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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)

OMB No 1545-0047

2011

Open to Public Inspection

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

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
 HUNTERDON MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
 2100 WESCOTT DRIVE

City or town, state or country, and ZIP + 4
 FLEMINGTON, NJ 08822

D Employer identification number
 22-1537688

E Telephone number
 (908) 788-6153

G Gross receipts \$ 258,665,586

F Name and address of principal officer
 ROBERT P WISE
 2100 WESCOTT DRIVE
 FLEMINGTON, NJ 08822

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.HUNTERDONHEALTHCARE.ORG

K Form of organization Corporation Trust Association Other **L** Year of formation 1948 **M** State of legal domicile NJ

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities STRIVES TO PROVIDE TO THE MAXIMUM EXTENT POSSIBLE COMPREHENSIVE QUALITY HEALTHCARE SERVICES WHICH ARE REQUIRED BY THE PEOPLE OF THE COMMUNITY AND SURROUNDING AREAS AND APPROPRIATE TO THE ORGANIZATION		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	14
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	2,520
	6 Total number of volunteers (estimate if necessary)	6	488
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	350,105
b Net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	5,542,761	5,577,303
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	229,304,083	243,347,511
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	923,906	1,198,671
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,753,538	1,926,179
		237,524,288	252,049,664
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	138,386,151	140,458,529
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ⁰		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	88,322,845	92,204,091
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	226,708,996	232,662,620	
19 Revenue less expenses Subtract line 18 from line 12	10,815,292	19,387,044	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	267,110,669	280,677,612
	21 Total liabilities (Part X, line 26)	119,456,134	146,435,543
22 Net assets or fund balances Subtract line 21 from line 20	147,654,535	134,242,069	

Part II Signature Block

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

Sign Here

Signature of officer: ***** Date: 2012-12-21

DEBORAH L HOSKINS DIRECTOR OF FINANCE
 Type or print name and title

Paid Preparer's Use Only

Preparer's signature: Scott Marani Date: _____ Check if self-employed

Firm's name (or yours if self-employed), address, and ZIP + 4: WithumSmithBrown PC, 465 South St Ste 200, Morristown, NJ 079606497

Preparer's taxpayer identification number (see instructions): _____ EIN: _____ Phone no: (973) 898-9494

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

PLEASE REFER TO SCHEDULE O FOR A DETAILED MISSION AND COMMUNITY BENEFIT STATEMENT

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 \$ 39,735,955 including grants of \$ 0) (Revenue \$ 33,821,796)
EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY ANCILLIARY SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

4b (Code) (Expenses \$ 26,340,311 including grants of \$ 0) (Revenue \$ 42,151,129)
EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY OPERATING ROOM SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

4c (Code) (Expenses \$ 24,115,869 including grants of \$ 0) (Revenue \$ 20,555,442)
EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY MEDICAL/SURGICAL SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

4d Other program services (Describe in Schedule O)
(Expenses \$ 111,220,566 including grants of \$ 0) (Revenue \$ 147,130,084)

4e Total program service expenses \$ 201,412,701

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> <input checked="" type="checkbox"/>	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> <input checked="" type="checkbox"/>		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> <input checked="" type="checkbox"/>	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> <input checked="" type="checkbox"/>		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> <input checked="" type="checkbox"/>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> <input checked="" type="checkbox"/>		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> <input checked="" type="checkbox"/>		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> <input checked="" type="checkbox"/>	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> <input checked="" type="checkbox"/>	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> <input checked="" type="checkbox"/>		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> <input checked="" type="checkbox"/>	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> <input checked="" type="checkbox"/>		No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/>	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/>	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> <input checked="" type="checkbox"/>	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> <input checked="" type="checkbox"/>	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Part II and IV.</i>		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? <i>If "Yes," complete Schedule F, Part III and IV.</i>		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> <input checked="" type="checkbox"/>	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. <input checked="" type="checkbox"/>	Yes	

Part IV Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, and Yes/No columns. Rows include questions 1a through 14b regarding Form 1096, W-2G forms, employee reporting, foreign accounts, and charitable trusts.

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

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year (14); 1b Enter the number of voting members included in line 1a, above, who are independent (10); 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? (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? (No); 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? (No); 5 Did the organization become aware during the year of a significant diversion of the organization's assets? (No); 6 Did the organization have members or stockholders? (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? (Yes); 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? (Yes); 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: 8a The governing body? (Yes); 8b Each committee with authority to act on behalf of the governing body? (Yes); 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O (No).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates? (No); 10b 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?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? (Yes); 11b 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 (Yes); 12b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (Yes); 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done (Yes); 13 Did the organization have a written whistleblower policy? (Yes); 14 Did the organization have a written document retention and destruction policy? (Yes); 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? 15a The organization's CEO, Executive Director, or top management official (Yes); 15b Other officers or key employees of the organization (Yes); If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions); 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? (No); 16b 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?

Section C. Disclosure

Table with 2 columns: Question, Answer. Rows include: 17 List the States with which a copy of this Form 990 is required to be filed (NJ); 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 (DEBORAH L HOSKINS, 2100 WESCOTT DRIVE, FLEMINGTON, NJ 08822, (908) 788-6676).

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

(A) Name and Title	(B) Average hours per week per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							7,199,311	0	1,797,844	

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 **199**

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization 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
HUNTERDON CARDIOVASCULAR ASSOCIATES 1100 WESTCOTT DRIVE SUITE G3 FLEMINGTON, NJ 08822	MEDICAL	1,606,057
PRINCETON RADIOLOGY ASSOCIATES 3674 ROUTE 27 DEPT A KENDALL PARK, NJ 08824	MEDICAL	556,597
DRINKER BIDDLE AND REATH 500 CAMPUS DRIVE FLORHAM PARK, NJ 079321047	LEGAL	428,482
HUNTERDON IMAGING PA C/O HUNTERDON RADIOLOGICAL PO BOX CLINTON, NJ 08809	MEDICAL	373,584
NADASKAY KOPELSON ARCHITECTS 95 WASHINGTON STREET MORRISTOWN, NJ 07960	ARCHITECTUAL	371,213

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 **21**

Part VIII Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d	1,153,603				
	e	Government grants (contributions) 1e	4,285,171				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	138,529				
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total. Add lines 1a-1f ▶	5,577,303				
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	541900	237,060,572	237,060,572		
	b	STATE OF NJ CHARITY SUBSIDY	541900	1,720,577	1,720,577		
	c	HEALTH AND WELLNESS	713940	3,552,674	3,513,509	39,165	
	d	OTHER HEALTHCARE RELATED REVENUE	541900	1,013,688	1,013,688		
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f ▶		243,347,511			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) ▶		1,112,478		1,112,478	
	4	Income from investment of tax-exempt bond proceeds . . ▶		10,185		10,185	
	5	Royalties ▶		0			
	6a		(i) Real				
			(ii) Personal				
		b	Gross rents	886,907			
		c	Less rental expenses	103,801			
	d	Net rental income or (loss) ▶		783,106		783,106	
	7a		(i) Securities				
			(ii) Other				
		b	Gross amount from sales of assets other than inventory	6,570,729	17,400		
		c	Less cost or other basis and sales expenses	6,461,270	50,851		
	d	Net gain or (loss) ▶		76,008		76,008	
	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 . . ▶		0				
9a	Gross income from gaming activities See Part IV, line 19 a						
b	Less direct expenses b						
c	Net income or (loss) from gaming activities . . ▶		0				
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 . . ▶		0				
	Miscellaneous Revenue	Business Code					
11a	CHILD CARE	624410	719,670		310,940	408,730	
b	CAFETERIA	722320	395,195			395,195	
c	VENDING MACHINE	722320	28,208			28,208	
d	All other revenue						
e	Total. Add lines 11a-11d ▶		1,143,073				
12	Total revenue. See Instructions ▶		252,049,664	243,308,346	350,105	2,813,910	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	5,919,994	5,155,145	764,849	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	109,810,014	95,622,663	14,187,351	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,786,815	8,522,368	1,264,447	
9	Other employee benefits	6,048,859	5,267,351	781,508	
10	Payroll taxes	8,892,847	7,743,900	1,148,947	
11	Fees for services (non-employees)				
a	Management	1,126,934		1,126,934	
b	Legal	1,032,285		1,032,285	
c	Accounting	165,410		165,410	
d	Lobbying	51,721		51,721	
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	1,023,734		1,023,734	
12	Advertising and promotion	969,328	844,092	125,236	
13	Office expenses	1,408,687	1,226,686	182,001	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	4,346,308	3,784,769	561,539	
17	Travel	35,662	31,055	4,607	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	366,585	319,223	47,362	
20	Interest	2,449,140	2,449,140		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	10,872,035	10,872,035		
23	Insurance	3,246,786	2,827,304	419,482	
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 SUPPLIES	29,676,482	29,676,482	0	0
b	PROVISION FOR BAD DEBTS	10,339,392	10,339,392	0	0
c	MAINTENANCE/SERVICE CONTRACT	8,481,823	7,385,980	1,095,843	0
d	UTILITIES	3,637,779	3,167,782	469,997	0
e					
f	All other expenses	12,974,000	6,177,334	6,796,666	
25	Total functional expenses. Add lines 1 through 24f	232,662,620	201,412,701	31,249,919	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	8,372	1	8,322
	2 Savings and temporary cash investments	38,721,768	2	46,319,481
	3 Pledges and grants receivable, net	1,309,675	3	980,008
	4 Accounts receivable, net	26,008,747	4	29,420,582
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	59,104	5	17,220
	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	0	6	0
	7 Notes and loans receivable, net	2,859,676	7	3,219,873
	8 Inventories for sale or use	809,642	8	931,972
	9 Prepaid expenses and deferred charges	2,720,537	9	2,695,268
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	243,165,489		
	b Less accumulated depreciation	139,128,539	10c	104,036,950
	11 Investments—publicly traded securities	0	11	0
	12 Investments—other securities See Part IV, line 11	0	12	0
	13 Investments—program-related See Part IV, line 11	85,646,404	13	87,102,767
	14 Intangible assets	0	14	0
	15 Other assets See Part IV, line 11	6,005,182	15	5,945,169
16 Total assets. Add lines 1 through 15 (must equal line 34)	267,110,669	16	280,677,612	
Liabilities	17 Accounts payable and accrued expenses	19,805,036	17	21,705,345
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	51,213,301	20	49,764,675
	21 Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	701,194	23	263,351
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	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	47,736,603	25	74,702,172
	26 Total liabilities. Add lines 17 through 25	119,456,134	26	146,435,543
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	127,405,906	27	113,018,674
	28 Temporarily restricted net assets	5,890,579	28	6,995,499
	29 Permanently restricted net assets	14,358,050	29	14,227,896
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	147,654,535	33	134,242,069	
34 Total liabilities and net assets/fund balances	267,110,669	34	280,677,612	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	252,049,664
2	Total expenses (must equal Part IX, column (A), line 25)	2	232,662,620
3	Revenue less expenses Subtract line 2 from line 1	3	19,387,044
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	147,654,535
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-32,799,510
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	134,242,069

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

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?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

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

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

Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

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

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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		

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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
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

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

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

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

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
2 Political expenditures
3 Volunteer hours

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955
2 Enter the amount of any excise tax incurred by organization managers under section 4955
3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?
4a Was a correction made?
b If "Yes," describe in Part IV

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

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

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

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

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B** Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns														
<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV	Yes		51,721
j Total lines 1c through 1i			51,721
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1I	DURING 2011, THE ORGANIZATION PAID AN OUTSIDE LOBBYING FIRM \$30,000 FOR LOBBYING ON A FEDERAL AND STATE LEVEL RELATED TO MEDICARE, MEDICAID AND OTHER HEALTH CARE LEGISLATIVE MATTERS. IN ADDITION, THE ORGANIZATION IS A MEMBER OF THE AMERICAN HOSPITAL ASSOCIATION AND THE NEW JERSEY HOSPITAL ASSOCIATION WHICH BOTH ENGAGE IN LOBBYING EFFORTS ON BEHALF OF THEIR MEMBER HOSPITALS. A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS HAS BEEN ALLOCATED TO LOBBYING ACTIVITIES PERFORMED ON BEHALF OF THE ORGANIZATION. THIS ALLOCATION AMOUNTED TO \$21,721 DURING THE YEAR ENDED DECEMBER 31, 2011.

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization HUNTERDON MEDICAL CENTER

Employer identification number 22-1537688

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

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

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply): Preservation of land for public use, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

Table with 2 columns: Description, Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), Number of conservation easements included in (c) acquired after 8/17/06.

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

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

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

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

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

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

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1
(ii) Assets included in Form 990, Part X

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

a Revenues included in Form 990, Part VIII, line 1
b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	16,050,078	15,223,818	13,551,717	17,327,673	
b Contributions					
c Investment earnings or losses	29,719	1,011,759	1,814,442	-3,224,603	
d Grants or scholarships					
e Other expenditures for facilities and programs	123,773	185,499	142,341	551,353	
f Administrative expenses					
g End of year balance	15,956,024	16,050,078	15,223,818	13,551,717	

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

- a** Board designated or quasi-endowment
- b** Permanent endowment 89 170 %
- c** Term endowment 10 830 %

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

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

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

Part VI 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		6,796,849		6,796,849
b Buildings		91,513,934	34,965,920	56,548,014
c Leasehold improvements		2,855,085	2,165,512	689,573
d Equipment		130,258,364	98,331,819	31,926,545
e Other		11,741,257	3,665,288	8,075,969
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				104,036,950

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	252,049,664
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	232,662,620
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	19,387,044
4	Net unrealized gains (losses) on investments	4	-399,250
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-32,400,260
9	Total adjustments (net) Add lines 4 - 8	9	-32,799,510
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-13,412,466

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	251,754,215
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-399,250
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	103,801
e	Add lines 2a through 2d	2e	-295,449
3	Subtract line 2e from line 1	3	252,049,664
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12)	5	252,049,664

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

1	Total expenses and losses per audited financial statements	1	232,766,421
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	103,801
e	Add lines 2a through 2d	2e	103,801
3	Subtract line 2e from line 1	3	232,662,620
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18)	5	232,662,620

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
ENDOWMENT FUNDS	SCHEDULE D, PART V, QUESTION 4	RESTRICTED FUNDS ARE USED TO SUPPORT THE CHARITABLE ACTIVITIES AND PROGRAMS OF THE ORGANIZATION AND ITS AFFILIATES
TEXT OF FIN 48 AUDITED FINANCIAL STATEMENT FOOTNOTE	SCHEDULE D, PART X	THE ORGANIZATION IS AN AFFILIATE WITHIN THE HUNTERDON HEALTHCARE SYSTEM, INC ("SYSTEM"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM THE SYSTEM'S PARENT ENTITY IS HUNTERDON HEALTHCARE SYSTEM, INC AN INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SYSTEM AND ALL ENTITIES WITHIN THE SYSTEM FOR THE YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010, INCLUDING THIS ORGANIZATION, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS IN ADDITION, AN INDEPENDENT CPA FIRM AUDITED THE FINANCIAL STATEMENTS OF HUNTERDON MEDICAL CENTER FOR THE YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE AUDITED FINANCIAL STATEMENTS THE FOLLOWING FOOTNOTE IS INCLUDED IN THE ORGANIZATION'S 2011 AUDITED FINANCIAL STATEMENTS THAT REPORTS THE ORGANIZATION'S LIABILITY FOR UNCERTAIN TAX PROVISIONS UNDER FIN 48 THE MEDICAL CENTER IS A TAX-EXEMPT NOT-FOR-PROFIT ORGANIZATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ACCORDINGLY, NO PROVISION FOR FEDERAL OR STATE INCOME TAXES IS REQUIRED THE MEDICAL CENTER RECOGNIZES INCOME TAX POSITIONS WHEN IT IS MORE-LIKELY-THAN-NOT THAT THE POSITION WILL BE SUSTAINABLE BASED ON THE MERITS OF THE POSITION MANAGEMENT HAS CONCLUDED THAT THERE ARE NO MATERIAL TAX LIABILITIES THAT NEED TO BE RECORDED
REC OF CHANGE IN NET ASSETS FROM 990 TO AUDITED FINANCIAL STATEMENTS	SCHEDULE D, PART XI, LINE 8	OTHER CHANGES IN FUND BALANCE INCLUDE - PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST, (\$34,578,334), - NET ASSETS RELEASED FROM RESTRICTIONS FOR CAPITAL ACQUISITIONS, \$1,203,308, - NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS, \$1,104,920, AND - NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS, (\$130,154)
RECONCILIATION OF REVENUE PER AUDITED FINANCIAL STATEMENTS	SCHEDULE D, PART XII, LINE 2D	OTHER RECONCILIATION ITEMS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART VIII, LINE 12 INCLUDE - RENTAL EXPENSES - \$103,801
RECONCILIATION OF EXPENSES PER AUDITED FINANCIAL STATEMENTS	SCHEDULE D, PART XIII, LINE 2D	OTHER RECONCILIATION ITEMS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART IX, LINE 25 INCLUDE - RENTAL EXPENSES - \$103,801

Additional Data

Software ID:
Software Version:
EIN: 22-1537688
Name: HUNTERDON MEDICAL CENTER

Form 990, Schedule D, Part VIII - Investments— Program Related

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
SHORT-TERM INVESTMENTS	16,962,167	F
ASSETS WHOSE USE IS LIMITED	1,048,874	F
FUNDS HELD BY TRUSTEE	3,244,942	F
AGENCY FUNDS	1,474,126	F
BOARD DESIGNATED FUNDS	42,020,115	F
DONOR RESTRICTED ASSETS	14,222,285	F
BENEFICIAL INTEREST IN TRUSTS	1,872,183	F
INVESTMENTS - LAND	213,099	F
ASSETS OF HMC FOUNDATION	6,044,976	F

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization HUNTERDON MEDICAL CENTER

Employer identification number 22-1537688

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? 1b If "Yes," is it a written policy? 2 If the organization had multiple hospitals... 3 Answer the following based on the charity care eligibility criteria... 4 Did the organization's policy provide free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care... 5b If "Yes," did the organization's charity care expenses exceed the budgeted amount? 5c If "Yes" to line 5b... 6a Did the organization prepare a community benefit report... 6b If "Yes," did the organization make it available to the public?

7 Charity Care and Certain Other Community Benefits at Cost

Table with 7 columns: (a) Number of activities or programs (optional), (b) Persons served (optional), (c) Total community benefit expense, (d) Direct offsetting revenue, (e) Net community benefit expense, (f) Percent of total expense. Rows include Charity Care and Means-Tested Government Programs and Other Benefits.

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	1	0	471,906	67,822	404,084	0.180 %
2 Economic development						
3 Community support	1	668	1,788	0	1,788	0 %
4 Environmental improvements	1	2,000	120,692	12,186	108,506	0.050 %
5 Leadership development and training for community members						
6 Coalition building	2	113	1,365	0	1,365	0 %
7 Community health improvement advocacy						
8 Workforce development	1	26	140	0	140	0 %
9 Other						
10 Total	6	2,807	595,891	80,008	515,883	0.230 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2 Enter the amount of the organization's bad debt expense	2		10,339,392
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3		2,584,848
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	55,463,000
6 Enter Medicare allowable costs of care relating to payments on line 5	6	61,454,281
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-5,991,281
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a 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	HUNTERDON MEDICAL CENTER 2100 WESCOTT DRIVE FLEMINGTON, NJ 08822	X	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)

HUNTERDON MEDICAL CENTER

Name of Hospital Facility: _____

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 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
<ul style="list-style-type: none"> a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> 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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
<ul style="list-style-type: none"> a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> 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)		
<ul style="list-style-type: none"> a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> 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		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that 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? If "Yes," indicate the FPG family income limit for eligibility for free care <u>300</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

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 <u>500</u> %			
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 <input type="checkbox"/> Income level			
b <input type="checkbox"/> Asset level			
c <input type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input type="checkbox"/> 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 <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site			
b <input type="checkbox"/> The policy was attached to all billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Reporting to credit agency			
b <input checked="" type="checkbox"/> Lawsuits			
c <input checked="" type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments or arrests			
e <input type="checkbox"/> 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	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a <input checked="" type="checkbox"/> Reporting to credit agency			
b <input checked="" type="checkbox"/> Lawsuits			
c <input checked="" type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> 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 <input checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission			
b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge			
c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e <input type="checkbox"/> Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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?

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)

	Yes	No
18	Yes	

Individuals Eligible for Financial Assistance

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 its 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?

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?

.

If "Yes," explain in Part VI

19		
20		No
21	Yes	

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? 18

Name and address	Type of Facility (Describe)
1 See Additional Data Table	
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, 6l, 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
ELIGIBILITY FOR DISCOUNTED CARE	PART I, LINE 3C	THE INCOME BASED CRITERIA USED TO DETERMINE ELIGIBILITY IS PER NEW JERSEY ADMINISTRATIVE CODE 10 52 SUB CHAPTERS 11, 12 AND 13, AND BASED UPON THE 2011 POVERTY GUIDELINES (DEPARTMENT OF HEALTH AND SENIOR SERVICES) FPG ARE INCLUDED IN THE CRITERIA FOR DETERMINING ELIGIBILITY FOR CHARITY AND DISCOUNTED CARE

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, QUESTION 6A	NOT APPLICABLE

Identifier	ReturnReference	Explanation
SUBSIDIZED HEALTH SERVICES	SCHEDULE H, PART I, QUESTION 7	NO COSTS RELATING TO SUBSIDIZED HEALTHCARE SERVICES ARE ATTRIBUTABLE TO ANY PHYSICIAN CLINICS

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, QUESTION 7 COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$10,339,392

Identifier	ReturnReference	Explanation
CHARITY CARE AND CERTAIN OTHER COMMUNITY BENEFIT COST	SCHEDULE H, PART I, QUESTION 7	WORKSHEET 2 WAS USED FOR THE COST TO CHARGE RATIO

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	THE TWO PRIMARY ACTIVITIES ARE SUBSIDIZED HOUSING FOR THE MEDICAL RESIDENTS OF HUNTERDON MEDICAL CENTER, AND OUR IN-HOUSE RECYCLING AND SHREDDING PROGRAMS. IN 2008 WE BEGAN THE PHARMACEUTICAL WASTE RECYCLING PROGRAM AND THE MERCURY REDUCTION PROGRAM.

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, QUESTION 4	<p>BAD DEBT EXPENSE WAS CALCULATED USING THE PROVIDERS' BAD DEBT EXPENSE FROM ITS AUDITED FINANCIAL STATEMENTS, NET OF ACCOUNTS WRITTEN OFF AT CHARGES. THE ORGANIZATION ISSUED AUDITED FINANCIAL STATEMENTS. THE ORGANIZATION'S ALLOWANCE FOR DOUBTFUL ACCOUNTS (BAD DEBT EXPENSE) METHODOLOGY AND CHARITY CARE POLICIES ARE CONSISTENTLY APPLIED. BELOW DESCRIBES IT IN MORE DETAIL. PATIENT ACCOUNTS RECEIVABLE PATIENT ACCOUNTS RECEIVABLES ARE RECORDED AT THE REIMBURSED OR CONTRACTED AMOUNT AND DO NOT BEAR INTEREST. THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS THE MEDICAL CENTER'S BEST ESTIMATE OF THE AMOUNT OF PROBABLE CREDIT LOSSES IN THE MEDICAL CENTER'S EXISTING PATIENT ACCOUNTS RECEIVABLE. THE MEDICAL CENTER DETERMINES THE ALLOWANCE BASED ON HISTORICAL WRITE-OFF EXPERIENCE. THE MEDICAL CENTER REVIEWS ITS ALLOWANCE FOR DOUBTFUL ACCOUNTS PERIODICALLY. PAST DUE BALANCES ARE REVIEWED INDIVIDUALLY FOR COLLECTABILITY. ACCOUNT BALANCES ARE CHARGED OFF AGAINST THE ALLOWANCE AFTER ALL MEANS OF COLLECTION HAVE BEEN EXHAUSTED AND THE POTENTIAL FOR RECOVERY IS CONSIDERED. REMOTE CHARITY CARE AND UNCOMPENSATED CARE IN FURTHERANCE OF ITS CHARITABLE PURPOSE, THE MEDICAL CENTER PROVIDES A WIDE VARIETY OF BENEFITS TO THE COMMUNITY, INCLUDING OFFERING VARIOUS COMMUNITY-BASED PROGRAMS, SUCH AS LIFELINE, HEALTH SCREENINGS, TRAINING FOR EMERGENCY SERVICE PERSONNEL, SOCIAL SERVICE, SUPPORT COUNSELING FOR PATIENTS AND FAMILIES, PASTORAL CARE, AND CRISIS INTERVENTION. ADDITIONALLY, A LARGE NUMBER OF HEALTH-RELATED EDUCATIONAL PROGRAMS ARE PROVIDED FOR THE BENEFIT OF THE COMMUNITY, INCLUDING HEALTH ENHANCEMENTS AND WELLNESS, CLASSES ON SPECIFIC CONDITIONS, AND TELEPHONE INFORMATION SERVICES DESIGNED TO IMPROVE THE GENERAL STANDARDS OF THE HEALTH OF THE COMMUNITY. THE MEDICAL CENTER ALSO PROVIDES MEDICAL CARE WITHOUT CHARGE OR AT REDUCED COSTS TO RESIDENTS OF ITS COMMUNITY WHO MEET THE CRITERIA UNDER STATE REGULATION FOR CHARITY CARE. THE MEDICAL CENTER'S DEFINITION OF CHARITY CARE INCLUDES SERVICES PROVIDED AT NO CHARGE OR AT REDUCED CHARGE TO PATIENTS WHO ARE UNINSURED OR UNDERINSURED. THE MEDICAL CENTER MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES. THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FORGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY. AN OVERALL COST TO CHARGE RATIO WAS APPLIED TO ARRIVE AT THE COST OF CHARITY CARE, AND AS A RESULT THE COST OF CHARITY CARE AMOUNTED TO \$7,779,238 AND \$8,994,200 IN 2011 AND 2010, RESPECTIVELY. BECAUSE THE MEDICAL CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE. THE STATE PROVIDES CERTAIN SUBSIDY PAYMENTS TO QUALIFIED HOSPITALS TO PARTIALLY FUND UNCOMPENSATED CARE AND CERTAIN OTHER COSTS. SUBSIDY PAYMENTS RECOGNIZED AS REVENUE AMOUNTED TO APPROXIMATELY \$1,641,695 AND \$1,629,575 FOR 2011 AND 2010, RESPECTIVELY, AND ARE INCLUDED IN OTHER REVENUE.</p>

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, QUESTION 8	<p>MEDICARE COSTS WERE DERIVED FROM THE 2011 MEDICARE COST REPORT. MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS ARE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. THE ORGANIZATION DID NOT INCLUDE MEDICARE UNDERPAYMENTS (SHORTFALL) AND BAD DEBT IN THE CALCULATION OF THEIR COMMUNITY BENEFIT PERCENTAGE. HOWEVER, THE ORGANIZATION FEELS THAT MEDICARE UNDERPAYMENTS (SHORTFALL) AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS SHOULD BE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I AS OUTLINED MORE FULLY BELOW. THE ORGANIZATION BELIEVES THAT THESE SERVICES AND RELATED COSTS PROMOTE THE HEALTH OF THE COMMUNITY AS A WHOLE AND ARE RENDERED IN CONJUNCTION WITH THE ORGANIZATION'S CHARITABLE TAX-EXEMPT PURPOSES AND MISSION IN PROVIDING MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER WITHOUT REGARD TO RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY AND CONSISTENT WITH THE COMMUNITY BENEFIT STANDARD PROMULGATED BY THE IRS. THE COMMUNITY BENEFIT STANDARD IS THE CURRENT STANDARD FOR A HOSPITAL FOR RECOGNITION AS A TAX-EXEMPT AND CHARITABLE ORGANIZATION UNDER INTERNAL REVENUE CODE ("IRC") 501(C)(3). THE ORGANIZATION IS RECOGNIZED AS A TAX-EXEMPT ENTITY AND CHARITABLE ORGANIZATION UNDER 501(C)(3) OF THE IRC. ALTHOUGH THERE IS NO DEFINITION IN THE TAX CODE FOR THE TERM "CHARITABLE," A REGULATION PROMULGATED BY THE DEPARTMENT OF THE TREASURY PROVIDES SOME GUIDANCE AND STATES THAT "[T]HE TERM CHARITABLE IS USED IN 501(C)(3) IN ITS GENERALLY ACCEPTED LEGAL SENSE," AND PROVIDES EXAMPLES OF CHARITABLE PURPOSES, INCLUDING THE RELIEF OF THE POOR OR UNPRIVILEGED, THE PROMOTION OF SOCIAL WELFARE, AND THE ADVANCEMENT OF EDUCATION, RELIGION, AND SCIENCE. NOTE IT DOES NOT EXPLICITLY ADDRESS THE ACTIVITIES OF HOSPITALS. IN THE ABSENCE OF EXPLICIT STATUTORY OR REGULATORY REQUIREMENTS APPLYING THE TERM "CHARITABLE" TO HOSPITALS, IT HAS BEEN LEFT TO THE IRS TO DETERMINE THE CRITERIA HOSPITALS MUST MEET TO QUALIFY AS IRC 501(C)(3) CHARITABLE ORGANIZATIONS. THE ORIGINAL STANDARD WAS KNOWN AS THE CHARITY CARE STANDARD. THIS STANDARD WAS REPLACED BY THE IRS WITH THE COMMUNITY BENEFIT STANDARD WHICH IS THE CURRENT STANDARD. CHARITY CARE STANDARD IN 1956, THE IRS ISSUED REVENUE RULING 56-185, WHICH ADDRESSED THE REQUIREMENTS HOSPITALS NEEDED TO MEET IN ORDER TO QUALIFY FOR IRC 501(C)(3) STATUS. ONE OF THESE REQUIREMENTS IS KNOWN AS THE "CHARITY CARE STANDARD." UNDER THE STANDARD, A HOSPITAL HAD TO PROVIDE, TO THE EXTENT OF ITS FINANCIAL ABILITY, FREE OR REDUCED-COST CARE TO PATIENTS UNABLE TO PAY FOR IT. A HOSPITAL THAT EXPECTED FULL PAYMENT DID NOT, ACCORDING TO THE RULING, PROVIDE CHARITY CARE. BASED ON THE FACT THAT SOME PATIENTS ULTIMATELY FAILED TO PAY, THE RULING EMPHASIZED THAT A LOW LEVEL OF CHARITY CARE DID NOT NECESSARILY MEAN THAT A HOSPITAL HAD FAILED TO MEET THE REQUIREMENT SINCE THAT LEVEL COULD REFLECT ITS FINANCIAL ABILITY TO PROVIDE SUCH CARE. THE RULING ALSO NOTED THAT PUBLICLY SUPPORTED COMMUNITY HOSPITALS WOULD NORMALLY QUALIFY AS CHARITABLE ORGANIZATIONS BECAUSE THEY SERVE THE ENTIRE COMMUNITY, AND A LOW LEVEL OF CHARITY CARE WOULD NOT AFFECT A HOSPITAL'S EXEMPT STATUS IF IT WAS DUE TO THE SURROUNDING COMMUNITY'S LACK OF CHARITABLE DEMANDS. COMMUNITY BENEFIT STANDARD IN 1969, THE IRS ISSUED REVENUE RULING 69-545, WHICH "REMOVED" FROM REVENUE RULING 56-185 "THE REQUIREMENTS RELATING TO CARING FOR PATIENTS WITHOUT CHARGE OR AT RATES BELOW COST." UNDER THE STANDARD DEVELOPED IN REVENUE RULING 69-545, WHICH IS KNOWN AS THE "COMMUNITY BENEFIT STANDARD," HOSPITALS ARE JUDGED ON WHETHER THEY PROMOTE THE HEALTH OF A BROAD CLASS OF INDIVIDUALS IN THE COMMUNITY. THE RULING INVOLVED A HOSPITAL THAT ONLY ADMITTED INDIVIDUALS WHO COULD PAY FOR THE SERVICES (BY THEMSELVES, PRIVATE INSURANCE, OR PUBLIC PROGRAMS SUCH AS MEDICARE), BUT OPERATED A FULL-TIME EMERGENCY ROOM THAT WAS OPEN TO EVERYONE. THE IRS RULED THAT THE HOSPITAL QUALIFIED AS A CHARITABLE ORGANIZATION BECAUSE IT PROMOTED THE HEALTH OF PEOPLE IN ITS COMMUNITY. THE IRS REASONED THAT BECAUSE THE PROMOTION OF HEALTH WAS A CHARITABLE PURPOSE ACCORDING TO THE GENERAL LAW OF CHARITY, IT FELL WITHIN THE "GENERALLY ACCEPTED LEGAL SENSE" OF THE TERM "CHARITABLE," AS REQUIRED BY TREAS. REG. 1.501(C)(3)-1(D)(2). THE IRS RULING STATED THAT THE PROMOTION OF HEALTH, LIKE THE RELIEF OF POVERTY AND THE ADVANCEMENT OF EDUCATION AND RELIGION, IS ONE OF THE PURPOSES IN THE GENERAL LAW OF CHARITY THAT IS DEEMED BENEFICIAL TO THE COMMUNITY AS A WHOLE. EVEN THOUGH THE CLASS OF BENEFICIARIES ELIGIBLE TO RECEIVE A DIRECT BENEFIT FROM ITS ACTIVITIES DOES NOT INCLUDE ALL MEMBERS OF THE COMMUNITY, SUCH AS INDIGENT MEMBERS OF THE COMMUNITY, PROVIDED THAT THE CLASS IS NOT SO SMALL THAT ITS RELIEF IS NOT OF BENEFIT TO THE COMMUNITY. THE IRS CONCLUDED THAT THE HOSPITAL WAS "PROMOTING THE HEALTH OF A CLASS OF PERSONS THAT IS BROAD ENOUGH TO BENEFIT THE COMMUNITY" BECAUSE ITS EMERGENCY ROOM WAS OPEN TO ALL AND IT</p>

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, QUESTION 8	<p>PROVIDED CARE TO EVERYONE WHO COULD PAY, WHETHER DIRECTLY OR THROUGH THIRD-PARTY REIMBURSEMENT OTHER CHARACTERISTICS OF THE HOSPITAL THAT THE IRS HIGHLIGHTED INCLUDED THE FOLLOWING ITS SURPLUS FUNDS WERE USED TO IMPROVE PATIENT CARE, EXPAND HOSPITAL FACILITIES, AND ADVANCE MEDICAL TRAINING, EDUCATION, AND RESEARCH, IT WAS CONTROLLED BY A BOARD OF TRUSTEES THAT CONSISTED OF INDEPENDENT CIVIC LEADERS, AND HOSPITAL MEDICAL STAFF PRIVILEGES WERE AVAILABLE TO ALL QUALIFIED PHYSICIANS MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS ARE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I THE AMERICAN HOSPITAL ASSOCIATION ("AHA") FEELS THAT MEDICARE UNDERPAYMENTS (SHORTFALL) AND BAD DEBT ARE COMMUNITY BENEFIT AND THUS INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I THIS ORGANIZATION AGREES WITH THE AHA POSITION AS OUTLINED IN THE AHA LETTER TO THE IRS DATED AUGUST 21, 2007 WITH RESPECT TO THE FIRST PUBLISHED DRAFT OF THE NEW FORM 990 AND SCHEDULE H, THE AHA FELT THAT THE IRS SHOULD INCORPORATE THE FULL VALUE OF THE COMMUNITY BENEFIT THAT HOSPITALS PROVIDE BY COUNTING MEDICARE UNDERPAYMENTS (SHORTFALL) AS QUANTIFIABLE COMMUNITY BENEFIT FOR THE FOLLOWING REASONS - PROVIDING CARE FOR THE ELDERLY AND SERVING MEDICARE PATIENTS IS AN ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD - MEDICARE, LIKE MEDICAID, DOES NOT PAY THE FULL COST OF CARE RECENTLY, MEDICARE REIMBURSES HOSPITALS ONLY 92 CENTS FOR EVERY DOLLAR THEY SPEND TO TAKE CARE OF MEDICARE PATIENTS THE MEDICARE PAYMENT ADVISORY COMMISSION ("MEDPAC") IN ITS MARCH 2007 REPORT TO CONGRESS CAUTIONED THAT UNDERPAYMENT WILL GET EVEN WORSE, WITH MARGINS REACHING A 10-YEAR LOW AT NEGATIVE 5.4 PERCENT - MANY MEDICARE BENEFICIARIES, LIKE THEIR MEDICAID COUNTERPARTS, ARE POOR MORE THAN 46 PERCENT OF MEDICARE SPENDING IS FOR BENEFICIARIES WHOSE INCOME IS BELOW 200 PERCENT OF THE FEDERAL POVERTY LEVEL MANY OF THOSE MEDICARE BENEFICIARIES ARE ALSO ELIGIBLE FOR MEDICAID -- SO CALLED "DUAL ELIGIBLES" THERE IS EVERY COMPELLING PUBLIC POLICY REASON TO TREAT MEDICARE AND MEDICAID UNDERPAYMENTS SIMILARLY FOR PURPOSES OF A HOSPITAL'S COMMUNITY BENEFIT AND INCLUDE THESE COSTS ON FORM 990, SCHEDULE H, PART I MEDICARE UNDERPAYMENT MUST BE SHOULDERED BY THE HOSPITAL IN ORDER TO CONTINUE TREATING THE COMMUNITY'S ELDERLY AND POOR THESE UNDERPAYMENTS REPRESENT A REAL COST OF SERVING THE COMMUNITY AND SHOULD COUNT AS A QUANTIFIABLE COMMUNITY BENEFIT BOTH THE AHA AND THIS ORGANIZATION ALSO FEEL THAT PATIENT BAD DEBT IS A COMMUNITY BENEFIT AND THUS INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I LIKE MEDICARE UNDERPAYMENT (SHORTFALLS), THERE ALSO ARE COMPELLING REASONS THAT PATIENT BAD DEBT SHOULD BE COUNTED AS QUANTIFIABLE COMMUNITY BENEFIT AS FOLLOWS - A SIGNIFICANT MAJORITY OF BAD DEBT IS ATTRIBUTABLE TO LOW-INCOME PATIENTS, WHO, FOR MANY REASONS, DECLINE TO COMPLETE THE FORMS REQUIRED TO ESTABLISH ELIGIBILITY FOR HOSPITALS' CHARITY CARE OR FINANCIAL ASSISTANCE PROGRAMS A 2006 CONGRESSIONAL BUDGET OFFICE ("CBO") REPORT, NONPROFIT HOSPITALS AND THE PROVISION OF COMMUNITY BENEFITS, CITED TWO STUDIES INDICATING THAT "THE GREAT MAJORITY OF BAD DEBT WAS ATTRIBUTABLE TO PATIENTS WITH INCOMES BELOW 200% OF THE FEDERAL POVERTY LINE" - THE REPORT ALSO NOTED THAT A SUBSTANTIAL PORTION OF BAD DEBT IS PENDING CHARITY CARE UNLIKE BAD DEBT IN OTHER INDUSTRIES, HOSPITAL BAD DEBT IS COMPLICATED BY THE FACT THAT HOSPITALS FOLLOW THEIR MISSION TO THE COMMUNITY AND TREAT EVERY PATIENT THAT COMES THROUGH THEIR EMERGENCY DEPARTMENT, REGARDLESS OF ABILITY TO PAY PATIENTS WHO HAVE OUTSTANDING BILLS ARE NOT TURNED AWAY, UNLIKE OTHER INDUSTRIES BAD DEBT IS FURTHER COMPLICATED BY THE AUDITING INDUSTRY'S STANDARDS ON REPORTING CHARITY CARE MANY PATIENTS CANNOT OR DO NOT PROVIDE THE NECESSARY, EXTENSIVE DOCUMENTATION REQUIRED TO BE DEEMED CHARITY CARE BY AUDITORS AS A RESULT, ROUGHLY 40% OF BAD DEBT IS PENDING CHARITY CARE - THE CBO CONCLUDED THAT ITS FINDINGS "SUPPORT THE VALIDITY OF T</p>

Identifier	ReturnReference	Explanation
COLLECTION POLICY	SCHEDULE H, PART III, SECTION B, QUESTION 9B	<p>ACCOUNTS CONSIDERED TO BE CHARITY CARE ARE NOT INCLUDED IN THE BAD DEBT EXPENSE, BUT RATHER, ACCOUNTED FOR AS AN ALLOWANCE IT IS THE POLICY OF HUNTERDON MEDICAL CENTER, TO TREAT ALL PATIENTS EQUALLY REGARDLESS OF INSURANCE AND THEIR ABILITY TO PAY FOR ACCOUNTS DETERMINED TO BE "SELF-PAY" AND/OR ACCOUNTS WITH BALANCE AFTER PRIMARY INSURANCE PAYMENTS, THE COLLECTION POLICY REQUIRES SENDING THREE STATEMENTS, A MINIMUM OF ONE PRE-COLLECTION LETTER, TELEPHONE CONTACT FOR ANY ACCOUNT OVER \$5 000 00 OR AT THE DISCRETION OF THE ACCOUNT REPRESENTATIVE AND/OR SUPERVISOR THE FACILITY ALSO HAS A CHARITY CARE ACCESS POLICY TO ASSURE PATIENTS ARE PROVIDED WITH CHARITY CARE ASSISTANCE DETERMINED BY STATE AND FEDERAL REGULATIONS IT IS THE POLICY TO INFORM ALL PATIENTS DEEMED SELF-PAY OF THE APPROPRIATE ASSISTANCE PROGRAMS AVAILABLE PATIENTS APPLYING FOR CHARITY CARE ASSISTANCE WILL BE FINANCIALLY SCREENED BY A RESOURCE ADVISOR TO DETERMINE ELIGIBILITY ACCORDING TO STATE AND FEDERAL GUIDELINES AND WILL BE INFORMED OF DOCUMENTATION NEEDED TO COMPLETE A CHARITY CARE APPLICATION PATIENTS NOT ELIGIBLE FOR CHARITY CARE WILL BE FINANCIALLY COUNSELED FOR ALL OTHER OPTIONS QUALIFIED PATIENTS WILL BE REFERRED TO ALL APPROPRIATE AGENCIES OR PROGRAMS TO MEET OTHER FINANCIAL NEEDS AT THE TIME OF THE PATIENT VISIT AND PART OF THE REGISTRATION PROCESS AT THE FACILITY, THE FOLLOWING OPTIONS ARE MADE AVAILABLE TO PATIENTS - FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR MEDICAL ASSISTANCE INCLUDING MEDICAID AND SSI, - FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR THE NEW JERSEY HOSPITAL CARE PAYMENT ASSISTANCE PROGRAM, AND, - FINANCIAL ARRANGEMENTS INCLUDING 1 CASH/CREDIT CARD (AMERICAN EXPRESS, DISCOVER, VISA, MASTERCARD), OR 2 FLEXIBLE PAYMENT PLANS IN ADDITION TO THE ABOVE OPTIONS, THE FACILITY HAS ESTABLISHED A SELF-PAY ASSISTANCE PROGRAM FOR OUR UNINSURED PATIENTS THAT DO NOT QUALIFY FOR MEDICAID OR THE NEW JERSEY HOSPITAL CARE PAYMENT ASSISTANCE PROGRAM THE SELF-PAY ASSISTANCE PROGRAM RATES ARE REFLECTIVE OF MEDICARE REIMBURSEMENT, AS REFERRED BY THE STATE OF NEW JERSEY</p>

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTIONS 1J, 3, 4, 5C, 6I & 7	NOT APPLICABLE

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTIONS 9, 10, 11H, 13G, 15E, 16E, 17E, 18D, 20&21	NOT APPLICABLE

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTION 19D	THE FACILITY USES 115% OF THE MEDICARE RATE AS THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO FAP- ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, QUESTION 2	UNDER THE BYLAWS OF HMC, THE HOSPITAL HAS A NEEDS COMMITTEE WHICH ANALYZES THE HEALTHCARE SERVICES THAT ARE CONSIDERED NECESSARY TO MEET THE HEALTHCARE NEEDS OF THE COMMUNITY THE COMMITTEE IS COMPRISED OF HEALTHCARE ADMINISTRATION, PHYSICIANS AND COMMUNITY MEMBERS THIS COMMITTEE WORKS TOWARD ENSURING THERE IS AN APPROPRIATE SUPPLY OF PHYSICIANS TO MEET THE NEEDS OF THE POPULATION HUNTERDON MEDICAL CENTER ALSO CONTINUES TO WORK WITH THE "PARTNERSHIP FOR HEALTH", WHICH IS A GROUP OF ORGANIZATIONS IN THE COUNTY INCLUDING THE HUNTERDON COUNTY DEPARTMENT OF HEALTH, THE UNITED WAY OF HUNTERDON COUNTY AND MANY OTHER ORGANIZATIONS THE EFFORTS OF THIS ORGANIZATION ARE TO IMPROVE THE HEALTH STATUS OF THE COMMUNITY AND FOCUS ON SUCH ISSUES AS DIABETES, BEHAVIORAL HEALTH AND WEIGHT MANAGEMENT A NEW ASSESSMENT WAS BEGUN IN 2011 TO REDEFINE THE MOST IMPORTANT HEALTH INITIATIVES TO ADDRESS

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, QUESTION 3	CHARITY CARE SIGNS ARE POSTED THROUGHOUT THE FACILITY, MAINLY IN PATIENT REGISTRATION AREAS SIGNS ARE POSTED IN BOTH ENGLISH AND SPANISH ALL PATIENTS DEEMED SELF-PAY ARE SCREENED FOR FINANCIAL ASSISTANCE BY A RESOURCE ADVISOR ACCORDING TO THE FEDERAL POVERTY GUIDELINES AND REFERRED TO APPROPRIATE AGENCIES OR PROGRAMS

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	SCHEDULE H, PART VI, QUESTION 4	HUNTERDON MEDICAL CENTER'S PRIMARY SERVICE AREA IS HUNTERDON COUNTY, NEW JERSEY, BUT ALSO SERVES PART OF SOMERSET, WARREN AND MERCER COUNTIES THE CENSUS FOR HUNTERDON COUNTY AS OF 2010 WAS 128,349 IT IS PART OF THE NY METROPOLITAN AREA AND THE COUNTY SEAT IS FLEMINGTON THE RACIAL MAKE-UP OF THE COUNTY IS 91.4% CAUCASIAN, 2.7% AFRICAN AMERICAN, 0.1% NATIVE AMERICAN, 3.3% ASIAN AND 5.2% HISPANIC/LATINO HUNTERDON COUNTY HAS BEEN RANKED AS HAVING THE 4TH HIGHEST INCOME PER CAPITA IN THE U S

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, QUESTION 5	HUNTERDON MEDICAL CENTER HAS FURTHERED ITS EXEMPT PURPOSE IN SUCH PROGRAMS AS 1) LATINO HEALTH INITIATIVE FOCUSED ON LOW-INCOME IMMIGRANTS HEALTH NEEDS, 2) CREATION OF A MEDICATION ACCESS PROGRAM IN COLLABORATION WITH THE PHARMACEUTICAL INDUSTRY TO DISTRIBUTE FREE PRESCRIPTION DRUGS TO PATIENTS UNABLE TO PAY, AND 3) ANNUAL FREE HEALTH SCREENING PROGRAMS FOR THE ENTIRE COUNTY FOR BREAST CANCER, PROSTATE CANCER, COLON CANCER, HEARING LOSS, ALZHEIMER'S DISEASE, PRE-NATAL AND DIABETES CARE, AMONG OTHERS

Identifier	ReturnReference	Explanation
AFFILIATED HEALTHCARE SYSTEM	SCHEDULE H, PART VI, QUESTION 6	<p>THIS ORGANIZATION IS AN AFFILIATE OF THE HUNTERDON HEALTHCARE SYSTEM. ALL AFFILIATES ARE COMMITTED TO ENHANCING THE OVERALL HEALTH STATUS OF THE COMMUNITY BY PROVIDING THE HIGHEST QUALITY HEALTHCARE AND RELATED SERVICES. THE HUNTERDON HEALTHCARE SYSTEM STRIVES TO EXCEED THE PATIENTS' EXPECTATIONS EMPHASIZING COMMITMENT, COMPETENCE, COLLABORATION, COMMUNICATION, AND COMPASSION. OUTLINED BELOW IS A SUMMARY OF THE ENTITIES WHICH COMPRISE THE HUNTERDON HEALTHCARE SYSTEM, INC. NOT FOR PROFIT HUNTERDON HEALTHCARE SYSTEM ENTITIES: HUNTERDON HEALTHCARE SYSTEM, INC. HUNTERDON HEALTHCARE SYSTEM, INC. ("HHS") IS THE TAX-EXEMPT PARENT OF THE HUNTERDON HEALTHCARE SYSTEM, INC. ("SYSTEM"). THIS INTEGRATED HEALTHCARE DELIVERY SYSTEM CONSISTS OF A GROUP OF AFFILIATED HEALTHCARE ORGANIZATIONS. THE SOLE MEMBER OR STOCK HOLDER OF EACH ENTITY IS EITHER HHS OR ANOTHER SYSTEM AFFILIATE CONTROLLED BY HHS. THE SYSTEM IS AN INTEGRATED NETWORK OF HEALTHCARE PROVIDERS THROUGHOUT THE STATE OF NEW JERSEY. HUNTERDON HEALTHCARE SYSTEM, INC. IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A SUPPORTING ORGANIZATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(3). HUNTERDON HEALTHCARE SYSTEM, INC. STRIVES TO CONTINUALLY DEVELOP AND OPERATE A HEALTHCARE SYSTEM WHICH PROVIDES SUBSTANTIAL COMMUNITY BENEFIT THROUGH THE PROVISION OF A COMPREHENSIVE SPECTRUM OF HEALTHCARE SERVICES TO THE RESIDENTS OF NEW JERSEY AND SURROUNDING COMMUNITIES. HUNTERDON HEALTHCARE SYSTEM, INC. ENSURES THAT HUNTERDON MEDICAL CENTER PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. NO INDIVIDUALS ARE DENIED NECESSARY MEDICAL CARE, TREATMENT OR SERVICES. HUNTERDON MEDICAL CENTER OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545: 1. THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS, 2. THE ORGANIZATION OPERATES AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS, WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR, 3. THE ORGANIZATION MAINTAINS A CLOSED MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS, AND 4. CONTROL OF THE ORGANIZATION RESTS WITH ITS BOARD OF TRUSTEES AND THE BOARD OF TRUSTEES OF HUNTERDON HEALTHCARE SYSTEM, INC. BOTH BOARDS ARE COMPRISED OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY. 5. SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE, PROGRAMS AND ACTIVITIES. HUNTERDON MEDICAL CENTER: HUNTERDON MEDICAL CENTER ("HMC") IS A 178-BED LICENSED NON-PROFIT COMMUNITY HOSPITAL LOCATED IN FLEMINGTON, NEW JERSEY. HMC IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS AN INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION PURSUANT TO ITS CHARITABLE PURPOSES. HMC PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. MOREOVER, HMC OPERATES CONSISTENTLY WITH THE CRITERIA OUTLINED IN IRS REVENUE RULING 69-545. HUNTERDON MEDICAL CENTER FOUNDATION: HUNTERDON MEDICAL CENTER FOUNDATION IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(1). THROUGH FUNDRAISING ACTIVITIES THE ORGANIZATION SUPPORTS THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF HUNTERDON MEDICAL CENTER, A RELATED INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION, THAT PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. HUNTERDON REGIONAL COMMUNITY HEALTH, INC.: HUNTERDON REGIONAL COMMUNITY HEALTH, INC. IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(3). THE ORGANIZATION SUPPORTS THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF HUNTERDON MEDICAL CENTER, A RELATED INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION, THAT PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY. HUNTERDON HOSPICE: HUNTERDON HOSPICE IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(1). THE ORGANIZATION PROVIDES CARE AND SUPPORT FOR TERMINALLY ILL PATIENTS AND THEIR FAMILIES IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY.</p>

Identifier	ReturnReference	Explanation
AFFILIATED HEALTHCARE SYSTEM	SCHEDULE H, PART VI, QUESTION 6	<p>ION OR ABILITY TO PAY HUNTERDON HOSPICE HAS PROVIDED EXCEPTIONAL PHYSICAL, EMOTIONAL AND SPIRITUAL SUPPORT TO PATIENTS AND THEIR FAMILIES DURING LIFE'S FINAL STAGES WHETHER AT HO ME, IN THE HOSPITAL, OR IN A LONG-TERM CARE OR ASSISTED LIVING FACILITY, THEIR DEDICATED, HIGHLY SKILLED TEAM STRIVES TO IMPROVE QUALITY OF LIFE WHILE PROVIDING COMFORT, PRESERVING DIGNITY, AND HONORING THE UNIQUE WISHES OF EACH PATIENT AND FAMILY VISITING HEALTH & SUP PORTIVE SERVICES VISITING HEALTH & SUPPORTIVE SERVICES IS AN ORGANIZATION RECOGNIZED BY TH E INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND A S A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(1) THE ORGANIZATION S UPPTS THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF HUNTERDON MEDICAL CENTER, A RELA TED INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION, THAT PROVIDES MEDICALLY NECES SARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF R ACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY FOR PROFIT HUNTERDON HEALTHCARE SYSTEM ENTITIES MIDJERSEY HEALTH CORPORATION A FOR-PROFIT ENTITY WHOSE SOLE SHA REHOLDER IS HUNTERDON HEALTHCARE SYSTEM, INC ("HHS") THIS ENTITY PROVIDES OVERSIGHT TO V ARIOUS ENTITIES IN THE HHS DEL VALLEY OFFICE ASSOCIATION A PARTNERSHIP WHICH PROVIDES PRO PERTY MANAGEMENT SERVICES FOR BOTH HHS ENTITIES AND NON-HHS ENTITIES HUNTERDON MEDICAL OF FICE ASSOCIATES A PARTNERSHIP WHICH PROVIDES PROPERTY MANAGEMENT SERVICES FOR BOTH HHS ENT ITIES AND NON-HHS ENTITIES NORTH HUNTERDON MEDICAL ASSOCIATES A PARTNERSHIP WHICH PROVIDE S PROPERTY MANAGEMENT SERVICES FOR BOTH HHS ENTITIES AND NON-HHS ENTITIES HUNTERDON CARDI OVASCULAR HEALTH A PARTNERSHIP WHICH PROVIDES CARDIOVASCULAR HEALTHCARE SERVICES TO INDIVI DUALS HUNTERDON CENTER FOR SURGERY LLC A PARTNERSHIP WHICH PROVIDES SURGERY SERVICES TO I NDIVIDUALS HUNTERDON IMAGING ASSOCIATES A PARTNERSHIP WHICH PROVIDES IMAGING SERVICES TO INDIVIDUALS HUNTERDON COMMUNITY CARE, INC A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS HUNTERDON REGIONAL COMMUNITY HEALTH, INC ("HRCH") THIS ENTITY PROVIDES HEALTHCARE SERVIC ES TO INDIVIDUALS HUNTERDON REGIONAL PHARMACY, INC A FOR-PROFIT ENTITY WHOSE SOLE SHAREH OLDER IS HRCH THIS ENTITY OPERATES A PHARMACY AT THE HUNTERDON MEDICAL CENTER, FLEMINGTON , HUNTERDON COUNTY, NEW JERSEY HUNTERDON HEALTHCARE PARTNERS A PARTNERSHIP WHICH PROVIDES INTEGRATED HEALTHCARE DELIVERY SYSTEM SERVICES</p>

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, QUESTION 7	NOT APPLICABLE THE ENTITY AND RELATED PROVIDER ORGANIZATIONS ARE LOCATED IN NEW JERSEY NEW JERSEY DOES NOT REQUIRE HOSPITALS TO ANNUALLY SUBMIT A COMMUNITY BENEFIT REPORT

Additional Data

Software ID:
Software Version:
EIN: 22-1537688
Name: HUNTERDON MEDICAL CENTER

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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)	Type of Facility (Describe)
How many non-hospital facilities did the organization operate during the tax year? <u>18</u>	
Name and address	
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER AT CLINTON 1742 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

Part I Questions Regarding Compensation

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

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

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

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

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

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

a Receive a severance payment or change-of-control payment?

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

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

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

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

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

a The organization?

b Any related organization?

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

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

a The organization?

b Any related organization?

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

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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III

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

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

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
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 1B	THE ORGANIZATION PAID ROTARY CLUB DUES FOR ROBERT P WISE, PRESIDENT/CEO OF THE ORGANIZATION UTILIZATION OF THIS MEMBERSHIP WAS PRIMARILY FOR THE BENEFIT OF HUNTERDON MEDICAL CENTER
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 4B	THE AMOUNTS REFLECTED IN COLUMN B(III) FOR THE FOLLOWING INDIVIDUALS INCLUDES PARTICIPATION IN AN INTERNAL REVENUE CODE SECTION 457(F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN THE AMOUNTS OUTLINED HEREIN WERE INCLUDED IN EACH INDIVIDUAL'S 2011 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES JERROLD S GERTZMAN, M D , \$33,386, ROBERT P WISE, \$224,441, DANIEL J DEETS, \$51,670, LAWRENCE N GRAND, \$25,606, DEBORAH L HOSKINS, \$18,308, GEORGE ROKSVAAG, M D , \$28,343, NEIL HUDES, \$16,970, DONALD PINNER, \$13,320, VIOLET T KOCSIS, \$18,399 AND STANLEY KOZAKOWSKI, M D , \$22,299 THE DEFERRED COMPENSATION AMOUNT IN COLUMN C FOR THE FOLLOWING INDIVIDUALS INCLUDES UNVESTED BENEFITS IN AN INTERNAL REVENUE CODE SECTION 457 (F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) WHICH ARE SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE ACCORDINGLY, THE INDIVIDUALS MAY NEVER ACTUALLY RECEIVE THIS UNVESTED BENEFIT AMOUNT THE AMOUNTS OUTLINED HEREIN WERE NOT INCLUDED IN EACH INDIVIDUAL'S 2011 FORM W-2, AS TAXABLE WAGES ROBERT P WISE, \$56,571, DANIEL J DEETS, \$24,032, LAWRENCE N GRAND, \$33,712, ROBERT COATES, M D , \$24,752, DEBORAH L HOSKINS, \$17,728, GLEN A MAMARY, \$17,878, GEORGE ROKSVAAG, M D , \$24,709, NEIL HUDES, \$20,235, PATRICIA STEINGALL, \$23,434, DONALD PINNER, \$15,810, VIOLET T KOCSIS, \$19,132, CHRISTOPHER E SICKELS, \$7,110 AND STANLEY KOZAKOWSKI, M D , \$20,888
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 7	CERTAIN INDIVIDUALS INCLUDED IN SCHEDULE J, PART II RECEIVED A BONUS DURING CALENDAR YEAR 2011 WHICH AMOUNTS WERE INCLUDED IN COLUMN B(II) HEREIN AND IN EACH INDIVIDUAL'S 2011 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES PLEASE REFER TO THIS SECTION OF THE FORM 990, SCHEDULE J FOR THIS INFORMATION BY PERSON BY AMOUNT

Software ID:
Software Version:
EIN: 22-1537688
Name: HUNTERDON MEDICAL CENTER

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
JERROLD S GERTZMAN MD	(i) (ii)	135,220 0	7,721 0	33,386 0	31,839 0	28,511 0	236,677 0	0 0
ROBERT P WISE	(i) (ii)	475,073 0	191,900 0	265,395 0	89,354 0	135,941 0	1,157,663 0	0 0
DANIEL J DEETS	(i) (ii)	262,832 0	80,573 0	78,896 0	56,815 0	23,166 0	502,282 0	0 0
LAWRENCE N GRAND	(i) (ii)	253,285 0	75,975 0	50,867 0	66,495 0	4,242 0	450,864 0	0 0
ROBERT COATES MD	(i) (ii)	222,167 0	27,558 0	15,842 0	57,535 0	60,218 0	383,320 0	0 0
DEBORAH L HOSKINS	(i) (ii)	201,104 0	37,448 0	19,136 0	50,511 0	35,120 0	343,319 0	0 0
GLEN A MAMARY	(i) (ii)	198,218 0	28,698 0	2,706 0	49,066 0	59,626 0	338,314 0	0 0
GEORGE ROKSVAAG MD	(i) (ii)	317,773 0	59,180 0	39,357 0	57,492 0	7,418 0	481,220 0	0 0
NEIL HUDES	(i) (ii)	204,487 0	58,632 0	27,390 0	53,018 0	54,712 0	398,239 0	0 0
PATRICIA STEINGALL	(i) (ii)	192,151 0	54,618 0	5,887 0	56,217 0	23,613 0	332,486 0	0 0
DONALD PINNER	(i) (ii)	180,116 0	32,464 0	20,297 0	46,356 0	20,129 0	299,362 0	0 0
VIOLET T KOCSIS	(i) (ii)	165,295 0	32,613 0	18,399 0	44,563 0	57,731 0	318,601 0	0 0
STANLEY KOZAKOWSKI MD	(i) (ii)	174,749 0	0 0	34,881 0	48,677 0	37,911 0	296,218 0	0 0
DARLENE MITCHELL	(i) (ii)	165,322 0	23,265 0	180 0	25,040 0	20,786 0	234,593 0	0 0
JEFFREY HARTFORD MD	(i) (ii)	682,898 0	97,875 0	0 0	32,783 0	58,931 0	872,487 0	0 0
KEITH GOLDSTEIN MD	(i) (ii)	491,954 0	165,446 0	0 0	32,783 0	55,468 0	745,651 0	0 0
SOHAIL HADDAD MD	(i) (ii)	203,650 0	203,604 0	0 0	32,783 0	57,283 0	497,320 0	0 0
DAVID COHN MD	(i) (ii)	278,206 0	112,337 0	0 0	32,783 0	57,678 0	481,004 0	0 0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
JOSEPH GUGLIOTTA	(i)	355,473	29,892	0	49,283	46,049	480,697	0
MD	(ii)	0	0	0	0	0	0	0

**Schedule K
(Form 990)**

OMB No 1545-0047

Supplemental Information on Tax Exempt Bonds

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

▶ **Attach to Form 990. ▶ See separate instructions.**

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FZG1	12-01-2009	12,765,000	REPAY 1990 BOND SERIES & PURCHASE		X		X		X
B	NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FLL5	12-12-2006	17,915,132	CONSTRUCTION OF CLINTON CAMPUS		X		X		X
C	NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FHC0	01-05-2006	23,002,609	IS EQUIPMENT & CONST PARKING GAR		X		X		X

Part II Proceeds

	A	B	C	D				
1 Amount of bonds retired	0	0	0					
2 Amount of bonds defeased	0	0	0					
3 Total proceeds of issue	12,765,000	17,915,132	23,002,609					
4 Gross proceeds in reserve funds	0	1,183,889	2,059,849					
5 Capitalized interest from proceeds	0	982,960	479,866					
6 Proceeds in refunding escrow	8,041,504	0	0					
7 Issuance costs from proceeds	300,162	414,074	562,217					
8 Credit enhancement from proceeds	0	0	0					
9 Working capital expenditures from proceeds	0	0	0					
10 Capital expenditures from proceeds	4,988,388	18,629,117	20,003,097					
11 Other spent proceeds	565,055	3,294,908	102,421					
12 Other unspent proceeds	0	0	0					
13 Year of substantial completion	2011	2008	2007					
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?	X			X		X		
15 Were the bonds issued as part of an advance refunding issue?		X		X		X		
16 Has the final allocation of proceeds been made?	X		X		X			
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?	X		X		X			
2 Is the bond issue a variable rate issue?		X		X		X		
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		
b Name of provider	0		0		0			
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?		X		X		X		
b Name of provider	0		0		0			
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X	X		X			
6 Did the bond issue qualify for an exception to rebate?		X		X		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
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Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization HUNTERDON MEDICAL CENTER

Employer identification number 22-1537688

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

Table with 3 main columns: (a) Name of disqualified person, (b) Description of transaction, (c) Corrected? (Yes/No)

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958. 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization.

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

Table with 7 main columns: (a) Name of interested person and purpose, (b) Loan to or from the organization?, (c) Original principal amount, (d) Balance due, (e) In default?, (f) Approved by board or committee?, (g) Written agreement?

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 3 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) MERCK SHARP DOHME CORPORATION	TRUSTEE - OFFICER OF CO	278,180	PURCHASE MEDICAL SUPPLIES		No
(2) REBECCA WISE	TRUSTEE - FAMILY MEMBER	23,719	EMPLOYEE		No
(3) HUNTERDON CARDIOVASCULAR ASSOCIATES	TRUSTEE - OFFICER OF CO	1,606,057	MEDICAL		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV	ELLEN LOCKER AND ROBERT J CODY, M D ARE BOTH TRUSTEES OF THE ORGANIZATION MS LOCKER AND DR CODY ARE BOTH EMPLOYED BY MERCK, SHARP AND DOHME CORPORATION, A PUBLICLY TRADED PHARMACEUTICAL COMPANY THE ORGANIZATION UTILIZED THE SERVICES AND GOODS OF MERCK, SHARP AND DOHME CORPORATION, DURING 2011 TOTAL FEES PAID TO MERCK, SHARP AND DOHME CORPORATION WERE \$278,180 SERVICES WERE RENDERED AND SUPPLIES FURNISHED AT FAIR MARKET VALUE RATES PURSUANT TO ARM'S LENGTH NEGOTIATIONS GLENN TONNESSEN, M D IS A TRUSTEE OF THE ORGANIZATION THE ORGANIZATION UTILIZED THE SERVICES OF HIS COMPANY, HUNTERDON CARDIOVASCULAR ASSOCIATES, DURING 2011 TOTAL FEES PAID TO HUNTERDON CARDIOVASCULAR ASSOCIATES WERE \$1,606,057 SERVICES WERE RENDERED AT FAIR MARKET VALUE RATES PURSUANT TO ARM'S LENGTH NEGOTIATIONS

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.**

2011

**Open to Public
Inspection**

Name of the organization
HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>HUNTERDON MEDICAL CENTER ("HMC") IS A GENERAL MEDICAL AND SURGICAL TEACHING HOSPITAL. HMC IS RECOGNIZED BY THE IRS AS AN INTERNAL REVENUE CODE SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION PURSUANT TO ITS CHARITABLE PURPOSES, HMC PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN OR ABILITY TO PAY. MOREOVER, HMC OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545: 1. HMC PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS; 2. HMC OPERATES AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS, WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR; 3. HMC MAINTAINS A CLOSED MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS; 4. CONTROL OF HMC RESTS WITH ITS BOARD OF TRUSTEES AND THE BOARD OF TRUSTEES OF HUNTERDON HEALTHCARE SYSTEM, INC. BOTH BOARDS ARE COMPRISED OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY, AND 5. SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE PROGRAMS AND ACTIVITIES. THE OPERATIONS OF HMC, AS SHOWN THROUGH THE FACTORS OUTLINED ABOVE AND OTHER INFORMATION CONTAINED HEREIN, CLEARLY DEMONSTRATE THE HOSPITAL PROVIDES SUBSTANTIAL COMMUNITY BENEFIT AND THAT THE USE AND CONTROL OF HMC IS FOR THE BENEFIT OF THE PUBLIC AND THAT NO PART OF THE INCOME OR NET EARNINGS OF THE ORGANIZATION INURES TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL NOR IS ANY PRIVATE INTEREST BEING SERVED OTHER THAN INCIDENTALLY. HMC'S SOLE CORPORATE MEMBER IS HUNTERDON HEALTHCARE SYSTEM, INC. ("HHS"). HHS IS THE TAX-EXEMPT PARENT OF HUNTERDON MEDICAL CENTER. THIS TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM CONSISTS OF A GROUP OF AFFILIATED HEALTH CARE ORGANIZATIONS. THE SOLE MEMBER OR STOCKHOLDER OF EACH ENTITY IS EITHER HHS OR ANOTHER SYSTEM AFFILIATE CONTROLLED BY HHS. MISSION ===== HUNTERDON MEDICAL CENTER STRIVES TO PROVIDE TO THE MAXIMUM EXTENT POSSIBLE COMPREHENSIVE QUALITY HEALTHCARE SERVICES WHICH ARE REQUIRED BY THE PEOPLE OF HUNTERDON COUNTY AND SURROUNDING AREAS AND APPROPRIATE TO THE MEDICAL CENTER ORGANIZATION. HMC WILL ASSUME AN APPROPRIATE ROLE IN THE EDUCATION OF PHYSICIANS AND OTHER HEALTHCARE PROFESSIONALS. CARE AND TREATMENT WILL BE EQUALLY ACCESSIBLE TO ALL PERSONS. HMC IS A 178-BED NON-PROFIT COMMUNITY HOSPITAL, PROVIDING A FULL RANGE OF PREVENTIVE, DIAGNOSTIC AND THERAPEUTIC INPATIENT AND OUTPATIENT HOSPITAL AND COMMUNITY HEALTH SERVICES. VISION ===== HUNTERDON HEALTHCARE SYSTEM IS RECOGNIZED AS A NATIONAL MODEL FOR PROVIDING COMMUNITY FOCUSED HEALTHCARE THAT IS PATIENT-CENTERED AND DRIVEN BY A PASSION FOR CLINICAL EXCELLENCE. HUNTERDON MEDICAL CENTER ===== HUNTERDON MEDICAL CENTER WAS CREATED IN 1953 WITH THE VISION OF AN INTEGRATED HEALTH CARE DELIVERY SYSTEM IN MIND. NAMELY, THAT PRIMARY CARE WOULD BE DELIVERED BY FAMILY PHYSICIANS IN THE COMMUNITY, THAT CONSULTATIVE AND SPECIALTY CARE WOULD BE HOSPITAL-BASED WITH PATIENTS RETURNED TO THEIR PERSONAL PHYSICIANS AND FINALLY, THAT THE HOSPITAL WOULD BE A TRAINING CENTER FOR FAMILY PHYSICIANS. THIS SYSTEM HAS WORKED REMARKABLY WELL WITH HUNTERDON MEDICAL CENTER CURRENTLY ENJOYING ONE OF THE BEST QUALITY CARE OUTCOMES IN THE COUNTRY, AS WELL AS HAVING ONE OF THE LOWEST PER CAPITA COSTS FOR HOSPITALIZATION IN THE NATION. FAMILY MEDICINE IS REAL IN HUNTERDON COUNTY. THE CENTERPIECE OF THE HUNTERDON HEALTHCARE SYSTEM IS HUNTERDON MEDICAL CENTER. THE MEDICAL CENTER HAS 178 BEDS, INCLUDING ADVANCED MEDICAL AND SURGICAL UNITS, A 12 BED INTENSIVE CARE/CORONARY CARE UNIT, A 20-BED SAME DAY SURGERY CENTER, A 20-BED MATERNITY AND NEWBORN CARE CENTER WHICH WAS ONE OF THE FIRST SINGLE-ROOM MATERNITY CENTERS IN NEW JERSEY, A 10-BED PEDIATRIC UNIT AND A 14-BED BEHAVIORAL HEALTH WING. HUNTERDON LED THE NATION BY IMPLEMENTING THE FIRST, YEAR-ROUND NIGHT FLOAT SYSTEM FOR FAMILY MEDICINE RESIDENCY PROGRAMS. THIS SYSTEM ALLEVIATES RESIDENT FATIGUE AND ELIMINATES THE EXHAUSTION WHICH CAN BE DETRIMENTAL TO THE RESIDENTS, THEIR FAMILIES AND PATIENT CARE. A SECOND OR THIRD YEAR RESIDENT COVERS THE HOSPITAL FROM 10:00 P.M. UNTIL 8:00 A.M. IN A DESIGNED NIGHT FLOAT ROTATION. THIS ALLOWS A FIRST YEAR RESIDENT TO REST FROM 10:00 P.M. UNTIL 8:00 A.M. AND ALLOWS THE SECOND YEAR RESIDENT TO SLEEP IN THE COMFORT OF HIS/HER OWN HOME FROM MIDNIGHT UNTIL THE NEXT MORNING. FIRST YEAR RESIDENTS ARE SCHEDULED TO BE ON CALL ONE NIGHT IN FOUR, THE SECOND YEAR CALL SCHEDULE IS ONE NIGHT IN FIVE. THIS GUARANTEES AN ADEQUATE VOLUME AND EXPERIENCE TO DEVELOP MASTERY IN COMMON PROBLEM MANAGEMENT. THIRD YEAR RESIDENTS COVER OUTPATIENT CALL AND ADMISSIONS FOR THE FAMILY HEALTH CENTERS ON AVERAGE ONE NIGHT IN SIX. THE COMBINATION OF NIGHT FLOAT AND THE APPROPRIATE FREQUENCY OF NIGHT CALL COMBINES TO CREATE THE BEST POSSIBLE CA</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>LL SCHEDULE RADIOLOGY AND LAB SERVICES ARE STATE-OF-THE-ART HUNTERDON HAS RECEIVED THE P RESTIGIOUS 100 MOST WIRED HOSPITAL AND HEALTH NETWORKS AWARD IN NINE OF THE LAST ELEVEN YE ARS SPECIALTY STAFF MOST OF THE MEMBERS OF THE SPECIALTY MEDICAL STAFF HAVE OFFICES IN T HE HUNTERDON DOCTORS' OFFICE BUILDING ADJACENT TO THE MEDICAL CENTER COMMUNITY HEALTH SER VICES HUNTERDON MEDICAL CENTER HAS ACHIEVED WIDESPREAD RECOGNITION FOR ITS ROLE AS A PROV IDER OF COMMUNITY HEALTH SERVICES BEYOND THOSE NORMALLY ASSOCIATED WITH A HOSPITAL PATIEN T AND COMMUNITY HEALTH EDUCATION PROGRAMS, PUBLIC HEALTH SCREENING AND DETECTION SERVICES, A CERTIFIED HOME HEALTH AGENCY, BEHAVIORAL HEALTH SERVICES, AND END OF LIFE SERVICES COMP LEMENT THE MEDICAL CENTER'S COMPREHENSIVE IN-HOSPITAL SERVICES CHILD CARE FACILITY ON THE GROUNDS OF THE MEDICAL CENTER IS A CHILD CARE FACILITY AVAILABLE TO CHILDREN OF EMPLOYEE S AND STAFF AS WELL AS TO OTHER MEMBERS OF THE COMMUNITY GERIATRICS GERIATRICS IS ONE OF ITS MAJOR INITIATIVES OF THE HUNTERDON MEDICAL CENTER, WITH A FULL TIME DIRECTOR, COMPREH ENSIVE HOSPITAL AND AMBULATORY SERVICES, AND LEADERSHIP IN THE DEVELOPMENT OF PLANNED ADUL T COMMUNITIES THREE OF OUR FACULTY PHYSICIANS HOLD THE CERTIFICATE OF ADDED QUALIFICATION S IN GERIATRICS AND ONE HAS COMPLETED A FELLOWSHIP SPECIALTY SERVICES ===== HEART AND VASCULAR CARE -----</p> <p>HEART AND VASCULAR CARE AT HUNTERDON MEDIC AL CENTER COMBINES A KNOWLEDGEABLE STAFF OF PHYSICIANS AND SPECIALISTS WITH STATE-OF-THE-A RT TECHNOLOGY TO BRING THE PATIENT THE BEST CARDIOVASCULAR CARE IN HUNTERDON AND ITS SURRO UNding COUNTIES OUR SUPERIOR STAFF AND TECHNOLOGICAL SUPPORT ENABLES US TO DIAGNOSE HEART AND VASCULAR DISEASE AND PERFORM INTERVENTIONAL PROCEDURES ON PATIENTS SUSPECTED OF HEART AND/OR VASCULAR DISEASE CANCER CARE ----- HUNTERDON REGIONAL CANCER CENTER IS ACCR EDITED BY THE AMERICAN COLLEGE OF SURGEONS' COMMISSION ON CANCER AS A COMMUNITY HOSPITAL C ANCER PROGRAM THE COMMISSION ON CANCER OF THE AMERICAN COLLEGE OF SURGEONS HAS RECOGNIZED THE CANCER PROGRAM AT HUNTERDON MEDICAL CENTER AS OFFERING HIGH QUALITY CANCER CARE ONLY ONE IN FOUR HOSPITALS THAT TREAT CANCER RECEIVE THIS SPECIAL APPROVAL THE RECOGNITION OF THIS QUALITY AND COMMITMENT ALLOWS THE PATIENT ACCESS TO THE EXPERT MEDICAL SPECIALISTS W HO ARE INVOLVED IN DIAGNOSING AND TREATING CANCER APPROVAL BY THE COMMISSION ON CANCER IS GIVEN ONLY TO THOSE FACILITIES THAT HAVE VOLUNTARILY COMMITTED TO PROVIDE THE BEST IN DIA GNOSIS AND TREATMENT OF CANCER TO MEET THE STANDARDS NECESSARY FOR COMMISSION APPROVAL, E ACH CANCER PROGRAM, AND THE ORGANIZATION THAT CONTROLS IT, MUST UNDERGO A RIGOROUS EVALUAT ION PROCESS AND A REVIEW OF ITS PERFORMANCE. IN ORDER TO MAINTAIN APPROVAL, FACILITIES WIT H APPROVED CANCER PROGRAMS MUST UNDERGO AN ON-SITE REVIEW EVERY THREE YEARS RECEIVING CAR E AT A COMMISSION ON CANCER APPROVED CANCER PROGRAM ENSURES THAT THE PATIENT WILL RECEIVE - QUALITY CARE CLOSE TO HOME - COMPREHENSIVE CARE OFFERING A RANGE OF STATE-OF-THE ART SE RVICES AND EQUIPMENT - A MULTIDISCIPLINARY TEAM APPROACH TO COORDINATE THE BEST TREATMENT OPTIONS AVAILABLE - ACCESS TO CANCER-RELATED INFORMATION, EDUCATION, AND SUPPORT - A CANCER REGISTRY THAT COLLECTS DATA ON TYPE AND STAGE OF CANCERS AND TREATMENT RESULTS, AND OFFE RS LIFELONG PATIENT FOLLOW-UP - ONGOING MONITORING AND IMPROVEMENT OF CARE - INFORMATION A BOUT ONGOING CANCER CLINICAL RESEARCH STUDIES AND NEW TREATMENT OPTIONS</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>SURGICAL CARE ----- HUNTERDON MEDICAL CENTER PROVIDES THE PATIENT ACCESS TO THE MOST ADVANCED TECHNOLOGY, EXPERT SURGEONS AND PERSONALIZED PATIENT CARE IN A COMFORTING ENVIRONMENT. DISTINGUISHED NURSES, SPECIALLY TRAINED IN SURGERY AND POST-ANESTHESIA CARE, HAVE ACHIEVED MAGNET STATUS, WHICH RECOGNIZES EXCELLENCE IN NURSING AND QUALITY PATIENT CARE. ONLY 4 PERCENT OF ALL HEALTHCARE FACILITIES IN THE U.S. HAVE ATTAINED THIS NATIONAL HONOR. SKILLED PROFESSIONAL STAFF WORK AS A TEAM WITH THE PHYSICIAN TO INDIVIDUALIZE PATIENT CARE AND RECOVERY WITH THE GOAL TO IMPROVE BODILY FUNCTION AND RETURN THE PATIENT TO DAILY ACTIVITIES AS SAFELY AND QUICKLY AS POSSIBLE. HUNTERDON MEDICAL CENTER'S SURGERY DEPARTMENT PERFORMS NEARLY 6,000 SURGERIES PER YEAR. TYPES OF SURGERY INCLUDE, AMONG OTHERS - ABDOMINAL SURGERY - APPENDECTOMY - ARTHROSCOPY - BARIATRIC SURGERY - BREAST SURGERY - CATARACT SURGERY - DILATION & CURETTAGE (D&C) - GALLBLADDER SURGERY - HERNIA SURGERY - HIP REPLACEMENT SURGERY - HYSTERECTOMY - KNEE REPLACEMENT SURGERY - LAMINECTOMY - NEUROSURGERY - PLASTIC SURGERY - SPINE SURGERY - VASCULAR SURGERY - UROLOGIC SURGERY. PAIN IN THE BONES AND JOINTS CAN INTERFERE WITH ALMOST ALL ASPECTS OF LIFE. MOBILITY IS CRITICAL TO ENJOYING FAMILY, STAYING ACTIVE AND PERFORMING DAY-TO-DAY TASKS. THE CENTER FOR BONE AND JOINT HEALTH IS COMMITTED TO ALL ASPECTS OF BONE AND JOINT CARE WITH THE GOAL OF RESTORING QUALITY OF LIFE AS QUICKLY. THE CIRCLE OF CARE REFERS TO THE COORDINATED, COMPREHENSIVE SERVICES THAT THE CENTER FOR BONE AND JOINT HEALTH OFFERS TO PATIENTS. THE PROGRAM COORDINATOR CAN GUIDE PATIENTS THROUGH ALL OF THEIR OPTIONS AND HELP COORDINATE THESE SERVICES. THE CENTER FOR BONE AND JOINT HEALTH OFFERS A COMPREHENSIVE APPROACH THAT REVOLVES AROUND HEALTH AND WELLNESS. THE CENTER OFFERS PREVENTIVE THERAPIES, NUTRITION COUNSELING AND A FULL SPECTRUM OF NON-INVASIVE TREATMENTS THAT MAY COMPLETELY ELIMINATE THE NEED FOR SURGICAL OPTIONS. BUT IF SURGERY IS ULTIMATELY NEEDED, THE CENTER'S WELLNESS APPROACH GETS YOU BACK TO A NORMAL QUALITY OF LIFE WEEKS SOONER THAN WITH TRADITIONAL OPTIONS. THE NEUROSCIENCES CLINICAL SERVICE LINE'S MAIN FOCUS IS TO EVALUATE AND STAGE STRATEGIC INITIATIVES RELATED TO STROKE CARE, SLEEP MEDICINE, SPINE CARE, NEUROLOGICAL DISORDERS, AND BEHAVIORAL HEALTH. THE SERVICE LINE'S STROKE SUBCOMMITTEE HAS FULLY IMPLEMENTED THE PRIMARY STROKE CENTER DESIGNATION, INCLUDING STAFF AND COMMUNITY EDUCATION PROGRAMS. A SPINE CARE PROGRAM IS BEGINNING TO BE DEVELOPED. STEPS NEEDED FOR INCEPTION OF A CONCUSSION CARE PROGRAM ARE BEING ADDRESSED. THEY WILL CONTINUE TO IDENTIFY PROGRAMS AND SERVICES WHICH ARE MOST IN ALIGNMENT WITH THE SYSTEM'S OVERALL MISSION AND IN ESSENCE MOST MEET THE NEEDS OF OUR PATIENTS, ADDRESS PATIENT CARE EFFICIENCIES AND ENHANCE THE PATIENT CARE EXPERIENCE. SERVICES =====</p> <p>BEHAVIORAL HEALTH ----- HUNTERDON BEHAVIORAL HEALTH ("HBH") PROVIDES HIGH-QUALITY, COMPREHENSIVE MENTAL HEALTH AND ADDICTION SERVICES. HBH DIAGNOSES, TREATS AND CARES FOR ADOLESCENTS AND ADULTS WITH MENTAL ILLNESS, EMOTIONAL DIFFICULTIES OR ADDICTION. EXPERT CLINICAL STAFF IS HIGHLY TRAINED IN TREATING INDIVIDUALS IN NEED OF PSYCHIATRIC AND PSYCHOLOGICAL SUPPORT OR ADDICTION TREATMENT. HUNTERDON BEHAVIORAL HEALTH OFFERS - EVALUATION, MEDICATION MONITORING AND THERAPY FOR INDIVIDUALS WITH MENTAL HEALTH ISSUES - COUNSELING FOR FAMILIES IN CRISIS TO HELP PROVIDE A STABLE HOME ENVIRONMENT - SUPPORT FOR ADOLESCENTS AND ADULTS STRUGGLING WITH ALCOHOL OR DRUG ADDICTION - EMPLOYEE ASSISTANCE TO WORK WITH EMPLOYERS TO RESOLVE PERSONAL ISSUES. HUNTERDON BEHAVIORAL HEALTH PROVIDES TREATMENT FOR CHILDREN, ADOLESCENTS AND ADULTS WHO EXPERIENCE - MENTAL ILLNESS - DRUG OR ALCOHOL ADDICTION - FAMILY CRISES - DIFFICULTIES IN THEIR WORK OR SCHOOL ENVIRONMENT - DEPRESSION - ANXIETY DISORDERS - ATTENTION DISORDERS - SLEEP DISORDERS - EATING DISORDERS - EMOTIONAL AND BEHAVIORAL ISSUES - PEER PRESSURE. CARDIOPULMONARY REHABILITATION -----</p> <p>-- CARDIOPULMONARY REHABILITATION IS A MEDICALLY SUPERVISED PROGRAM OF HEALTH EDUCATION AND PHYSICAL ACTIVITY FOR WOMEN AND MEN OF ANY AGE. THEIR MISSION IS TO TREAT THE BODY, MIND, AND SPIRIT OF PEOPLE WITH HEART OR LUNG DISEASE SO THEY MAY LEAD SATISFYING, PRODUCTIVE, AND HEALTHY LIVES. THEIR PROFESSIONAL TEAM INCLUDES PHYSICIANS, RESPIRATORY THERAPISTS, REGISTERED NURSES, AND EXERCISE PHYSIOLOGISTS SPECIALLY TRAINED IN EXERCISE THERAPY AND DISEASE MANAGEMENT. NATIONAL RECOGNITION BOTH THE CARDIAC AND PULMONARY REHABILITATION PROGRAM ARE NATIONALLY CERTIFIED BY THE AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION. THIS CERTIFICATION PROCESS IS DESIGNED TO REVIEW AND MONITOR ADHERENCE TO THE HIGH STANDARDS AND GUIDELINES DEVELOPED BY THE AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION AND OTHER PROFESSIONAL SOCIETIES TO BEST SERVE THE PATIENTS. PROGRAMS - PHASE I CARDIAC REHABILITATION - PHASE II PULMONARY REHA</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>BILITATION - PHASE III CARDIOPULMONARY REHABILITATION SLEEP DISORDERS ----- SLEEP P DISORDERS ARE ASSOCIATED WITH A LONG LIST OF MEDICAL PROBLEMS, INCLUDING - HEART ATTACK - STROKE - IRREGULAR HEARTBEAT - HIGH BLOOD PRESSURE - HEART FAILURE - OBESITY - DIABETES THE SLEEP DISORDERS CENTER AT HUNTERDON MEDICAL CENTER TREATS MANY TYPES OF SLEEP DISORDE RS, INCLUDING - SLEEP APNEA IS A MEDICAL DISORDER IN WHICH A PERSON, USUALLY A LOUD SNORE R, EXPERIENCES AN OBSTRUCTION IN THE THROAT DURING SLEEP LACK OF SUFFICIENT AIR CAUSES TH E INDIVIDUAL TO AWAKEN, USUALLY WITH A COUGH OR A GASP THAT OPENS THE AIRWAY AIRFLOW IS R E-ESTABLISHED AND BREATHING RESUMES DURING THE NEXT EPISODE PEOPLE WITH SLEEP APNEA HAVE TO WAKE UP BRIEFLY TO BREATHE, SOMETIMES HUNDREDS OF TIMES DURING THE NIGHT, ALTHOUGH THER E IS NO MEMORY OF THESE BRIEF AWAKENINGS - PERIODIC LIMB MOVEMENT SYNDROME MAY COEXIST WITH OBSTRUCTIVE SLEEP APNEA MULTIPLE JERKING MOVEMENTS, TYPICALLY OF THE LEGS, AWAKEN THOS E WITH THE DISORDER REPEATEDLY THROUGH THE NIGHT - RESTLESS LEGS SYNDROME IS A CONDITION INVOLVING SENSATIONS IN THE LEGS, AND SOMETIMES ARMS, WHILE THE INDIVIDUAL IS AWAKE THE S ENSATIONS USUALLY OCCUR WHEN THE INDIVIDUAL IS LYING DOWN AND THE ONLY RELIEF IS TO MOVE T HE LIMBS, KEEPING THE INDIVIDUAL AWAKE - NARCOLEPSY IS A NEUROLOGICAL DISORDER CHARACTERI ZED BY EXCESSIVE DAYTIME SLEEPINESS INDIVIDUALS WITH NARCOLEPSY FALL ASLEEP AT INAPPROPRI ATE, AND OCCASIONALLY, DANGEROUS TIMES - INSOMNIA REFERS TO A CHRONIC INABILITY TO INITIA TE OR SUSTAIN SLEEP, RESULTING IN SLEEP DEPRIVATION AND DAYTIME FATIGUE THERE ARE NUMEROU S CAUSES FOR INSOMNIA, INCLUDING STRESS, ANXIETY, DEPRESSION, CHRONIC ILLNESS, MEDICATIONS , POOR SLEEP HABITS AND CIRCADIAN RHYTHM DISORDERS OCCASIONALLY, A SLEEP STUDY MAY BE PAR T OF THE EVALUATION, ESPECIALLY IF OBSTRUCTIVE SLEEP APNEA IS CONTRIBUTING HOSPITAL OWNED PHY SICIAN SPECIALTY SERVICES ===== - ENDOCRINOLOGY - GASTROENTEROLOGY - INFECTIOUS DISEASE - DERMATOLOGY - PSY CHIATRY - SENIOR SERVICES COMMU NITY CARE SERVICES ===== THE HUNTERDON HEALTH AND WELLNESS CENTER ----- ----- THE HUNTERDON HEALTH AND WELLNESS CENTER HAS TWO PREMIE R FITNESS FACILITIES LOCATED IN WHITEHOUSE STATION AND CLINTON, NEW JERSEY IN HUNTERDON CO UNTY MEMBERS BENEFIT FROM ACCESS TO HUNTERDON HEALTHCARE STAFF FOR GUIDANCE IN ATTAINING THEIR OPTIMAL HEALTH YOU'LL ALSO ENJOY ACCESS TO OUR HEALTH EDUCATION STAFF AND WELLNESS CLASSROOM FOR PROGRAMS WHICH FOCUS ON A VARIETY OF TOPICS DESIGNED TO IMPROVE YOUR LIFESTY LE</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>BRIGHT TOMORROWS CHILD CARE CENTER ----- THE QUALITY OF THE S TAFF AT BRIGHT TOMORROWS CHILDCARE CENTER IS AN IMPORTANT ELEMENT IN THE QUALITY OF THE PR OGRAM THAT OUR CENTER OFFERS BRIGHT TOMORROWS PROVIDES - A DEVELOPMENTALLY APPROPRIATE CU RRICULUM - DAILY NUTRITIOUS LUNCH AND SNACKS - MONTHLY THEMES, CLASS TRIPS AND SPECIAL GUE STS - DIAPERS AND WIPES PROVIDED FOR INFANTS AND TODDLERS - AN ANNUAL BACK TO SCHOOL NIGHT BRIGHT TOMORROWS STRIVES TO MAINTAIN SUPERIOR STAFFING BY PROVIDING COMPETITIVE WAGES WIT HIN OUR INDUSTRY AND BY ENSURING THAT EACH STAFF MEMBER IS ACTIVELY ENGAGED IN ONGOING PRO FESSONAL DEVELOPMENT ALL STAFF MEMBERS ARE REQUIRED TO HAVE TRAINING IN CPR AND FIRST AI D AND MUST PARTICIPATE IN A MINIMUM OF EIGHT HOURS OF ONGOING EDUCATION IN THE AREAS OF CH ILD DEVELOPMENT, CLASSROOM MANAGEMENT AND HEALTH AND SAFETY EACH YEAR EACH LEAD TEACHER I N OUR PRESCHOOL AND PRE-K CLASSROOMS HAVE THEIR BACHELOR'S DEGREE AND/OR A STATE CERTIFICA TION IN EITHER EARLY CHILDHOOD/ELEMENTARY EDUCATION A SECURE FRONT DOOR "CARD-SLIDE' SYST EM IS UTILIZED CARDS ARE SUPPLIED TO FAMILIES UPON ENROLLMENT ONLY AUTHORIZED PERSONNEL WILL BE ISSUED A CARD, ALL OTHERS MUST RING THE BELL AND BE LET IN BY A STAFF MEMBER EACH JUNE A FULL GRADUATION CEREMONY IS PERFORMED A PREVENTATIVE APPROACH TO DISCIPLINE TEACH ES POSITIVE BEHAVIORS, RATHER THAN PUNISHING FOR MISBEHAVIORS OUR GOAL IS TO PROVIDE CHIL DREN WITH MOTIVATION AND AN OPPORTUNITY TO MAKE CHOICES LEARNING SOCIAL SKILLS THROUGH GE NTLE, ENCOURAGING GUIDANCE, THE CHILDREN LEARN TO RESPECT THE NEEDS OF OTHERS, TO ADAPT TO ROUTINES AND SIMPLE RULES, AND THEY BECOME RESPONSIBLE GROUP MEMBERS PARENT INVOLVEMENT IS A VERY IMPORTANT PART OF OUR PROGRAM THE CENTER MAINTAINS AN "OPEN DOOR' POLICY AT ALL TIMES ALLOWING PARENTS TO COME AND OBSERVE THEIR CHILD AT ANY TIME PARENTS ARE ALSO WARMLY INVITED TO JOIN US AS A CHAPERONE ON A FIELD TRIP AT BRIGHT TOMORROWS, COMMUNICATION W ITH THE FAMILIES IS ONE OF THE MOST IMPORTANT ASPECTS OF OUR JOB HOME HEALTH SERVICES --- ----- HOME HEALTH SERVICES IS A NON-PROFIT HOME HEALTH AGENCY CERTIFIED BY THE FEDERAL GOVERNMENT, LICENSED BY THE NEW JERSEY DEPARTMENT OF HEALTH, AND ACCREDITED BY TH E JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS AT HOME HEALTH SERVICES, EACH PATIENT'S PROGRAM IS CAREFULLY GUIDED AND PLANNED SO THAT ALL CARE IS INTEGRATED FOR MAXIMUM BENEFIT THE TEAM INCLUDES - HOME CARE NURSES - PHY SICAL THERAPISTS - OCCUPATIONA L THERAPISTS - SPEECH PATHOLOGISTS - MEDICAL SOCIAL WORKER - HOME HEALTH AIDES PHY SICIAN P ATIENT EDUCATOR IN ORDER TO BE ELIGIBLE FOR ADMISSION TO HOME HEALTH SERVICES, PATIENTS - MUST BE HOMEBOUND (UNABLE TO LEAVE HOME WITHOUT ASSISTANCE) - HAVE ONGOING MEDICAL SUPERVI SION AND ORDERS FROM A PHY SICIAN - REQUIRE PERIODIC VISITS FROM AT LEAST ONE OF FOUR PRIMA RY SERVICES 1 SKILLED NURSING 2 PHY SICAL THERAPY 3 OCCUPATIONAL THERAPY 4 SPEECH LANGU AGE THERAPY IF HOME HEALTH CARE IS NOT INDICATED, A REFERRAL MAY BE MADE TO ANOTHER COMMUN ITY AGENCY OR SERVICE - HOME HEALTH AIDES - HOME INFUSION - HOSPICE - RESPITE CARE - COMP ANION SERVICE - LIFELINE PERSONAL EMERGENCY RESPONSE SERVICE HUNTERDON FAMILY MEDICINE RES IDENCY ===== THE PRIMARY MISSION OF THE HUNTERDON MEDICAL CE NTER FAMILY MEDICINE RESIDENCY PROGRAM IS TO EDUCATE RESIDENTS UTILIZING THE VALUES AND PR ECEPTS WHICH ARE FUNDAMENTAL TO THE WAY MEDICINE IS PRACTICED BY FAMILY PHY SICIANS IN HUNT ERDON COUNTY, NEW JERSEY, SO THAT THEY THEMSELVES MAY GRADUATE AS FAMILY PHY SICIANS WHO CA N PROVIDE THIS MODEL OF EXEMPLARY PRIMARY CARE TO THEIR PATIENTS, THEIR PATIENTS' FAMILIES AND THE COMMUNITIES WHICH THEY SERVE BECAUSE OF THE RESPECT THAT FAMILY MEDICINE ENJOYS IN HUNTERDON COUNTY, RESIDENTS HAVE A UNIQUE OPPORTUNITY TO SEE HOW EFFECTIVE A FAMILY PHY SICIAN CAN BE EVERY FACET OF HUNTERDON'S INTEGRATED DELIVERY SYSTEM IS UTILIZED TO ENHANC E THE RESIDENT'S UNDERSTANDING OF THE FULL IMPACT OF FAMILY PRACTICE IN THIS COUNTRY OUR MISSION ALLOWS US TO MOVE TOWARD OUR ULTIMATE VISION IN FAMILY MEDICINE EDUCATION THIS VI SION IS TO CREATE A HUMANISTIC AND COMPASSIONATE FORM OF EDUCATION WHICH MODELS COMPLETELY THE HUMANISM AND COMPASSION THAT WE TEACH IN THE DOCTOR-PATIENT RELATIONSHIP OUR COMPETE NCY-BASED CURRICULUM IS CENTRAL TO BOTH OUR MISSION AND OUR VISION IT IS RECOGNIZED THAT EVERY RESIDENT HAS UNIQUE EDUCATIONAL STYLES AND NEEDS OUR EDUCATIONAL SYSTEM IS DESIGNED TO CREATE A "CORE' CURRICULUM FOR EVERY RESIDENT AND A UNIQUE EDUCATIONAL EXPERIENCE BASE D ON THEIR PASSIONS AND INTERESTS RESIDENTS CAN DEVELOP AN AREA OF CONCENTRATION AND FOCU S DURING THEIR THIRD YEAR WITH A RANGE OF OPPORTUNITIES INCLUDING SPORTS MEDICINE, GLOBAL HEALTH, GERIATRICS, PALLIATIVE CARE, AND OTHERS UNIVERSITY AFFILIATION ----- HUNTERDON MEDICAL CENTER HAS ENJOYED A MAJOR TEACHING AFFILIATION WITH THE UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY-ROBERT WO</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>OD JOHNSON MEDICAL SCHOOL SINCE 1972 AND HAS BEEN INVOLVED WITH THE TEACHING OF MEDICAL STUDENTS IN PHYSICAL DIAGNOSIS, OFFICE PRECEPTORSHIPS, THIRD-YEAR CLINICAL ROTATIONS AND FOURTH-YEAR ELECTIVES AND SUB-INTERNSHIPS THIS AFFILIATION ALLOWS EXTENDED LEARNING BEYOND HUNTERDON, INCLUDING A VARIETY OF EXCEPTIONAL PROGRAMS SUCH AS ADVANCED LIFE SAVING IN OBSTETRICS, CONFERENCES ON PROFESSIONALISM, CAREER DEVELOPMENT, MEDICAL-LEGAL ISSUES, CONTRACTING AND NEGOTIATIONS, RESEARCH AND OTHER SCHOLARLY ACTIVITIES COMMUNITY SUPPORT AND EDUCATION</p> <p>===== - ALCOHOLICS ANONYMOUS MEETINGS - ALZHEIMERS SUPPORT GROUP - ARTHRITIS & OSTEOPOROSIS SUPPORT GROUP - BEREAVEMENT SUPPORT GROUP - BONE MARROW DONOR RECRUITMENT DRIVE - BRAIN INJURY SUPPORT GROUP - BREAST CANCER SUPPORT GROUP - BREAST FEEDING SUPPORT GROUP - CAREGIVER SUPPORT GROUPS - CELIAC DISEASE SUPPORT GROUP - CHILDREN OF DIVORCE - DEPRESSION SUPPORT GROUP - DIABETES SUPPORT GROUP - FAMILY CANCER RISK ASSESSMENT PROGRAM - FAMILY SUPPORT GROUP - LOOK GOOD FEEL BETTER EDUCATIONAL GROUP - MENTAL ILLNESS FAMILY SUPPORT GROUPS - NARCOTICS ANONYMOUS MEETINGS - PERINATAL BEREAVEMENT SUPPORT GROUP - "SMART" RECOVERY DISCUSSION GROUP - SOCIAL SKILLS GROUP - MOM TIME SUPPORT GROUP (POSTPARTUM ADJUSTMENT/DEPRESSION SUPPORT)</p>

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENT	CORE FORM, PART III, QUESTION 4D	EXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION A, QUESTION 2	ELLEN LOCKER AND ROBERT J. CODY, M.D. - BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION A, QUESTIONS 6 & 7	HUNTERDON HEALTHCARE SYSTEM, INC ("HHS") IS THE SOLE MEMBER OF THIS ORGANIZATION HHS HAS THE RIGHT TO ELECT THE MEMBERS OF THIS ORGANIZATION'S BOARD OF TRUSTEES AND HAS CERTAIN RESERVED POWERS AS DEFINED IN THIS ORGANIZATION'S BYLAWS

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 11B	THE ORGANIZATION'S FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY (ITS BOARD OF TRUSTEES) PRIOR TO THE FILING OF THE FEDERAL FORM 990 WITH THE INTERNAL REVENUE SERVICE ("IRS") AND AFTER PRESENTATION AND REVIEW BY THE ORGANIZATION'S AUDIT COMMITTEE. AS PART OF THE TAX RETURN PREPARATION PROCESS THE ORGANIZATION HIRED A PROFESSIONAL CPA FIRM WITH EXPERIENCE AND EXPERTISE IN BOTH HEALTHCARE AND NOT-FOR-PROFIT TAX RETURN PREPARATION TO PREPARE THE FEDERAL FORM 990. THE CPA FIRM'S TAX PROFESSIONALS WORKED CLOSELY WITH THE ORGANIZATION'S FINANCE PERSONNEL AND VARIOUS OTHER INDIVIDUALS OF THE ORGANIZATION TO OBTAIN THE INFORMATION NEEDED IN ORDER TO PREPARE A COMPLETE AND ACCURATE TAX RETURN. THE CPA FIRM PREPARED A DRAFT FEDERAL FORM 990 AND FURNISHED IT TO THE ORGANIZATION'S FINANCE PERSONNEL AND OTHER INDIVIDUALS FOR THEIR REVIEW. THE ORGANIZATION'S FINANCE PERSONNEL AND OTHER INDIVIDUALS REVIEWED THE DRAFT FEDERAL FORM 990 AND DISCUSSED QUESTIONS AND COMMENTS WITH THE CPA FIRM. REVISIONS WERE MADE TO THE DRAFT FEDERAL FORM 990 WHERE NECESSARY AND A FINAL DRAFT WAS FURNISHED BY THE CPA FIRM TO THE ORGANIZATION'S FINANCE PERSONNEL AND VARIOUS OTHER INDIVIDUALS FOR FINAL REVIEW. AFTER THIS REVIEW THE FORM 990 WAS PRESENTED TO THE MEMBERS OF THE ORGANIZATION'S AUDIT COMMITTEE FOR REVIEW AND THEREAFTER PROVIDED TO EACH VOTING MEMBER OF THIS ORGANIZATION'S GOVERNING BODY PRIOR TO FILING WITH THE IRS.

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 12	A CONFLICT OF INTEREST DISCLOSURE STATEMENT IS OBTAINED ANNUALLY FROM ALL TRUSTEES, SENIOR STAFF, AND OTHER KEY EMPLOYEES WHO ARE CURRENTLY SERVING THE ORGANIZATION A REPORT SUMMARIZING THE DISCLOSURE STATEMENT RESPONSES IS PROVIDED TO THE BOARD OF TRUSTEES ANNUALLY IT IS THE ORGANIZATION'S POLICY THAT IN THE EVENT OF A CONFLICT THEY DO THE FOLLOWING IF THERE IS A CONFLICT RELEVANT TO A MATTER REQUIRING ACTION BY HE BOARD OF TRUSTEES, THE INTERESTED PERSON SHALL CALL IT TO THE ATTENTION OF THE BOARD OF TRUSTEES, AND THE TRUSTEE CONCERNED SHALL NOT VOTE ON THE MATTER MOREOVER, THE PERSON HAVING A CONFLICT SHALL RETIRE FROM THE ROOM IN WHICH THE BOARD IS MEETING AND SHALL NOT PARTICIPATE IN THE DELIBERATION OR DECISION REGARDING THE MATTER UNDER CONSIDERATION WHEN THERE IS DOUBT AS TO WHETHER A CONFLICT OF INTEREST EXISTS, THE MATTER SHALL BE RESOLVED BY VOTE OF THE BOARD OF TRUSTEES OR A COMMITTEE THEREOF, EXCLUDING FROM THE ROOM AND THE VOTE THE PERSON WHOSE SITUATION WILL BE DISCUSSED WHEN A CONFLICT OF INTEREST ARISES FOR ANY STAFF MEMBER EXCEPT THE PRESIDENT, THAT STAFF MEMBER SHALL REPORT IT TO THE PRESIDENT IN WRITING A CONFLICT OF INTEREST RELATING TO THE PRESIDENT SHALL BE REPORTED IN WRITING TO THE CHAIRMAN OF THE BOARD

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 15	<p>THE ORGANIZATION'S BOARD OF TRUSTEES HAS AN EXECUTIVE COMPENSATION COMMITTEE ("COMMITTEE") THE COMMITTEE HAS ADOPTED A WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY WHICH IT FOLLOWS WHEN IT REVIEWS THE COMPENSATION AND BENEFITS OF THE ORGANIZATION'S SENIOR MANAGEMENT, INCLUDING THE PRESIDENT/CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENT/CHIEF OPERATING OFFICER THE COMMITTEE REVIEWS THE "TOTAL COMPENSATION" OF THE INDIVIDUALS WHICH IS INTENDED TO INCLUDE BOTH CURRENT AND DEFERRED COMPENSATION AND ALL EMPLOYEE BENEFITS, BOTH QUALIFIED AND NON-QUALIFIED THE COMMITTEE'S REVIEW IS DONE ON AT LEAST AN ANNUAL BASIS AND ENSURES THAT THE "TOTAL COMPENSATION" OF SENIOR MANAGEMENT OF THE ORGANIZATION IS REASONABLE IN 2011, THE EXECUTIVE COMPENSATION COMMITTEE REPORTED TO THE FULL BOARD FOR RATIFICATION THE ACTIONS TAKEN BY THE COMMITTEE ENABLE THE ORGANIZATION TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 4958 WITH RESPECT TO THE TOTAL COMPENSATION OF CERTAIN MEMBERS OF THE SENIOR MANAGEMENT TEAM, INCLUDING THE PRESIDENT/CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENT/CHIEF OPERATING OFFICER THE THREE FACTORS WHICH MUST BE SATISFIED IN ORDER TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS ARE THE FOLLOWING 1 THE COMPENSATION ARRANGEMENT IS APPROVED IN ADVANCE BY AN "AUTHORIZED BODY" OF THE APPLICABLE TAX-EXEMPT ORGANIZATION WHICH IS COMPOSED ENTIRELY OF INDIVIDUALS WHO DO NOT HAVE A "CONFLICT OF INTEREST" WITH RESPECT TO THE COMPENSATION ARRANGEMENT, 2 THE AUTHORIZED BODY OBTAINED AND RELIED UPON "APPROPRIATE DATA AS TO COMPARABILITY" PRIOR TO MAKING ITS DETERMINATION, AND 3 THE AUTHORIZED BODY "ADEQUATELY DOCUMENTED THE BASIS FOR ITS DETERMINATION" CONCURRENTLY WITH MAKING THAT DETERMINATION THE COMMITTEE IS COMPRISED OF MEMBERS OF THE BOARD OF TRUSTEES EACH OF WHO ARE INDEPENDENT AND ARE FREE FROM ANY CONFLICTS OF INTEREST THE COMMITTEE RELIED UPON APPROPRIATE COMPARABLE DATA, SPECIFICALLY THE COMMITTEE OBTAINED A WRITTEN COMPENSATION STUDY FROM AN INDEPENDENT FIRM WHICH SPECIALIZES IN THE REVIEWING OF HOSPITAL AND HEALTHCARE SYSTEM EXECUTIVE COMPENSATION AND BENEFITS THROUGHOUT THE UNITED STATES THIS STUDY USED COMPARABLE GEOGRAPHIC AND DEMOGRAPHIC MARKET DATA INCLUDING BUT NOT LIMITED TO SIMILARLY SIZED HEALTHCARE SYSTEMS AND HOSPITALS, # OF LICENSED BEDS AND NET PATIENT SERVICE REVENUE IN ADDITION, THE COMMITTEE REVIEWS AND APPROVES EXECUTIVE COMPENSATION ADJUSTMENTS BASED ON MARKET SURVEYS DEVELOPED BY INDEPENDENT CONSULTANTS, INDUSTRY AVERAGE COMPARISON, YEARS OF SERVICE AND OTHER EXEMPT ORGANIZATIONS IN THE GEOGRAPHIC AREA AFTER A REVIEW OF THE INDIVIDUAL'S PERFORMANCE FOR THE YEAR AND RELYING ON COMPARABLE INFORMATION AND OTHER OBJECTIVE DATA, THE EXECUTIVE COMMITTEE WILL RECOMMEND AN ADJUSTMENT TO THE INDIVIDUAL'S COMPENSATION ANY DETERMINATIONS ARE DOCUMENTED CONTEMPORANEOUSLY IN THE EXECUTIVE COMMITTEE MINUTES THE COMMITTEE ADEQUATELY DOCUMENTED ITS BASIS FOR ITS DETERMINATION THROUGH THE TIMELY PREPARATION OF WRITTEN MINUTES OF THE COMPENSATION COMMITTEE MEETINGS DURING WHICH THE EXECUTIVE COMPENSATION AND BENEFITS WAS REVIEWED AND SUBSEQUENTLY APPROVED THE ACTIONS OUTLINED ABOVE WITH RESPECT TO THE COMMITTEE AND THE ESTABLISHMENT OF THE REBUTTABLE PRESUMPTION OF REASONABLENESS APPLIES TO CERTAIN SENIOR MANAGEMENT PERSONNEL, INCLUDING, BUT NOT LIMITED TO, THE PRESIDENT/CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENT/CHIEF OPERATING OFFICER THE COMPENSATION AND BENEFITS OF CERTAIN OTHER INDIVIDUALS CONTAINED IN THIS FORM 990 ARE REVIEWED ANNUALLY BY THE HUNTERDON HEALTHCARE SYSTEM, INC.'S PRESIDENT/CHIEF EXECUTIVE OFFICER WITH ASSISTANCE FROM THE ORGANIZATION'S HUMAN RESOURCES DEPARTMENT IN CONJUNCTION WITH THE INDIVIDUAL'S JOB PERFORMANCE DURING THE YEAR AND IS BASED UPON OTHER OBJECTIVE FACTORS DESIGNED TO ENSURE THAT REASONABLE AND FAIR MARKET VALUE COMPENSATION IS PAID BY THE ORGANIZATION OTHER OBJECTIVE FACTORS INCLUDE MARKET SURVEY DATA FOR COMPARABLE POSITIONS, INDIVIDUAL GOALS AND OBJECTIVES, PERSONNEL REVIEWS, EVALUATIONS, SELF-EVALUATIONS AND PERFORMANCE FEEDBACK MEETINGS</p>

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION C, QUESTION 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST. THE ORGANIZATION HAS ISSUED TAX-EXEMPT BONDS TO FINANCE VARIOUS CAPITAL IMPROVEMENT PROJECTS, RENOVATIONS AND EQUIPMENT. THE ORGANIZATION'S FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS CAN BE OBTAINED AND REVIEWED THROUGH THE STATE OF NEW JERSEY DEPARTMENT OF THE TREASURY.

Identifier	Return Reference	Explanation
COMPENSATION INFORMATION DISCLOSURE	CORE FORM, PART VII AND SCHEDULE J	PART VII AND SCHEDULE J REFLECT CERTAIN BOARD MEMBERS AND OFFICERS RECEIVING COMPENSATION AND BENEFITS FROM THIS ORGANIZATION PLEASE NOTE THIS REMUNERATION WAS FOR SERVICES RENDERED AS FULL-TIME EMPLOYEES OF HUNTERDON HEALTHCARE SYSTEM, INC AND NOT FOR SERVICES RENDERED AS A VOTING MEMBER OR OFFICER OF THIS ORGANIZATION'S BOARD OF TRUSTEES

Identifier	Return Reference	Explanation
RELATED HOURS DISCLOSURE	CORE FORM, PART VII, SECTION A, COLUMN B	THIS ORGANIZATION IS PART OF HUNTERDON HEALTHCARE SYSTEM, INC ("SYSTEM"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM. THE SYSTEM INCLUDES BOTH FOR-PROFIT AND NOT FOR-PROFIT ORGANIZATIONS. CERTAIN BOARD OF TRUSTEE MEMBERS, OFFICERS AND/OR DIRECTORS LISTED ON CORE FORM, PART VII AND SCHEDULE J OF THIS FORM 990 MAY HOLD SIMILAR POSITIONS WITH BOTH THIS ORGANIZATION AND OTHER AFFILIATES WITHIN THE SYSTEM. THE HOURS SHOWN ON THIS FORM 990 FOR BOARD MEMBERS WHO RECEIVE NO COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, REPRESENTS THE ESTIMATED HOURS DEVOTED PER WEEK FOR THIS ORGANIZATION. TO THE EXTENT THESE INDIVIDUALS SERVE AS A MEMBER OF THE BOARD OF TRUSTEES OF OTHER RELATED ORGANIZATIONS IN THE SYSTEM, THEIR RESPECTIVE HOURS PER WEEK PER ORGANIZATION ARE APPROXIMATELY THREE HOURS. THE HOURS REFLECTED ON PART VII OF THIS FORM 990, FOR BOARD MEMBERS WHO RECEIVE COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, PAID OFFICERS AND KEY EMPLOYEES, REFLECT HOURS WORKED PER WEEK ON BEHALF OF HUNTERDON MEDICAL CENTER AND NOT TOTAL HOURS WORKED PER-WEEK ON BEHALF OF HUNTERDON HEALTHCARE SYSTEM, INC.

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	CORE FORM, PART XI, QUESTION 5	OTHER CHANGES IN FUND BALANCE INCLUDE - CHANGE IN NET UNREALIZED LOSSES ON INVESTMENTS, OTHER THAN TRADING SECURITIES, (\$399,250), - PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST, (\$34,578,334), - NET ASSETS RELEASED FROM RESTRICTIONS FOR CAPITAL ACQUISITIONS, \$1,203,308, - NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS, \$1,104,920 AND - NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS, (\$130,154)

Identifier	Return Reference	Explanation
AUDITED FINANCIAL STATEMENTS	CORE FORM, PART XI, QUESTION 2	THE ORGANIZATION IS AN AFFILIATE WITHIN THE HUNTERDON HEALTHCARE SYSTEM, INC ("SYSTEM"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM THE SYSTEM'S PARENT ENTITY IS HUNTERDON HEALTHCARE SYSTEM, INC AN INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SYSTEM AND ALL ENTITIES WITHIN THE SYSTEM FOR THE YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010, INCLUDING THIS ORGANIZATION, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS IN ADDITION, AN INDEPENDENT CPA FIRM AUDITED THE FINANCIAL STATEMENTS OF HUNTERDON MEDICAL CENTER FOR THE YEARS ENDED DECEMBER 31, 2011 AND DECEMBER 31, 2010, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE AUDITED FINANCIAL STATEMENTS THE HUNTERDON MEDICAL CENTER'S AUDIT COMMITTEE HAS ASSUMED RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS, WHICH INCLUDES THIS ORGANIZATION, AND THE SELECTION OF AN INDEPENDENT AUDITOR

Identifier	Return Reference	Explanation
FINANCIAL STATEMENTS AND REPORTING	CORE FORM, PART XII, QUESTION 3	THE ORGANIZATION ENGAGED AN INDEPENDENT ACCOUNTING FIRM TO PREPARE AND ISSUE AN A-133 AUDIT

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization
HUNTERDON MEDICAL CENTER

Employer identification number
22-1537688

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) HUNTERDON HEALTHCARE SYSTEM INC 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-2537411	HEALTHCARE	NJ	501(C)(3)	509(A)(3)	NA		No
(2) HUNTERDON HOSPICE 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-2276083	HEALTHCARE	NJ	501(C)(3)	509(A)(1)	HRCH		No
(3) VISITING HEALTH & SUPPORTIVE SERVICES 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-1636709	HEALTHCARE	NJ	501(C)(3)	509(A)(1)	HRCH		No
(4) HUNTERDON MEDICAL CENTER FOUNDATION 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-2526895	FUNDRAISING	NJ	501(C)(3)	509(A)(1)	HHS		No
(5) HUNTERDON REGIONAL COMMUNITY HEALTH INC 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-3453318	HEALTHCARE	NJ	501(C)(3)	509(A)(3)	HHS		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) HUNT IMAGING ASSOC 2100 WESCOTT DR FLEMINGTON, NJ 08822 22-3126699	HEALTHCARE	NJ	MIDJERSEY									
(2) DELVALLEY OFF ASSOC 2100 WESCOTT DR FLEMINGTON, NJ 08822 22-2878037	PROPERTY MGMT	NJ	MIDJERSEY									
(3) HUNTERDON HEALTHCARE PARTNERS 2100 WESCOTT DR FLEMINGTON, NJ 08822 22-3642089	HEALTHCARE	NJ	HHS									
(4) HC FOR SURGERY LLC 2100 WESCOTT DR FLEMINGTON, NJ 08822 22-3401213	HEALTHCARE	NJ	MIDJERSEY									
(5) HUNT CARDVSC HEALTH 2100 WESCOTT DR FLEMINGTON, NJ 08822 22-3665435	HEALTHCARE	NJ	MIDJERSEY									
(6) N HUNT MED ASSOC 2100 WESCOTT DR FLEMINGTON, NJ 08822 56-2539679	PROPERTY MGMT	NJ	MIDJERSEY									
(7) HUNT MED OFF ASSOC 2100 WESCOTT DR FLEMINGTON, NJ 08822 22-2338738	PROPERTY MGMT	NJ	MIDJERSEY									

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) MIDJERSEY HEALTH CORPORATION 2110 WESCOTT DRIVE FLEMINGTON, NJ 08822 22-2713664	HEALTHCARE	NJ	HHS	C CORP			
(2) HUNTERDON COMMUNITY CARE INC 2100 WESCOTT DRIVE FLEMINGTON, NJ 08822 22-3453281	HEALTHCARE	NJ	HRCH	C CORP			
(3) HUNTERDON REGIONAL PHARMACY INC 2100 WESCOTT DRIVE FLEMINGTON, NJ 08822 74-3055633	HEALTHCARE	NJ	HRCH	C CORP			

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

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)

- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses
- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d	Yes	
1e		No
1f		No
1g		No
1h		No
1i	Yes	
1j	Yes	
1k	Yes	
1l	Yes	
1m		No
1n		No
1o		No
1p		No
1q		No
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)			
(2)			
(3)			
(4)			
(5)			
(6)			

Part VII Supplemental Information

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

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2011**



HUNTERDON MEDICAL CENTER

Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)



KPMG LLP
New Jersey Headquarters
150 John F. Kennedy Parkway
Short Hills, NJ 07078 2778

Independent Auditors' Report

The Board of Trustees
Hunterdon Medical Center

We have audited the accompanying statements of financial position of Hunterdon Medical Center (the Medical Center) as of December 31, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hunterdon Medical Center as of December 31, 2011 and 2010, and the results of its operations and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

May 23, 2012

HUNTERDON MEDICAL CENTER

Statements of Financial Position

December 31, 2011 and 2010

Assets	2011	2010
Current assets		
Cash and cash equivalents	\$ 46,327,803	38,730,140
Short-term investments	16,962,167	13,405,848
Patient accounts receivable, net of allowance for doubtful accounts of \$18,031,000 and \$17,444,000 in 2011 and 2010, respectively	29,420,582	26,008,747
Assets whose use is limited	1,048,874	1,035,314
Inventories	931,972	809,642
Other receivables, net	1,166,881	2,163,132
Due from affiliates	1,429,005	944,811
Prepaid expenses and other current assets	1,660,907	1,612,458
Total current assets	98,948,191	84,710,092
Assets whose use is limited (exclusive of current portion)		
Board-designated funds	42,020,115	36,823,402
Donor-restricted assets	14,222,285	14,245,581
Funds held by trustee under bond indenture agreement, net	3,244,942	8,842,558
Total assets whose use is limited, net	59,487,342	59,911,541
Due from affiliates	1,790,868	1,914,865
Property, plant, and equipment, net	104,036,950	102,961,562
Beneficial interest in trusts	1,872,183	2,016,553
Beneficial interest in net assets of Hunterdon Medical Center Foundation, Inc	6,044,976	4,549,235
Deferred financing costs, net	1,043,490	1,108,079
Agency funds	1,474,126	4,514,814
Real estate held for investment	213,099	213,099
Other assets	5,766,387	5,210,829
Total assets	\$ 280,677,612	267,110,669

See accompanying notes to financial statements

Liabilities and Net Assets	2011	2010
	<u> </u>	<u> </u>
Current liabilities		
Current portion of long-term debt	\$ 1,455,000	1,415,000
Current portion of capital lease obligation	263,351	437,843
Accounts payable and accrued expenses	11,854,356	11,040,630
Accrued pay roll and pay roll taxes	9,850,989	8,764,406
Estimated third-party payor settlements	2,587,584	2,642,535
Accrued interest payable	1,008,467	1,015,988
	<u> </u>	<u> </u>
Total current liabilities	27,019,747	25,316,402
Estimated third-party payor settlements, net	6,526,618	7,511,263
Long-term debt, net	48,309,675	49,798,301
Capital lease obligation, net	—	263,351
Pension benefit liability	57,604,204	27,969,298
Other liabilities	5,501,173	4,082,705
Agency funds	1,474,126	4,514,814
	<u> </u>	<u> </u>
Total liabilities	146,435,543	119,456,134
Net assets		
Unrestricted	113,018,674	127,405,906
Temporarily restricted	6,995,499	5,890,579
Permanently restricted	14,227,896	14,358,050
	<u> </u>	<u> </u>
Total net assets	134,242,069	147,654,535
	<u> </u>	<u> </u>
Total liabilities and net assets	\$ 280,677,612	267,110,669
	<u> </u>	<u> </u>

HUNTERDON MEDICAL CENTER

Statements of Operations

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Net patient service revenue	\$ 237,060,572	223,258,328
Other revenue	13,252,114	12,841,464
Net assets released from restrictions	542,108	503,069
Total revenues	<u>250,854,794</u>	<u>236,602,861</u>
Expenses		
Salaries and benefits	140,458,529	138,386,151
Physicians' fees	3,000,439	2,993,361
Supplies and services	65,646,886	63,696,570
Depreciation and amortization	10,872,035	10,797,331
Interest	2,449,140	2,519,692
Provision for bad debts, net	10,339,392	8,418,370
Total expenses	<u>232,766,421</u>	<u>226,811,475</u>
Operating income	<u>18,088,373</u>	<u>9,791,386</u>
Nonoperating revenues and gains (losses)		
Contributions	100,000	100,000
Interest and dividend income	1,348,614	1,214,864
Net realized gains on investments	109,459	189,286
Change in value of derivatives	(225,951)	(278,873)
Loss on sale of assets	(33,451)	(201,371)
Total nonoperating revenues and gains, net	<u>1,298,671</u>	<u>1,023,906</u>
Excess of revenues and gains over expenses and losses	<u>19,387,044</u>	<u>10,815,292</u>

HUNTERDON MEDICAL CENTER

Statements of Operations, continued

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Excess of revenues and gains over expenses and losses	\$ 19,387,044	10,815,292
Other changes		
Change in net unrealized (losses) gains on investments, other than trading securities	(399,250)	2,106,099
Pension-related changes other than net periodic pension cost	(34,578,334)	(6,360,932)
Net assets released from restrictions for capital acquisitions	<u>1,203,308</u>	<u>1,015,040</u>
(Decrease) increase in unrestricted net assets	<u>\$ (14,387,232)</u>	<u>7,575,499</u>

See accompanying notes to financial statements

HUNTERDON MEDICAL CENTER

Statements of Changes in Net Assets

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Excess of revenues and gains over expenses and losses	\$ 19,387,044	10,815,292
Change in net unrealized (losses) gains on investments, other than trading securities	(399,250)	2,106,099
Pension-related changes other than net periodic pension cost	(34,578,334)	(6,360,932)
Net assets released from restrictions for capital acquisitions	1,203,308	1,015,040
(Decrease) increase in unrestricted net assets	<u>(14,387,232)</u>	<u>7,575,499</u>
Temporarily restricted net assets		
Contributions	—	2,300
Investment income from donor-restricted assets	292,052	295,320
Net realized gains on investment securities	8,940	1,697
Net assets released from restrictions	(1,745,416)	(1,518,109)
Change in value of beneficial interest in net assets of Hunterdon Medical Center Foundation, Inc	2,549,344	188,721
Increase (decrease) in temporarily restricted net assets	<u>1,104,920</u>	<u>(1,030,071)</u>
Permanently restricted net assets		
Net realized gains on investments	69,504	59,588
Change in net unrealized (losses) gains on investments	(55,288)	611,350
Change in value of beneficial interest in trusts	(144,370)	177,378
(Decrease) increase in permanently restricted net assets	<u>(130,154)</u>	<u>848,316</u>
(Decrease) increase in net assets	<u>(13,412,466)</u>	<u>7,393,744</u>
Net assets at beginning of year	<u>147,654,535</u>	<u>140,260,791</u>
Net assets at end of year	<u>\$ 134,242,069</u>	<u>147,654,535</u>

See accompanying notes to financial statements

HUNTERDON MEDICAL CENTER
Statements of Cash Flows
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (13,412,466)	7,393,744
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Contributions and distributions restricted for capital acquisitions	(850,000)	(652,300)
Depreciation and amortization	10,872,035	10,797,331
Accretion of bond premium	(33,626)	(32,486)
Provision for bad debts, net	10,339,392	8,418,370
Net realized gains on investments	(187,903)	(250,571)
Loss on sale of assets	33,451	201,371
Pension-related changes other than net periodic pension cost	34,578,334	6,360,932
Change in net unrealized losses (gains) on investments, other than trading securities	454,538	(2,717,449)
Change in value of derivatives	225,951	278,873
Change in value of beneficial interest in Foundation and trusts, net	(1,351,371)	373,282
Changes in assets and liabilities		
Increase in patient accounts receivable	(13,751,227)	(8,473,500)
(Increase) decrease in due from affiliates	(460,197)	27,857
Decrease (increase) in inventories, other receivables, prepaid expenses and other current assets and other assets	57,037	(234,702)
(Decrease) increase in estimated third-party payor settlements	(1,039,596)	180,611
(Decrease) increase in accounts payable and accrued expenses, accrued payroll and payroll taxes, accrued interest payable, pension benefit liabilities, and other liabilities	(1,858,123)	2,042,903
Net cash provided by operating activities	<u>23,616,229</u>	<u>23,714,266</u>
Cash flows from investing activities		
Purchases of assets whose use is limited and short-term investments	(20,760,458)	(34,363,068)
Proceeds from the sale of assets whose use is limited and short-term investments	17,361,703	31,895,143
Purchases of property, plant, and equipment	(11,847,302)	(8,751,501)
Proceeds from sale of assets	17,400	—
Repayment of loan receivable	169,247	94,999
Change in other assets	(56,313)	(1,438)
Net cash used in investing activities	<u>(15,115,723)</u>	<u>(11,125,865)</u>
Cash flows from financing activities		
Repayment of long-term debt	(1,415,000)	(1,360,000)
Repayment of capital lease obligation	(437,843)	(536,099)
Repayment of a note	100,000	100,000
Contributions and distributions restricted for capital acquisitions	850,000	652,300
Net cash used in financing activities	<u>(902,843)</u>	<u>(1,143,799)</u>
Net increase in cash and cash equivalents	7,597,663	11,444,602
Cash and cash equivalents at beginning of year	<u>38,730,140</u>	<u>27,285,538</u>
Cash and cash equivalents at end of year	<u>\$ 46,327,803</u>	<u>38,730,140</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ 2,418,834	2,479,204

See accompanying notes to financial statements

HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2011 and 2010

(1) Organization and Summary of Significant Accounting Policies

(a) *Organization*

Hunterdon Medical Center (the Medical Center), located in Flemington, New Jersey, is a not-for-profit acute care medical center. The Medical Center provides inpatient, outpatient, and emergency care services for the residents of Hunterdon County and surrounding areas. The Medical Center is an affiliated member of Hunterdon Healthcare System, Inc. (the System). The System is also the controlling entity for Hunterdon Medical Center Foundation, Inc. (the Foundation), Hunterdon Regional Community Health, Inc. (HRCH), and Midjersey Health Corporation (Midjersey). The System owns 100% of the outstanding stock of Midjersey Health Corporation and 50% of the outstanding stock of Hunterdon Health Care, LLC, which are for-profit entities. Only the Medical Center's financial statements are presented herein.

(b) *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

(c) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Medical Center recorded an increase to net patient service revenue of approximately \$1,013,000 in 2011 and a decrease of approximately \$1,700,000 in 2010 related to changes in estimates for the estimated third-party payor settlements.

(d) *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and highly liquid investments with an original maturity of twelve months or less.

(e) *Patient Accounts Receivable*

Patient accounts receivables are recorded at the reimbursed or contracted amount and do not bear interest. The allowance for doubtful accounts is the Medical Center's best estimate of the amount of probable credit losses in the Medical Center's existing patient accounts receivable. The Medical Center determines the allowance based on historical write-off experience. The Medical Center reviews its allowance for doubtful accounts periodically. Past due balances are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

(f) *Inventories*

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

HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2011 and 2010

(g) *Short-Term Investments and Assets Whose Use is Limited*

Assets whose use is limited primarily include assets held by trustees under indenture agreements, designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and donor-restricted assets. Amounts required to meet current liabilities of the Medical Center have been classified as current assets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investments in commingled funds are recorded at fair value based on the net asset value of the fund as estimated by the external investment managers. The Medical Center reviews and evaluates the values provided by the external investment managers for reasonableness. Investment income or loss (including realized gains and losses on investments and interest and dividends) is included in excess of revenues and gains over expenses and losses unless donor stipulation or law restricts the income or loss. Gains and losses on the sale of investments are based on an identified cost basis. Unrealized gains and losses on investments are excluded from excess of revenues and gains over expenses and losses unless the investments are trading securities. Donated investments are reported at fair value at the date of receipt.

A decline in the fair value below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value. The impairment is charged to excess of revenues and gains over expenses and losses and a new cost basis for the security is established.

(h) *Fair Value*

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. A fair value hierarchy was established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Medical Center's interest therein, its classification in Level 2 or 3 is based on the Medical Center's ability to redeem its interest at or near December 31. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is

HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2011 and 2010

not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities

(i) *Property, Plant, and Equipment*

Property, plant, and equipment are carried at cost, except donated assets, which are recorded at fair market value at the date of donation. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Depreciation expense is calculated on all depreciable assets, based on the straight-line method utilizing the following estimated lives:

Land improvements	10 to 40 years
Buildings	25 to 40 years
Fixed equipment	10 to 20 years
Major moveable equipment	3 to 20 years
Leasehold improvements	Term of lease

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

(j) *Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed of*

Long-lived assets, such as property, plant, and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statements of financial position and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the statements of financial position.

(k) *Conditional Asset Retirement Obligations*

Conditional asset retirement obligations are recognized if a legal obligation exists to perform asset retirement activities and a reasonable estimate of the fair value of the obligation can be made.

HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2011 and 2010

(l) Beneficial Interests in Trusts

Beneficial interests in trusts are arrangements whereby a donor establishes and funds a trust, and the assets are held in perpetuity with the income earned distributed annually to the Medical Center for both restricted and unrestricted use. The Medical Center recognizes the contribution and a receivable as permanently restricted net assets in the period the trust is established at its present value, which equals the fair value of the underlying assets. The fair value of these assets is based on the net asset values reported by the fund manager, which are reviewed by management for reasonableness. Adjustments to the receivable to reflect changes in fair value are recognized as additional contributions to permanently restricted net assets.

(m) Deferred Financing Costs

Deferred financing costs consist principally of debt acquisition costs, which are being amortized over the life of the related debt.

(n) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Medical Center 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 Medical Center in perpetuity.

The Foundation raises or holds contributions on behalf of the Medical Center and other affiliates. The Medical Center periodically requests funds from the Foundation for capital and other needs. The Medical Center's beneficial interest in the temporarily and permanently restricted net assets of the Foundation and its share of the change in those net assets are reported in the accompanying financial statements in temporarily restricted and permanently restricted net assets, respectively.

(o) Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as unrestricted nonoperating revenues and gains.

(p) Agency Funds

Agency funds represent funds held on behalf of certain physician specialists associated with the Medical Center. The net funds being held are not available to support the general operations of the Medical Center and are therefore classified separately. The assets held include cash, investments, and accounts receivable.

HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2011 and 2010

(q) *Statements of Operations*

The Medical Center's operating income includes all unrestricted revenues and expenses. Non-operating revenues and gains (losses) include unrestricted interest and dividend income, unrestricted net realized gains (losses) on investments, unrestricted contributions, change in value of derivatives, and gain on sale of assets. The statements of operations also include excess of revenues and gains over expenses and losses, which is the performance indicator. Changes in unrestricted net assets that are excluded from the performance indicator, consistent with industry practice, include unrealized gains and losses on investment securities other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, pension-related changes other than net periodic pension cost, changes in accounting principles, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

(r) *Net Patient Service Revenue*

Net operating revenues are recognized in the period services are performed and consist primarily of net patient service revenue that is reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

(s) *Other Revenue*

Other revenue includes income from gains on sales of operating activities, grant revenue (including Meaningful Use-Health Information Technology for Economic and Clinical Health Act (HITECH) Stimulus Grants). The Medical Center recorded approximately \$72,000 of revenues related to Medicare's incentive payments for meeting the criteria for electronic health records during the year ended December 31, 2011 (see note 14).

(t) *Estimated Medical Malpractice*

The liability for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

(u) *Derivative Instruments and Hedging Activities*

Derivative financial instruments are employed to manage risks. The principal financial instruments used for cash flow hedging purposes are interest rate swaps. The Medical Center enters into interest rate swap agreements to manage its exposure to interest rate changes. The Medical Center recognizes all financial instruments in the statements of financial position at fair value. Changes in the fair value of derivatives are recognized either within the performance indicator or in other changes in unrestricted net assets, which is excluded from the performance indicator, depending on whether the derivative financial instrument qualifies for hedge accounting. Gains and losses on derivatives designated as cash flow hedges, to the extent they are effective, are recorded in other changes in the statement of operations and statement of changes in net assets. Changes in the fair value of

HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2011 and 2010

derivatives not qualifying as hedges, and for any portion of a hedge that is ineffective, are reported within the performance indicator

(v) ***Income Taxes***

The Medical Center is a tax-exempt not-for-profit organization under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required. The Medical Center recognizes income tax positions when it is more-likely-than-not that the position will be sustainable based on the merits of the position. Management has concluded that there are no material tax liabilities that need to be recorded.

(w) ***Reclassifications***

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

(x) ***New Accounting Pronouncements***

In August 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-23, *Health Care Entities (Topic 954) Measuring Charity Care for Disclosure*. ASU No. 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU No. 2010-23 requires that cost be used as a measurement basis for charity care disclosure purposes and that cost be identified as the direct or indirect cost of providing the charity care, and requires disclosure of the method used to identify or determine such costs. The ASU is effective for the Medical Center's 2011 financial statements and the disclosure was made retrospectively.

In August 2010, the FASB issued ASU No. 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*. ASU No. 2010-24 is intended to address current diversity in practice to the accounting by health care entities for medical malpractice claims and similar liabilities and their related anticipated insurance recoveries. Most health care entities have netted anticipated insurance recoveries against the related accrued liability, although some entities have presented the anticipated insurance recovery and related liability on a gross basis. The existing guidance does not permit offsetting of conditional or unconditional liabilities with anticipated insurance recoveries from third parties. This update clarifies that a health care entity should not net insurance recoveries against related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The ASU is effective for the Medical Center's 2011 financial statements and as a result of the adoption the Medical Center recorded a receivable, and a liability, of approximately \$600,000 at December 31, 2011.

In July 2011, the FASB issued Accounting Standard Update 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). Although it will not impact operating results, ASU 2011-07 will change the way that healthcare entities present the provision for bad debts in their financial statements. ASU 2011-07 requires healthcare entities that record revenue for services rendered prior to the time that collectability is ultimately determined to report bad debt expense as a separate financial statement line as a deduction from net patient service revenues. New disclosure

HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2011 and 2010

requirements will include enhanced disclosures regarding revenue recognition policies and how the entity assesses their bad debts. This update is effective for the Medical Center's 2012 financial statements.

(2) Charity and Uncompensated Care

In furtherance of its charitable purpose, the Medical Center provides a wide variety of benefits to the community, including offering various community-based programs, such as lifeline, health screenings, training for emergency service personnel, social service, support counseling for patients and families, pastoral care, and crisis intervention. Additionally, a large number of health-related educational programs are provided for the benefit of the community, including health enhancements and wellness, classes on specific conditions, and telephone information services designed to improve the general standards of the health of the community.

The Medical Center also provides medical care without charge or at reduced costs to residents of its community who meet the criteria under state regulation for charity care. The Medical Center's definition of charity care includes services provided at no charge or at a reduced charge to patients who are uninsured or underinsured. The Medical Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. An overall cost to charge ratio was applied to arrive at the cost of charity care, and as a result the cost of charity care amounted to \$7,779,238 and \$8,994,200 in 2011 and 2010, respectively. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The state provides certain subsidy payments to qualified hospitals to partially fund uncompensated care and certain other costs. Subsidy payments recognized as revenue amounted to approximately \$1,641,695 and \$1,629,575 for 2011 and 2010, respectively, and are included in other revenue.

(3) Assets Whose Use is Limited and Short-term Investments

Short-term investment funds at December 31, 2011 and 2010 are set forth in the following table:

	<u>2011</u>	<u>2010</u>
Certificates of deposit	\$ 13,020,395	9,653,410
Mutual funds invested in domestic equity securities	3,723,186	3,612,079
Accrued interest receivable	218,586	140,359
Total short-term investments	<u>\$ 16,962,167</u>	<u>13,405,848</u>

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Notes to Financial Statements

December 31, 2011 and 2010

Board-designated funds at December 31, 2011 and 2010 are set forth in the following table

	<u>2011</u>	<u>2010</u>
Certificates of deposit	\$ 5,531,826	5,499,541
Commingled funds invested in U S large cap equities	1,152,179	—
Mutual funds invested in short-term treasuries	2,506,342	2,038,496
Mutual funds invested in bonds	12,028,337	10,875,842
Mutual funds invested in domestic equity securities	19,325,889	16,770,243
Mutual funds invested in international equity securities	1,357,445	1,588,852
Accrued interest receivable	118,097	50,428
	<u>42,020,115</u>	<u>36,823,402</u>
Total board-designated funds	\$ <u>42,020,115</u>	<u>36,823,402</u>

Donor-restricted assets at December 31, 2011 and 2010 are set forth in the following table

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 4,678,493	3,671,660
Commingled funds invested in U S large cap equities	3,359,933	4,904,423
Commingled funds invested in U S bonds	3,502,424	2,922,638
Mutual funds invested in international equity securities	1,233,920	1,087,495
Mutual funds invested in domestic equity securities	1,447,515	1,659,365
	<u>14,222,285</u>	<u>14,245,581</u>
Total donor-restricted assets	\$ <u>14,222,285</u>	<u>14,245,581</u>

Funds held by trustee under bond indenture agreements are maintained for the following purposes

	<u>2011</u>	<u>2010</u>
Debt service funds for principal and interest	\$ 1,048,874	1,035,314
Debt service reserve funds	3,244,942	3,247,428
Cost of issuance funds	—	31,867
Project and construction funds	—	5,563,263
	<u>4,293,816</u>	<u>9,877,872</u>
Total funds held by trustee under bond indenture agreements	4,293,816	9,877,872
Less current portion	<u>1,048,874</u>	<u>1,035,314</u>
Noncurrent portion	\$ <u>3,244,942</u>	<u>8,842,558</u>

Funds held by trustee under bond indenture agreements, comprised primarily of U S Treasury notes and other cash equivalents, stated at fair value, represent amounts held by the trustee in connection with the loan and security agreement

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December 31, 2011 and 2010

Investment return includes the following for the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 1,640,666	1,510,184
Net realized gains on investments	187,903	250,571
Change in net unrealized gains on investments, other than trading securities	<u>(454,538)</u>	<u>2,717,449</u>
Total investment return	<u>\$ 1,374,031</u>	<u>4,478,204</u>

Gross unrealized losses on assets whose use is limited and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2011, were as follows

		<u>December 31, 2011</u>					
		<u>Less than twelve months</u>	<u>Twelve months or longer</u>	<u>Total</u>			
		<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>
Mutual funds	\$	<u>740,189</u>	<u>38,815</u>	<u>281,961</u>	<u>37,650</u>	<u>1,022,150</u>	<u>76,465</u>
Total	\$	<u>740,189</u>	<u>38,815</u>	<u>281,961</u>	<u>37,650</u>	<u>1,022,150</u>	<u>76,465</u>

Gross unrealized losses on assets whose use is limited and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2010, were as follows

		<u>December 31, 2010</u>					
		<u>Less than twelve months</u>	<u>Twelve months or longer</u>	<u>Total</u>			
		<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>
Mutual funds	\$	<u>353,543</u>	<u>10,538</u>	<u>278,925</u>	<u>35,338</u>	<u>632,468</u>	<u>45,876</u>
Total	\$	<u>353,543</u>	<u>10,538</u>	<u>278,925</u>	<u>35,338</u>	<u>632,468</u>	<u>45,876</u>

Management reviewed the mutual funds with unrealized losses, summarized in the above table, and determined that the mutual funds were not other than temporarily impaired as the Medical Center has the ability and intent to hold these investments until a market price recovery or maturity. Management reached this conclusion after reviewing current market conditions and other information they deemed relevant to their assessment.

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December 31, 2011 and 2010

(4) Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2011 and 2010 are as follows

	<u>2011</u>	<u>2010</u>
Land	\$ 6,796,849	6,796,849
Land improvements	5,837,700	5,456,532
Buildings	91,513,935	90,090,478
Fixed equipment	37,726,354	37,543,524
Major moveable equipment	92,480,765	83,283,530
Leasehold improvements	2,855,085	2,774,336
Minor equipment	51,244	51,244
Construction in progress	5,903,557	5,434,449
	<u>243,165,489</u>	<u>231,430,942</u>
Less accumulated depreciation and amortization	<u>139,128,539</u>	<u>128,469,380</u>
Property, plant, and equipment, net	<u>\$ 104,036,950</u>	<u>102,961,562</u>

The construction in progress primarily relates to the Medical Center's OR construction project, development of an electronic medical records system and architectural fees related to future ventures. At December 31, 2011, the Medical Center has approximately \$5,500,000 in outstanding commitments for the completion of these three initiatives.

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Notes to Financial Statements

December 31, 2011 and 2010

(5) Long-Term Debt and Capital Lease Obligations

Bonds Payable

Bonds payable at December 31, 2011 and 2010 consists of the following

	2011	2010
Serial Bonds, payable annually from July 1, 2010 to 2014, bearing interest at a rate of 4% (b)	\$ 605,000	700,000
Serial Bonds, payable annually from July 1, 2015 to 2017, bearing interest at a rate of 4 5% (b)	1,155,000	1,155,000
Serial Bonds, payable annually from July 1, 2018 to 2020, bearing interest at a rate of 5% (b)	1,790,000	1,790,000
Private Placement Issue, payable monthly from January 1, 2010 to December 1, 2019 (c)	10,130,000	11,450,000
Term Bonds, payable July 1, 2025 bearing interest at 5 25% (a)	5,455,000	5,455,000
Term Bonds, payable July 1, 2035 bearing interest at 5 25% (a)	16,070,000	16,070,000
Term Bonds, payable July 1, 2026 bearing interest at 5% (b)	3,260,000	3,260,000
Term Bonds, payable July 1, 2036 bearing interest at 5% (b)	10,135,000	10,135,000
	48,600,000	50,015,000
Less Portion due within one year	1,455,000	1,415,000
Plus Unamortized bond premium	1,164,675	1,198,301
Long-term portion	\$ 48,309,675	49,798,301

Capital Lease Obligation

Capital lease obligation at December 31, 2011 and 2010 consist of the following

	2011	2010
Pantheon Capital, payable quarterly through October 10, 2012, bearing interest at 5 236% (e)	\$ 263,351	536,789
IBM/Lighthouse, payable monthly through December 31, 2012, bearing no interest (f)	—	164,405
	263,351	701,194
Less Portion due within one year	263,351	437,843
Long-term portion	\$ —	263,351

- (a) The Medical Center issued \$22,500,000 of Revenue Bonds, Series 2006A. (Series 2006A bonds) dated January 1, 2006, through the Authority. The loan agreement requires principal payments beginning in July 2008 and ending on July 1, 2035. There were two serial bonds that matured in 2008 and 2009 totaling \$975,000 and two term bonds, totaling \$21,525,000, the first of which

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matures in 2025 bearing interest at 5.25%, and the second of which matures in 2035 bearing interest at 5.125%. The bonds bear interest, which is payable semiannually on July 1 and January 1. The loan agreement required the establishment of a debt service reserve fund.

Proceeds from the bonds were used for the payment of the costs of the construction of a new parking garage consisting of 449 parking spaces, the undertaking of various building improvements, the acquisition of radiology and clinical information systems, the payment of preconstruction costs related to the planned construction of a health and wellness center, acquisition of certain capital equipment items, and the repayment of a \$1,535,000 line of credit that was used to retire a portion of the Series 1990 bonds. As security for the repayment of the bonds, the Medical Center has granted a security interest in its gross revenues and a mortgage on the property in Raritan Township on which the Medical Center is located. The agreement requires the Medical Center to comply with certain financial covenants and ratios.

- (b) The Medical Center issued \$17,085,000 of Revenue Bonds, Series 2006B, (Series 2006B bonds) dated December 21, 2006, through the Authority. The loan agreement requires principal payments beginning in July 2010 and ending on July 1, 2036. There are serial bonds maturing each year beginning in 2010 through 2020 totaling \$3,690,000 bearing interest from 4% to 5% and two term bonds, totaling \$13,395,000, the first of which matures in 2026 bearing interest at 5%, and the second of which matures in 2036 bearing interest at 5%. The bonds bear interest, which is payable semiannually on July 1 and January 1. The loan agreement required the establishment of a debt service reserve fund.

Proceeds from the bonds were used for the construction of a Clinton campus primarily to include a health and wellness center. As security for the repayment of the bonds, the Medical Center has granted a security interest in its gross revenues and a mortgage on the Clinton campus property. The agreement requires the Medical Center to comply with certain financial covenants and ratios.

- (c) On December 1, 2009, the Authority signed a loan agreement with the Medical Center that allowed for the issuance of \$12,765,000 Revenue Bonds, Series 2009, (Series 2009 bonds) in the name of Hunterdon Medical Center.

The Series 2009 bonds are special and limited obligations of the Authority, payable in monthly installments ranging from \$105,000 to \$110,000 from January 2010 to December 2019. The bonds were initially issued in the Index Floating Rate Mode and were subsequently converted to a fixed rate of 4.107% through an interest rate swap.

Proceeds from the bonds were used to refund the Series 1990 bonds, and to finance the acquisition of various equipment for use at the Medical Center's facilities in Flemington, New Jersey and Clinton, New Jersey, and to pay costs incidental to the issuance and sale of the Series 2009 Bonds. As security for the repayment of the bonds, the Medical Center has granted a security interest in its gross revenues and a mortgage of the property in Raritan Township on which the Medical Center is located. The agreement requires the Medical Center to comply with certain financial covenants and ratios.

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Effective December 1, 2009, the Hospital entered into an interest rate swap exchange agreement with TD Bank, N A. The swap agreement has a notional amount equal to the aggregate matching the projected principal amortization of the Series 2009 bonds. The Medical Center entered into this agreement with the intention of lowering its effective interest rate. At December 31, 2011 and 2010, the fair value of the derivative was (\$526,294) and (\$300,343), respectively, and is included in other liabilities in the accompanying statements of financial position. The change in fair value recognized during the years ended December 31, 2011 and 2010, in the amount of (\$225,951) and (\$278,873) is recorded in the statement of operations and is included in the performance indicator.

Future debt payments (exclusive of the unamortized bond discount) at December 31, 2011 follow:

Year ending December 31	
2012	\$ 1,455,000
2013	1,460,000
2014	1,520,000
2015	1,580,000
2016	1,645,000
Thereafter	<u>40,940,000</u>
	<u>\$ 48,600,000</u>

- (d) The Medical Center has a \$6,000,000 unsecured line of credit with a bank. The interest rate at December 31, 2011 was 4.0% and the term was extended to December 31, 2012. There is no balance in the line of credit as of December 31, 2011 and 2010.
- (e) During 2008, the Medical Center entered into a capital lease with Pantheon Capital for the purchase of Alaris IV Infusion pumps with a lease commencement date of January 1, 2008. The term of the lease is five years with lease payments required quarterly. The lease includes interest at 5.236% and a purchase option of \$1 at the end of the term.
- (f) During 2009, the Medical Center entered into a capital lease with IBM/Lighthouse for certain information services hardware and software for our clinical information system conversion. The term of the lease is two years with lease payments required monthly. The lease began December 30, 2009 with lease payments starting in January 2010. It is a non-interest bearing lease with a purchase option of \$1 at the end of the term.

The Medical Center's future minimum lease payments under the capitalized leases less amounts representing interest at December 31, 2011 are due to be paid in 2012.

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December 31, 2011 and 2010

(6) Pension Plan

The Medical Center sponsors a noncontributory defined benefit pension plan that covers all eligible employees. The plan provides for benefits to be paid to eligible employees at retirement, based primarily upon years of service and compensation. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. The Medical Center's funding policy is to contribute annually an amount equal to or greater than the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Medical Center uses a December 31 measurement date.

The Medical Center recognizes the funded status of the benefit plan, which is measured as the difference between plan assets at fair value and the benefit obligation, in the statements of financial position. Additionally, it requires organizations to recognize changes in that funded status in the year in which the changes occur through a separate line within the change in unrestricted net assets, apart from expenses, to the extent those changes are not included in the net periodic cost.

The following tables set forth the plan's funded status, amounts recognized in the Medical Center's statements of financial position, and components of net periodic pension cost for 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 150,387,312	127,648,590
Service cost	8,492,781	7,475,109
Interest cost	9,060,960	8,143,126
Amendments	33,913	15,028
Benefits paid	(3,915,303)	(3,558,401)
Actuarial loss	28,091,472	10,663,860
Benefit obligation at end of year	<u>\$ 192,151,135</u>	<u>150,387,312</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 122,418,014	104,281,011
Actual return on plan assets	1,044,220	10,835,404
Employer contributions	15,000,000	10,860,000
Benefits paid	(3,915,303)	(3,558,401)
Fair value of plan assets at end of year	<u>\$ 134,546,931</u>	<u>122,418,014</u>
Funded status	<u>\$ (57,604,204)</u>	<u>(27,969,298)</u>
Amounts recognized in unrestricted net assets in the statements of operations resulting from pension-related changes other than net periodic pension cost		
Net actuarial gain	\$ 34,582,153	6,379,685
Prior service credit	(3,819)	(18,753)
	<u>\$ 34,578,334</u>	<u>6,360,932</u>

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The accumulated benefit obligation for the pension plan was \$157,825,736 and \$125,504,566 at December 31, 2011 and 2010, respectively

	2011	2010
Weighted average assumptions used to determine benefit obligations at December 31		
Discount rate	5.01%	5.97%
Rate of compensation increases	5.25	5.25
Weighted average assumptions used to determine net periodic benefit cost		
Discount rate	5.97%	6.31%
Expected long-term rate of return on plan assets	8.00	8.00
Rate of compensation increases	5.25	5.25
Components of net periodic benefit cost		
Service cost	\$ 8,492,781	7,475,109
Interest cost	9,060,960	8,143,126
Expected return on plan assets	(10,124,935)	(8,626,315)
Amortization of prior service cost	37,732	33,781
Amortization of unrecognized actuarial loss	2,590,033	2,075,086
Net periodic benefit cost	\$ 10,056,571	9,100,787
Amounts expected to be recognized in net periodic benefit cost in 2011 are as follows		
Net actuarial loss	\$ 5,774,989	2,213,137
Prior service cost	34,323	33,780

The expected long-term rate of return on pension assets is selected by taking into account the expected duration of the projected benefit obligation (PBO) for the plan and the asset mix of the plan. The rate of return is expected to be the rate earned over the period until the benefits represented by the current PBO are paid. The expected return on plan assets is based on the Medical Center's expectation of historical long-term average rates of return on the different asset classes held in the pension fund. This is reflective of the current and projected asset mix of the funds and considers the historical returns earned on the Medical Center's asset allocation and the duration of the plan liabilities. Thus, the Medical Center has taken a historical approach to the development of the expected return on asset assumption. The Medical Center believes the fundamental changes in the markets cannot be predicted over the long term. Rather, historical returns, realized across numerous economic cycles, should be representative of the market return expectations applicable to the funding of a long-term benefit obligation.

Actual year-by-year returns can deviate substantially from the long-term expected return assumption. However, over time it is expected that the amount of over-performance will equal the amount of under-performance.

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December 31, 2011 and 2010

The fair value hierarchy for the Medical Center's pension plan assets at December 31, 2011 are as follows

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pension assets				
Commingled fund - U S core equities	\$ 43,501,210	—	43,501,210	—
Commingled fund - U S small & mid-cap equities	13,416,710	—	13,416,710	—
Commingled fund - U S bonds	41,745,891	—	41,745,891	—
Mutual/commingled funds invested in international equity securities	16,160,749	7,978,332	8,182,416	—
Mutual fund - high yield bonds	6,781,781	6,781,781	—	—
Mutual fund - all asset fund	10,018,123	10,018,123	—	—
Cash and cash equivalents	2,922,468	2,922,468	—	—

The Medical Center has the ability to redeem its investments in the commingled funds at its year-end with one day notice and therefore, classify these funds as level 2

The fair value hierarchy for the Medical Center's pension plan assets at December 31, 2010 are as follows

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pension assets				
Commingled fund - U S core equities	\$ 41,151,138	—	41,151,138	—
Commingled fund - U S small cap equities	13,171,680	—	13,171,680	—
Commingled fund - U S bonds	34,826,177	—	34,826,177	—
Mutual/commingled funds invested in international equity securities	15,657,553	7,768,300	7,889,253	—
Mutual fund - high yield bonds	6,183,286	6,183,286	—	—
Mutual fund - all asset fund	9,238,457	9,238,457	—	—
Cash and cash equivalents	2,189,723	2,189,723	—	—

The Medical Center's pension plan weighted average asset allocations at December 31, 2011 and 2010, by asset category, are as follows

<u>Asset category</u>	<u>Target allocations</u>	<u>2011</u>	<u>2010</u>
Mutual and commingled funds invested in equity securities	55%	54%	57%
Mutual and commingled funds invested in debt securities	42.50%	44	41
Other	2.50%	2	2
		<u>100%</u>	<u>100%</u>

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In determining the asset allocation, the Medical Center's investment manager recognizes its desire for funding and expense stability, the long-term nature of the pension obligation, and current and projected cash needs for retiree benefit payments. An asset allocation analysis is performed to determine the long-term targets for the major asset classes of equity, debt, and cash using an efficient frontier model. The asset allocation is reviewed quarterly and rebalanced if the variance to the targets is exceeded by 2.5% or more.

The Medical Center estimates that it will contribute \$15,000,000 during 2012 to satisfy required minimum funding requirements for the 2012 plan year.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year ending December 31		
2012	\$	5,060,000
2013		5,614,000
2014		6,418,000
2015		7,271,000
2016		8,117,000
2017 – 2020		57,048,000

In addition to the defined benefit plan, beginning in 2002, the Medical Center also provides a deferred compensation plan for certain employees. At December 31, 2011 and 2010, the assets related to this plan are included in other assets and the related liability is included in other liabilities in the amount of \$933,678 and \$1,090,667, respectively.

In addition, certain of the Medical Center's key employees participate in a split-dollar life insurance plan. Under this insurance policy, all premium payments are divided between the participant's portion and the Medical Center's portion. Any withdrawal or death benefit must first be used to repay the Medical Center's portion of the policy. At December 31, 2011 and 2010, the assets related to this plan are included in other assets in the amount of \$2,954,200 and \$2,713,719, respectively.

(7) Related-Party Transactions

Distributions of restricted funds from the Foundation are recorded as decreases to beneficial interest in net assets of Hunterdon Medical Center Foundation, Inc. in the statements of financial position. These restricted distributions consisted of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Restricted for capital acquisitions	\$ 850,000	650,000
Restricted for program support	203,603	89,381
	\$ 1,053,603	739,381

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Additionally, the Foundation approved and disbursed an unrestricted contribution in the amount of \$100,000 during each of the years ended December 31, 2011 and 2010, which is included in contributions in the accompanying statements of operations

The Medical Center entered into various financing and operating arrangements with its affiliates. Interest is not charged under these arrangements. The following net amounts are due from (to) affiliates at December 31, 2011 and 2010:

	2011	2010
Hunterdon Healthcare System, Inc	\$ 1,790,868	1,914,865
Hunterdon Medical Center Foundation, Inc	1,465,778	1,143,723
Hunterdon Regional Community Health, Inc	345,378	255,135
Midjersey Health Corporation and subsidiaries	(382,151)	(454,047)
	3,219,873	2,859,676
Less amounts classified as current assets	1,429,005	944,811
	\$ 1,790,868	1,914,865

The System has entered into a noninterest-bearing loan agreement with the Medical Center. The System used the funds borrowed to purchase all of the outstanding stock of Midjersey Health Corporation. The outstanding balance of this note is \$1,130,000 and \$1,230,000 at December 31, 2011 and 2010, respectively. The System makes payments on this note to the Medical Center as Midjersey Health Corporation declares dividends to the System. Payments made during 2011 and 2010 were \$100,000 in each year. The remaining balance owed by the System of \$660,868 and \$684,865 at December 31, 2011 and 2010, respectively, primarily represents operating expenses paid by the Medical Center on the System's behalf.

The amounts due from the Foundation, HRCH, and Midjersey primarily represent salaries and benefits paid by the Medical Center on the affiliate organization's behalf.

HRCH has a contractual agreement to provide patient care services on behalf of the Medical Center. Fees associated with these contracted services in the amounts of \$597,294 and \$560,412 were recorded by the Medical Center during 2011 and 2010, respectively, and are included in supplies and services expenses in the accompanying statements of operations. HRCH also provides various management services such as billing, building maintenance, and other services to the Medical Center. The Medical Center recorded management fees of \$1,101,064 and \$1,127,957 for the years ended December 31, 2011 and 2010, respectively, that are included in supplies and services expenses in the accompanying statements of operations. These amounts represent the fair value for services charged.

Midjersey has a service agreement with the Medical Center. Fees associated with the services provided under this agreement in the amounts of \$2,739,996 and \$3,128,630 for the years ended December 31, 2011 and 2010, respectively, were recorded by the Medical Center and are included in supplies and services expenses in the accompanying statements of operations.

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(8) Professional and Patient Care Liability Insurance

The Medical Center has purchased annually a "claims made" professional liability insurance policy, which provides coverage of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In addition, The Medical Center has purchased an additional layer of insurance above the base policy of \$15,000,000. Employed physicians are not covered by the above policy. Each individual employed physician is provided individual coverage in the amount of \$3,000,000 per occurrence and \$5,000,000 annual aggregate. The Medical Center has estimated losses and recorded an undiscounted liability of \$1,361,000 and \$1,726,000 at December 31, 2011 and 2010, respectively, relating to unasserted claims and incidents not yet reported to the insurance carrier, which are included in other liabilities in the accompanying statements of financial position.

(9) Operating Leases

The Medical Center is obligated under non-cancelable operating leases with terms in excess of one year for certain office space and equipment. Rental expense was \$4,241,362 and \$3,676,385 during 2011 and 2010, respectively. The required minimum lease payments at December 31, 2011 are as follows (rounded):

Year ending December 31	
2012	\$ 2,898,000
2013	2,228,000
2014	1,926,000
2015	1,964,000
2016	1,959,000
Thereafter	10,184,000
	<u>\$ 21,159,000</u>

(10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets in the amount of \$6,995,499 and \$5,890,579 at December 31, 2011 and 2010, respectively, are available for use by the Medical Center, as specified by the donor, for capital acquisitions, research, and education. Permanently restricted net assets of \$14,227,896 and \$14,358,050 at December 31, 2011 and 2010, respectively, are funds to be held in perpetuity by the Medical Center. The income earned on these funds is expendable either to support patient care services or as specified by the donor. Realized gains and losses are retained in either unrestricted net assets or permanently restricted net assets in accordance with the donors' wishes.

The Medical Center's endowment consists of eleven funds that have been established by the Medical Center and one fund that has been established by the Foundation to support the Medical Center in providing health care services. These funds are invested by the Medical Center and Foundation. As required by GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported in unrestricted net assets as of year-end. There were no such deficiencies as of December 31, 2011 and 2010.

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Interpretation of Relevant Law

The board of trustees of the Medical Center and the Foundation have interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Medical Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The interest and dividends income earned on the accumulations to the permanently restricted endowment funds is classified as temporarily restricted net assets until the donor-imposed restrictions have been met and the amounts have been appropriated for expenditure.

Spending Policy

The Foundation distributes to the Medical Center funds from its endowment account when donor-imposed restrictions have been met. The Medical Center spends earnings on donor-restricted endowment funds when expenses have been incurred that satisfy the donor-imposed restrictions.

Return Objectives and Risk Parameters

The Foundation and Medical Center have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income and growth, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Medical Center and Foundation must hold in perpetuity. Under this policy, as approved by the Medical Center's and Foundation's boards of trustees, the endowment assets are invested in a manner that is intended to produce moderate to high rates of return while assuming a moderate to low level of investment risk.

The Medical Center has no board-designated endowment funds. The following represents the net asset classes of the Medical Center's donor-restricted endowment funds at December 31, 2011 and 2010.

		2011			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$	—	1,728,128	14,227,896	15,956,024
		2010			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	\$	—	1,692,028	14,358,050	16,050,078

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Notes to Financial Statements

December 31, 2011 and 2010

The following table presents changes in endowments for the years ended December 31, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets at December 31, 2009	\$ —	1,714,084	13,509,734	15,223,818
Investment income	—	163,443	—	163,443
Change in net unrealized gains on investments	—	—	611,350	611,350
Net realized losses on investments	—	—	59,588	59,588
Change in value of beneficial interest in trusts	—	—	177,378	177,378
Appropriation of endowment assets for expenditure	—	(185,499)	—	(185,499)
Endowment net assets at December 31, 2010	—	1,692,028	14,358,050	16,050,078
Investment income	—	159,873	—	159,873
Change in net unrealized losses on investments	—	—	(55,288)	(55,288)
Net realized gains on investments	—	—	69,504	69,504
Change in value of beneficial interest in trusts	—	—	(144,370)	(144,370)
Appropriation of endowment assets for expenditure	—	(123,773)	—	(123,773)
Endowment net assets at December 31, 2011	\$ —	1,728,128	14,227,896	15,956,024

(11) Functional Expenses

The Medical Center provides general healthcare services to residents within its geographic location Expenses related to providing these services for the years ended December 31, 2011 and 2010 follow

	<u>2011</u>	<u>2010</u>
Health services	\$ 201,516,502	198,278,591
General and administrative	31,249,919	28,532,884
	\$ <u>232,766,421</u>	<u>226,811,475</u>

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December 31, 2011 and 2010

(12) Concentration of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party arrangements. The significant concentrations of accounts receivable for services to patients include the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Medicare	34.8%	33.8%
Medicaid	3.9	3.6
Blue Cross	16.8	17.5
Aetna	11.7	12.8
HMO/PPO payors	15.2	15.9
Other third-party payors	9.0	7.7
Self-pay patients	8.6	8.7
	<u>100.0%</u>	<u>100.0%</u>

(13) Fair Value of Financial Instruments

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

- Cash and cash equivalents, patient accounts receivable, other receivables, prepaid expenses, due from affiliates, and all current liabilities, except current portion of long-term debt, are reported at amounts that approximate fair value due to the relatively short period to maturity of these financial instruments.
- Fair values on investments in marketable equity securities and mutual funds are determined based on quoted market prices.
- Fair values of investments in commingled funds are based on net asset values of the fund. The Medical Center has the ability to redeem its investments in the commingled funds at its year-end with one day notice and therefore, classify these funds as Level 2.
- Fair value of the beneficial interest in trusts is based on the fair value of the underlying securities.
- Fair value of the Medical Center's swap transactions is based on current traded values of the respective swaps.
- Fair value of the Medical Center's bonds payable is based on current traded values of the respective bonds.

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December 31, 2011 and 2010

The standard describes three levels of inputs that may be used to measure fair value

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quotes prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full 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 asset or liabilities

The following table presents the Medical Center's fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2011

	Fair value	Level 1	Level 2	Level 3
Financial assets (liabilities)				
Short-term investments				
Certificates of deposit	\$ 13,020,395	13,020,395	—	—
Mutual funds - domestic equities	3,723,186	3,723,186	—	—
Assets whose use is limited				
Cash and cash equivalents	8,972,309	8,972,309	—	—
Certificates of deposit	5,531,826	5,531,826	—	—
Commingled funds - U S large cap equities	4,512,112	—	4,512,112	—
Commingled funds - U S bonds	3,502,424	—	3,502,424	—
Mutual funds - international equities	2,591,365	2,591,365	—	—
Mutual funds - domestic equities	20,773,404	20,773,404	—	—
Mutual funds - short-term treasuries	2,506,342	2,506,342	—	—
Mutual funds - bonds	12,028,337	12,028,337	—	—
Beneficial interest in trusts	1,872,183	—	1,872,183	—
Swap agreement	(526,294)	—	(526,294)	—

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Notes to Financial Statements

December 31, 2011 and 2010

The following table presents the Medical Center's fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2010

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets (liabilities)				
Short-term investments				
Certificates of deposit	\$ 9,653,410	9,653,410	—	—
Mutual funds - domestic equities	3,612,079	3,612,079	—	—
Assets whose use is limited				
Cash and cash equivalents	13,549,532	13,549,532	—	—
Certificates of deposit	5,499,541	5,499,541	—	—
Commingled funds - U S large cap equities	4,904,423	—	4,904,423	—
Commingled funds - U S bonds	2,922,638	—	2,922,638	—
Mutual funds - international equities	2,676,347	2,676,347	—	—
Mutual funds - domestic equities	18,429,608	18,429,608	—	—
Mutual funds - short-term treasuries	2,038,496	2,038,496	—	—
Mutual funds - bonds	10,875,842	10,875,842	—	—
Beneficial interest in trusts	2,016,553	—	2,016,553	—
Swap agreement	(300,343)	—	(300,343)	—

The Medical Center's carrying value and estimated fair value of its bonds payable at December 31, 2011 was \$49,764,675 and \$51,751,099, respectively and at December 31, 2010 was \$51,213,301 and \$47,949,000, respectively

(14) Contingencies

General Contingencies

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

Reimbursement Contingencies

A summary of the payment arrangements with major third-party payors includes, but is not limited to, the following:

Medicare – Under the Medicare program, the Medical Center receives reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group (DRG). When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional "outlier" payments. Effective August 1, 2000, a prospective outpatient system was adopted that provides for payment for outpatient services based on

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Notes to Financial Statements

December 31, 2011 and 2010

service groups called ambulatory payment classifications (APCs). The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2006.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective methodology that, similar to Medicare, is based on predetermined rates per discharge. Outpatient services are paid based upon a cost reimbursement methodology. The Medical Center's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2006.

Other Third-Party Payors – Other private insurance companies, health maintenance organizations (HMOs), preferred provider organizations (PPOs), and other managed care plans negotiate payment rates directly with the Medical Center. Such arrangements vary from DRG-based payment systems to per diems, case rates, and percentage of billed charges. All other third-party payors are billed at established charges.

For both Medicare and Medicaid, final settlement is determined after submission of annual cost reports by the Medical Center and audits thereof by the fiscal intermediary. The Medical Center's classification of patients and the appropriateness of their admission under these programs are subject to an independent audit by a peer review organization. The performance of such audits typically does not coincide with the issuance of annual financial statements. Therefore, a provision for audit settlements has been included in estimated third-party payor settlements in the accompanying statements of financial position.

The Medical Center has recorded approximately \$59.3 million and \$5.5 million of revenues related to Medicare and Medicaid, respectively, for the year ended December 31, 2011 and approximately \$60.2 million and \$4.8 million of revenues related to Medicare and Medicaid, respectively, for the year ended December 31, 2010. These amounts represent approximately 25.1% and 2.3% of net patient service revenue related to Medicare and Medicaid, respectively, for the year ended December 31, 2011 and approximately 27.3% and 2.2% of net patient service revenue related to Medicare and Medicaid, respectively, for the year ended December 31, 2010.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term. The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse legislation. Recent federal initiatives have prompted a national review of federally funded health care programs. The Medical Center believes that it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties, and exclusion from the Medicare and Medicaid programs, which could have a material adverse effect on the financial position, results of operations, and liquidity of the Medical Center.

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December 31, 2011 and 2010

As a result of recently enacted and pending federal health care reform legislation, substantial changes are anticipated in the United States health care system. Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade.

Two specific changes have been enacted by CMS this year, both of which present opportunities to the Medical Center. The first is value based purchasing. On May 6, 2011, CMS issued the final rule that established a hospital value-based purchasing program for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2013, value-based incentive payments will be made based upon achievement of or improvement on a set of clinical and patient experience of care quality measures designed to foster improved clinical outcomes for hospital patient as well as improve how patients experience inpatient care. The Medical Center is currently measuring quality indicators consistent with the CMS value based purchasing methodology and creating action plans to continue improvement in the future periods in an effort to maximize the Medical Center's reimbursement opportunities.

The second change is Meaningful Use – HITECH Stimulus Grants. On July 13, 2010, CMS issued rules to implement the Medicare and Medicaid electronic health record (EHR) incentive program established under the Health Information Technology for Economic and Clinical Health Act (HITECH Act). Certain hospitals and eligible healthcare professions (EPs) that demonstrate "meaningful use" of certified EHR technology can qualify for Medicare payments beginning in 2011. Medicaid requires that hospitals and EPs "adopt, implement or upgrade" certified EHR, which includes purchasing the technology, in order to receive incentive payments in 2011. Beginning in federal fiscal year 2015, Medicare payment reduction penalties will be assessed against hospitals and EP's that do not achieve meaningful use of EHR. The Medical Center qualified for EHR incentive payments of approximately \$72,000 during fiscal year 2011.

(15) Subsequent Event

The Medical Center evaluated events subsequent to December 31, 2011 and through May 23, 2012, the date on which the financial statements were issued. There were no events noted requiring disclosure.

Additional Data

Software ID:
Software Version:
EIN: 22-1537688
Name: HUNTERDON MEDICAL 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 ATWATER CHAIRMAN - TRUSTEE	3 0	X		X			0	0	0	
ELLEN LOCKER VICE CHAIR - TRUSTEE	3 0	X		X			0	0	0	
CAROL HARDING SECRETARY - TRUSTEE	3 0	X		X			0	0	0	
ROBERT J CODY MD TRUSTEE	3 0	X					0	0	0	
PATRICK COLLALTO MD TRUSTEE (1/1-5/31)	3 0	X					0	0	0	
JERROLD S GERTZMAN MD TRUSTEE (1/1-5/31)	3 0	X					176,327	0	60,350	
BARRY GOODMAN ESQ TRUSTEE	3 0	X					0	0	0	
JAMES H GRIFFITH TRUSTEE	3 0	X					0	0	0	
JAMES LYNCH TRUSTEE	3 0	X					0	0	0	
PAUL MADURA MD TRUSTEE	3 0	X					239	0	0	
ROBERT MORE MD TRUSTEE	3 0	X					0	0	0	
JOHN RICE TRUSTEE	3 0	X					0	0	0	
RENEE SELMAN TRUSTEE	3 0	X					0	0	0	
GLENN TONNESSEN MD TRUSTEE	3 0	X					0	0	0	
GREGORY C WATTS ESQ TRUSTEE	3 0	X					0	0	0	
ROBERT P WISE TRUSTEE, EX-OFFICIO - PRES/CEO	10 0	X		X			932,368	0	225,295	
DANIEL J DEETS TREASURER/CFO	8 0			X			422,301	0	79,981	
LAWRENCE N GRAND EXECUTIVE VP/COO	37 0			X			380,127	0	70,737	
ROBERT COATES MD VPMA	37 0			X			265,567	0	117,753	
DEBORAH L HOSKINS DIRECTOR OF FINANCE	40 0			X			257,688	0	85,631	
GLEN A MAMARY VP, CHIEF INFORMATION OFFICER	40 0				X		229,622	0	108,692	
GEORGE ROKSVAAG MD VP MEDICAL MANAGEMENT	3 0				X		416,310	0	64,910	
NEIL HUDES VP PROFESSIONAL SERVICES	34 0				X		290,509	0	107,730	
PATRICIA STEINGALL VP PATIENT CARE	40 0				X		252,656	0	79,830	
DONALD PINNER VP MANAGED CARE	9 0				X		232,877	0	66,485	

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			
VIOLET T KOCSIS VP HUMAN RESOURCES	40 0				X			216,307	0	102,294
CHRISTOPHER E SICKELS VP FOUNDATION (EFF 6/13/11)	40 0				X			80,958	0	36,545
DEBRA PORCELLI VP MARKETING (EFF 10/17/11)	40 0				X			25,723	0	3,373
STANLEY KOZAKOWSKI MD DIR FAMILY MED RESIDENCY PROG	40 0				X			209,630	0	86,588
DARLENE MITCHELL DIRECTOR CORPORATE COMPLIANCE	40 0				X			188,767	0	45,826
JEFFREY HARTFORD MD PHYSICIAN	40 0					X		780,773	0	91,714
KEITH GOLDSTEIN MD PHYSICIAN	40 0					X		657,400	0	88,251
SOHAIL HADDAD MD PHYSICIAN	40 0					X		407,254	0	90,066
DAVID COHN MD PHYSICIAN	40 0					X		390,543	0	90,461
JOSEPH GUGLIOTTA MD PHYSICIAN	40 0					X		385,365	0	95,332