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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 03-01-2011 and ending 02-28-2012

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
SILVER HILL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
208 VALLEY RD

City or town, state or country, and ZIP + 4
NEW CANAAN, CT 06840

D Employer identification number
06-0655139

E Telephone number
(203)966-1380

G Gross receipts $ 39,562,866

F Name and address of principal officer
SIGURD H ACKERMAN MD
208 VALLEY RD
NEW CANAAN, CT 06840

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 SILVERHILLHOSPITAL ORG

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

L Year of formation 1934

M State of legal domicile CT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	362
6	Total number of volunteers (estimate if necessary)	**6**	200
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	2,294,704	1,434,915
	9 Program service revenue (Part VIII, line 2g)	30,344,974	32,101,190
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	553,848	587,374
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-164,578	-25,278
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	33,028,948	34,098,201
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)	18,678,432	19,629,450
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶452,332		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	10,466,421	10,650,142
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	29,144,853	30,279,592
	19 Revenue less expenses Subtract line 18 from line 12	3,884,095	3,818,609

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	37,981,491	40,459,322
	21 Total liabilities (Part X, line 26)	9,962,170	8,916,912
	22 Net assets or fund balances Subtract line 21 from line 20	28,019,321	31,542,410

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

****** 2013-01-10
Signature of officer — Date

SIGURD H ACKERMAN MD PRESIDENT, MEDICAL DIRECTOR
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ KPMG LLP | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ KPMG LLP, 345 Park Avenue, New York, NY 101540102 | EIN ▶ | Phone no ▶ (212) 758-9700

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

THE MISSION OF SILVER HILL HOSPITAL IS TO PROVIDE OUR PATIENTS WITH THE BEST AVAILABLE TREATMENT OF MENTAL ILLNESS AND ADDICTION, AND TO OFFER CONTINUING SUPPORT, COUNSELING AND EDUCATION TO OUR PATIENTS AND THEIR FAMILIES IN EVERY PHASE OF ILLNESS AND RECOVERY

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 $ 15,036,310 including grants of $) (Revenue $ 14,986,518)

INPATIENT TREATMENT IS THE MOST INTENSIVE FORM OF CARE, INDICATED FOR A PHASE OF ILLNESS THAT REQUIRES A GREAT DEAL OF NURSING AND MEDICAL INTERVENTION, BECAUSE PATIENTS ARE USUALLY ACUTELY ILL DURING THIS PHASE OF CARE, OUR INPATIENT TREATMENT PLANS EMPHAZISE DIAGNOSTIC ASSESSMENT, SYMPTOM REDUCTION, AND STABILIZATION THE HOSPITAL TREATED APPROXIMATELY 1933 INPATIENTS DURING FISCAL YEAR 2012

4b (Code) (Expenses $ 9,196,450 including grants of $) (Revenue $ 16,051,431)

SILVER HILL HOSPITAL'S TRANSITIONAL LIVING PROGRAMS PROVIDE HIGHLY STRUCTURED INTENSIVE TREATMENT FOR PATIENTS WHO ARE READY FOR MORE PSYCHOLOGICAL AND BEHAVIORAL INTERVENTIONS SET IN RESIDENTIAL, HOME-LIKE SETTINGS, THE TRANSITIONAL LIVING PROGRAMS HELP PATIENTS CONTINUE THEIR RECOVERY PROCESS UNTIL THEY ARE READY TO RETURN HOME FOR FURTHER COMMUNITY-BASED TREATMENTS, PATIENTS FOCUS ON DEVELOPING A PSYCHOLOGICAL UNDERSTANDING OF THEIR ILLNESS, OBTAINING INFORMATION ABOUT THEIR ILLNESS AND DEVELOPING NEW BEHAVIORAL SKILLS TO MANAGE THEIR RECOVERY PROCESS THE HOSPITAL TREATED APPROXIMATELY 649 TRANSITIONAL LIVING PATIENTS DURING FISCAL YEAR 2012

4c (Code) (Expenses $ 201,724 including grants of $) (Revenue $ 1,063,241)

INTENSIVE OUTPATIENT PROGRAMS (IOPS) TYPICALLY MEET FOR THREE HOURS A DAY, THREE DAYS PER WEEK THE HOSPITAL PROVIDES THREE DIALECTICAL BEHAVIOR THERAPY IOPS FOR PATIENTS EXPERIENCING DIFFICULTY REGULATING INTENSE EMOTIONS, IMPULSIVITY AND HARMFUL BEHAVIORS THESE PROGRAMS TEACH PATIENTS THE CORE DBT SKILLS OF MINDFULNESS, EMOTION REGULATION, INTERPERSONAL EFFECTIVENESS SKILLS AND DISTRESS TOLERANCE THE HOSPITAL ALSO PROVIDES A WOMEN'S TRAUMA AND ADDICTION IOP FOR WOMEN WHO STRUGGLE WITH ADDICTION TO LEARN SAFE COPING SKILLS TO MAINTAIN SOBRIETY, AS WELL AS TO EXPLORE UNDERLYING INTERPERSONAL ISSUES INCLUDING RELATIONSHIP DIFFICULTIES, ABUSE, CODEPENDENCY AND BOUNDARIES IN ADDITION, THE HOSPITAL PROVIDES AN ADDICTION/DUAL DIAGNOSIS IOP WHICH IS APPROPRIATE FOR PATIENTS DIAGNOSED WITH EITHER AN ADDICTION OR DUAL DISORDER GROUPS INCLUDE RELAPSE PREVENTION, FAMILY DISEASE AND RELAPSE WARNING SIGNS, UNDERSTANDING EMOTIONS AND SELF-ESTEEM THIS PROGRAM ALSO TEACHES PATIENTS DIALECTICAL BEHAVIOR THERAPY SKILLS SUCH AS DISTRESS TOLERANCE

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 24,434,484

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	131		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**		
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	362		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	20		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			No
6	Did the organization have members or stockholders?	6			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ CT , NY

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

RUURD G LEEGSTRA CFO
208 VALLEY RD
NEW CANAAN, CT 06840
(203) 801-2230

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) WARD F CLEARY CO-CHAIR	3 0	X						0	0	0
(2) DEANN E MURPHY CO-CHAIR	3 0	X						0	0	0
(3) STEVE STILLERMAN CHAIRMAN EMERITUS UNTIL 6/2012	1 0	X						0	0	0
(4) CYNTHIA ZIEGLAR BRIGHTON DIRECTOR	1 0	X						0	0	0
(5) PATRICIA BURROWS DIRECTOR	1 0	X						0	0	0
(6) RICHARD CANNING DIRECTOR	1 0	X						0	0	0
(7) MICHAL COMINOTTO DIRECTOR FROM 05/19/2011	1 0	X						0	0	0
(8) SPERRY A DECEW SECRETARY & DIRECTOR	1 0	X						0	0	0
(9) JOHN L ENGELS DIRECTOR UNTIL 10/2011	1 0	X						0	0	0
(10) FREDERICK S FEINER MD DIRECTOR	1 0	X						0	0	0
(11) JUDITH FREEDMAN DIRECTOR	1 0	X						0	0	0
(12) RICHARD GANNON DIRECTOR FROM 05/19/2011	1 0	X						0	0	0
(13) J DAVID HADDOX DIRECTOR UNTIL 10/2011	1 0	X						0	0	0
(14) TED HERMAN DIRECTOR	1 0	X						0	0	0
(15) CLAUDETTE H KUNKES DIRECTOR	1 0	X						0	0	0
(16) PAUL LAMBDIN DIRECTOR	1 0	X						0	0	0
(17) LANCE LUNBERG DIRECTOR	1 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(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			
(18) PETER ORTHWEIN TREASURER & DIRECTOR	1 0	X						0	0	0
(19) SIGURD H ACKERMAN MD PRESIDENT, MEDICAL DIR	40 0	X		X				519,913	0	36,496
(20) ELIZABETH E MOORE COO AND DIRECTOR	40 0	X		X				307,333	0	22,224
(21) BARRY KERNER PHYS-IN-CHIEF & DIR UNTIL 5/12	40 0	X		X				258,694	0	35,403
(22) RUURD G LEEGSTRA CFO AND DIRECTOR	40 0	X		X				223,810	0	12,603
(23) ANRI KISSILENKO MD PHYSICIAN	40 0					X		198,972	0	40,159
(24) MARK CERBONE MD PHYSICIAN	40 0					X		223,197	0	3,435
(25) ROCCO MAROTTA MD PHYSICIAN	40 0					X		190,416	0	28,242
(26) MISSY FALLON CHIEF DEVELOPMENT OFFICER	40 0					X		198,052	0	4,799
(27) SANDRA GOMEZ-LUNA MD PHYSICIAN	40 0					X		197,960	0	4,776
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,318,347	0	188,137

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 ▶ 9

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
PAC GROUP LLC PO BOX 52 HARWINGTON, CT 06791	GENERAL CONTRACTOR	4,430,372
UNIDINE CORPORATION ONE GATEWAY CENTER SUITE 751 NEWTON, MA 02458	FOOD SERVICES	1,271,035
RICHARD TURLINGTON ARCHITECTS 244 MAPLE STREET NEW HAVEN, CT 06511	ARCHITECT	501,251
PHARMACY THERAPEUTICS CONSULTANTS 300 CHURCH ST WALLINGFORD, CT 06492	PHARMACY MANAGEMENT	334,285
MEDSPHERE SYSTEMS CORPORATION 1917 PALOMAR OAKS WAY SUITE 200 CARLSBAD, CA 92008	IT CONSULTANT	339,775

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 ▶ 16

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c 572,350				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 862,565				
	g	Noncash contributions included in lines 1a-1f $ 11,193				
	h	**Total.** Add lines 1a-1f . . . . . ▶	1,434,915			
Program Service Revenue		Business Code				
	2a	INPATIENT PROGRAM 623000	14,986,518	14,986,518		
	b	TRANSITIONAL LIVING PROGRAM 623000	16,051,431	16,051,431		
	c	NON RESIDENTIAL SERVICES 623000	1,063,241	1,063,241		
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	32,101,190			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	365,839		0	365,839
	4	Income from investment of tax-exempt bond proceeds . . ▶	0			
	5	Royalties . . . . . ▶	0			
		(i) Real / (ii) Personal				
	6a	Gross rents 15,535				
	b	Less rental expenses				
	c	Rental income or (loss) 15,535				
	d	Net rental income or (loss) . . . . . ▶	15,535			15,535
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 5,345,634				
	b	Less cost or other basis and sales expenses 5,124,099				
	c	Gain or (loss) 221,535				
	d	Net gain or (loss) . . . . . ▶	221,535			221,535
Other Revenue	8a	Gross income from fundraising events (not including $ 572,350 of contributions reported on line 1c) See Part IV, line 18 . . . a 87,000				
	b	Less direct expenses . . . b 340,566				
	c	Net income or (loss) from fundraising events . . ▶	-253,566			-253,566
	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	WELLNESS 900099	46,353	46,353		
	b	OTHER 900099	42,930	42,930		
	c	GIFT SHOP REVENUE 900099	38,890			38,890
	d	All other revenue	84,580	84,580		
	e	**Total.** Add lines 11a–11d . . . . . ▶	212,753			
	12	**Total revenue.** See Instructions . . . ▶	34,098,201	32,275,053	0	388,233

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	1,339,130	571,511	724,987	42,632
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	14,579,440	12,922,315	1,366,655	290,470
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	563,799	464,793	92,698	6,308
9	Other employee benefits	2,070,462	1,705,872	356,833	7,757
10	Payroll taxes	1,076,619	911,351	149,623	15,645
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	323,968	7,650	316,318	
c	Accounting	108,882		108,882	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	59,057		59,057	
g	Other	3,827,272	3,436,182	371,139	19,951
12	Advertising and promotion	256,560	237,937	722	17,901
13	Office expenses	1,220,294	899,708	301,785	18,801
14	Information technology	103,281	91,764	11,340	177
15	Royalties . .	0			
16	Occupancy	948,490	568,577	375,895	4,018
17	Travel	99,592	80,842	17,429	1,321
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	75,460	62,698	11,770	992
20	Interest	0			
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	1,289,143	1,041,255	246,292	1,596
23	Insurance	603,832	72,533	531,299	
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	BAD DEBT	501,058	501,058		
b	PHARMACY	271,929	271,929		
c	OTHER EXPENSES	961,324	586,509	350,052	24,763
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	30,279,592	24,434,484	5,392,776	452,332
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1,901	1	1,900
	2	Savings and temporary cash investments		5,500,191	2	4,196,525
	3	Pledges and grants receivable, net		107,421	3	73,670
	4	Accounts receivable, net		2,347,022	4	2,133,705
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	7	0
	8	Inventories for sale or use		59,279	8	70,250
	9	Prepaid expenses and deferred charges		489,261	9	463,997
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 39,678,646			
	b	Less accumulated depreciation	10b 16,339,747	19,117,005	10c	23,338,899
	11	Investments—publicly traded securities		10,214,113	11	9,727,117
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		145,298	15	453,259
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		37,981,491	16	40,459,322
Liabilities	17	Accounts payable and accrued expenses		1,752,443	17	1,371,357
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	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		6,327,680	23	5,127,680
	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		1,882,047	25	2,417,875
	26	**Total liabilities.** Add lines 17 through 25		9,962,170	26	8,916,912
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		26,822,128	27	30,709,941
	28	Temporarily restricted net assets		984,193	28	619,469
	29	Permanently restricted net assets		213,000	29	213,000
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		28,019,321	33	31,542,410
	34	Total liabilities and net assets/fund balances		37,981,491	34	40,459,322

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	34,098,201
2	Total expenses (must equal Part IX, column (A), line 25)	2	30,279,592
3	Revenue less expenses Subtract line 2 from line 1	3	3,818,609
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	28,019,321
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-295,520
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	31,542,410

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SILVER HILL HOSPITAL INC

Employer identification number
06-0655139

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

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

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

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

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

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

_____

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

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

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

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

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

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 06-0655139
Name: SILVER HILL HOSPITAL INC

Form 990, Special Condition Description:

Special Condition Description

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SILVER HILL HOSPITAL INC

Employer identification number
06-0655139

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	213,000	213,000	213,000	213,000	
b Contributions					
c Investment earnings or losses	1,062	4,650	5,910	5,868	
d Grants or scholarships					
e Other expenditures for facilities and programs	1,062	4,650	5,910	5,868	
f Administrative expenses					
g End of year balance	213,000	213,000	213,000	213,000	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

		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		92,996		92,996
b Buildings		29,119,938	11,404,850	17,715,088
c Leasehold improvements				
d Equipment		6,115,632	3,971,507	2,144,125
e Other		4,350,080	963,390	3,386,690
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				23,338,899

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

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

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ACCRUED 401K EMPLOYER CONTRIBU	689,390
ACCRUED SALARIES AND WAGES	665,288
ACCRUED LEGAL	570,344
ACCRUED VACATION	347,017
EMPLOYEE FSA PAYABLE	68,764
ACCRUED FICA - EMPLOYER PORTION	33,813
INT PAYABLE ON THE LINE OF CR	21,686
UNCLAIMED PROPERTY	21,573
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	2,417,875

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	34,098,201
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	30,279,592
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	3,818,609
4	Net unrealized gains (losses) on investments	4	-295,520
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-295,520
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	3,523,089

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	33,973,441
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-295,520		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	253,569		
e	Add lines **2a** through **2d**			2e	-41,951
3	Subtract line **2e** from line **1**			3	34,015,392
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	59,057		
b	Other (Describe in Part XIV)	4b	23,752		
c	Add lines **4a** and **4b**			4c	82,809
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	34,098,201

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

1	Total expenses and losses per audited financial statements			1	30,450,352
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	253,569		
e	Add lines **2a** through **2d**			2e	253,569
3	Subtract line **2e** from line **1**			3	30,196,783
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	59,057		
b	Other (Describe in Part XIV)	4b	23,752		
c	Add lines **4a** and **4b**			4c	82,809
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	30,279,592

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
PART V, LINE 4		DONORS HAVE STIPULATED THAT ANY INCOME FROM THE ENDOWMENT FUNDS IS TO BE USED FOR ADOLESCENT AND CHEMICAL DEPENDENCY PROGRAMS
PART X, LINE 2		THE HOSPITAL IS QUALIFIED AS A TAX-EXEMPT ORGANIZATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (THE CODE), AND AS SUCH, NO PROVISION FOR INCOME TAXES HAS BEEN RECORDED THE INTERNAL REVENUE SERVICE INFORMED THE HOSPITAL BY A LETTER DATED JUNE 23, 1937 THAT THE HOSPITAL'S OPERATIONS ARE DESIGNED IN ACCORDANCE WITH SUCH SECTION TO THE CODE THERE ARE CERTAIN TRANSACTIONS THAT COULD BE DEEMED "UNRELATED BUSINESS INCOME" AND WOULD RESULT IN A TAX LIABILITY MANAGEMENT REVIEWS TRANSACTIONS TO ESTIMATE POTENTIAL TAX LIABILITIES USING A THRESHOLD OF MORE LIKELY THAN NOT IT IS MANAGEMENT'S ESTIMATION THAT ARE NO MATERIAL TAX LIABILITIES THAT NEED TO BE RECORDED
PART XII AND XIII, LINE 2D		THIS AMOUNT REPRESENTS $253,569 OF SPECIAL EVENT EXPENSES THAT ARE INCLUDED IN OPERATING EXPENSES IN THE STATEMENT OF OPERATIONS OF THE AUDITED FINANCIAL STATEMENTS, BUT NETTED AGAINST SPECIAL EVENT REVENUES FOR 990 PURPOSES AND INCLUDED IN PART VIII LINE 12 OF THE FORM 990
PART XII AND XIII, LINE 4B		THIS AMOUNT REPRESENTS PROVISION FOR UNCOLLECTIBLE PLEDGES OF $23,752, WHICH IS NETTED AGAINST REVENUE IN THE STATEMENT OF OPERATIONS OF THE AUDITED FINANCIAL STATEMENTS BUT INCLUDED IN PART IX LINE 25 ON THE FORM 990

Additional Data

Software ID:
Software Version:
EIN: 06-0655139
Name: SILVER HILL HOSPITAL INC

Form 990, Schedule D, Part X, - Other Liabilities

1 (a) Description of Liability	(b) Amount
ACCRUED 401K EMPLOYER CONTRIBU	689,390
ACCRUED SALARIES AND WAGES	665,288
ACCRUED LEGAL	570,344
ACCRUED VACATION	347,017
EMPLOYEE FSA PAYABLE	68,764
ACCRUED FICA - EMPLOYER PORTION	33,813
INT PAYABLE ON THE LINE OF CR	21,686
UNCLAIMED PROPERTY	21,573

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SILVER HILL HOSPITAL INC

Employer identification number
06-0655139

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

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

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

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions?		**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
		Yes	**No**			
Total . . . . . ▶						

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

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

		(a) Event #1 2011 GALA (event type)	(b) Event #2 (event type)	(c) Other Events 0 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	659,350			659,350
	2 Less Charitable contributions	572,350			572,350
	3 Gross income (line 1 minus line 2)	87,000			87,000
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs				
	7 Food and beverages	117,585			117,585
	8 Entertainment	36,946			36,946
	9 Other direct expenses	186,035			186,035
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(340,566)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-253,566

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ ----------

Address ▶ ----------

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

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

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SILVER HILL HOSPITAL INC

Employer identification number
06-0655139

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other **600. %**	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other **900. %**	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			755,916		755,916	2 540 %
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			755,916		755,916	2 540 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			96,304	375	95,929	0 320 %
f Health professions education (from Worksheet 5)			50,596		50,596	0 170 %
g Subsidized health services (from Worksheet 6)			15,921,422	15,042,993	878,430	2 950 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			5,750		5,750	0 020 %
j **Total** Other Benefits			16,074,072	15,043,368	1,030,705	3 460 %
k **Total.** Add lines 7d and 7j			16,829,988	15,043,368	1,786,621	6 000 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	360,876		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	87,281		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	25,839		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	61,442		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☐ Other

Section C. Collection Practices

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	SILVER HILL HOSPITAL INC 208 VALLEY RD NEW CANAAN,CT 06840	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)

SILVER HILL HOSPITAL INC

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	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 600 %			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 900 %			
	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 ☑ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☑ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
PART VI - SUPPLEMENTAL INFORMATION		PART I, LINE 3C N/A

Identifier	ReturnReference	Explanation
PART I, LINE 6A		DURING FY 12, THE HOSPITAL WAS NOT REQUIRED TO FILE A COMMUNITY BENEFIT REPORT WITH THE STATE OF CONNECTICUT

Identifier	ReturnReference	Explanation
PART I, LINE 7		A COST TO CHARGE RATIO, DERIVED FROM WORKSHEET 2 RATIO OF PATIENT CARE COST TO CHARGES, WAS USED TO DETERMINE CHARITY CARE COSTS REPORTED A COST TO CHARGE RATIO FOR INPATIENT SERVICES WAS USED TO DETERMINE THE AMOUNT OF INPATIENT CARE THAT WAS SUBSIDIZED IN FISCAL 2012 ALL OTHER EXPENSES REPORTED ARE ACTUAL COSTS

Identifier	ReturnReference	Explanation
PART II		N/A

Identifier	ReturnReference	Explanation
PART III, LINE 4		CONSISTENT WITH HFMA STATEMENT 15, BAD DEBT EXPENSE REPORTED IN THE AUDITED FINANCIAL STATEMENTS REPRESENTS THE AMOUNT THAT THE PAYER IS EXPECTED TO PAY FOR 990 REPORTING PURPOSES, BAD DEBT COST WAS CALCULATED BASED ON THE PATIENT COST TO CHARGE RATIO APPLIED TO THE BAD DEBT EXPENSE REPORTED IN THE AUDITED FINANCIAL STATEMENTS FINANCIAL STATEMENT FOOTNOTE REGARDING BAD DEBT EXPENSE - "THE COLLECTIONS OF RECEIVABLES FROM THIRD-PARTY PAYORS AND PATIENTS IS THE HOSPITAL'S PRIMARY SOURCE OF CASH FOR OPERATIONS AND IS CRITICAL TO ITS OPERATING PERFORMANCE THE PRIMARY COLLECTION RISKS RELATE TO UNINSURED PATIENT ACCOUNTS AND PATIENT ACCOUNTS FOR WHICH THE PRIMARY INSURANCE PAYOR HAS PAID, BUT PATIENT RESPONSIBILITY AMOUNTS (DEDUCTIBLES AND COPAYMENTS) REMAIN OUTSTANDING PATIENT RECEIVABLES, WHERE A THIRD-PARTY PAYOR IS RESPONSIBLE FOR PAYING THE AMOUNT, ARE CARRIED AT A NET AMOUNT DETERMINED BY THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED, LESS AN ESTIMATE MADE FOR CONTRACTUAL ADJUSTMENTS TO THIRD-PARTY PAYORS PATIENT RECEIVABLES DUE DIRECTLY FROM THE PATIENTS ARE CARRIED AT THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED LESS AMOUNTS COVERED BY THE THIRD-PARTY PAYORS AND LESS AN ESTIMATED ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES MANAGEMENT ESTIMATES THIS ALLOWANCE BASED ON THE AGING OF ITS ACCOUNTS RECEIVABLE AND ITS HISTORICAL COLLECTION EXPERIENCE FOR EACH PAYOR TYPE RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED AS A REDUCTION OF THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS WHEN RECEIVED THE PAST DUE STATUS OF RECEIVABLES IS DETERMINED ON A CASE-BY-CASE BASIS DEPENDING ON THE RESPONSIBLE PAYOR INTEREST IS GENERALLY NOT CHARGED ON THE PAST DUE ACCOUNTS

Identifier	ReturnReference	Explanation
PART III, LINE 8		AMOUNTS REPORTED IN PART III (B) REPRESENT OUTPATIENT MEDICARE, AS INPATIENT MEDICARE REVENUE AND EXPENSES ARE INCLUDED IN SUBSIDIZED CARE (PART 1, LINE 7 (G)) REVENUE RECEIVED FROM MEDICARE WAS TAKEN FROM WORKSHEET E, PART B LINE 17 01 OF THE FY 2012 MEDICARE COST REPORT, THE ALLOWABLE COST AMOUNT WAS TAKEN FROM WORKSHEET E, PART B LINE 1 01 OF THE FY 2012 MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
PART III, LINE 9B		THE COLLECTION POLICY STATES "THIS POLICY IS APPLICABLE TO ALL PATIENTS RECEIVING SERVICES AT SILVER HILL HOSPITAL (SHH) WHO ARE CONSIDERED SELF-PAY (AS DEFINED IN THIS POLICY) AND ARE JUDGED TO BE ABLE TO PAY, THAT IS, THIS POLICY APPLIES TO THOSE WHO ARE NOT ELIGIBLE FOR FINANCIAL ASSISTANCE PROGRAM (SEE POLICY ON FREE CARE PROGRAM)"

Identifier	ReturnReference	Explanation
PART V, SECTION B - COMMUNITY HEALTH NEEDS ASSESSMENT		N/A FOR 501(C)(3) ORGANIZATIONS WITH TAX YEARS BEGINNING BEFORE MARCH 23, 2012 SHH'S TAX YEAR IS MARCH 1, 2011 - FEBRUARY 28, 2012

Identifier	ReturnReference	Explanation
PART VI, LINE 2	NEEDS ASSESSMENT	SILVER HILL HOSPITAL STAFF ASSESSES THE NEED FOR ADDITIONAL PROGRAMMING BASED ON SERVICE AVAILABILITY FOR OUR DISCHARGING PATIENT POPULATION THE HOSPITAL ALSO RECEIVES INPUT FROM COMMUNITY-BASED CLINICIANS TO IDENTIFY NEEDS WITHIN THE COMMUNITY

Identifier	ReturnReference	Explanation
PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SOCIAL WORKERS HAVE A COMPREHENSIVE VIEW OF A PATIENT'S FINANCIAL AND SOCIAL SITUATION AND ARE KNOWLEDGEABLE ABOUT THE ELIGIBILITY CRITERIA FOR ENTITLEMENT PROGRAMS IT IS THE ASSIGNED RESPONSIBILITY OF THE SOCIAL WORKER TO INFORM PATIENTS AND THEIR FAMILIES ABOUT ELIGIBILITY FOR ASSISTANCE UNDER FEDERAL, STATE OR LOCAL GOVERNMENT PROGRAMS PATIENTS WHO DO NOT HAVE THE FINANCIAL ABILITY TO PAY FOR SERVICES ARE EDUCATED ABOUT SHH'S SCHOLARSHIP PROGRAM BY A SPECIFICALLY TRAINED STAFF MEMBER THE STAFF MEMBER PROVIDES PATIENTS AND THEIR FAMILIES WITH THE FINANCIAL GUIDELINES AND SUPPORTING DOCUMENTATION REQUIRED FOR OBTAINING A SCHOLARSHIP FOR THE PROGRAM

Identifier	ReturnReference	Explanation
PART VI, LINE 4	COMMUNITY INFORMATION	APPROXIMATELY 51% OF THE PATIENT POPULATION IS FROM CONNECTICUT, 30% FROM NEW YORK, 19% FROM OTHER AREAS INCLUDING NEW JERSEY AND MASSACHUSETS

Identifier	ReturnReference	Explanation
PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	SILVER HILL HOSPITAL FURTHERS ITS EXEMPT PURPOSE OF PROMOTING THE HEALTH OF THE COMMUNITY THROUGH A DIVERSE BOARD OF DIRECTORS WHOSE MEMBERS CONTRIBUTE THEIR UNIQUE TALENTS AND RESOURCES TOWARD THE HOSPITAL'S MISSION OF HEALING AND THE CARE OF ITS PATIENTS

Identifier	ReturnReference	Explanation
PART VI, LINE 6	AFFILIATED HEALTH SYSTEMS	N/A

Identifier	ReturnReference	Explanation
PART VI, LINE 7	STATE FILING OF COMMUNITY BENEFIT REPORT	CT - WITH THE CONNECTICUT DEPARTMENT OF PUBLIC HEALTH (EVERY 2 YEARS)

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SILVER HILL HOSPITAL INC

Employer identification number
06-0655139

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☐ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) SIGURD H ACKERMAN MD	(i)	432,418	80,000	7,495	12,250	24,246	556,409	0
	(ii)	0	0	0	0	0	0	0
(2) ELIZABETH E MOORE	(i)	265,809	40,000	1,524	12,250	9,974	329,557	0
	(ii)	0	0	0	0	0	0	0
(3) BARRY KERNER	(i)	227,780	30,000	914	18,375	17,028	294,097	0
	(ii)	0	0	0	0	0	0	0
(4) RUURD G LEEGSTRA	(i)	185,863	35,000	2,947	10,603	2,000	236,413	0
	(ii)	0	0	0	0	0	0	0
(5) ANRI KISSILENKO MD	(i)	198,761	0	211	15,003	25,156	239,131	0
	(ii)	0	0	0	0	0	0	0
(6) MARK CERBONE MD	(i)	222,873	0	324	3,435	0	226,632	0
	(ii)	0	0	0	0	0	0	0
(7) ROCCO MAROTTA MD	(i)	189,487	0	929	4,869	23,373	218,658	0
	(ii)	0	0	0	0	0	0	0
(8) MISSY FALLON	(i)	197,260	0	792	4,799	0	202,851	0
	(ii)	0	0	0	0	0	0	0
(9) SANDRA GOMEZ-LUNA MD	(i)	197,749	0	211	4,776	0	202,736	0
	(ii)	0	0	0	0	0	0	0

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
PART I, LINE 7		THE CHIEF EXECUTIVE OFFICER, CHIEF OPERATING OFFICER, CHIEF FINANCIAL OFFICER AND PHYSICIAN-IN-CHIEF ARE ELIGIBLE FOR INCENTIVE COMPENSATION BASED ON THE ACHIEVEMENT OF PERFORMANCE GOALS ESTABLISHED AND APPROVED BY THE BOARD OF DIRECTORS IN CALENDAR YEAR 2011, THE AFOREMENTIONED INDIVIDUALS RECEIVED COMPENSATION FOR ACHIEVEMENT OF INCENTIVE GOALS RELATED TO THE FISCAL YEAR ENDING FEBRUARY 28, 2011 THESE AMOUNTS ARE REPORTED IN SCHEDULE J, PART II, COLUMN (B)(II)

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SILVER HILL HOSPITAL INC

Employer identification number
06-0655139

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

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? 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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

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

(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) VERDE ENERGY	SEE PART V	131,590	ELECTRICITY-GENERATION FOR HOS		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
SCHEDULE L, PART IV - BUSINESS TRANSACTIONS		MR LANCE LUNDBERG IS ON THE SILVER HILL HOSPITAL BOARD OF DIRECTORS AND IS ALSO THE CHAIRMAN OF VERDE ENERGY WHICH DOES BUSINESS WITH THE HOSPITAL

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
SILVER HILL HOSPITAL INC

Employer identification number
06-0655139

Identifier	Return Reference	Explanation
PART I, LINE 1	MISSION STATEMENT	THE MISSION OF SILVER HILL HOSPITAL IS TO PROVIDE OUR PATIENTS WITH THE BEST AVAILABLE TREATMENT OF MENTAL ILLNESS AND ADDICTION, AND TO OFFER CONTINUING SUPPORT, COUNSELING AND EDUCATION TO OUR PATIENTS AND THEIR FAMILIES IN EVERY PHASE OF ILLNESS AND RECOVERY
PART VI, SECTION B	LINE 11B, 12C, 15 AND 19	LINE 11B - THE FORM 990 OF THE ORGANIZATION IS PREPARED BY THE FINANCE DEPARTMENT OF SILVER HILL HOSPITAL BASED ON THE BOOKS AND RECORDS OF THE ORGANIZATION THE DRAFT RETURN AND ALL SUPPORTING DOCUMENTATION ARE PROVIDED TO THE ORGANIZATION'S INDEPENDENT ACCOUNTANTS FOR REVIEW AND FINAL PREPARATION OF THE RETURN THE FINAL VERSION OF THE FORM 990 IS THEN REVIEWED BY THE DIRECTOR OF ACCOUNTING, CFO, COO AND PRESIDENT, AND MEDICAL DIRECTOR THE FINAL VERSION OF THE FORM 990 IS PROVIDED TO ALL MEMBERS OF THE GOVERNING BODY FOR THEIR REVIEW AND COMMENTS BEFORE FILING THE FORM WITH THE INTERNAL REVENUE SERVICE LINE 12C - THE HOSPITAL REQUIRES THE BOARD OF DIRECTORS AND OFFICERS TO COMPLETE A NOTIFICATION OF COMPLIANCE QUESTIONNAIRE AT THE END OF EACH YEAR THE FINANCE DEPARTMENT REVIEWS THE QUESTIONNAIRES FOR DETERMINATION OF POTENTIAL CONFLICTS OF INTEREST ANY POTENTIAL CONFLICTS ARE MADE KNOWN TO THE BOARD FOR RESOLUTION LINE 15 - EACH YEAR, OR WHEN OTHERWISE REQUIRED, THE BOARD OF DIRECTORS APPOINTS A COMPENSATION SUB-COMMITTEE OF INDEPENDENT DIRECTORS TO REVIEW THE COMPENSATION OF THE PRESIDENT AND MEDICAL DIRECTOR COO, CFO AND KEY EMPLOYEES THE SUB-COMMITTEE REVIEWS FORM 990'S OF SIMILAR ORGANIZATIONS AS WELL AS COMPENSATION SURVEYS AND STUDIES PERFORMED BY AN INDEPENDENT CONSULTANT, AND MAKES RECOMMENDATIONS TO THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS ANY DELIBERATIONS AND DECISIONS OF THE COMPENSATION SUB-COMMITTEE ARE DOCUMENTED IN THE MINUTES OF THE ANNUAL BOARD OF DIRECTORS MEETING LINE 19 - THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC ON REQUEST FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC ON REQUEST
PART XI, LINE 5	OTHER CHANGES IN NET ASSEST OR FUND BALANCES	UNREALIZED GAIN ON INVESTMENTS - (295,520)

KPMG

SILVER HILL HOSPITAL, INC.

Financial Statements

February 29, 2012 and February 28, 2011

(With Independent Auditors' Report Thereon)

SILVER HILL HOSPITAL, INC.

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Silver Hill Hospital, Inc

We have audited the accompanying statements of financial position of Silver Hill Hospital, Inc (the Hospital) as of February 29, 2012 and February 28, 2011, 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 Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 Hospital's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

As discussed in note 1 to the financial statements, the Hospital adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No 2010-23, *Measuring Charity Care for Disclosure*, as of March 1, 2010 and the provisions of ASU No 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, as of March 1, 2011

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silver Hill Hospital, Inc as of February 29, 2012 and February 28, 2011, and the results of its operations, 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

June 26, 2012

SILVER HILL HOSPITAL, INC.

Statements of Financial Position

February 29, 2012 and February 28, 2011

Assets		2012	2011
Current assets			
Cash and cash equivalents	$	2,134,460	2,553,698
Investments (note 3)		8,583,024	9,708,200
Patient accounts receivable, net of allowance for doubtful accounts of $525,515 and $733,775 (note 5)		2,133,705	2,347,022
Prepaid expenses		463,997	489,261
Pledges receivable		25,921	107,421
Other current assets		125,798	114,400
Assets limited as to use – current liabilities (note 3)		1,325,589	1,157,113
Total current assets		14,792,494	16,477,115
Assets limited as to use (note 3)			
Temporarily and permanently restricted donations		782,469	1,197,193
Line of credit – liquid reserve requirement		1,100,000	1,100,000
Total assets limited as to use		1,882,469	2,297,193
Other assets, net		124,240	90,178
Insurance claims receivable		321,219	—
Property and equipment, net (note 4)		23,338,900	19,117,005
Total assets	$	40,459,322	37,981,491
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	$	735,157	1,255,281
Due to patients and third parties		636,199	497,162
Accrued salaries, taxes, and other compensation		1,046,764	959,300
Other current liabilities		800,768	804,936
Total current liabilities		3,218,888	3,516,679
Line of credit (note 6)		5,127,680	6,327,680
Estimated malpractice liabilities (note 8)		570,344	117,811
Total liabilities		8,916,912	9,962,170
Net assets			
Unrestricted		30,709,941	26,822,128
Temporarily restricted (note 11)		619,469	984,193
Permanently restricted (note 11)		213,000	213,000
Total net assets		31,542,410	28,019,321
Commitments and contingencies (notes 7 and 8)			
Total liabilities and net assets	$	40,459,322	37,981,491

See accompanying notes to financial statements

SILVER HILL HOSPITAL, INC.

Statements of Operations

Years ended February 29, 2012 and February 28, 2011

	2012	2011
Unrestricted revenues, gains, and other support		
Net patient service revenue (note 2)	$ 32,101,190	30,301,949
Contributions	738,672	786,665
Other revenue	225,429	220,675
Net assets released from restriction for use in operations	1,005,379	234,037
Total unrestricted revenues, gains, and other support	34,070,670	31,543,326
Operating expenses (note 10)		
Salaries and related costs	15,640,484	14,827,345
Employee benefits (note 9)	3,728,765	3,591,508
Supplies and services	8,545,368	8,097,416
Depreciation and amortization	1,289,143	1,207,933
Provision for bad debts	501,058	587,384
Development expense	580,574	510,919
Interest expense	72,458	443,185
Loss on the disposal of property and equipment	92,502	37,044
Total operating expenses	30,450,352	29,302,734
Income from operations	3,620,318	2,240,592
Nonoperating gains (losses)		
Investment income	291,801	367,917
Realized gains on investments	221,535	127,194
Provision for uncollectible pledges	(23,752)	(2,500)
Other gains, net	2,861	9,141
Total nonoperating gains (losses), net	492,445	501,752
Excess of unrestricted revenues, gains, and other support and nonoperating gains (losses) over expenses	4,112,763	2,742,344
Other changes in unrestricted net assets		
Change in net unrealized (losses) gains on other than trading securities	(295,520)	824,958
Net assets released from restriction for use in capital projects	70,570	268,965
Increase in unrestricted net assets	$ 3,887,813	3,836,267

See accompanying notes to financial statements

SILVER HILL HOSPITAL, INC.

Statements of Changes in Net Assets

Years ended February 29, 2012 and February 28, 2011

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at February 28, 2010	$ 22,985,861	111,408	213,000	23,310,269
Excess of unrestricted revenues, gains, and other support and nonoperating gains (losses) over expenses	2,742,344	—	—	2,742,344
Restricted contributions	—	197,397	—	197,397
Special event revenue – gala for scholarships, net of direct donor benefit of $416,303	—	1,173,642	—	1,173,642
Investment income, net of realized gains (losses)	—	4,748	—	4,748
Change in net unrealized gains on other than trading securities	824,958	—	—	824,958
Net assets released from restriction for use in operations	—	(234,037)	—	(234,037)
Net assets released from restriction for use in capital projects	268,965	(268,965)	—	—
Change in net assets	3,836,267	872,785	—	4,709,052
Net assets at February 28, 2011	26,822,128	984,193	213,000	28,019,321
Excess of unrestricted revenues, gains, and other support and nonoperating gains (losses) over expenses	4,112,763	—	—	4,112,763
Restricted contributions	—	123,893	—	123,893
Special event revenue – gala for scholarships, net of direct donor benefit of $87,000	—	572,350 —	—	572,350 —
Investment income, net of realized gains (losses)	—	14,982	—	14,982
Change in net unrealized losses on other than trading securities	(295,520)	—	—	(295,520)
Net assets released from restriction for use in operations	—	(1,005,379)	—	(1,005,379)
Net assets released from restriction for use in capital projects	70,570	(70,570)	—	—
Changes in net assets	3,887,813	(364,724)	—	3,523,089
Net assets at February 29, 2012	$ 30,709,941	619,469	213,000	31,542,410

See accompanying notes to financial statements

SILVER HILL HOSPITAL, INC.

Statements of Cash Flows

Years ended February 28, 2012 and 2011

		2012	2011
Cash flows from operating activities			
Change in net assets	$	3,523,089	4,709,052
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation and amortization		1,289,143	1,207,933
Provision for bad debts		501,058	587,384
Loss on disposal of assets		92,502	37,044
Provision for uncollectible pledges		23,752	2,500
Contributions restricted for capital projects		(55,899)	(186,000)
Net unrealized losses (gains) on other than trading securities		295,520	(824,958)
Realized gains on investments		(221,535)	(127,194)
Changes in assets and liabilities			
Patient accounts receivable		(287,741)	(143,138)
Prepaid expenses		25,264	(18,962)
Pledges receivable		10,000	28,652
Insurance claims receivable		(321,219)	—
Other current assets		(11,398)	296,232
Other assets		1,415	1,415
Accounts payable and accrued expenses		45,349	(42,946)
Due to patients and third parties		139,037	(158,178)
Accrued salaries, taxes, and other compensation		87,464	79,968
Other current liabilities		(4,168)	96,468
Other liabilities		452,533	29,597
Net cash provided by operating activities		5,584,166	5,574,869
Cash flows from investing activities			
Purchases of property and equipment		(515,580)	(246,026)
Expenditures for Hospital campus renovations		(5,641,162)	(3,410,004)
Purchases of investments		(4,839,426)	(2,001,510)
Proceeds from sale of investments		5,345,634	2,478,083
Change in assets limited as to use		791,231	(2,854,307)
Net cash used in investing activities		(4,859,303)	(6,033,764)
Cash flows from financing activities			
Contributions restricted for capital projects		55,899	186,000
Proceeds from line of credit		1,050,000	—
Repayment of line of credit		(2,250,000)	(2,000,000)
Deferred financing costs		—	(29,523)
Net cash used in financing activities		(1,144,101)	(1,843,523)
Decrease in cash and cash equivalents		(419,238)	(2,302,418)
Cash and cash equivalents, beginning of year, as restated (note 2)		2,553,698	4,856,116
Cash and cash equivalents, end of year	$	2,134,460	2,553,698
Supplemental disclosures of cash flow information			
Cash paid during the year for interest, including capitalized interest	$	288,204	548,562
Increase in accounts payable and accrued expense for Hospital campus renovation expenditures		—	547,252

See accompanying notes to financial statements

(1) Nature of Activities and Significant Accounting Policies

Nature of Activities

Silver Hill Hospital, Inc (the Hospital) is a not-for-profit private psychiatric hospital, which provides medical attention to patients with psychiatric or substance abuse diagnosis through inpatient, residential and outpatient programs Silver Hill was incorporated in the state of Connecticut in 1934

A summary of the Hospital's significant accounting policies is as follows

(a) Basis of Accounting

The Hospital's financial statements have been prepared on the accrual basis of accounting

(b) Cash and Cash Equivalents

The Hospital considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents

(c) Concentration of Credit Risk

The Hospital has cash balances in financial institutions that exceed federal depository insurance limits of $250,000

(d) Patient Accounts Receivable

The collection of receivables from third-party payors and patients is the Hospital's primary source of cash for operations and is critical to its operating performance The primary collection risks relate to uninsured patient accounts and patient accounts for which the primary insurance payor has paid, but patient responsibility amounts (deductibles and copayments) remain outstanding Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments to third-party payors Patient receivables due directly from the patients are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for uncollectible receivables Management estimates this allowance based on the aging of its accounts receivable and its historical collection experience for each payor type Recoveries of receivables previously written off are recorded as a reduction of the provision for uncollectible accounts when received The past-due status of receivables is determined on a case-by-case basis depending on the responsible payor Interest is generally not charged on past-due accounts

(e) Pledges Receivable

Pledges, less an allowance for uncollectible amounts (if warranted), are recorded as pledges receivable in the year the pledge is made

(f) Assets Limited as to Use

Assets limited as to use include assets set aside for current liabilities, including the Hospital 401(k) contribution to employees and deposits due to patients and third parties, assets restricted based on donors' intents, and liquid assets restricted by the line-of-credit agreement

(g) Investments

The Hospital accounts for its investments in accordance with current accounting standards for not-for-profit organizations Under these standards, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position Realized and unrealized gains (losses) on investments, interest, and dividends are included in the change in unrestricted net assets in the accompanying statements of changes in net assets, unless donor or law restricted the use of the income or loss Investments are available for current operations and therefore are classified as current in the accompanying statements of financial position

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term

(h) Property and Equipment

Property and equipment are recorded at cost and depreciated over the estimated useful life of each class of depreciable assets, using the straight-line method Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets Estimated useful lives of capital assets are as follows

	Years
Land improvements	20 years
Buildings	25 years
Vehicles	5 years
Equipment	3 – 10 years

(i) Deferred Financing Costs

Deferred financing costs are amortized to interest expense, on a straight-line basis, over the term of the related debt

(j) Due to Patients and Third Parties

Due to patients and third parties include patient deposits for services to be performed and refunds due to third parties for overpayments Patient deposits are recognized as income as charges are incurred Any unearned deposits are returned to patients subsequent to discharge

(k) Net Assets

The net assets of the Hospital and changes therein are classified and reported as follows

Unrestricted Net Assets – unrestricted net assets are those whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract, board designation, or under debt agreements

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

(l) Excess of Unrestricted Revenues, Gains, Other Support, and Nonoperating Gains (Losses) over Expenses

The statements of operations include the excess of unrestricted revenues, gains, other support, and nonoperating gains (losses) over expenses Changes in unrestricted net assets that are excluded from excess of unrestricted revenues, gains, other support, and nonoperating gains (losses) over expenses, consistent with industry practice, include changes in net unrealized gains on other than trading securities and net assets released from restriction for use in capital projects

(m) Net Patient Service Revenue

The Hospital has agreements with third-party payors, which provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

(n) Charity Care

The Hospital provides care to patients who meet certain criteria established under its charity care policy without charge or at amounts less than its established rates Because the Hospital does not pursue collection of accounts determined to qualify as charity care, they are not reported as revenue The cost of providing charity care is estimated by multiplying total charges incurred by the patients that qualify for financial assistance by an overall ratio of costs to charges The cost of providing charity care was $753,000 and $389,500, for the years ended February 29, 2012 and February 28, 2011, respectively

In fiscal year 2012, the Hospital released $750,000 of donor-restricted funds designated as scholarship funds for patient treatment

(o) Donor-Restricted Gifts

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

(p) Income Taxes

The Hospital is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code), and as such, no provision for income taxes has been recorded. The Internal Revenue Service informed the Hospital by a letter dated June 23, 1937 that the Hospital's operations are designed in accordance with such section of the Code. There are certain transactions that could be deemed "Unrelated Business Income" and would result in a tax liability. Management reviews transactions to estimate potential tax liabilities using a threshold of more likely than not of being sustained. It is management's estimation that there are no material tax liabilities that need to be recorded.

(q) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The use of estimates and assumptions in the preparation of the accompanying financial statements is primarily related to the Hospital's determination of the net patient accounts receivable and settlements with third-party payors. Due to uncertainties inherent in the estimation and assumption process, actual results could differ from those estimates and such differences could be material. For the years ended February 29, 2012 and February 28, 2011, a change in estimate related to the allowance for doubtful accounts increased the Hospital's net income by $373,000 and $523,000, respectively.

(r) Healthcare Reform Legislation

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the Health Reform Law), which was signed into law on March 23, 2010, will change how healthcare services are covered, delivered, and reimbursed through expanded coverage of uninsured individuals, reduced growth in Medicare program spending, and the establishment of programs in which reimbursement is tied to quality and integration. In addition, the Health Reform Law reforms certain aspects of health insurance, expands existing efforts to tie Medicare payments to performance and quality, and contains provisions intended to strengthen fraud

(Continued)

and abuse enforcement Because of the many variables involved with the Health Reform Law, the Hospital's management are unable to predict the net effect on the Hospital of the expected increases in insured individuals using its facilities, the reductions in Medicare spending and funding, and numerous other provisions in the law that may affect the Hospital

(s) Recent 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 This new guidance is effective for fiscal years beginning after December 15, 2010 As the Hospital does not recognize revenue when charity care is provided, adoption of this guidance did not have an impact on the consolidated financial statements of the Hospital, it only requires additional disclosures, including the method used to estimate the cost of charity care (note 1(n))

In fiscal year 2012, the Hospital adopted FASB ASU No 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* Under ASU No 2010-24, medical malpractice claim liabilities should be determined without consideration of insurance recoveries Healthcare entities that are indemnified for malpractice liabilities should recognize insurance receivables at the same time that they recognize the liabilities, measured on the same basis as the liabilities, subject to the need for valuation for uncollectible amounts This guidance was effective for fiscal years beginning after December 15, 2010 The adoption of this guidance had no impact on the Hospital's consolidated operations or cash flows (note 8)

In July, 2011, the FASB issued ASU No 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 No 2011-07 states that for entities that do not assess a patient's ability to pay prior to rendering services, bad debt expense related to patient service revenue must be separately presented as a reduction of revenue In addition, entities will be required to disclose information about the activity in the allowance for doubtful accounts such as recoveries and write-offs by using a mixture of qualitative and quantitative data ASU No 2011-07 is effective for interim and annual periods beginning after December 15, 2011 Retrospective application will be required for the expanded note disclosure The Hospital is currently evaluating the impact of the adoption of this pronouncement

(2) Net Patient Service Revenue

The Hospital has agreements with third-party payors, which provide for reimbursement to the Hospital at amounts different from its established rates Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at list price and the amounts reimbursed by Medicare, Blue Cross, and certain other third-party payors, and any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements Contractual adjustments under third-party reimbursement programs are accrued on an estimated basis in the period the

related services are rendered and are adjusted in future periods as final settlements are determined A summary of the basis of reimbursement with major third-party payors is as follows

(a) Medicare

The Hospital is paid for inpatient services rendered to Medicare program beneficiaries under the Inpatient Psychiatric Facility Prospective Payment System, which was implemented in 2005 During the initial three-year phase-in period, Medicare reimbursement to the Hospital was based on a combination of prospective payments and the cost-based TEFRA system, with a final settlement determined after submission of annual reimbursement reports by the Hospital and audits by the Medicare fiscal intermediary For the years ended February 29, 2012 and February 28, 2011, revenue from the Medicare program accounted for approximately 5% and 4% of the Hospital's net patient service revenue

Laws and regulations governing the Medicare programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change in the near term The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing While no such regulatory inquires have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare programs Third-party payor settlements for 2012 and 2011 were not significant to the financial statements

(b) Managed Care Organizations

The Hospital has also entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations The basis for payment under these agreements includes contractual allowances from established charges and prospectively determined per diem rates

(3) Assets Limited as to Use and Investments

Assets limited as to use and investments consisted of the following as of February 29, 2012 and February 28, 2011

		2012	2011
Assets limited as to use			
Current liabilities			
Cash and cash equivalents	$	1,325,589	1,157,113
Donor restricted assets			
Cash and cash equivalents		—	959,707
Certificate of deposit		238,376	237,486
Mutual funds		544,093	—
		782,469	1,197,193
Line of credit – liquid reserve requirement			
Cash and cash equivalents		500,000	500,000
Mutual funds		600,000	600,000
		1,100,000	1,100,000
Total assets limited as to use		3,208,058	3,454,306
Less current portion		(1,325,589)	(1,157,113)
Assets limited as to use, net of current portion		1,882,469	2,297,193
Investments			
Mutual funds		8,456,411	9,564,050
Equities		53,894	—
Market linked notes		24,700	—
Certificate of deposit		—	94,088
Corporate bonds		48,019	50,062
		8,583,024	9,708,200
Total assets limited as to use and investments	$	11,791,082	13,162,506

Current liabilities, noted above, consisted of the following as of February 29, 2012 and February 28, 2011

		2012	2011
Hospital 401K contribution due to employees	$	689,390	659,951
Deposits due to patients and third parties		636,199	497,162
	$	1,325,589	1,157,113

Hospital 401K contributions due to employees are included in accrued salaries, taxes, and other compensation, in the accompanying statements of financial position

(Continued)

The cost and market values of all investments, including those categorized as assets limited as to use, are summarized as follows as of February 29, 2012 and February 28, 2011

	2012		
	Cost	Unrealized gains	Fair value
Investments			
Mutual funds			
Fixed income – domestic	$ 4,965,434	123,237	5,088,671
Domestic	3,020,216	648,886	3,669,102
International	829,780	12,951	842,731
	8,815,430	785,074	9,600,504
Equities			
Domestic	41,709	5,291	47,000
International	6,165	729	6,894
	47,874	6,020	53,894
Market linked notes	25,000	(300)	24,700
Certificates of deposit	238,376	—	238,376
Corporate bonds	49,756	(1,737)	48,019
	$ 9,176,436	789,057	9,965,493

	2011		
	Cost	Unrealized gains	Fair value
Investments			
Mutual funds			
Fixed income – domestic	$ 5,585,571	93,324	5,678,895
Domestic	2,745,481	838,349	3,583,830
International	749,690	151,635	901,325
	9,080,742	1,083,308	10,164,050
Corporate bonds	48,881	1,181	50,062
Certificates of deposit	331,486	88	331,574
	$ 9,461,109	1,084,577	10,545,686

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a formal hierarchy and framework for measuring fair value, and expanded disclosure about fair value measurements and the reliability of valuation impacts The guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value 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

(Continued)

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar instruments, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets, and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities include those whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation

At February 29, 2012 and February 28, 2011, the Hospital estimated the fair value of most of its investments based on Level 1 inputs The Market linked notes, purchased in 2012, are valued based on Level 2 inputs The Hospital does not have any Level 3 assets or liabilities as of February 29, 2012 and February 28, 2011

(4) Property and Equipment

At February 29, 2012 and February 28, 2011, property and equipment consist of

	2012	2011
Land and land improvements	$ 2,298,295	1,942,373
Buildings	29,119,938	24,257,130
Vehicles	357,043	301,241
Equipment	5,758,589	5,165,235
Construction in progress	2,144,781	2,896,561
	39,678,646	34,562,540
Less accumulated depreciation	(16,339,746)	(15,445,535)
	$ 23,338,900	19,117,005

As of February 28, 2011, construction in progress was mainly comprised of renovation expenditures for Scavetta House and the Martin Center These projects were completed and placed into service during the fiscal year ended February 29, 2012 As of February 29, 2012, construction in progress consists of renovation expenditures for the Pain Program and various other projects

(5) Classification of Payor Mix

The Hospital requires advanced payments for services not covered by third-party agreements The significant concentrations of accounts receivable for services to patients include the following as of February 29, 2012 and February 28, 2011

	2012	2011
Medicare	9%	10%
Blue Cross	20	16
Other third-party payors	58	56
Self-pay	13	18
	100%	100%

(6) Line of Credit

In 2007, the Hospital entered into a revolving line of credit, with a term of 10 years and a maximum available borrowing of $10,000,000, which was secured by the land and buildings owned by the Hospital Interest was charged monthly at a rate of 7 15% In December 2010, the line-of-credit agreement was modified to include an interest rate of 5 25% and an extension of the term to 10 years The modified line will revolve for a period of four years, with interest payments due monthly based on the balance outstanding On December 31, 2014, the line will convert to a permanent commercial mortgage for the remaining 6 years of the term Upon conversion, principal and interest payments will be due monthly through December 31, 2020 at which time a balloon payment for any unpaid principal and interest will be due As of February 29, 2012 and February 28, 2011, $5,127,680 and $6,327,680, respectively, was outstanding on the line In 2012, interest incurred on the line was $281,718, of which $209,260 was capitalized and included in property and equipment on the statements of financial position In 2011, interest incurred on the line was $530,425, of which $87,237 was capitalized and included in property and equipment on the statements of financial position The line-of-credit agreement requires a liquid reserve of $1,100,000 to be maintained over the term of the loan, which is included in assets limited as to use As part of the line-of-credit agreement, the Hospital must maintain a compensating balance at the bank of $500,000

Subsequent to February 29, 2012, the Hospital repaid $5,000,000 of the outstanding line of credit, leaving an outstanding balance of $127,680 The Hospital liquidated $4,000,000 of investments in order to repay the line

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(7) Lease Obligations

The Hospital has noncancelable operating leases, which expire through April 2015 Future minimum lease payments under these noncancelable operating leases are as follows

Year ending February 28	
2013	$ 270,351
2014	228,079
2015	22,626
2016	658
	$ 521,714

Rental expense for all operating leases totaled approximately $273,000 in 2012 and 2011, respectively Rental expenses are included in supplies and services expenses on the statements of operations

(8) Commitments and Contingencies

Insurance

As of February 29, 2012, the Hospital maintains professional and general liability insurance coverage on a claims-made basis The claims-made policy, which is subject to renewal on an annual basis, covers only claims made during the term of the policy but not those occurrences for which claims may be made after expiration of the policy Coverage under the policy is $1 million per occurrence, with an aggregate limit of $3 million The Hospital also maintains an excess umbrella policy, which provides $8 million of additional coverage

As of February 29, 2012, the Hospital engaged an actuary to determine an undiscounted estimate of losses from unasserted claims and incidents that may have occurred but have not been reported The actuarial evaluation is based on the Hospital's historical experience, industry data, and other considerations As of February 29, 2012 and February 28, 2011, the Hospital has accrued the following for losses from unasserted claims and incidents that may have occurred but have not been reported

	2012	2011
Estimated malpractice liabilities	$ 570,344	117,811
Insurance claims receivable	(321,219)	—
Estimated malpractice liabilities, net	$ 249,125	117,811

The Hospital is party to routine litigation arising in the ordinary course of business Although some of the matters are still in a preliminary stage and definite conclusions cannot be made as to those matters, the Hospital is of the opinion that based on information presently available, the lawsuits will not have a materially adverse effect on the financial statements of the Hospital

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Dining Services Contract

The Hospital contracts with Unidine to provide food service to its patients The contract is cancelable by either party if the other party fails to perform all of its material obligations as outlined in the agreement The cost is approximately $24,000 per week

(9) Retirement Plan

The Hospital has a 401(k) defined contribution plan (401(k) Plan) that covers all full-time employees who have both attained age 21 and completed at least 1,000 hours of service during the first year of employment The 401(k) Plan provides for an employer-based contribution allowing the Hospital to make contributions ranging from 2 5% to 7 5% of each participant's annual compensation, depending on years of vested service Employees may also make annual contributions up to the amount permitted by law Expenses related to the 401(k) Plan were approximately $563,800 and $579,000, respectively, for the years ended February 29, 2012 and February 28, 2011 and are included with employee benefits within the accompanying statements of operations

(10) Functional Expenses

The Hospital provides psychiatric and substance abuse healthcare services to residents within its geographic location Expenses related to providing these services included in the statements of operations are as follows

	2012	2011
Healthcare services	$ 24,418,734	23,391,890
Development	580,574	510,919
General and administrative	5,451,044	5,399,925
	$ 30,450,352	29,302,734

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of February 29, 2012 and February 28, 2011

	2012	2011
Scholarship Fund for Young Adults	$ 223,190	959,270
Scholarship Fund	330,540	—
Pain Program	—	17,060
Employee Assistance Fund	12,380	7,863
Other Funds	53,359	—
	$ 619,469	984,193

(Continued)

Permanently restricted net assets of $213,000 at February 29, 2012 and February 28, 2011 consist of donor-restricted funds to be maintained by the Hospital in perpetuity The income generated from permanently restricted funds is expendable for purposes designated by donors, including adolescent and chemical dependency program services

(12) Subsequent Events

The Hospital has evaluated and disclosed subsequent events from the statement of financial position date of February 29, 2012 through June 26, 2012, which is the date of the financial statements were available to be issued, and concluded that no additional disclosures were required