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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
- Address change
- Name change
- Initial return
- Terminated
- Amended return
- Application pending

C Name of organization
HUDSON VALLEY HOSPITAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
1980 CROMPOND ROAD

City or town, state or country, and ZIP + 4
CORTLANDT MANOR, NY 10567

D Employer identification number
13-1740120

E Telephone number
(914)734-3277

G Gross receipts $ 162,876,369

F Name and address of principal officer
JOHN FEDERSPIEL
1980 CROMPOND ROAD
CORTLANDT MANOR,NY 10567

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) **Are all affiliates included?** ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J **Website:** ▶ WWW HVHC ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1911

M State of legal domicile NY

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	17
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,365
6	Total number of volunteers (estimate if necessary)	6	250
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	

			Prior Year	**Current Year**
Revenue	8	Contributions and grants (Part VIII, line 1h)	4,765,570	3,731,913
	9	Program service revenue (Part VIII, line 2g)	128,343,069	142,281,417
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	881,000	2,725,252
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-71,122	2,241,355
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	133,918,517	150,979,937
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)	70,656,376	74,938,141
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	54,492,193	64,437,841
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	125,148,569	139,375,982
	19	Revenue less expenses Subtract line 18 from line 12	8,769,948	11,603,955
Net Assets or Fund Balances			**Beginning of Current Year**	**End of Year**
	20	Total assets (Part X, line 16)	216,916,954	223,918,686
	21	Total liabilities (Part X, line 26)	122,835,838	119,282,605
	22	Net assets or fund balances Subtract line 21 from line 20	94,081,116	104,636,081

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

****** 2012-11-09
Signature of officer Date

MARK WEBSTER VP FINANCE
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions)
KAREN L STAPLES CPA	2012-11-09		

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ VANACOREDEBENEDICTUSDIGOVANNI&WEDDELL
11 RACQUET RD
NEWBURGH, NY 12550

EIN ▶

Phone no ▶ (845) 567-9000

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☐ Yes ☑ No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 113,324,661 including grants of $) (Revenue $ 142,281,417)

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶$ 113,324,661

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see 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? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		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? *If "Yes," complete Schedule C, Part III*	5		No
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? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part 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 ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	110			
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	1,365			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		No
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)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

Check if Schedule O contains a response to any question in this Part VI . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 18			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 17			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	Yes	
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		No
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		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review 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 ▶NY

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☑ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization 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 ▶

MARGI QUAIL
1980 CROMPOND ROAD
CORTLANDT MANOR, NY 10567
(914) 734-3277

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) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
See Additional Data Table										

		(D)	(E)	(F)
1b	**Sub-Total** . . . . ►			
c	**Total from continuation sheets to Part VII, Section A** . . . . ►			
d	**Total (add lines 1b and 1c)** . . . . ►	4,690,250		654,671

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ►132

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
HOSPITAL MEDICINE ASSOCIATES HOSPITAL MEDICINE ASSOCIATES 1985 CROMPOND ROAD 1985 CROMPOND ROAD CORTLANDT MANOR, NY 10567	PHYSICIAN FEES	1,072,503
HUDSON VALLEY CARDIOLOGY HUDSON VALLEY CARDIOLOY 1985 CROMPOND ROAD 1985 CROMPOND ROAD CORTLANDT MANOR, NY 10567	CARDIOLOGY	1,031,855
NIXON PEABODY LLP NIXON PEABODY LLP 50 JERICHO QUADRANGLE STE 300 50 JERICHO QUADRANGLE STE 300 JERICHO, NY 11753	LEGAL	639,044
HUDSON VALLEY IMAGING PC HUDSON VALLEY IMAGING PC 2 FOXEY LANE 2 FOXEY LANE MAHOPAC, NY 10541	RADIOLOGY	498,019
PALLANTE DESIGN PALLANTE DESIGN 21 FULTON STREET 1ST FL 21 FULTON STREET 1ST FL NEWARK, NJ 07102	ARCHITECTURE	340,349

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ►18

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 882,043				
	e	Government grants (contributions)	1e 1,899,870				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 950,000				
	g	Noncash contributions included in lines 1a-1f $ 700,000					
	h	**Total.** Add lines 1a-1f . . . . ▶		3,731,913			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE		142,281,417	142,281,417		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . ▶		142,281,417			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶		810,010			810,010
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . ▶					

	(i) Real	(ii) Personal
6a Gross rents	153,037	
b Less rental expenses	197,388	
c Rental income or (loss)	-44,351	

		(A)	(B)	(C)	(D)
d	Net rental income or (loss) . . . . ▶	-44,351			-44,351

	(i) Securities	(ii) Other
7a Gross amount from sales of assets other than inventory	12,144,250	1,470,036
b Less cost or other basis and sales expenses	11,699,044	
c Gain or (loss)	445,206	1,470,036

				(A)	(B)	(C)	(D)
d	Net gain or (loss) . . . . ▶			1,915,242			1,915,242
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	BOND REFINANCE INCOME			2,285,706			2,285,706
b							
c							
d	All other revenue						
e	**Total.** Add lines 11a–11d . . . . . . ▶			2,285,706			
12	**Total revenue.** See Instructions . . . ▶			150,979,937	142,281,417		4,966,607

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				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	4,468,851	3,633,176	835,675	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	56,509,228	45,942,002	10,567,226	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,921,421	2,375,115	546,306	
9	Other employee benefits	6,847,326	5,566,876	1,280,450	
10	Payroll taxes	4,191,315	3,407,539	783,776	
11	Fees for services (non-employees)				
a	Management				
b	Legal	865,564	703,704	161,860	
c	Accounting	330,004	268,293	61,711	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	439,620	357,826	81,794	
12	Advertising and promotion	824,728	672,795	151,933	
13	Office expenses	1,485,838	1,212,742	273,096	
14	Information technology				
15	Royalties . .				
16	Occupancy	3,654,801	2,975,878	678,923	
17	Travel				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	4,224,911	3,434,853	790,058	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	11,554,612	9,393,900	2,160,712	
23	Insurance	2,867,490	2,331,269	536,221	
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	MEDICAL AND SURGICAL SUPP	15,535,329	12,630,222	2,905,107	
b	CONTRACTED SERVICES	6,119,936	4,975,508	1,144,428	
c	BAD DEBT EXPENSE	3,608,456	2,933,675	674,781	
d	PHYSICIAN FEES	3,329,184	2,706,627	622,557	
e					
f	All other expenses	9,597,368	7,802,661	1,794,707	
25	**Total functional expenses.** Add lines 1 through 24f	139,375,982	113,324,661	26,051,321	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	**1**	Cash—non-interest-bearing		5,244,652	**1**	4,790,305
	2	Savings and temporary cash investments		14,816,787	**2**	14,801,882
	3	Pledges and grants receivable, net			**3**	
	4	Accounts receivable, net		15,473,819	**4**	19,505,620
	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		1,490,467	**8**	1,572,129
	9	Prepaid expenses and deferred charges		983,742	**9**	878,724
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	**10a** 231,685,501			
	b	Less accumulated depreciation	**10b** 101,677,540	131,033,740	**10c**	130,007,961
	11	Investments—publicly traded securities		18,248,712	**11**	18,748,564
	12	Investments—other securities See Part IV, line 11			**12**	
	13	Investments—program-related See Part IV, line 11			**13**	
	14	Intangible assets			**14**	
	15	Other assets See Part IV, line 11		29,625,035	**15**	33,613,501
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		216,916,954	**16**	223,918,686
Liabilities	**17**	Accounts payable and accrued expenses		18,706,928	**17**	19,572,131
	18	Grants payable			**18**	
	19	Deferred revenue			**19**	
	20	Tax-exempt bond liabilities		69,207,983	**20**	68,648,141
	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		17,870,810	**23**	14,016,655
	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		17,050,117	**25**	17,045,678
	26	**Total liabilities.** Add lines 17 through 25		122,835,838	**26**	119,282,605
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		89,789,648	**27**	100,662,826
	28	Temporarily restricted net assets		2,616,849	**28**	2,298,636
	29	Permanently restricted net assets		1,674,619	**29**	1,674,619
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			**30**	
	31	Paid-in or capital surplus, or land, building or equipment fund			**31**	
	32	Retained earnings, endowment, accumulated income, or other funds			**32**	
	33	Total net assets or fund balances		94,081,116	**33**	104,636,081
	34	Total liabilities and net assets/fund balances		216,916,954	**34**	223,918,686

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	150,979,937
2	Total expenses (must equal Part IX, column (A), line 25)	2	139,375,982
3	Revenue less expenses Subtract line 2 from line 1	3	11,603,955
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	94,081,116
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,048,990
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	104,636,081

Part XII Financial Statements and Reporting

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

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

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
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

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 See **section 509(a)(4).**

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

		Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?	**11g(i)**		
(ii) a family member of a person described in (i) above?	**11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

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

Part II **Support Schedule for Organizations Described in 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						

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 |

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 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 ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2007	**(b)** 2008	**(c)** 2009	**(d)** 2010	**(e)** 2011	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

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 ▶☐

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 ▶☐

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

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the 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

Explanation

Additional Data

Software ID:
Software Version:
EIN: 13-1740120
Name: HUDSON VALLEY HOSPITAL CENTER

Form 990, Special Condition Description:

Special Condition Description

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
WILLIAM HIGGINS MD DIRECTOR	1 00	X						45,000	0	0
ARAM CASPARIAN 3RD VICE CHA	1 00	X		X				0	0	0
EDWARD B MACDONALD JR CHAIRMAN	1 00	X		X				0	0	0
HONGEORGE OROS ASSISTANT TR	1 00	X		X				0	0	0
JAMES KANE 2ND VICE CHA	1 00	X		X				0	0	0
JEFFREY SWEET TREASURER	1 00	X		X				0	0	0
JOHN MCGURTY JR MD ASSISTANT SE	1 00	X		X				0	0	0
JOHN TESTA SECRETARY	1 00	X		X				0	0	0
JUDY MEYER DIRECTOR	1 00	X						0	0	0
MARC PUCHIR DO DIRECTOR	1 00	X						0	0	0
MICHAEL A BALDUZZI DIRECTOR	1 00	X						0	0	0
MICHAEL DELFINO DIRECTOR	1 00	X						0	0	0
MINERVA ABRAMSON HONORARY/EME	1 00	X						0	0	0
PHILIP AMBROSINO VICE CHAIRMA	1 00	X		X				0	0	0
JOHN DARE DIRECTOR	1 00	X						0	0	0
SHEILA GUIDA DIRECTOR	1 00	X						0	0	0
VALERIE ZARCONE DO DIRECTOR	1 00	X						0	0	0
JAMES MARTIN DIRECTOR	1 00	X						0	0	0
JOHN FEDERSPIEL PRESIDENT	40 00			X				1,237,256	0	214,201
MARK WEBSTER VP FINANCE	40 00			X				522,338	0	100,749
KATHY WEBSTER VP NURSING	40 00				X			377,373	0	56,423
DEBBIE NEUENDORF VP ADMINISTR	40 00				X			341,310	0	61,449
JEANE COSTELLA VP OF HR	40 00				X			328,788	0	61,679
WILLIAM DAUSTER VP MARKETING	40 00				X			269,772	0	40,311
ED COLETTI VP FACILITIE	40 00				X			263,512	0	22,844

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
LINDA PICCIRILLI VP QUALITY M	40 00				X			236,445	0	30,017
ROBERT BERNASEK MD VP MED AFFA	40 00				X			232,792	0	26,591
SUZANNE M MATEO ADM DIR NURS	40 00					X		174,997	0	8,179
BETTY LANDIS DIR REHAB SE	38 00					X		169,189	0	9,109
MARYANN MAFFEI DIR EMERGENC	40 00					X		165,161	0	332
FRANCES M CARL ASST CLINIC	47 00					X		163,651	0	15,628
ANNMARIE BEALL DIR PHARMACY	40 00					X		162,666	0	7,159

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 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
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

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

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

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☑ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☑ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶______

4 Number of states where property subject to conservation easement is located ▶______

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☑ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶______

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ ______

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☑ No

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ ______

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

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

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

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

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

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

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

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

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

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☑ No

b If "Yes," explain the arrangement in Part XIV

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

		(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a	Beginning of year balance	4,291,468	7,433,563	7,642,040	7,517,049	
b	Contributions	896,495	725,376	682,807	588,374	
c	Investment earnings or losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs	-1,214,708	-3,867,471	-891,284	-463,383	
f	Administrative expenses					
g	End of year balance	3,973,255	4,291,468	7,433,563	7,642,040	

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

a Board designated or quasi-endowment ▶

b Permanent endowment ▶ 42 150 %

c Term endowment ▶ 57 850 %

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

			Yes	No
	(i) unrelated organizations	3a(i)		No
	(ii) related organizations	3a(ii)		No
b	If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		No

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		945,544		945,544
b Buildings		140,823,680	41,187,223	99,636,457
c Leasehold improvements				
d Equipment		88,531,745	60,490,317	28,041,428
e Other		1,384,532		1,384,532
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				130,007,961

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) OTHER ASSETS	18,674,146
(2) OTHER RECEIVABLES	9,770,028
(3) INTEREST IN THE FOUNDATION OF HVHC	5,169,327
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	33,613,501

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
THIRD PARTY PAYORS	13,869,920
MALPRACTICE CONTINGENCY	2,108,668
DEFERRED FINANCING	853,980
ASSET REMEDIATION LIABILITY	213,110
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	17,045,678

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	150,979,937
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	139,375,982
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	11,603,955
4	Net unrealized gains (losses) on investments	4	-1,063,444
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	-1,063,444
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	10,540,511

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	150,113,880
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-1,063,444		
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	-1,063,444
3	Subtract line **2e** from line **1**			3	151,177,324
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	-197,387		
c	Add lines **4a** and **4b**			4c	-197,387
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	150,979,937

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

1	Total expenses and losses per audited financial statements			1	139,573,369
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	139,573,369
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	-197,387		
c	Add lines **4a** and **4b**			4c	-197,387
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	139,375,982

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
INTENDED USES FOR ENDOWMENT FUNDS	SCHEDULE D, PAGE 2, PART V, LINE 4	THE ENDOWMENT FUND BALANCES ARE USED FOR THE FUNDING OF HEALTH CARE SERVICES AND CAPITAL ACQUISITIONS RELATING TO HUDSON VALLEY HOSPITAL CENTER'S MISSION STATEMENT
RECONCILIATION OF CHANGES - OTHER	SCHEDULE D, PAGE 4, PART XI, LINE 8	RENTAL EXPENSES 197,387 RENTAL EXPENSES -197,387
REVENUE AMOUNTS INCLUDED ON RETURN - OTHER	SCHEDULE D, PAGE 4, PART XII, LINE 4B	RENTAL EXPENSES -197,387
EXPENSE AMOUNTS INCLUDED ON RETURN - OTHER	SCHEDULE D, PAGE 4, PART XIII, LINE 4B	RENTAL EXPENSES -197,387

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 2.50000 %			
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☑ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			6,956,477	2,116,868	4,839,609	3 560 %
b Medicaid (from Worksheet 3, column a)			12,212,775	6,802,208	5,410,567	3 990 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			1,921,803	1,031,734	890,069	0 660 %
d **Total** Charity Care and Means-Tested Government Programs			21,091,055	9,950,810	11,140,245	8 210 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,168,792		1,168,792	0 860 %
f Health professions education (from Worksheet 5)			138,834		138,834	0 100 %
g Subsidized health services (from Worksheet 6)			3,024,696	2,292,375	732,321	0 540 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total** Other Benefits			4,332,322	2,292,375	2,039,947	1 500 %
k **Total.** Add lines 7d and 7j			25,423,377	12,243,185	13,180,192	9 710 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			355,364		355,364	0 260 %
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**			355,364		355,364	0 260 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	3,071,344		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	537,112		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	50,415,890
6	Enter Medicare allowable costs of care relating to payments on line 5	6	60,703,696
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-10,287,806

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

			Yes	No
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? **1**

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	HUDSON VALLEY HOSPITAL CENTER 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: HUDSON VALLEY HOSPITAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 250 0%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 0% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply) a [x] Income level b [x] Asset level c [x] Medical indigency d [x] Insurance status e [x] Uninsured discount f [x] Medicaid/Medicare g [x] State regulation h [ ] Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a [x] The policy was posted at all times on the hospital facility's web site b [x] The policy was attached to all billing invoices c [x] The policy was posted in the hospital facility's emergency rooms or waiting rooms d [x] The policy was posted in the hospital facility's admissions offices e [x] The policy was provided, in writing, to patients upon admission to the hospital facility f [x] The policy was available upon request g [ ] Other (describe in Part VI)			
	Billing and Collections			
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a [ ] Reporting to credit agency b [ ] Lawsuits c [ ] Liens on residences d [ ] Body attachments or arrests e [ ] Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged a [ ] Reporting to credit agency b [ ] Lawsuits c [ ] Liens on residences d [ ] Body attachments e [ ] Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a [x] Notified patients of the financial assistance policy upon admission b [x] Notified patients of the financial assistance policy prior to discharge c [x] Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d [x] Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e [x] Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

			Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
	If "No," indicate why			
	a ☐ The hospital facility did not provide care for any emergency medical conditions			
	b ☐ The hospital facility's policy was not in writing			
	c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
	d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

			Yes	No
19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
	a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
	b ☑ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
	c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
	d ☐ Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
	If "Yes," explain in Part VI			
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
	If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

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

	Name and address	Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
RELATED ORGANIZATION INFORMATION	PART I LINE 6A	THE ANNUAL COMMUNITY BENEFIT REPORT WILL BE MAILED TO OUR SUPPORTERS BUSINESS LEADERS AND PUBLIC OFFICIALS AND DISTRIBUTED AT PUBLIC EVENTS THAT THE ORGANIZATION RUNS SUCH AS HEALTH SCREENINGS LECTURES ETC IT WILL ALSO BE MADE AVAILABLE UPON REQUEST

Identifier	ReturnReference	Explanation
EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	PART I LINE 7 COLUMN F	BAD DEBT EXPENSE IN THE AMOUNT OF 3608456 WAS REMOVED FROM THE TOTAL FUNCTIONAL EXPENSES OF 139375982 LOCATED ON PAGE 10 LINE 25 COLUMN A FOR TOTAL FUNCTIONAL EXPENSES OF 135767526 IN ORDER TO ARRIVE AT THE PERCENTAGE OF TOTAL EXPENSE LOCATED ON SCHEDULE H PART I LINE 7 COLUMN F

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	PART II	ACTIVITIES WITH THESE ORGANIZATIONS PROVIDES AN OPPORTUNITY TO SHARE IDEAS CONCEPTS AND EXPENSES AND FOSTERS MORE EFFECTIVE PLANNING BY HUDSON VALLEY HOSPITAL CENTER IN ORDER TO BETTER SERVICE THE COMMUNITY AND MEET THEIR NEEDS

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE PROCESS FOR ESTIMATING THE ULTIMATE COLLECTION OF RECEIVABLES INVOLVES SIGNIFICANT ASSUMPTIONS AND JUDGMENTS THE HOSPITAL HAS IMPLEMENTED A MONTHLY STANDARDIZED APPROACH TO ESTIMATE AND REVIEW THE COLLECTABILITY OF RECEIVABLES BASED ON THE PAYER CLASSIFICATION AND THE PERIOD THE RECEIVABLES HAVE BEEN OUTSTANDING PAST DUE BALANCES OVER 120 DAYS FROM DATE OF BILLING AND OVER A SPECIFIED AMOUNT ARE CONSIDERED DELINQUENT AND ARE REVIEWED INDIVIDUALLY FOR COLLECTABILITY ACCOUNT BALANCES ARE WRITTEN OFF AGAINST THE ALLOWANCE WHEN MANAGEMENT FEELS IT IS PROBABLE THE RECEIVABLE WILL NOT BE RECOVERED HISTORICAL COLLECTION AND PAYER REIMBURSEMENT EXPERIENCE IS AN INTEGRAL PART OF THE ESTIMATION PROCESS RELATED TO RESERVES FOR DOUBTFUL ACCOUNTS IN ADDITION THE HOSPITAL ASSESSES THE CURRENT STATE OF ITS BILLING FUNCTIONS IN ORDER TO IDENTIFY ANY KNOWN COLLECTION OR REIMBURSEMENT ISSUES IN ORDER TO QUANTIFY THE IMPACT IF ANY ON RESERVE ESTIMATES WHICH INVOLVES JUDGMENT THE HOSPITAL BELIEVES THAT THE COLLECTABILITY OF ITS RECEIVABLES IS DIRECTLY LINKED TO THE QUALITY OF ITS BILLING PROCESSES MOST NOTABLY THOSE RELATED TO OBTAINING THE CORRECT INFORMATION IN ORDER TO BILL EFFECTIVELY FOR THE SERVICES PROVIDED REVISIONS IN RESERVE FOR DOUBTFUL ACCOUNTS ESTIMATES ARE RECORDED AS AN ADJUSTMENT TO PROVISION FOR BAD DEBTS

Identifier	ReturnReference	Explanation
MEDICARE EXPLANATION	PART III LINE 8	MEDICARE IS THE HOSPITALS LARGEST PAYER DURING 2011 THE MEDICARE ALLOWABLE COST OF CARE WAS 60703696 WHILE THE TOTAL MEDICARE REVENUE WAS 50415890 THIS LEFT A SHORTFALL OF 10287806 THE HOSPITAL PROVIDES BOTH INPATIENT AND OUTPATIENT SERVICES TO THE COMMUNITY IN SPITE OF THIS SHORTFALL AS STATED BY THE HOSPITALS MISSION HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE PROFESSIONAL RESPECTFUL MANNER WITHOUT REGARD TO RACE RELIGION NATIONAL ORIGIN OR DISEASE CATEGORY OFFERING STATEOFTHEART DIAGNOSTIC TREATMENT EDUCATION AND PREVENTIVE SERVICES THE HOSPITAL IS COMMITTED TO IMPROVING THE QUALITY OF LIFE IN THE COMMUNITY IN FULFILLING THIS MISSION THE HOSPITAL WILL STRIVE TO CONTINUOUSLY IMPROVE THE CARE PROVIDED AND DEVELOP AND OFFER PROGRAMS FACILITIES SYSTEMS AND ALLIANCES THAT MOST EFFECTIVELY RESPOND TO COMMUNITY HEALTH CARE NEEDS THE COSTING METHODOLOGY THAT WAS USED TO REPORT THIS SHORTFALL THE HOSPITAL USED THE MEDICARE CHARGES FROM THE 2011 MEDICARE COST REPORT AND APPLIED THE MEDICARE COST TO CHARGE RATIOS TO THESE CHARGES TO CALCULATE THE APPROPRIATE ALLOWABLE COSTS WE APPLIED THE INPATIENT CCR COST TO CHARGE RATIO TO THE INPATIENT CHARGES AND THE OUTPATIENT CCR TO THE OUTPATIENT CHARGES THE MEDICARE REIMBURSEMENTS REPORTED WERE THE MEDICARE CHARGES LESS THE MEDICARE ALLOWANCES FOR 2011

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	IF A PATIENT QUALIFIES FOR CHARITY ALL OPEN ACCOUNTS ARE WRITTEN OFF AT THAT TIME WE DO NOT QUALIFY PATIENTS ON A GO FORWARD BASIS BUT PATIENTS CAN REQUEST THAT THE ACCOUNT BE REVIEWED AND IF NECESSARY WE WILL REQUEST ADDITIONAL DOCUMENTATION IF A PATIENT IS APPLYING FOR CHARITY CARE THE ACCOUNT IS PUT ON HOLD WHILE THE DOCUMENTS ARE GATHERED AND COMPLETED IF THE PATIENT DOES NOT RETURN DOCUMENTS REQUESTED WITHIN 60 DAYS A LETTER IS SENT TO THEM REMINDING THEM OF THE REQUEST IF THERE IS STILL NO RESPONSE AFTER 30 DAYS THE ACCOUNT MAY BE REFERRED FOR COLLECTIONS STATING NO COOPERATION FROM THE PATIENT

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI	IN KEEPING WITH THE MISSION OF THE COMMISSIONER OF HEALTH OF NEW YORK HUDSON VALLEY HOSPITAL CENTER WORKING IN CONJUNCTION WITH OUR COMMUNITY PARTNERS HAS CONTINUED ASSESSING OUR PRESENT INITIATIVES STRATEGIC PLANS AND PREVENTION AGENDA PRIORITIES ASSESSING OUR COMMUNITYS HEALTH NEEDS HAS BEEN PARAMOUNT FOR THE HOSPITAL THE NEEDS OF THE COMMUNITY CONTINUE TO BE ASSESSED THROUGH PARTNERSHIPS WITH PATIENTS PHYSICIANS ELECTED OFFICIALS ORGANIZATIONS AREA BUSINESSES AND LOCAL DEPARTMENTS OF HEALTH THROUGH STATISTICAL STUDIES WITH A BUSINESS PARTNER USING STATE DATA THE HOSPITAL HAS IDENTIFIED NEEDS FOR CANCER SERVICES BARIATRIC SURGERY AND COLORECTAL SURGERY THE HOSPITAL CONTINUOUSLY REQUESTS INPUT FROM THE COMMUNITY THROUGH ITS VARIETY OF COMMUNICATION DEVICES INCLUDING NEWSLETTERS EBLASTS AND HEALTH FAIR SURVEYS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	THE HOSPITALS PRACTICE IS TO NOTE ON ALL PATIENT BILLS THAT FINANCIAL ASSISTANCE IS AVAILABLE OUR STATEMENTS INDICATE THAT IF REQUIRING ADDITIONAL INFORMATION PLEASE CONTACT THE BILLING OFFICE REGISTRATION PROVIDES NOTIFICATION OF THE FINANCIAL ASSISTANCE POLICY AND HAS THE FORMS AVAILABLE IN ALL AREAS OTHER AREAS SUCH AS NURSING AND QUALITY MANAGEMENT ARE ALSO AVAILABLE TO PATIENTS TO ASSIST IN DETERMINING ELIGIBILITY FOR ASSISTANCE THE FINANCIAL COUNSELOR REACHES OUT TO IN HOUSE PATIENTS WITHOUT INSURANCE AND WITHOUT SECONDARY INSURANCE TO EXPLAIN THE POLICY ALL BILLING STAFF IS EDUCATED ON THE ORGANIZATIONS POLICY AND PATIENTS ARE OFFERED THE ASSISTANCE APPLICATION WHEN CONTACTED BY PHONE

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI	HUDSON VALLEY HOSPITAL CENTERS GEOGRAPHIC SERVICE AREA HAS REMAINED CONSTANT SERVING AN AREA IN THE HUDSON RIVER VALLEY THAT SPANS UPPER WESTCHESTER COUNTY INTO PUTNAM COUNTY AND REACHING SOUTHERN DUTCHESS COUNTY THIS SERVICE AREA REPRESENTS A TOTAL POPULATION OF 330000 WITH A TOTAL OF 140000 HOUSED IN THE PRIMARY SERVICE AREA AND 190000 IN THE SECONDARY SERVICE AREA

Identifier	ReturnReference	Explanation
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	THROUGH ITS UNDERSTANDING OF COMMUNITY NEEDS HUDSON VALLEY HOSPITAL CENTER HAS EXPANDED AND IMPLEMENTED NEW PROGRAMS BETTER SERVING PATIENTS AND THE COMMUNITY THE HOSPITAL EXPANDED ITS INSTITUTE FOR WOUND CARE AND HYPERBARIC MEDICINE DUE TO INCREASED VOLUME AND HAS BEEN DESIGNATED AS A NICHE HOSPITAL NURSES IMPROVING CARE FOR HEALTH SYSTEM ELDERS BOTH PROGRAMS ARE DESIGNED FOR A LOCAL AND GROWING ELDERLY POPULATION FUELED BY FIVE NEARBY NURSING HOMES THE APPLICATION AND DESIGNATION AS NICHE IS A TESTAMENT TO THE HOSPITALS DEDICATION TO THIS SPECIAL NEEDS POPULATION A JOINT REPLACEMENT CENTER HAS BEEN ADDED TO THE HOSPITALS SERVICES YET ANOTHER PROGRAM FILLING THE NEEDS OF THE ELDER MARKET IN ADDITION ANOTHER OPHTHALMOLOGIST WAS RECRUITED TO AN ASSOCIATED MEDICAL PRACTICE AS PART OF THE HOSPITALS RECENT EXPANSION PROGRAM THE EMERGENCY DEPARTMENT WAS DOUBLED IN SIZE AND VOLUME CONTINUES TO GROW THE NEW SURGERY CENTER AND EXPANDED OPERATING ROOMS PROVIDE SURGEONS WITH THE AMBULATORY SURGERY FACILITY AND TECHNOLOGY NEEDED TO ADVANCE PATIENT CARE A THOROUGH REVIEW OF CANCER STATISTICS IN THE AREA DEMONSTRATED THE NEED FOR THE HOSPITALS NEW COMPREHENSIVE CANCER CARE CENTER THAT WILL INTEGRATE ALL THE MEDICAL AND PSYCHOSOCIAL NEEDS OF PATIENTS UNDER ONE ROOF WHILE WORKING CLOSELY WITH THE ASHIKARI BREAST CENTER THE NY GROUP FOR PLASTIC SURGERY AND THE WOMENS IMAGING CENTER THE CENTER PROVIDES A FULL RANGE OF ULTRASOUND DIGITAL MAMMOGRAPHY DIGITAL STEREOTACTIC BIOPSY AND BONE DENSITY TESTS THE ASHIKARI BREAST CENTER HAS PROVIDED WORLDCLASS BREAST SURGERY INCLUDING BOTH DIAGNOSTIC IMAGING AND BREAST RECONSTRUCTION THE CENTER ALLOWS WOMEN TO RECEIVE ALL FACETS OF BREAST CANCER CARE UNDER ONE ROOF WITH THE EXPERTISE OF THE NY GROUP FOR PLASTIC SURGERY THE HOSPITAL OPENED THE INSTITUTE FOR AESTHETIC AND RECONSTRUCTIVE SURGERY RECOGNIZING THE NEED FOR COSMETIC AND RECONSTRUCTIVE SURGERY IN THE HUDSON VALLEY REGION THROUGH DATA STUDIES THE HOSPITAL REALIZED THE NEED FOR A GERD CENTER AND HAS GROWN THE SERVICE NOW TO INCLUDE A DIGESTIVE DISEASE LABORATORY IN KEEPING WITH ITS NEW INITIATIVE TO STRESS THE IMPORTANCE OF NUTRITION AND HEALING THE HOSPITAL CREATED AN ORGANIC GARDEN AND IS ALSO HOSTING A SERIES OF FARMERS MARKETS ON THE CAMPUS IN ORDER TO OFFER A WIDE SELECTION OF HEALTHY PRODUCE AND PRODUCTS ONCE AGAIN HUDSON VALLEY HOSPITAL CENTER HAS BEEN GRANTED MAGNET STATUS BY THE AMERICAN NURSES CREDENTIALING CENTER HVHC IS THE ONLY HOSPITAL IN THE REGION TO RECEIVE THIS PRESTIGIOUS DESIGNATION TWICE

Identifier	ReturnReference	Explanation
HUDSON VALLEY HOSPITAL CENTER LINE NUMBER 1 PART V LINE 17E	PART V LINE 17E	REVIEWED ACCOUNTS FOR POSSIBLE LAPSE IN MEDICAID COVERAGE IF A LAPSE ASSUMED PATIENT WAS ELIGIBLE AND QUALIFIED FOR PRESUMPTIVE CHARITY

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493318046562

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
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 ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**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? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	**4c**		No
	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? If "Yes," to line 5a or 5b, describe in Part III	**5b**		No
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? If "Yes," to line 6a or 6b, describe in Part III	**6b**		No
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 accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) JOHN FEDERSPIEL	(i)	754,756	295,000	187,500	191,563	22,638	1,451,457	216,678
	(ii)							
(2) MARK WEBSTER	(i)	387,338	135,000		80,780	19,969	623,087	91,471
	(ii)							
(3) KATHY WEBSTER	(i)	281,373	96,000		52,057	4,366	433,796	60,184
	(ii)							
(4) DEBBIE NEUENDORF	(i)	271,310	70,000		38,116	23,333	402,759	46,063
	(ii)							
(5) JEANE COSTELLA	(i)	243,788	85,000		41,971	19,708	390,467	49,329
	(ii)							
(6) WILLIAM DAUSTER	(i)	224,772	45,000		12,782	27,529	310,083	14,807
	(ii)							
(7) ED COLETTI	(i)	198,512	65,000			22,844	286,356	
	(ii)							
(8) LINDA PICCIRILLI	(i)	196,445	40,000		17,993	12,024	266,462	22,699
	(ii)							
(9) ROBERT BERNASEK MD	(i)	232,792			23,063	3,528	259,383	25,955
	(ii)							
(10) SUZANNE M MATEO	(i)	174,997				8,179	183,176	
	(ii)							
(11) BETTY LANDIS	(i)	169,189				9,109	178,298	
	(ii)							
(12) MARYANN MAFFEI	(i)	165,161				332	165,493	
	(ii)							
(13) FRANCES M CARL	(i)	163,651				15,628	179,279	
	(ii)							
(14) ANNMARIE BEALL	(i)	162,666				7,159	169,825	
	(ii)							

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
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	JOHN FEDERSPIEL 0 191,563 0 MARK WEBSTER 0 80,780 0 KATHY WEBSTER 0 52,057 0 DEBBIE NEUENDORF 0 38,116 0 JEANE COSTELLA 0 41,971 0 WILLIAM DAUSTER 0 12,782 0 LINDA PICCIRILLI 0 17,993 0 ROBERT BERNASEK, MD 0 23,063 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	HUDSON VALLEY HOSPITAL CENTER IS COMMITTED TO PROVIDING THE HIGHEST QUALITY HEALTH CARE IN THE HUDSON VALLEY TO ACHIEVE THIS GOAL, THE BOARD OF THE HOSPITAL HAS RECOGNIZED THAT THE ADMINISTRATIVE TALENT DIRECTING THE OPERATIONS OF THE HOSPITAL IS A KEY INGREDIENT OF THIS GOAL THE BOARD DEFINES THE MISSION OF THE HOSPITAL AND THE GOALS TO HELP ACHIEVE THAT MISSION AND THEN FULFILLS THE MISSION OF THE HOSPITAL UTILIZING THE TALENTS OF THE ADMINISTRATIVE TEAM TO THAT END, THE BOARD HAS ESTABLISHED AN OBJECTIVE, PERFORMANCE BASED COMPENSATION STRUCTURE FOR THE MEMBERS OF THE ADMINISTRATIVE TEAM OF THE HOSPITAL IN RECOGNITION OF OBJECTIVE PERFORMANCE ATTAINMENT THE BASE SALARIES OF THE ADMINISTRATORS ARE DETERMINED THROUGH BOARD ACTION UTILIZING EXTERNAL MEASURE OF THE REASONABLENESS AND COMPETITIVENESS OF THE SALARIES THESE EXTERNAL RESOURCES ARE RETAINED BY AND REPORT DIRECTLY TO THE BOARD TO PROVIDE FOR AN OBJECTIVE MEASURE OF THESE SALARIES THIS PROCESS IS REPEATED YEARLY FOR THE ESTABLISHMENT OF THE SALARIES ANNUAL BONUSES ARE DETERMINED BY THE BOARD USING A FIVE CATEGORY STRUCTURE WITH QUANTIFIABLE MEASURES ESTABLISHED FOR THE YEAR DURING THE BUDGET SETTING PROCESSES THE GOALS ARE ESTABLISHED PROACTIVELY AND THEN ACHIEVEMENT IS MEASURED AGAINST THOSE GOALS BONUSES ARE AWARDED BASED ON THE DEGREE OF ATTAINMENT OF THOSE GOALS IN COLUMN C, THERE IS A LISTING OF DEFERRED COMPENSATION FOR MEMBERS OF THE ADMINISTRATIVE TEAM THESE AMOUNTS SHOWN ARE FOR DEPOSITS MADE INTO A TRUST ACCOUNT WHICH IS A HOSPITAL ACCOUNT, AND WHICH AMOUNTS ARE TO BE POTENTIALLY DISTRIBUTED IF THE INDIVIDUAL MEMBER OF THE ADMINISTRATIVE TEAM MEETS VESTING REQUIREMENTS AND REMAINS IN GOOD STANDING WITH THE HOSPITAL, THESE AMOUNTS COULD BE PAID TO THE ADMINISTRATOR IF THE HOSPITAL IS FINANCIALLY VIABLE AT THE TIME OF THE PAYOUT THERE IS ABSOLUTELY NO GUARANTEE OF THE PAYOUT OF THESE AMOUNTS THESE FUNDS ARE NOT RESTRICTED AND ARE SUBJECT TO ATTACHMENT BY CREDITORS THIS MEANS THAT THERE IS A VERY SUBSTANTIAL RISK OF FORFEITURE OF THIS MONEY AND THAT THE PAYOUT IS BY NO MEANS ASSURED IT IS AN IRS REGULATION THAT CONTRIBUTIONS MADE TO THIS ACCOUNT FOR THE POSSIBLE BENEFIT OF THE ADMINISTRATOR BE SHOWN AS IF THE ADMINISTRATOR HAS ALREADY RECEIVED THE MONEY EVEN THOUGH THAT IS NOT THE CASE THE SUMMARY OF THIS COMPENSATION POLICY IS THAT IT IS CONTROLLED AND ADMINISTRATED BY THE BOARD OF THE HOSPITAL, RELYING ON EXTERNAL PROFESSIONALS TO MAKE CERTAIN THAT THE AMOUNTS PAID ARE APPROPRIATE IN THE INDUSTRY AND CIRCUMSTANCES THE PROCESS IS CLEARLY DEFINED BEFORE THE YEAR BEGINS, RELIES ON GOALS ESTABLISHED BY THE BOARD AND IS COMMUNICATED TO MEMBERS OF ADMINISTRATION, IS FAIRLY ADMINISTRATED AND IS CLEARLY COMMUNICATED THE NUMBERS SHOWN ARE THE PRODUCT OF THAT PROCESS COLUMN B(III) OF SCHEDULE J, PART II SHOWS 187,500 FOR ONE INDIVIDUAL THIS AMOUNT WAS PAID PURSUANT TO BOARD ACTION UPON RECOMMENDATION OF EXTERNAL CONSULTANTS SO THAT THE INDIVIDUAL COULD SELF FUND A RETIREMENT FUND THE AMOUNT IS CONSISTENT WITH INDUSTRY STANDARDS AND IS FULLY TAXABLE TO THE INDIVIDUAL

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased Yes	(g) Defeased No	(h) On Behalf of Issuer Yes	(h) On Behalf of Issuer No	(i) Pool financing Yes	(i) Pool financing No
A	DORMITORY AUTHORITY OF NYS	14-6000293	649903WQ0	10-11-2007	77,799,827	CONSTRUCTION OF HOSPITAL FACILITY		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,575,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	77,799,827			
4	Gross proceeds in reserve funds	5,580,000			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,235,608			
8	Credit enhancement from proceeds	1,367,989			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion				

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X						

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?	X							
b	Name of provider	MBIA INC MBIS INC							
c	Term of GIC	28 8							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . ☑ Yes ☐ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493318046562

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
HUDSON VALLEY HOSPITAL CENTER

Employer identification number

13-1740120

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1 Art—Works of art				
2 Art—Historical treasures .				
3 Art—Fractional interests . .				
4 Books and publications . .				
5 Clothing and household goods				
6 Cars and other vehicles . .				
7 Boats and planes				
8 Intellectual property . . .				
9 Securities—Publicly traded .				
10 Securities—Closely held stock .				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous . .				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other . . .				
15 Real estate—Residential .				
16 Real estate—Commercial . .	X	1	700,000	APPRAISAL (FMV)
17 Real estate—Other . . .				
18 Collectibles				
19 Food inventory . . .				
20 Drugs and medical supplies .				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens . .				
24 Archeological artifacts . . .				
25 Other ► (____________)				
26 Other ► (____________)				
27 Other ► (____________)				
28 Other ► (____________)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . | 29 |

		Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b If "Yes," describe the arrangement in Part II			
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b If "Yes," describe in Part II			
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493318046562

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
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990 - ORGANIZATION'S MISSION	HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY
RELATED PARTY INFORMATION AMONG OFFICERS	FORM 990, PAGE 6, PART VI, LINE 2	MARK WEBSTER KATHY WEBSTER VP FINANCE VP NURSING FAMILY MEMBERS
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	THE ORGANIZATION IS ORGANIZED AS A NOT-FOR-PROFIT CORPORATION WITH ONE MEMBER, WESTCHESTER PUTNAM HEALTH MANAGEMENT SYSTEM, INC
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE ORGANIZATON'S FEDERAL FORM 990 WILL BE PROVIDED TO BOARD MEMBERS AT A MEETING OF THE BOARD THE BOARD WILL REVIEW AND APPROVE THE FEDERAL FORM 990 PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	THE ORGANIZATION REQUIRES THAT ALL BOARD MEMBERS FILL OUT AN ANNUAL CONFLICT OF INTEREST STATEMENT
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE EXECUTIVE COMMITTEE OF THE BOARD CONDUCTS A FORMAL PERFORMANCE EVALUATION OF THE PRESIDENT ON AN ANNUAL BASIS THE HOSPITAL PARTICIPATES IN SEVERAL EXECUTIVE COMPENSATION SURVEYS AND ALSO HAS AN INDEPENDENT COMPENSATION CONSULTANT PREPARE A COMPENSATION SURVEY OF COMPARABLE HOSPITALS IN THE REGION THE EXECUTIVE COMMITTEE REVIEWS THIS SURVEY IN DETAIL AND USES THE DATA TO SET THE PRESIDENT'S SALARY
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	THE EXECUTIVE COMPENSATION SURVEY PREPARED BY THE INDEPENDENT COMPENSATION CONSULTANT INCLUDES SALARY SURVEY INFORMATION FOR OTHER KEY EMPLOYEES THE PRESIDENT SHARES THIS WITH THE EXECUTIVE COMMITTEE OF THE BOARD AND DETERMINES IF THE SALARIES FOR THESE EMPLOYEES IS APPROPRIATE
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION WILL MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 5	OTHER CHANGES IN NET ASSETS RELATE TO UNREALIZED LOSS ON INVESTMENTS OF -1,063,444 (SEE SCHEDULE D, PAGE 4, LINE 4) AND AN INCREASE OF 14,545 IN THE INTEREST IN THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER THE NET AMOUNT OF -1,048,990 HAS NOT BEEN REPORTED ON PAGE 9, STATEMENT OF REVENUE, OR PAGE 10, STATEMENT OF FUNCTIONAL EXPENSES, RESPECTIVELY

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
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

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) THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER 1980 CROMPOND RD CORTLANDT MANOR, NY 10567 13-3307781	SUPPORT	NY	501C3	11A	HVHC HUDSON VALLEY HOSPITAL CENTER	Yes	
(2) WESTCHESTER PUTNAM HEALTH MANAGEMENT SYSTEMS INC 1980 CROMPOND RD CORTLANDT MANOR, NY 10567 13-3420263	SUPPORT	NY	501C3	11A	N/A		No
(3) GI VENTURES INC 1980 CROMPOND RD CORTLANDT MANOR, NY 10567 45-4644781	SUPPORT	NY	501C3	3	WPHMS	Yes	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) HUDSON VALLEY VENTURES INC 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567 13-3611982	RENTAL	NY	N/A				
(2) AC VENTURES INC 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567 13-3758209	RENTAL	NY	N/A				
(3) KNOWA VENTURES INC 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567 13-3845922	RENTAL	NY	N/A				

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

			Yes	No
	Note. Complete line 1 if any entity is listed in Parts II, III or IV			
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a**		No
b	Gift, grant, or capital contribution to related organization(s)	**1b**		No
c	Gift, grant, or capital contribution from related organization(s)	**1c**	Yes	
d	Loans or loan guarantees to or for related organization(s)	**1d**	Yes	
e	Loans or loan guarantees by related organization(s)	**1e**		No
f	Sale of assets to related organization(s)	**1f**		No
g	Purchase of assets from related organization(s)	**1g**		No
h	Exchange of assets with related organization(s)	**1h**		No
i	Lease of facilities, equipment, or other assets to related organization(s)	**1i**		No
j	Lease of facilities, equipment, or other assets from related organization(s)	**1j**	Yes	
k	Performance of services or membership or fundraising solicitations for related organization(s)	**1k**		No
l	Performance of services or membership or fundraising solicitations by related organization(s)	**1l**		No
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1m**	Yes	
n	Sharing of paid employees with related organization(s)	**1n**	Yes	
o	Reimbursement paid to related organization(s) for expenses	**1o**		No
p	Reimbursement paid by related organization(s) for expenses	**1p**		No
q	Other transfer of cash or property to related organization(s)	**1q**	Yes	
r	Other transfer of cash or property from related organization(s)	**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) THE FOUNDATION OF HVHC THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER	C	882,043	
(2) THE FOUNDATION OF HVHC THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER	N	455,462	
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate 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		Yes	No	

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Hudson Valley Hospital Center

Consolidated Financial Statements
December 31, 2011 and 2010

Hudson Valley Hospital Center
Index
December 31, 2011 and 2010

pwc

Report of Independent Auditors

To the Board of Directors of
Hudson Valley Hospital Center

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets, and cash flows present fairly, in all material respects, the financial position of Hudson Valley Hospital Center (the "Hospital") at December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America These consolidated financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

PricewaterhouseCoopers LLP

February 29, 2012

PricewaterhouseCoopers LLP, 400 Campus Drive, P.O. Box 988, Florham Park, NJ 07932
T: (973) 236 4000, F: (973) 236 5000, www.pwc.com/us

Hudson Valley Hospital Center
Consolidated Balance Sheets
December 31, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 8,346,296	$ 9,135,990
Investments	31,266,027	30,641,515
Patient accounts receivable, less allowance for uncollectible accounts of approximately $2,497,973 in 2011 and $2,263,900 in 2010	19,505,620	15,473,819
Other receivables	1,324,605	663,428
Supplies and prepaid expenses	2,450,853	2,474,208
Current portion of pledge receivable	2,155,445	2,111,529
Total current assets	65,048,846	60,500,489
Assets whose use is limited	4,146,592	3,901,432
Long-term investments	1,674,619	1,674,619
Property, plant and equipment, net	130,311,186	131,308,827
Pledge receivable, net of current portion and less allowance for uncollectible accounts for approximately $920,000 in 2011 and 2010	143,191	505,319
Other assets	23,027,554	19,956,431
Total assets	$ 224,351,988	$ 217,847,117
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	$ 2,894,185	$ 2,846,555
Current portion of capital lease obligations	1,209,546	1,273,813
Accounts payable and accrued expenses	9,620,094	9,463,182
Accrued salaries and benefits	8,950,214	8,305,455
Due to third party payors	1,261,232	1,124,034
Total current liabilities	23,935,271	23,013,039
Long-term debt	76,729,666	79,917,480
Capital lease obligations	1,831,399	3,040,945
Due to third-party payors	12,608,688	12,731,348
Other liabilities	4,177,581	4,133,025
Total liabilities	119,282,605	122,835,837
Net assets		
Unrestricted	101,096,128	90,719,812
Temporarily restricted	2,298,636	2,616,849
Permanently restricted	1,674,619	1,674,619
Total net assets	105,069,383	95,011,280
Total liabilities and net assets	$ 224,351,988	$ 217,847,117

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

Hudson Valley Hospital Center
Consolidated Statements of Operations
Years Ended December 31, 2011 and 2010

	2011	2010
Operating revenues		
Net patient service revenue	$ 139,867,255	$ 126,457,635
Other operating revenue	2,567,200	2,095,768
Contribution revenue	152,320	196,525
Total operating revenues	142,586,775	128,749,928
Operating expenses		
Salaries	61,218,319	58,409,543
Physician fees	3,329,184	3,141,766
Fringe benefits	14,175,284	12,744,139
Supplies and other expenses	42,059,886	37,005,547
Provision for bad debts	3,608,456	2,861,226
Interest	4,224,911	2,268,548
Depreciation and amortization	11,607,469	9,739,987
Total operating expenses	140,223,509	126,170,756
Operating income before other nonoperating income	2,363,266	2,579,172
Other nonoperating income		
Grant revenue	2,149,870	3,436,126
Gain on Sale of Yorktown	1,470,036	-
Gain on Refinancing of 93 Bonds	2,285,706	-
Property donation	700,000	-
Investment income	192,730	2,507,676
Excess of revenues over expenses	9,161,608	8,522,974
Other changes in unrestricted net assets		
Net assets released from restriction for capital	1,214,708	3,867,471
Increase in unrestricted net assets	$ 10,376,316	$ 12,390,445

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

Hudson Valley Hospital Center
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2011 and 2010

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances, December 31, 2009	$ 78,329,367	$ 5,758,944	$ 1,674,619	$ 85,762,930
Changes in net assets				
Excess of revenues over expenses	8,522,974	-	-	8,522,974
Contributions received by the Foundation of Hudson Valley Hospital Center	-	725,376	-	725,376
Net assets released for capital expenditures	3,867,471	(3,867,471)	-	-
Total changes in net assets	12,390,445	(3,142,095)	-	9,248,350
Balances, December 31, 2010	90,719,812	2,616,849	1,674,619	95,011,280
Changes in net assets				
Excess of revenues over expenses	9,161,608	-	-	9,161,608
Contributions received by the Foundation of Hudson Valley Hospital Center	-	896,495	-	896,495
Net assets released for capital expenditures	1,214,708	(1,214,708)	-	-
Total changes in net assets	10,376,316	(318,213)	-	10,058,103
Balances, December 31, 2011	$ 101,096,128	$ 2,298,636	$ 1,674,619	$ 105,069,383

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

Hudson Valley Hospital Center
Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in net assets	$ 10,058,103	$ 9,248,350
Adjustments to reconcile excess of expenses over revenue to net cash provided by operating activities		
Depreciation and amortization	11,607,469	9,739,987
Provision for patients and related party bad debts	3,608,456	2,861,226
Net gain on refinancing of debt	(1,865,956)	-
Net realized and unrealized (losses) gains on investment	653,058	(1,647,972)
Net gains on sale and disposal of property, plant and equipment	(1,470,334)	-
Net gain on assignment of mortgage note	(1,277,419)	-
Receipt of contributed securities	(58,482)	-
Receipt of contributed assets	(720,157)	-
Changes in assets and liabilities		
Patient accounts receivable	(7,640,257)	(1,447,206)
Other receivables, supplies and prepaid expenses and other assets	6,779,389	(95,387)
Accounts payable and accrued expenses	156,912	(1,672,789)
Accrued salaries and benefits	644,759	669,599
Due to third-party payors and other liabilities	59,094	(1,357,458)
Pledge receivables, net	318,212	466,253
Net cash provided by operating activities	20,852,847	16,764,603
Cash flows from investing activities		
Acquisition of property, plant and equipment	(10,622,134)	(26,930,818)
Proceeds from sale of property, plant and equipment	214,463	-
Purchase of investments and assets whose use is limited	(13,756,759)	(16,879,475)
Sales of investments and assets whose use is limited	12,244,250	18,767,295
Physician loan receivable	(8,500,000)	(6,800,000)
Sale of contributed securities	48,261	-
Net cash used in investing activities	(20,371,919)	(31,842,998)
Cash flows from financing activities		
Principal payments on long-term debt and capital lease obligations	(4,153,823)	(3,941,548)
Proceeds from debt offering	1,017,245	20,672,505
Deferred bond issuance costs	(419,750)	-
Proceeds from refinancing of debt	2,285,706	-
Net cash (used by) provided by financing activities	(1,270,622)	16,730,957
Net (decrease) increase in cash and cash equivalents	(789,694)	1,652,562
Cash and cash equivalents		
Beginning of year	9,135,990	7,483,428
End of year	$ 8,346,296	$ 9,135,990
Supplemental information and non-cash transactions		
Cash paid during the year for interest	$ 4,224,911	$ 2,268,548
Construction related payables	-	456,395
Capital lease obligations	3,040,945	4,287,201
Contributed securities	58,482	22,068
Contributed assets	720,157	-

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

1. Organization

Hudson Valley Hospital Center (the “HVHC”) is an acute care hospital providing healthcare services to residents of Westchester and Putnam Counties in the State of New York The Hospital is organized under the not-for-profit corporation law of the State of New York and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code

The sole member of HVHC is Westchester Putnam Health Management Systems, Inc (“Health Management”), a State of New York not-for-profit organization, which is also exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code In March 2010, HVHC became the sole corporate member of the Foundation of Hudson Valley Hospital Center (the “Foundation”), a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code Health Management is the sole stockholder of Hudson Valley Ventures, Inc , A C Ventures, Inc , and KNOWA Ventures, Inc , New York for-profit corporations

On November 10, 1997, Health Management, Riverside Healthcare System, Inc and Sound Shore Health System, Inc entered into a healthcare alliance As a result, Pinnacle Healthcare, Inc (“Pinnacle”) was formed for the charitable purpose of benefiting and supporting the healthcare alliance Pinnacle was incorporated under Section 102(a)(5) of the State of New York Not-for-Profit Corporation Law and is the sole member of each of the three healthcare systems As of December 31, 2007 Riverside Healthcare System, Inc is no longer part of Pinnacle Health Management divested its entire interest in Pinnacle effective in August 2011 The return of capital contribution was not material to the consolidated financial statements

HVHC prepares consolidated financial statements to include the financial position and results of operations of the Foundation, as HVHC is the sole corporate member of the Foundation (collectively, the “Hospital”) The financial statements of the other affiliated organizations are not included in the Hospital’s consolidated financial statements

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Hospital include the accounts of the Foundation and have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting All significant intercompany transactions and balances have been eliminated in consolidation

Use of Estimates

The preparation of the consolidated 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 reported period The most significant estimates relate to reserves for contractual allowances, bad debt and settlements with third party payors Actual results may differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid short-term investments with original maturity dates of three months or less from date of acquisition, which are not included in assets whose use is limited or investments

At December 31, 2011 and 2010, the Hospital, had cash balances in a financial institution that exceeded federal depository insurance limits Management believes that the credit risk related to these deposits is minimal

Inventories
The Hospital values its inventories, included in supplies and prepaid expenses, at the lower of cost or market using the FIFO (first-in, first-out) method

Investments
The long term focus of the Hospital's investment portfolio is to support the Hospital's mission by providing a reliable source of funds for current and future use All investments reported in the consolidated balance sheets are considered trading securities

Equity securities and debt securities are carried at market value based on the last reported sales price at the end of the fiscal year Fixed income securities are valued by the investment managers using pricing services from financial institutions

Income from these investments, realized gains and losses, unrealized appreciation and depreciation and dividends on security transactions are included in the excess of revenues over expenses unless the income or loss is restricted by the donor or law Unrealized gains and losses are determined by comparison of specific costs of acquisition to market values at the last day of the fiscal year

Purchases and sales of securities are reflected on a trade-date basis Realized gains and losses on sales of securities are determined on an average-cost basis Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on an accrual basis

Assets Whose Use Is Limited
Assets whose use is limited ("AWUIL") primarily includes funds externally restricted under bond indenture agreements for plant replacement

Property, Plant and Equipment
Property, plant and equipment, including certain revenue producing equipment purchases are carried at cost and those acquired by gifts and bequests are carried at appraised or fair market value established at date of contribution Capitalized leases are recorded at present value at the inception of the leases When assets are retired or otherwise disposed of, the cost and the related depreciation are reversed from the accounts, and any gain or loss is reflected in current operations Repairs and maintenance expenditures are expensed as incurred The Hospital provides for depreciation of property, plant and equipment including revenue producing equipment, on a straight-line basis over their estimated useful lives as follows

Land improvements	20 years
Buildings	30–40 years
Fixed and movable equipment	3–15 years

Cost of Borrowing
Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets These costs are amortized over the life of the related capital assets constructed

Temporarily and Permanently Restricted Net Assets

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

Donor-Restricted Gifts

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

Charity Care

Effective January 1, 2007, the New York State Public Health Law required all hospitals to implement financial aid policies and procedures The law also requires hospitals to develop a summary of its financial aid policies and procedures that must be made publically available All standards set forth in the law are minimum standards

The Hospital provides a significant amount of partially or totally uncompensated patient care to patients who are unable to compensate the Hospital for their treatment either through third-party coverage or their own resources Patients who meet certain criteria under the Hospital's charity care policy are provided care without charge or at amounts less than established rates Because charity care amounts are not expected to be paid, they are not reported as revenue The amount of charges foregone for total uncompensated care (includes uncompensated care reported as bad debt expense), based on established rates provided under the Hospital's policy for the years ended December 31, 2011 and 2010 was approximately $13 9 million and $10 9 million, respectively Of the Hospital's $140 2 million and $126 2 million of total expenses reported in 2011 and 2010, respectively, an estimated $5 2 million and $4 8 million is attributable to providing services to charity patients The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients The ratio of costs to charges is calculated based on the Hospital's total expenses (less bad debt expense) divided by gross patient service revenues

Performance Indicator

The consolidated statements of operations include excess of revenues over expenses as the performance indicator During fiscal 2011 and 2010, there was approximately $1 2 million and $3 9 million, respectively, in changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, related to net assets released from restriction for capital

The Hospital differentiates its operating activities through the use of operating income before other nonoperating income as an intermediate measure of operations For the purposes of display, investment income, which management does not consider to be components of the Hospital's operating activities as well as certain grant revenue for capital, the gain on the sale of Yorktown, gain on the refinancing of 1993 bonds, and property donation are excluded from the operating income and reported as nonoperating revenues in the consolidated statements of operations

Recent Accounting Pronouncements
In January 2010, the FASB issued two new investment disclosure requirements and clarified guidance on existing investment disclosure requirements The new guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy and the reasons for those transfers, effective for the Hospital's fiscal year 2010 This guidance also requires entities to disclose gross reporting of changes in Level 3 fair value measurements, effective for the Hospital's fiscal year 2011 The first clarification requires entities to further disaggregate the presentation of investments by class of asset and liabilities rather than by major category The second clarification requires entities to disclose the valuation technique used and the inputs used in determining the fair values of each class of assets and liabilities Both clarifications were effective for the Hospital's fiscal year 2010 The adoption of this guidance did not have a material impact on the Hospital's consolidated financial statements (see Note 4)

In August 2010, the FASB Issued Accounting Standards Update ("ASU") No 2010-23, *Measuring Charity Care for Disclosure* ASU No 2010-23 requires that the level of charity care provided be presented based on the direct and indirect costs of the charity services provided ASU No 2010-23 also requires separate disclosure of the amount of any cash reimbursements received for providing charity care ASU No 2010-23 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010 The Hospital adopted the guidance in their charity care footnote disclosure in fiscal 2011

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities* (Topic 954) *Presentation and Disclosure of Patient Services Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ASU 2011-07 includes amendments to FASB's ASC Topic 954, Health Care Entities The objective of the update is to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts The amendments requires health care entities that recognize significant amounts of patient service revenue at the time services are rendered, even though they do not immediately assess the patients' ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations The guidance is effective for fiscal years beginning after December 15, 2011 The Hospital will adopt this new guidance in fiscal 2012

Subsequent Events
The Hospital performed an evaluation of subsequent event through February 29, 2012, which is the date the consolidated financial statements were issued The Hospital has determined that all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles, are included in the consolidated financial statements

3. Net Patient Service Revenue, Accounts Receivable and Allowance for Uncollectible Accounts

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates (i e , gross charges) Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments

Billings relating to services rendered are recorded as net patient service revenues and patient accounts receivable in the period in which the service is performed, net of contractual and other allowances which represent differences between gross charges and the estimated receipts under such programs Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments The Hospital has implemented a monthly standardized approach to estimate and review the collectibility of receivables based on the payer classification and the period the receivable have been outstanding Past due balances over 90 days from date of billing and over a specified amount are considered delinquent and are reviewed individually for collectibility Account balances are written off against the allowance when management feels it is probable the receivable will not be recovered Historical collection and payer reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts In addition, the Hospital assesses the current state of its billing functions in order to identify any known collection or reimbursement issues in order to assess the impact, if any, on reserve estimates, which involves judgment The Hospital believes that the collectibility of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services provided Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to provision for bad debts

A summary of the payment arrangements with major third-party payers follows

- ***Medicare Payments*** Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Effective October 1, 2007, the Centers for Medicare and Medicaid Services (CMS) revised the Medicare patient classification system The new Medicare severity adjusted diagnosis related groups (MS-DRGs) reflect changes in technology and current methods of care delivery CMS has expanded the number of DRG's from 538 to 745 and requires identification of conditions that are present upon admission As of fiscal 2009, patients were assigned to MS-DRGs with 100% MS-DRG weights

- ***Non-Medicare Payments*** The New York Health Care Reform Act of 1996, as updated, governs payments to hospitals in New York State Under this system, hospitals and all non-Medicare payers, except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospital's payment rates If negotiated rates are not established, payers are billed at hospitals established charges Medicaid, workers' compensation and no-fault payers pay hospital rates promulgated by the New York State Department of Health on a prospective basis Adjustments to current and prior years' rates for these payers will continue to be made in the future Effective January 1, 2008, July 1, 2008, and January 1, 2009 the New York State Department of Health (DOH) updated the data utilized to calculate the NYS DRG service intensity weights (SIWs) in order to utilize more current data in DOH promulgated rates Effective December 1, 2009, NYS implemented inpatient reimbursement reform The reform updated costs from 1981 to 2005 This updated case mix system, called APR DRGs, more accurately measures and reimburses for patient acuity Similar type outpatient reforms were implemented effective December 1, 2008

There are also various other proposals at the federal and state level that could, among other things, reduce payment rates The ultimate outcome of these proposals, regulatory changes, and other market conditions cannot presently be determined

Revenue from the Medicare and Medicaid programs accounted for approximately 39 percent and 40 percent and 6 percent and 6 percent, respectively, of the Hospital's net patient service revenue for the years ended December 31, 2011 and December 31, 2010, respectively

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

The Hospital has established estimates, based on information presently available, of amount due to or from Medicare and non-Medicare payers for adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data

The Hospital's Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through December 31, 2006

On February 19, 2004, the Secretary of Health and Human Services confirmed that hospitals can provide discounts for uninsured patients, which allowed the Hospital to implement a discount policy in accordance with state law The Hospital's goal was to create a financial aid program that is consistent with the mission, values, and capacity of the Hospital, while considering an individual's ability to contribute to his or her care

The Hospital has a discount policy and provides discounts to uninsured patients Under this policy, the discount offered to uninsured patients is reflected as a reduction to net patient service revenue at the time the uninsured billings are recorded

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations Federal and state regulations provide for certain retrospective adjustments to current and prior years' payment rates based on industry-wide and hospital-specific data The Hospital has estimated the potential impact of such retrospective adjustments based on information presently available and adjustments are accrued on an estimated basis in the period the services are rendered and are adjusted in future periods as additional information becomes available or final settlements are determined

The 2011 and 2010 net patient service revenue increased by approximately $1 8 million and $1 0 million, respectively, due to the over/under collection of receivables compared to amounts previously estimated and the net result of changes in third party allowances previously estimated

As discussed above, the current Medicaid and Medicare programs are based upon complex laws and regulations Noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs The Hospital is not aware of any allegations of noncompliance that could have a material adverse effect on the consolidated financial statements and believes that it is in compliance with all applicable laws and regulations

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements The mix of gross receivables from patients and third-party payors at December 31, 2011 and 2010, was as follows

	2011	2010
Medicare (including managed care)	39 %	39 %
Medicaid	3	2
Blue Cross	15	14
Managed Care	16	16
Other third-party payors	21	21
Self-pay patients	6	8
	100 %	100 %

4. Investments and Assets Whose Use is Limited

Fair Value Accounting establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Hospital for financial instruments measured at fair value on a recurring basis The three levels of inputs are as follows

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Assets and liabilities measured at fair value are based on one or more of three valuation techniques The three valuation techniques are as follows

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities,

- Cost approach - Amount that would be required to replace the service capacity of an asset (i e replacement cost), and

- Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement Inputs are used in applying the various valuation techniques and broadly refer to the assumptions the market participants use to make valuation decisions Inputs may include price information, credit data, liquidity statistics and other factors

HVHC's investment portfolio consisted of the following at December 31,

	2011	2010
Cash and cash equivalent	$ 5,394,153	$ 5,122,158
Money market funds	934,175	913,522
Equity securities	9,843,980	9,962,394
Mutual funds	3,744,348	3,545,115
United States government securities	823,635	2,875,417
Corporate bonds and notes	4,336,601	1,865,786
Certificate of deposit	5,436,461	5,947,265
	$ 30,513,353	$ 30,231,657

HVHC's investment portfolio reports as assets whose use is limited due to financing agreements consisted of the following at December 31,

	2011	2010
Cash and cash equivalents	$ -	$ 11,817
Money market funds	4,146,592	3,846,183
Escrow account	-	43,432
	$ 4,146,592	$ 3,901,432

HVHC's investment income which is included in the consolidated statements of operations for the year ended December 31 was as follows

	2011	2010
Income		
Interest income	$ 810,010	$ 819,456
Net unrealized and realized (losses) gains on sale of investments	(618,237)	1,656,706
	$ 191,773	$ 2,476,162

The fair value of the HVHC's financial assets that are measured on a recurring basis at December 31, 2011 are as follows

	Fair Value at December 31, 2011	Based on Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Valuation Technique (1)
Assets measured at					
Fair value on a recurring basis					
Trading securities					
Equity securities - domestic	$ 9,843,980	$ 9,843,980	$ -	$ -	M
Mutual funds	3,744,348	-	3,744,348	-	M
Money market funds	5,080,767	-	5,080,767	-	M
Fixed Income					
United States government Securities	823,635	-	823,635	-	M/I
Corporate bonds, notes and others	4,336,601	-	4,336,601	-	M/I
Total	$ 23,829,331	$ 9,843,980	$ 13,985,351	$ -	

(1) The three valuation techniques are market approach (M), cost approach (C) and income approach (I)

There were no significant transfers between levels during the year ended December 31, 2011

At December 31, 2011, included in investments and assets whose use is limited is approximately $10 8 million, which consists of cash and cash equivalents of $5 4 million and certificate of deposits of $5 4 million that are not considered recurring fair value measures

The fair value of the HVHC's financial assets that are measured on a recurring basis at December 31, 2010 are as follows

	Fair Value at December 31, 2010	Based on: Quoted Prices in Active Markets (Level 1)	Based on: Other Observable Inputs (Level 2)	Based on: Unobservable Inputs (Level 3)	Valuation Technique (1)
Assets measured at					
Fair value on a recurring basis					
Trading securities					
Equity securities - domestic	$ 9,962,394	$ 9,962,394	$ -	$ -	M
Mutual funds	3,545,115	-	3,545,115	-	M
Money market funds	4,759,705	-	4,759,705	-	M
Fixed Income					
United States government Securities	2,875,417	-	2,875,417	-	M/I
Corporate bonds, notes and others	1,865,786	-	1,865,786	-	M/I
Total	$ 23,008,417	$ 9,962,394	$ 13,046,023	$ -	

(1) The three valuation techniques are market approach (M), cost approach (C) and income approach (I)

At December 31, 2010, included in investments and assets whose use is limited is approximately $11 1 million, which consists of cash of $5 2 million and certificate of deposits of $5 9 million that are not considered recurring fair value measures

The Foundation's investment portfolio consisted of the following at December 31,

	2011	2010
Trading securities		
Equities	$ 10,125	$ -
Corporate bonds and notes	413,178	-
Cash and cash equivalents		
Certificate of deposits	2,003,990	2,084,477
	$ 2,427,293	$ 2,084,477

Included in the Foundation's investment portfolio are securities recorded at the net present value in accordance with charitable remainder trust agreements At December 31, 2011 and 2010, amounts related to such arrangements aggregated to $0 4 million and $0 1 million, respectively

The Foundation's investment which is included in the consolidated statements of operations for the year ended December 31 was as follows

	2011	2010
Income		
Interest income	$ 35,778	$ 40,248
Change in net unrealized losses	(34,821)	(8,734)
	$ 957	$ 31,514

The fair value of the Foundation's financial assets that are measured in a recurring basis at December 31, 2011 are as follows

	Fair Value at December 31, 2011	Quoted Prices in Active Markets (Level 1)	Based on Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Valuation Techniques (1)
Assets and liabilities measured at fair value on a recurring basis					
Trading securities					
Corporate bonds and notes	$ 413,178	$ -	$ 413,178	$ -	M/I
Equities	10,125	10,125	-	-	M
Total	$ 423,303	$ 10,125	$ 413,178	$ -	

(1) The three valuation techniques are market approach (M), cost approach ('c) and income approach (1)

At December 31, 2011 and 2010, included in the Foundation's investments are approximately $2 0 million certificate of deposits, which are not considered recurring fair value measures The Foundation's did not have financial assets measured on a recurring basis at December 31, 2010

The following methods and assumptions were used to estimate the fair value of each class of investments included in the Hospitals consolidated financial statements

U S government securities and corporate bonds - The estimated fair values of debt securities are based on quoted market prices (Level 1) and/or other market data for the same or comparable instruments and transactions in establishing the prices (Level 2) Fair values of debt securities that do not trade on a regular basis in active markets are classified as Level 2

Equity securities - Fair value estimates for publicly traded equity securities are based on quoted market prices (Level 1)

Mutual funds and money market funds - Fair value estimates for mutual funds and money market funds are based on market data for the same or comparable instruments and transactions in establishing the prices and/or do not trade on a regular basis in active markets (Level 2)

There are no investments with unobservable inputs that cannot be corroborated by observable market data and therefore classified as Level 3

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date

5. Promises to Give

The Hospital's unconditional promises to give received by the Foundation included in pledges receivable at December 31, 2011 and 2010 were $3 2 million and $3 5 million, before allowance for doubtful accounts, respectively The Foundation determined that allowance for doubtful accounts of $0 9 million were necessary at December 31, 2011 and 2010

Additionally, the Foundation receives contributions under deferred giving arrangements whereby donors are guaranteed an investment return on the contribution during the donors' lifetime or a specified number of years The Foundation recognizes the fair market value of its share of the gifts received

Contributions receivable consisted of the following at December 31,

	2011	2010
Pledges receivable		
Due within one year	$ 2,155,445	$ 2,111,529
Due within two to four years	1,509,495	1,758,351
Due beyond five years	100,566	205,951
Total contributions receivable	3,765,506	4,075,831
Less Discount to present value 1 77% in 2011 and 2 2% in 2010	(546,870)	(538,983)
Total contributions receivable	3,218,636	3,536,848
Less Allowance	(920,000)	(920,000)
Total contribution receivable, net	$ 2,298,636	$ 2,616,848

6. Property, Plant and Equipment

Property, plant and equipment at December 31, 2011 and 2010 consist of the following

	2011	2010
Land	$ 945,544	$ 945,544
Land improvements	3,177,328	3,170,056
Buildings	137,646,352	133,414,690
Fixed and movable equipment	88,885,318	82,341,342
Total property, plant and equipment	230,654,542	219,871,632
Less Accumulated depreciation and amortization	101,727,888	91,331,791
	128,926,654	128,539,841
Construction in progress	491,581	2,233,821
Deferred financing costs, net of amortization	892,951	535,165
Net property, plant and equipment	$ 130,311,186	$ 131,308,827

Assets acquired through capital leases are included with property, plant and equipment at December 31, 2011 and 2010 The related amortization expense is included in depreciation and amortization expense in the consolidated statements of operations Substantially all of the buildings, improvements and equipment under capital leases have been collateralized under various mortgage and lease agreements

Construction in progress is made up of certain projects started but not completed at December 31, 2011 During fiscal 2011, the Hospital completed a construction project As a result, the hospital transferred approximately $2 1 million of assets from construction in progress to its depreciable asset class The Hospital had capitalized interest expenses of approximately $4 7 million during the year ended December 31, 2010 The Hospital had no capitalized interest during fiscal 2011

7. Capital Lease Obligations

The Hospital capitalized certain lease agreements which are accounted for in accordance with capital lease guidance The Hospital's capital lease obligations are collateralized by the underlying equipment and bear interest at rates between 3 4% to 7 6%

The future minimum lease payments under the capital lease obligations, together with the present value of the minimum lease payments as of December 31, 2011, are as follows

Year	**Amount**
2012	$ 1,334,078
2013	945,849
2014	661,330
2015	330,665
	3,271,922
Less Amount representing interest	230,977
Present value of net minimum lease payments	3,040,945
Less Current portion	1,209,546
	$ 1,831,399

The interest expense applicable to these leases was $0 2 million and $0 1 million in 2011 and 2010, respectively

8. Long-Term Debt

A summary of the Hospital's long-term debt at December 31 is as follows

	2011	2010
FHA insured Section 242 mortgage loan (a)	$ 10,975,710	$ 12,123,273
FHA insured Section 241 mortgage loan (b)	68,648,141	69,207,983
Bank mortgage (c)	-	1,432,779
Line of credit (d)	-	-
	79,623,851	82,764,035
Less Current portion	(2,894,185)	(2,846,555)
Long-term debt	$ 76,729,666	$ 79,917,480

a In October 1993, the Hospital entered into a mortgage note with the New York State Medical Care Facilities Finance Corporation (MCFFA) to borrow $22 7 million The mortgage note is insured by the Federal Housing Administration (FHA) pursuant to Section 242 of the National Housing Act and is secured by substantially all of the property, buildings, equipment and gross receipts of the Hospital The proceeds of the mortgage were used to finance an expansion and renovation project at the Hospital MCFFA was succeeded by the Dormitory Authority of the State of New York (DASNY) The mortgage note called for monthly payments of principal and interest at 6 35% and was scheduled to mature in November 2020 On August 6, 2007 the mortgage note was modified to reduce the interest rate to 5 375% and shorten the maturity to October 1, 2019 On August 1, 2011, this mortgage was refinanced at a reduced fixed interest rate of 2 6% with the same October 1, 2019 maturity date The mortgage note was assigned from DASNY to Prudential Huntoon Paige Associates, LTD As a result of the refinance, the Hospital recognized a gain of approximately $2 3 million in the consolidated statement of operations for the year ended December 31, 2011

b In October 2007, the Hospital entered into a supplemental mortgage note with the DASNY to borrow up to $71 7 million The supplemental mortgage note is insured by the FHA under Section 241 of the National Housing Act The proceeds of the mortgage loan were used to develop, construct and equip a new patient tower at the Hospital's campus The supplemental loan, which was advanced for construction as the project progressed, is a second mortgage to the Section 242 loan described above and is subject to the financial covenants

The supplemental mortgage note calls for payments of interest only, at the rate of 6 2% through February 28, 2010 Commencing March 1, 2010 the interest rate is reduced to 5 0% and the note calls for monthly payments of principal and interest in the amount of $0 4 million through March 1, 2035 During fiscal 2011 and 2010, the Hospital received an advance of approximately $1 0 million and $20 7 million, respectively, to complete the renovation project

Pursuant to the mortgage notes and related documents, the Hospital is, among other things, required to maintain specific financial ratios, maintain a Mortgage Reserve Fund and obtain approval from FHA and DASNY to incur additional indebtedness if certain profitability and liquidity covenants are not met The measures of financial performance include current ratio, debt service coverage, days in accounts payable, days in accounts receivable and days cash on hand At December 31, 2011 and 2010, the Hospital was in compliance with these covenants c In December 2006, the Hospital and Hudson Valley Ventures, Inc refinanced with Putnam County Savings Bank their previous mortgage agreement with Union State Bank The mortgage carries a fixed interest rate of 6 0% and matures in January 2017 The mortgage is secured by the assets of the two entities, who collectively act as the mortgagor under the agreement On September 1, 2011, the Hospital sold the Yorktown property The outstanding Putnam County Savings Bank mortgage payable is now solely assumed by Hudson Valley Ventures, Inc

d The Hospital has a $1 0 million line of credit with Wachovia available for general operating purposes The Hospital did not borrow against the line of credit during 2011 There are no amounts outstanding as of December 31, 2011 and 2010

Scheduled principal payments on debt for the next five years and thereafter are as follows

Year	Amount
2012	$ 2,894,185
2013	3,010,449
2014	3,131,825
2015	3,258,551
2016	3,390,880
Thereafter	63,937,961
	79,623,851
Less Current portion	2,894,185
	$ 76,729,666

9. Commitments and Contingencies

The Hospital maintains a commercial claims-made policy for its medical malpractice insurance The policy does not represent a transfer of risk for claims and incidents incurred but not reported ("IBNR") to the insurance carrier Therefore, the Hospital has recorded an undiscounted estimated malpractice liability related to IBNR of approximately $2 1 million at December 31, 2011 and 2010, respectively

The Hospital is involved in litigation arising in the course of business After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations

10. Pension Plan

The Hospital provides pension coverage for its eligible employees through a defined contribution pension plan (the "Plan") Under the Plan, the Hospital contributes 4% – 5 5% of each eligible employee's annual compensation for each Plan year The Hospital recorded pension expense of $2 9 million and $2 8 million in 2011 and 2010, respectively

11. Functional Expenses

The HVHC provides general health care services to residents within its geographic location, including general acute care with a full range of inpatient and outpatient services Expenses related to providing these services for the years ended December 31, 2011 and 2010 are as follows

	2011	2010
Health care services	$ 113,473,150	$ 102,375,986
General and administrative	26,100,219	23,054,039
	$ 139,573,369	$ 125,430,025

The Foundation's principal activity is the solicitation of contributions from the public through direct mailings and fund-raising programs Expenses related to providing these services for the years ended December 31, 2011 and 2010, are as follows

	2011	2010
Fund-raising expenses	$ 615,514	$ 691,160
General and administrative	34,626	49,571
	$ 650,140	$ 740,731

12. Related Party Transactions

Hudson Valley Ventures, Inc.
Hudson Valley Ventures, Inc ("Ventures") is a for-profit corporation incorporated in 1991 Ventures subleases office building space to the Hospital For the years ended December 31, 2011 and 2010, rental payments aggregated $29,823 and common charges aggregated $37,350 in 2011 and $34,367 in 2010

As of December 31, 2011 and 2010, Ventures owed the Hospital $1 8 million and $2 4 million, respectively These amounts represent various expenses incurred by the Hospital on behalf of Ventures, and are included in other long-term assets in the balance sheets

A.C. Ventures, Inc.
A C Ventures, Inc ("A C ") is a for-profit corporation incorporated in 1994 The corporation was formed to purchase and lease office space to various physicians in Cold Spring, New York and Putnam Valley, New York

A C subleases office building space to the Hospital For the years ended December 31, 2011 and 2010, rental payments aggregated $0 2 million

As of December 31, 2011 and 2010, A C owed the Hospital $1 0 million and $0 9 million, respectively These amounts represent various expenses incurred by the Hospital on behalf of A C , and are included in other long-term assets in the consolidated balance sheets

KNOWA Ventures, Inc.
KNOWA Ventures, Inc ("KNOWA") is a for-profit corporation incorporated in 1995 The corporation was formed to lease and sublease office space to various physicians in Yorktown, New York During 1997 and 1996, the Hospital loaned KNOWA approximately $1 1 million to pay for the lease rental and renovations to the office space

KNOWA subleased office building space to the Hospital through June 30, 2010 For the year ended December 31, 2010, rental payments aggregated $22,186

As of December 31, 2011 and 2010, KNOWA owed the Hospital $0 7 million These amounts represent various expenses incurred by the Hospital on behalf of KNOWA, and are included in other long-term assets in the consolidated balance sheets

Westchester Putnam Health Management Systems, Inc.
As of December 31, 2011 and 2010, Health Management owed the Hospital $9 0 million and $9 2 million, respectively These amounts represent various expenses incurred by the Hospital on behalf of Health Management, and are included in other long-term assets in the consolidated balance sheets

Yorktown Imaging Ventures, Inc.
During October 2010, the Hospital sold its interest in Yorktown Imaging Ventures, Inc The investment related to a radiology outpatient center located in Yorktown Heights, New York for its parent company, Westchester Putnam Health Management Systems, Inc The investment was an equity investment and represented a 25% ownership of the facility and equipment located at that site Other investors in the site include another local hospital (50% share) and an independent physician radiology group which owns the remaining 25% Professional services were provided by an independent radiology practice for the site through contract The investment was accounted for as an equity investment due to the minority ownership of the local with the value of that ownership adjusted to reflect the accounting value of the ownership as defined by an independent annual audit

As of December 31, 2011 and 2010, Yorktown Imaging/Northern Westchester Hospital owed the Hospital $8,224 and $12,484 respectively These amounts represent various expenses incurred by the Hospital on behalf of Yorktown Imaging, and are included in other long-term assets in the consolidated balance sheets

GI Ventures, Inc.
GI Ventures, Inc (GI) is a for-profit corporation incorporated in 2011 This corporation was formed to have a 12% ownership interest in an Endoscopy Center called Hudson Valley Center As of December 31, 2011, GI Ventures owed the Hospital $58,800 These amounts represents GI Ventures' share of capital contributions to Hudson Valley Center

The Hospital has established an allowance for uncollectible accounts associated with the related party receivables described above in the amount of approximately $1 0 million at December 31, 2011 and 2010

13. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available at December 31, 2011 and 2010 for the following purposes

	2011	2010
Time restricted contributions and contributions for capital asset acquisition	$ 2,298,636	$ 2,616,849

The capital asset acquisition is supported primarily by the Foundation The Foundation's principal activity is the solicitation, receipt, holding, investment and administration of gifts, contributions and grants primarily for the benefit and support of the Hospital and other not-for-profit entities affiliated with the Hospital

Permanently restricted net assets at December 31, 2011 and 2010 relate to

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as investment income)	$ 1,674,619	$ 1,674,619

Temporarily restricted net assets are those funds whose use has been limited by donors to a specified time period and/or purpose Temporarily restricted net assets are available for the funding of health care services and capital acquisitions Permanently restricted net assets have been restricted by donors to be held in perpetuity and the income is expendable to support various health care services Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor restricted

On September 17, 2010, New York State enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) UPMIFA governs management and spending of donor – restricted endowment funds and permanently restricted gifts UPMIFA allows organizations to appropriate funds for spending from underwater endowments provided it is deemed prudent under the organization's spending policies in the absence of specific donor directives Guidance issued in 2008 provides accounting guidance in terms of UPMIFA

New York's law also contains aspects which differ from the general law including specific written policy requirements and standards to ensure prudent spending, presumption of imprudence calculation and written notification for spending on underwater endowments to endowment donors The adoption of this guidance did not have a material impact on the Hospital's consolidated financial statements

Management of the Hospital have interpreted accounting pronouncements as requiring the preservation of the fair value of the donor restricted endowments funds, absent explicit donor stipulations to the contrary As a result of this interpretation, the Hospital classifies permanently restricted net assets as the original value of gifts donated to the permanent endowment The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- The duration and preservation of the fund
- The purposes of the Hospital and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Hospital
- The investment policies of the Hospital

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) The Hospital targets a diversified asset allocation of 25%-50% equity-based investments, 35% fixed income 15%-25% cash investments in accordance with the Hospital investment policy

Endowment net assets composition by type of fund as of December 31, 2011 and 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 1,674,619	$ 1,674,619
Total funds	$ -	$ -	$ 1,674,619	$ 1,674,619

14. Fair Value of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments

Cash and Cash Equivalents
The carrying amount reported in the consolidated balance sheet for cash and cash equivalents approximates its fair value

Investments
Fair values, which are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

Assets Whose Use is Limited
These assets consist primarily of cash, long-term investments, and interest receivable The carrying amount reported in the consolidated balance sheets approximately is its fair value

Accounts Payable and Accrued Expenses
The carrying amount reported in the consolidated balance sheets for accounts payable and accrued expenses approximates its fair value

Estimated Third-Party Payor Settlements
The carrying amount reported in the consolidated balance sheets for estimated third-party payor settlements approximates its fair value

Long-Term Debt
Fair value of the Hospital's FHA insured mortgage notes are based on current traded value, which approximates $83 6 million and $80 4 million at December 31, 2011 and 2010, respectively The carrying value of the Hospital's FHA debt are $79 6 million and $81 3 million at December 31, 2011 and 2010, respectively The fair value of the Hospital's remaining debt approximates its carrying value