554,516	37,601	(2,053,763)	17,063
Occupancy	1,176,425	884,713	420,084	62,402	(1,354,306)	1,189,318
Other	767,286	2,749,561	2,135,916	16,246	-	5,669,009
Depreciation and amortization	136,881	577,278	155,635	-	-	869,794
Interest	-	-	-	7,496	-	7,496
Bad debt expense	-	95,000	25,000	-	-	120,000
Total Operating Expenses	3,321,161	38,088,786	13,731,753	489,702	(5,068,934)	50,562,468
OPERATING INCOME	-	385,588	2,668	254,038	-	642,294
Other Revenue and Gains (Losses)						
Transfers (to) from affiliates for investments	(605,760)	405,860	199,900	-	-	-
Investment income, net of expense	561,430	20,666	26,006	466	-	608,568
Total Other Revenue and Gains (Losses)	(44,330)	426,526	225,906	466	-	608,568
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(44,330)	812,114	228,574	254,504	-	1,250,862
Change in unrealized gain on investments	1,878,740	1,090	-	-	-	1,879,830
Net assets released for capital acquisition	153,142	-	-	-	-	153,142
Net assets transferred (to) from affiliates	(153,142)	-	153,142	-	-	-
INCREASE IN UNRESTRICTED NET ASSETS	\$ 1,834,410	\$ 813,204	\$ 381,716	\$ 254,504	\$ -	\$ 3,283,834

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2011 Consolidated Totals
Unrestricted Net Assets						
Excess (deficit) of revenue over expenses	\$ (9,265)	\$ (2,298,482)	\$ (547,277)	\$ (38,354)	\$ -	\$ (2,893,378)
Change in unrealized gain (loss) on investments	(1,216,117)	-	-	-	-	(1,216,117)
Net assets released for capital acquisition	359,981	-	-	-	-	359,981
Equity transfer to (from) affiliates	(359,981)	-	359,981	-	-	-
Change in Unrestricted Net Assets	(1,225,382)	(2,298,482)	(187,296)	(38,354)	-	(3,749,514)
Temporarily Restricted Net Assets						
Realized gain (loss) on investments	(3,293)	-	-	-	-	(3,293)
Change in unrealized gain on investments	(331,111)	-	-	-	-	(331,111)
Restricted contributions	485,297	-	-	-	-	485,297
Net assets released for capital acquisition	(359,981)	-	-	-	-	(359,981)
Net assets released from restrictions for program services	(572,444)	-	-	-	-	(572,444)
Change in Temporarily Restricted Net Assets	(781,532)	-	-	-	-	(781,532)
Permanently Restricted Net Assets						
Net assets transferred from (to) affiliate	140,623	(140,623)				
Change in Permanently Restricted Net Assets	140,623	(140,623)	-	-	-	-
Decrease in Net Assets	(1,866,291)	(2,439,105)	(187,296)	(38,354)	-	(4,531,046)
Net assets, beginning of year	23,605,740	5,841,308	12,983,773	1,341,282	-	43,772,103
NET ASSETS, END OF YEAR	<u>\$ 21,739,449</u>	<u>\$ 3,402,203</u>	<u>\$ 12,796,477</u>	<u>\$ 1,302,928</u>	<u>\$ -</u>	<u>\$ 39,241,057</u>

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES
CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2010 Consolidated Totals
Unrestricted Net Assets						
Excess (deficit) of revenue over expenses	\$ (44,330)	\$ 812,114	\$ 228,574	\$ 254,504	\$ -	\$ 1,250,862
Change in unrealized gain on investments	1,878,740	1,090	-	-	-	1,879,830
Net assets released for capital acquisition	153,142	-	-	-	-	153,142
Equity transfer to (from) affiliates	(153,142)	-	153,142	-	-	-
Change in Unrestricted Net Assets	1,834,410	813,204	381,716	254,504	-	3,283,834
Temporarily Restricted Net Assets						
Realized gain (loss) on investments	(17,691)	-	-	-	-	(17,691)
Change in unrealized gain on investments	462,406	-	-	-	-	462,406
Restricted contributions	116,820	-	-	-	-	116,820
Net assets released for capital acquisition	(153,142)	-	-	-	-	(153,142)
Net assets released from restrictions for program services	(550,343)	-	-	-	-	(550,343)
Change in Temporarily Restricted Net Assets	(141,950)	-	-	-	-	(141,950)
Permanently Restricted Net Assets						
Net assets transferred from (to) affiliate	-	-	-	-	-	-
Change in Permanently Restricted Net Assets	-	-	-	-	-	-
Increase in Net Assets	1,692,460	813,204	381,716	254,504	-	3,141,884
Net assets, beginning of year	21,913,280	5,028,104	12,602,057	1,086,778	-	40,630,219
NET ASSETS, END OF YEAR	<u>\$ 23,605,740</u>	<u>\$ 5,841,308</u>	<u>\$ 12,983,773</u>	<u>\$ 1,341,282</u>	<u>\$ -</u>	<u>\$ 43,772,103</u>