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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 04-01-2011 and ending 03-31-2012**

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

**C** Name of organization
HOSPITAL FOR SPECIAL CARE

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2150 CORBIN AVENUE

City or town, state or country, and ZIP + 4
NEW BRITAIN, CT 060532266

**D Employer identification number**
06-0646766

**E Telephone number**
(860)827-1958

**G** Gross receipts $ 152,402,608

**F** Name and address of principal officer
JOHN VOTTO
2150 CORBIN AVENUE
NEW BRITAIN, CT 060532266

**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 HFSC ORG

**K** Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1941 | **M** State of legal domicile CT

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
HOSPITAL FOR SPECIAL CARE IS A 228 BED REHABILITATION AND CHRONIC DISEASE HOSPITAL, SERVING PATIENTS IN THREE AREAS INPATIENT AND OUTPATIENT REHABILITATION, RESPIRATORY CARE AND MEDICALLY COMPLEX PEDIATRICS

**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** | 15 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 14 |
| **5** | Total number of individuals employed in calendar year 2011 (Part V, line 2a) | **5** | 1,207 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 391 |
| **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) | 910,926 | 903,877 |
| **9** | Program service revenue (Part VIII, line 2g) | 145,988,802 | 148,374,376 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 702,232 | 1,122,601 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 1,131,083 | 2,001,754 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 148,733,043 | 152,402,608 |
| **Expenses** | | | |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 5,000 | 2,500 |
| **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) | 64,900,888 | 68,304,111 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 79,917,564 | 82,867,568 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 144,823,452 | 151,174,179 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 3,909,591 | 1,228,429 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **Net Assets or Fund Balances** | | | |
| **20** | Total assets (Part X, line 16) | 124,643,860 | 126,491,773 |
| **21** | Total liabilities (Part X, line 26) | 74,410,615 | 76,834,730 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 50,233,245 | 49,657,043 |

## Part II Signature Block

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

**Sign Here**

****** | 2012-11-14
Signature of officer | Date

LAURIE WHELAN SENIOR VP OF FINANCE/CFO
Type or print name and title

**Paid Preparer's Use Only**

| | | | |
|---|---|---|---|
| Preparer's signature: ELIZABETH SOLECKI | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions) P00235171 |
| Firm's name (or yours if self-employed), address, and ZIP + 4: BLUM SHAPIRO & COMPANY PC CPA'S, 29 S MAIN STREET PO BOX 272000, WEST HARTFORD, CT 061272000 | | | EIN ▶ 06-1009205 |
| | | | Phone no ▶ (860) 561-4000 |

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

HOSPITAL FOR SPECIAL CARE IS A 228 BED REHABILITATION AND CHRONIC DISEASE HOSPITAL, SERVING PATIENTS IN THREE AREAS INPATIENT AND OUTPATIENT REHABILITATION, RESPIRATORY CARE, AND MEDICALLY COMPLEX PEDIATRICS

**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 $ 49,479,227 including grants of $ ) (Revenue $ 61,933,913 )

INPATIENT CARE RESPIRATORY SERVICES INCLUDE CARING FOR PEOPLE WHO HAVE MADE CONSCIOUS DECISIONS TO LIVE ON LIFE SUPPORT THESE PATIENTS REQUIRE SIGNIFICANT MEDICAL ATTENTION ALONG WITH SERVICES TO ENHANCE QUALITY OF LIFE OUR GOAL IS TO LIBERATE PATIENTS FROM VENTILATOR DEPENDENCY SO THAT THEY CAN RESUME THEIR LIVES HOSPITAL FOR SPECIAL CARE IS RECOGNIZED FOR HAVING THE HIGHEST VENTILATOR-WEANING RATE IN CONNECTICUT AND CONSISTENTLY EXCEEDS THE NATIONAL AVERAGE SERVICES FOR THE CLINICAL MANAGEMENT OF PATIENTS WITH SERIOUS RESPIRATORY CONDITIONS ARE PROVIDED ON THREE DISTINCT UNITS HSC'S 36-BED LAURIE COLEMAN PUGLISI RESPIRATORY CARE UNIT AND THE 38-BED RESPIRATORY STEP-DOWN UNIT PROVIDE CARE FOR PATIENTS WITH MULTI-SYSTEM PROBLEMS AND ASSOCIATED RESPIRATORY FAILURE REQUIRING ARTIFICIAL AIRWAY AND VENTILATOR ASSISTANCE THE CLOSE OBSERVATION UNIT IS AN 11-BED UNIT PROVIDING TECHNOLOGICALLY ADVANCED CLINICAL MANAGEMENT OF ADULT PATIENTS WHO REQUIRE MECHANICAL VENTILATION, AND WHO HAVE POTENTIAL TO BE REMOVED FROM THE VENTILATOR HOSPITAL FOR SPECIAL CARE IS CERTIFIED BY AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION (AACVPR) (29,645 PATIENT DAYS)

**4b** (Code ) (Expenses $ 49,875,955 including grants of $ ) (Revenue $ 49,328,505 )

INPATIENT CARE REHABILITATION SERVICES INCLUDE PROGRAMS FOR THOSE RECOVERING FROM A LIFE-THREATENING CONDITION, DEBILITATING INJURY OR SUFFERING FROM ACUTE CHRONIC ILLNESS HSC SPINAL CORD PROGRAM IS THE ONLY ONE IN CONNECTICUT NATIONALLY-ACCREDITED BY THE COMMISSION ON ACCREDITATION OF REHABILITATION FACILITIES (CARF) FOR THE SPINAL CORD SYSTEM OF CARE THE ACQUIRED BRAIN INJURY (ABI) PROGRAM TREATS INDIVIDUALS WITH TRAUMATIC OR NON-TRAUMATIC BRAIN INJURIES (I E , ANEURYSM, ANOXIA, TUMORS) WITH THE GOAL TO MAXIMIZE PATIENTS' FUNCTIONAL STATUS, INDEPENDENCE, PSYCHOSOCIAL ADJUSTMENT AND VOCATIONAL AND LEISURE SKILLS INCLUDING COMMUNITY REINTEGRATION THE NEUROBEHAVIORAL PROGRAM (NBP) IS A LONG-TERM, 33-BED INPATIENT REHABILITATION PROGRAM THAT SPECIALIZES IN THE TREATMENT OF INDIVIDUALS WHO HAVE SUSTAINED AN ACQUIRED BRAIN INJURY AND HAVE BEEN UNSUCCESSFUL LIVING IN THE COMMUNITY OR IN OTHER FACILITIES THE PURPOSE OF THE NBP IS TO ASSIST THESE INDIVIDUALS IN MANAGING THEIR BEHAVIORS APPROPRIATELY, IN LEARNING SKILLS TO MAXIMIZE THEIR INDEPENDENCE AND TO IMPROVE THEIR OVERALL QUALITY OF LIFE IN FY11 8 BEDS IN THE REHAB WING WERE CONVERTED TO A NEW CARDIAC MEDICAL UNIT WHICH IS DESIGNED TO TREAT AND ASSIST PATIENTS WHO ARE STRIVING TO REGAIN, OR MAINTAIN THEIR FUNCTIONAL ABILITY WHILE DEALING WITH THE COMPLICATIONS FROM HEART FAILURE (30,241 PATIENT DAYS)

**4c** (Code ) (Expenses $ 16,310,650 including grants of $ ) (Revenue $ 18,272,616 )

INPATIENT CARE PEDIATRIC SERVICES IS A 30-BED PEDIATRIC UNIT THAT PROVIDES CARE TO CHILDREN (FROM NEWBORN TO 18 YEARS OF AGE), IN NEED OF REHABILITATION FOLLOWING AN ACCIDENT, SURGERY, OR SERIOUS ILLNESS, MANY OF WHOM ARE TECHNOLOGY DEPENDENT HSC OFFERS PROGRAMS AND SERVICES TAILORED TO EACH CHILD'S INDIVIDUAL NEEDS TO HELP REGAIN LOST SKILLS OR DEVELOP BRAND NEW SKILLS THE ULTIMATE GOAL IS TO PROVIDE A BRIDGE BETWEEN ACUTE CARE AND A HOME SETTING (9,486 PATIENT DAYS)

(Code ) (Expenses $ 6,341,300 including grants of $ ) (Revenue $ 6,801,900 )

OUTPATIENT REHABILITATION SERVICES INCLUDE MULTIDISCIPLINARY SERVICES TO MEET THE NEEDS OF PATIENTS WHO REQUIRE ASSISTANCE BUT DO NOT REQUIRE HOSPITALIZATION PHYSICAL THERAPISTS FOCUS ON IMPROVING A PERSON'S MOVEMENT, MOBILITY AND STRENGTH TO RESTORE, MAINTAIN AND PROMOTE OPTIMAL PHYSICAL FUNCTION OCCUPATIONAL THERAPISTS FOCUS ON IMPROVING A PERSON'S ABILITY TO PERFORM DAILY SELF-CARE NEEDS AND ROUTINES WHICH MAY INCLUDE DIFFICULTY WITH SEQUENCING AND PLANNING, ARM AND HAND MOVEMENTS, AND FINE-MOTOR COORDINATION OUR SPEECH LANGUAGE PATHOLOGY SERVICES AND ASSESSMENTS ARE DESIGNED TO CONSIDER ALL OF THE VARIABLES THAT AFFECT A PATIENT'S ABILITY TO MEET HIS/HER GOALS, INCLUDING ORAL CARE, LEVEL OF INDEPENDENCE IN DAILY ACTIVITIES, MEDICATION AND QUALITY OF LIFE NEEDS HSC OUTPATIENT FACILITIES INCLUDE A STATE-OF-THE-ART, FULLY ACCESSIBLE 27,000 SQUARE FOOT AQUATIC REHABILITATION CENTER, FEATURING 2 POOLS A WARM WATER POOL TO HELP REDUCE PAIN DURING AQUATIC THERAPY AND A COOL WATER POOL FOR FITNESS, ATHLETIC TRAINING AND RECREATION THE NEUROMUSCULAR CENTER AT THE HOSPITAL FOR SPECIAL CARE IS THE LARGEST AND MOST COMPREHENSIVE IN THE STATE OF CONNECTICUT, INCLUDING MUSCULAR DYSTROPHY ASSOCIATION (MDA) CLINIC FOR ADULTS AND CHILDREN, AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION (ALSA) CERTIFIED CENTER PROGRAM & CLINIC, NEUROPATHY & GENERAL NEUROMUSCULAR DISEASE CLINIC, ELECTROMYOGRAPHY (EMG) & NEURODIAGNOSTIC LAB, UCHC-HSC MUSCLE & NERVE BIOPSY SERVICE, REHABILITATION SERVICES, SPEECH & LANGUAGE PATHOLOGY, MEDICAL NUTRITION SERVICES, SOCIAL WORK SERVICES, SUPPORT GROUPS, NEUROMUSCULAR AND PULMONARY CLINIC THE DEPARTMENT OF PSYCHOLOGY PROVIDES A VARIETY OF ASSESSMENT AND TREATMENT SERVICES IN ADULT NEUROPSYCHOLOGY, PEDIATRIC AND ADOLESCENT NEUROPSYCHOLOGY AND REHABILITATION PSYCHOLOGY AND COORDINATES SUPPORT GROUPS FOR INDIVIDUALS WITH TRAUMATIC BRAIN INJURY AND SPINAL CORD INJURY HSC ALSO OFFERS OUTPATIENT PULMONARY REHABILITATION PROGRAM TO HELP PERSONS WITH PULMONARY DISEASE REACH HIS OR HER MAXIMUM LEVEL OF INDEPENDENCE AND FUNCTION IN THE COMMUNITY BY OFFERING ENDURANCE EXERCISE GROUPS FOR FITNESS TRAINING AND INDIVIDUAL ONE-TO-ONE THERAPY SESSIONS FOR EVALUATION AND TRAINING IN TECHNIQUES TO DECREASE ENERGY EXPENDITURE FOR WALKING, CLIMBING STAIRS, COMPLETING SELF-CARE AND PERFORMING CHORES IN FYE 2012, HSC OPENED A NEW AUTISM CENTER THAT PROVIDES A VARIETY OF DIAGNOSTIC, PSYCHOLOGICAL AND ACADEMIC EVALUATIONS AND A FULL RANGE OF THERAPY OPTIONS IN OCCUPATIONAL, SPEECH AND LANGUAGE, AND PHYSICAL THERAPIES FOR CHILDREN AND ADOLESCENTS WITH AUTISM SPECTRUM DISORDERS (ASD) THE AUTISM CENTER STAFF ALSO ASSIST IN THE DEVELOPMENT OF EDUCATIONAL AND BEHAVIORAL PLANS, AS WELL AS THE TRAINING OF CAREGIVERS, TEACHERS OR OTHERS INVOLVED IN THE LIFE OF THE CHILD THESE SERVICES MAY BE CONTRACTED BY EITHER THE CHILD'S PARENTS OR THE SCHOOL SYSTEM (26,177 VISITS)

(Code ) (Expenses $ 9,772,110 including grants of $ ) (Revenue $ 12,037,442 )

INPATIENT CARE SATELLITE UNIT/HARTFORD LOCATION IS A 23-BED UNIT LOCATED WITHIN THE WALLS OF THE NORTH CAMPUS OF SAINT FRANCIS HOSPITAL AND MEDICAL CENTER IN HARTFORD THE SATELLITE UNIT IS SPECIFICALLY DESIGNED TO PROVIDE SOPHISTICATED TREATMENT AND SERVICES FOR PATIENTS NEEDING COMPREHENSIVE WOUND MANAGEMENT, VENTILATOR-WEANING, COMPLEX RESPIRATORY CARE, OR MANAGEMENT OF COMPLEX MEDICAL ISSUES THE GOAL IS TO MAXIMIZE THE OUTCOMES OF PATIENTS WHO NO LONGER NEED INVASIVE OR ACUTE DIAGNOSTIC PROCEDURES, BUT WHO CONTINUE TO REQUIRE 24-HR NURSING CARE AND/OR MONITORING (5,690 PATIENT DAYS)

**4d** Other program services (Describe in Schedule O )

(Expenses $ 16,113,410 including grants of $ ) (Revenue $ 18,839,342 )

**4e Total program service expenses** ▶ $ 131,779,242

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

**Part IV Checklist of Required Schedules** *(continued)*

| | | | | |
|---|---|---|---|---|
| **21** | Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II* | **21** | | No |
| **22** | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | **22** | | No |
| **23** | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25* | **24a** | Yes | |
| **b** | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | **24b** | | No |
| **c** | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | **24c** | | No |
| **d** | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | **24d** | | No |
| **25a** | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | **25a** | | No |
| **b** | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | **25b** | | No |
| **26** | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | **26** | | No |
| **27** | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III* | **27** | | No |
| **28** | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| **a** | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28a** | | No |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | | No |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV* | **28c** | | No |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | 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** | Yes | |
| **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** | 205 | | |
| **b** | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | **1b** | 0 | | |
| **c** | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | **1c** | Yes | |
| **2a** | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . | **2a** | 1,207 | | | |
| **b** | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | **2b** | Yes | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | | |
| **3a** | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | | **3a** | | No |
| **b** | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | | **3b** | | |
| **4a** | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)? . . . . . | | | **4a** | | No |
| **b** | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | | |
| **5a** | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | | **5a** | | No |
| **b** | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | **5b** | | No |
| **c** | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | | **5c** | | |
| **6a** | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? . . . . . | | | **6a** | | No |
| **b** | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | | **6b** | | |
| **7** | **Organizations that may receive deductible contributions under section 170(c).** | | | | | |
| **a** | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | | **7a** | | No |
| **b** | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | | | **7b** | | |
| **c** | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | | | **7c** | | No |
| **d** | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | **7d** | | | | |
| **e** | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | | | **7e** | | No |
| **f** | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | | | **7f** | | No |
| **g** | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | | | **7g** | | |
| **h** | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | | **7h** | | |
| **8** | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | | | **8** | | |
| **9** | **Sponsoring organizations maintaining donor advised funds.** | | | | | |
| **a** | Did the organization make any taxable distributions under section 4966? . . . . . | | | **9a** | | |
| **b** | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | | | **9b** | | |
| **10** | **Section 501(c)(7) organizations.** Enter | | | | | |
| **a** | Initiation fees and capital contributions included on Part VIII, line 12 . . . | **10a** | | | | |
| **b** | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | **10b** | | | | |
| **11** | **Section 501(c)(12) organizations.** Enter | | | | | |
| **a** | Gross income from members or shareholders . . . . . | **11a** | | | | |
| **b** | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | **11b** | | | | |
| **12a** | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | **12a** | | |
| **b** | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | **12b** | | | | |
| **13** | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | | |
| **a** | Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state | | | **13a** | | |
| **b** | Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | **13b** | | | | |
| **c** | Enter the aggregate amount of reserves on hand | **13c** | | | | |
| **14a** | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | | | **14a** | | No |
| **b** | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | | | **14b** | | |

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

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

## Section A. Governing Body and Management

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number of voting members of the governing body at the end of the tax year . . . . . | 1a | 15 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b | 14 | | |
| 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 | Yes | |
| 7a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . | | 7a | Yes | |
| 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 | Yes | |
| 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 ▶

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 ▶

LAURIE A WHELAN
2150 CORBIN AVENUE
NEW BRITAIN, CT 060532266
(860) 612-6309

## 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 | | | |
| See Additional Data Table | | | | | | | | | | |
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**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 | | | |
| See Additional Data Table | | | | | | | | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** | | | | | | | | 4,112,688 | 347,817 | 466,155 |

**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 ▶ 61

| | | | 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 |
|---|---|---|
| THE HOSPITAL OF CENTRAL CONNECTICUT<br>100 GRAND ST<br>NEW BRITAIN, CT 06050 | LABORATORY & RADIOLOGY SERVICES | 1,225,598 |
| SAINT FRANCIS HOSPITAL<br>114 WOODLAND STREET<br>HARTFORD, CT 06105 | LEASE & PURCHASED SERVICES | 636,059 |
| MASON INC<br>23 AMITY ROAD<br>BETHANY, CT 06524 | ADVERTISING/MEDIA CONSULTATIVE SERVICES | 491,856 |
| TOTAL LAUNDRY COLLABORATIVE<br>114 WOODLAND STREET<br>HARTFORD, CT 06105 | LAUNDRY & LINEN SERVICES | 347,984 |
| PERCEPTIVE HEALTHCARE INC<br>162 PARK STREET SUITE 202<br>NORTH READING, MA 01864 | INFO TECH CONSULTING/PROJECT MGMT | 222,063 |

**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 ▶ 11

**Part VIII Statement of Revenue**

| | | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a | Federated campaigns | 1a | | | | |
| | b | Membership dues | 1b | | | | |
| | c | Fundraising events | 1c | | | | |
| | d | Related organizations | 1d | 230,006 | | | |
| | e | Government grants (contributions) | 1e | 189,614 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 484,257 | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | | | | |
| | h | **Total.** Add lines 1a-1f | | 903,877 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | PATIENT SERVICE REV | 622000 | 148,045,457 | 148,045,457 | | |
| | b | MEMBERSHIP FEES | 713940 | 328,919 | 328,919 | | |
| | c | | | | | | |
| | d | | | | | | |
| | e | | | | | | |
| | f | All other program service revenue | | | | | |
| | g | **Total.** Add lines 2a–2f | | 148,374,376 | | | |
| | 3 | Investment income (including dividends, interest and other similar amounts) | | 1,103,209 | | | 1,103,209 |
| | 4 | Income from investment of tax-exempt bond proceeds | | | | | |
| | 5 | Royalties | | 799 | | | 799 |
| | | | (i) Real | (ii) Personal | | | |
| | 6a | Gross rents | | | | | |
| | b | Less rental expenses | | | | | |
| | c | Rental income or (loss) | | | | | |
| | d | Net rental income or (loss) | | | | | |
| | | | (i) Securities | (ii) Other | | | |
| | 7a | Gross amount from sales of assets other than inventory | 15,074 | 4,318 | | | |
| | b | Less cost or other basis and sales expenses | 0 | 0 | | | |
| | c | Gain or (loss) | 15,074 | 4,318 | | | |
| | d | Net gain or (loss) | | 19,392 | | | 19,392 |
| Other Revenue | 8a | Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 | a | | | | |
| | b | Less direct expenses | b | | | | |
| | c | Net income or (loss) from fundraising events | | | | | |
| | 9a | Gross income from gaming activities See Part IV, line 19 | a | | | | |
| | b | Less direct expenses | b | | | | |
| | c | Net income or (loss) from gaming activities | | | | | |
| | 10a | Gross sales of inventory, less returns and allowances | a | | | | |
| | b | Less cost of goods sold | b | | | | |
| | c | Net income or (loss) from sales of inventory | | | | | |
| | | Miscellaneous Revenue | Business Code | | | | |
| | 11a | DAYCARE SERVICES | 624410 | 613,691 | | | 613,691 |
| | b | CAFETERIA SALES | 722210 | 295,632 | | | 295,632 |
| | c | PROFESSIONAL SERVICES | 541900 | 37,157 | | | 37,157 |
| | d | All other revenue | | 1,054,475 | | | 1,054,475 |
| | e | **Total.** Add lines 11a–11d | | 2,000,955 | | | |
| | 12 | **Total revenue.** See Instructions | | 152,402,608 | 148,374,376 | 0 | 3,124,355 |

## Part IX Statement of Functional Expenses

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

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

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

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|---|
| 1 | Grants and other assistance to governments and organizations in the United States See Part IV, line 21 | | | | |
| 2 | Grants and other assistance to individuals in the United States See Part IV, line 22 | 2,500 | 2,500 | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 | Benefits paid to or for members | | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees . . . . | 4,602,619 | | 4,602,619 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | | | | |
| 7 | Other salaries and wages | 50,993,919 | 45,842,140 | 5,151,779 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . | | | | |
| 9 | Other employee benefits . . . . . | 8,845,376 | 8,131,056 | 714,320 | |
| 10 | Payroll taxes . . . . . | 3,862,197 | 3,467,314 | 394,883 | |
| 11 | Fees for services (non-employees) | | | | |
| a | Management . . . . . | | | | |
| b | Legal . . . . . | 207,415 | | 207,415 | |
| c | Accounting . . . . . | 132,209 | | 132,209 | |
| d | Lobbying . . . . . | 109,705 | | 109,705 | |
| e | Professional fundraising *See Part IV, line 17* . . | | | | |
| f | Investment management fees . . . . . | | | | |
| g | Other . . . . . | 4,352,044 | 2,947,746 | 1,404,298 | |
| 12 | Advertising and promotion . . . . | 398,379 | 398,379 | | |
| 13 | Office expenses . . . . . | 7,119,404 | 5,174,795 | 1,944,609 | |
| 14 | Information technology . . . . . | 92,255 | | 92,255 | |
| 15 | Royalties . . | | | | |
| 16 | Occupancy . . . . . | 1,446,016 | 1,394,631 | 51,385 | |
| 17 | Travel . . . . . | 29,891 | 18,606 | 11,285 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | | | | |
| 19 | Conferences, conventions, and meetings . . . . | 126,158 | 64,329 | 61,829 | |
| 20 | Interest . . . . . | 2,268,788 | | 2,268,788 | |
| 21 | Payments to affiliates . . . . . | | | | |
| 22 | Depreciation, depletion, and amortization . . . . . | 3,377,474 | 3,032,150 | 345,324 | |
| 23 | Insurance . . . . . | 341,764 | | 341,764 | |
| 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 | CONTRACTUAL ADJUSTMENTS | 58,622,661 | 58,622,661 | | |
| b | PHARMACY | 2,682,935 | 2,682,935 | | |
| c | MISCELLANEOUS EXPENSES | 635,762 | | 635,762 | |
| d | MEDICAL/SURGICAL NON-CH | 452,806 | | 452,806 | |
| e | | | | | |
| f | All other expenses | 471,902 | | 471,902 | |
| 25 | **Total functional expenses.** Add lines 1 through 24f | 151,174,179 | 131,779,242 | 19,394,937 | 0 |
| 26 | **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

## Part X Balance Sheet

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | | 5,025,574 | 1 | 9,791,849 |
| | 2 | Savings and temporary cash investments | | | 2 | |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 19,202,403 | 4 | 14,332,099 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | | 5 | |
| | 6 | Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L | | | 6 | |
| | 7 | Notes and loans receivable, net | | | 7 | |
| | 8 | Inventories for sale or use | | 515,073 | 8 | 560,091 |
| | 9 | Prepaid expenses and deferred charges | | 2,452,531 | 9 | 2,387,594 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 91,486,430 | | | |
| | b | Less accumulated depreciation | 10b 48,969,712 | 44,242,573 | 10c | 42,516,718 |
| | 11 | Investments—publicly traded securities | | 34,614,676 | 11 | 36,546,289 |
| | 12 | Investments—other securities See Part IV, line 11 | | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | 18,591,030 | 15 | 20,357,133 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 124,643,860 | 16 | 126,491,773 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 19,305,360 | 17 | 22,989,945 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 54,698,500 | 20 | 53,608,200 |
| | 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | | 23 | |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | | 406,755 | 25 | 236,585 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 74,410,615 | 26 | 76,834,730 |
| 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 | | 46,591,690 | 27 | 44,105,555 |
| | 28 | Temporarily restricted net assets | | 3,205,779 | 28 | 5,115,712 |
| | 29 | Permanently restricted net assets | | 435,776 | 29 | 435,776 |
| | | **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 | | 50,233,245 | 33 | 49,657,043 |
| | 34 | Total liabilities and net assets/fund balances | | 124,643,860 | 34 | 126,491,773 |

## 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 | 152,402,608 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) . . . . . | 2 | 151,174,179 |
| 3 | Revenue less expenses Subtract line 2 from line 1 . . . . | 3 | 1,228,429 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | 50,233,245 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) . . . . | 5 | -1,804,631 |
| 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 | 49,657,043 |

## 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
HOSPITAL FOR SPECIAL CARE

**Employer identification number**
06-0646766

**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**

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

Department of the Treasury
Internal Revenue Service

# Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

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

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

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

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

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

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

| Name of the organization | Employer identification number |
|---|---|
| HOSPITAL FOR SPECIAL CARE | 06-0646766 |

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

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

| **(a)** Name | **(b)** Address | **(c)** EIN | **(d)** Amount paid from filing organization's funds If none, enter -0- | **(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0- |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

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

**A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

**B** Check ☐ if the filing organization checked box A and "limited control" provisions apply

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | (a) Filing Organization's Totals | (b) Affiliated Group Totals |
|---|---|---|
| **1a** Total lobbying expenditures to influence public opinion (grass roots lobbying) | | |
| **b** Total lobbying expenditures to influence a legislative body (direct lobbying) | | |
| **c** Total lobbying expenditures (add lines 1a and 1b) | | |
| **d** Other exempt purpose expenditures | | |
| **e** Total exempt purpose expenditures (add lines 1c and 1d) | | |
| **f** Lobbying nontaxable amount Enter the amount from the following table in both columns | | |
| **g** Grassroots nontaxable amount (enter 25% of line 1f) | | |
| **h** Subtract line 1g from line 1a If zero or less, enter -0- | | |
| **i** Subtract line 1f from line 1c If zero or less, enter -0- | | |

| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: |
|---|---|
| Not over $500,000 | 20% of the amount on line 1e |
| Over $500,000 but not over $1,000,000 | $100,000 plus 15% of the excess over $500,000 |
| Over $1,000,000 but not over $1,500,000 | $175,000 plus 10% of the excess over $1,000,000 |
| Over $1,500,000 but not over $17,000,000 | $225,000 plus 5% of the excess over $1,500,000 |
| Over $17,000,000 | $1,000,000 |

**j** If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

### Lobbying Expenditures During 4-Year Averaging Period

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

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

| | | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | Yes | | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 291,786 |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? If "Yes," describe in Part IV | | No | |
| j | Total lines 1c through 1i | | | 291,786 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

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

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

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

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

## Part IV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| EXPLANATION OF LOBBYING ACTIVITIES | PART II-B, LINE 1 | HOSPITAL FOR SPECIAL CARE EMPLOYS A FULL TIME VICE PRESIDENT OF GOVERNMENTAL RELATIONS AND ALSO CONTRACTS WITH A THIRD PARTY TO BRING TO THE ATTENTION OF STATE AND FEDERAL LEGISLATORS ISSUES AFFECTING THE HOSPITAL FOR SPECIAL CARE ADDITIONALLY, HOSPITAL FOR SPECIAL CARE'S PRESIDENT SPENDS A PORTION OF HIS TIME LOBBYING AND TESTIFYING BEFORE CONGRESS ABOUT THE HEALTHCARE INDUSTRY AND THE EFFECTS OF LEGISLATION ON THE INDUSTRY IN ADDITION THE LOBBYING EXPENSE INCLUDES THE NONDEDUCTIBLE PORTION OF ASSOCIATION DUES RELATED TO LOBBYING |

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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**
HOSPITAL FOR SPECIAL CARE

**Employer identification number**
06-0646766

**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 | 5,173,186 | 3,549,365 | 1,551,107 | 2,425,008 | |
| b | Contributions | 2,097,219 | 1,497,531 | 1,593,206 | 259,434 | |
| c | Investment earnings or losses | 93,071 | 309,864 | 689,552 | -972,772 | |
| d | Grants or scholarships | 2,500 | 5,000 | 2,500 | 7,500 | |
| e | Other expenditures for facilities and programs | 147,354 | 169,416 | 246,810 | 153,063 | |
| f | Administrative expenses | 8,437 | 9,158 | 35,190 | | |
| g | End of year balance | 7,205,185 | 5,173,186 | 3,549,365 | 1,551,107 | |

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

- a Board designated or quasi-endowment ▶ 23 000 %
- b Permanent endowment ▶ 6 000 %
- c Term endowment ▶ 71 000 %

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

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 | | 363,049 | | 363,049 |
| b Buildings | | 59,619,385 | 25,119,999 | 34,499,386 |
| c Leasehold improvements | | 162,377 | 36,534 | 125,843 |
| d Equipment | | 28,683,356 | 21,967,666 | 6,715,690 |
| e Other | | 2,658,263 | 1,845,513 | 812,750 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 42,516,718 |

**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 |
|---|---|---|
| | | |
| | | |
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| | | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 13 )* ▶ | | |

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

| (a) Description | (b) Book value |
|---|---|
| (1) INSURANCE RESERVES | 1,751,552 |
| (2) PRESENT VALUE OF RETIREMENT BENEFITS | 4,033,796 |
| (3) CHEFA OBLIGATION & DISCOUNT AND ISSUANCE EXPENSE | 2,637,294 |
| (4) DEBT SERVICES FUND | 3,107,879 |
| (5) DUE FROM AFFILIATES | 355,967 |
| (6) PATIENT TRUST | 74,430 |
| (7) INVESTMENT IN FOUNDATION | 8,396,215 |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 20,357,133 |

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | |
| DUE TO THIRD PARTY PAYORS | 236,585 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 236,585 |

**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 | 152,402,608 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 151,174,179 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 1,228,429 |
| 4 | Net unrealized gains (losses) on investments | 4 | 646,994 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | -2,451,625 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | -1,804,631 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | -576,202 |

## 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 | 92,436,587 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | | | |
| a | Net unrealized gains on investments | 2a | 646,994 | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIV) | 2d | -2,451,625 | | |
| e | Add lines **2a** through **2d** | | | 2e | -1,804,631 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 94,241,218 |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line **1** | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV) | 4b | 58,161,390 | | |
| c | Add lines **4a** and **4b** | | | 4c | 58,161,390 |
| 5 | Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12 ) | | | 5 | 152,402,608 |

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

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | 93,012,789 |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25 | | | | |
| a | Donated services and use of facilities | 2a | | | |
| b | Prior year adjustments | 2b | | | |
| c | Other losses | 2c | | | |
| d | Other (Describe in Part XIV) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | 0 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 93,012,789 |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line **1:** | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIV) | 4b | 58,161,390 | | |
| c | Add lines **4a** and **4b** | | | 4c | 58,161,390 |
| 5 | Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18 ) | | | 5 | 151,174,179 |

## 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 |
|---|---|---|
| DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS | PART V, LINE 4 | FUNDS ARE HELD BY THE ORGANIZATION TO FUND FUTURE FACILITY MAINTENANCE, PURCHASE NEEDED FACILITY EQUIPMENT, PURCHASE EQUIPMENT AND SERVICES FOR PATIENT CARE, FUND LECTURES, RESEARCH AND EDUCATION AND IMPROVE THE QUALITY OF LIFE FOR OUR PATIENTS IN FY10, A NEW FUND WAS ESTABLISHED FOR THE CONSTRUCTION OF A NEW OUTPATIENT FACILITY BEING FUNDED BY A CAPITAL CAMPAIGN |
| PART XI, LINE 8 - OTHER ADJUSTMENTS | | EQUITY TRANSFERS TO AFFILIATES -1,314,668 CHANGE IN EQUITY INTEREST IN AFFILIATES 2,067,781 CHANGE IN MINIMUM PENSION LIABILITY -3,204,738 TOTAL TO SCHEDULE D, PART XI, LINE 8 -2,451,625 |
| PART XII, LINE 2D - OTHER ADJUSTMENTS | | EQUITY TRANSFERS TO AFFILIATES -1,314,668 CHANGE IN EQUITY INTEREST IN AFFILIATES 2,067,781 CHANGE IN MINIMUM PENSION LIABILITY -3,204,738 |
| PART XII, LINE 4B - OTHER ADJUSTMENTS | | CONTRACTUAL ADJUSTMENTS 58,161,390 |
| PART XIII, LINE 4B - OTHER ADJUSTMENTS | | CONTRACTUAL ADJUSTMENTS 58,161,390 |

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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**
HOSPITAL FOR SPECIAL CARE

**Employer identification number**
06-0646766

## 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<br>☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ 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<br>☑ 100% ☐ 150% ☐ 200% ☐ Other ____ % | 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<br>☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 280.000000000000 % | 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 | | No |
| b | If "Yes," did the organization's charity care expenses exceed the budgeted amount? | 5b | | |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | |
| 6a | Did the organization prepare a community benefit reportduring the tax year? | 6a | | 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) | | | 1,567 | | 1,567 | 0 % |
| b Medicaid (from Worksheet 3, column a) | | | 64,964,268 | 66,154,894 | -1,190,626 | 0 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Charity Care and Means-Tested Government Programs | | | 64,965,835 | 66,154,894 | -1,189,059 | |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 48,630 | | 48,630 | 0 030 % |
| f Health professions education (from Worksheet 5) | | | 709,656 | 69,970 | 639,686 | 0 420 % |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | 822,064 | 246,832 | 575,232 | 0 380 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 163,650 | | 163,650 | 0 110 % |
| j **Total** Other Benefits | | | 1,744,000 | 316,802 | 1,427,198 | 0 940 % |
| k **Total.** Add lines 7d and 7j | | | 66,709,835 | 66,471,696 | 238,139 | 0 940 % |

## 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 | | | 8,296 | | 8,296 | 0 010 % |
| 4 | Environmental improvements | | | | | | |
| 5 | Leadership development and training for community members | | | | | | |
| 6 | Coalition building | | | | | | |
| 7 | Community health improvement advocacy | | | | | | |
| 8 | Workforce development | | | 5,309 | | 5,309 | 0 % |
| 9 | Other | | | | | | |
| 10 | **Total** | | | 13,605 | | 13,605 | 0 010 % |

## 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 | | No |
| 2 | Enter the amount of the organization's bad debt expense | 2 | 173,851 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3 | | | |
| 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 | 6,528,570 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 7,915,868 |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -1,387,298 |
| 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 | 1 NOT APPLICABLE | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
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| 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 | HOSPITAL FOR SPECIAL CARE<br>2150 CORBIN AVENUE<br>NEW BRITAIN, CT 06053 | X | X | | | | X | | | LONG TERM ACUTE CARE FACILITY |
| | | | | | | | | | | |
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## 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)

HOSPITAL FOR SPECIAL CARE

**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 | | No |
| 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 100.000000000000% | | | |
| 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 280 000000000000% | | | |
| | 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 | Yes | |
| | 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** | Yes | |
| If "No," indicate why | | | |
| **a** ☐ The hospital facility did not provide care for any emergency medical conditions | | | |
| **b** ☐ The hospital facility's policy was not in writing | | | |
| **c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI) | | | |
| **d** ☐ Other (describe in Part VI) | | | |

### Individuals Eligible for Financial Assistance

| | | | |
|---|---|---|---|
| **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 I, LINE 6A - ANNUAL COMMUNITY BENEFIT PER CONNECTICUT GENERAL STATUTE 19A-127K (A)(1) THE OFFICE OF THE HEALTHCARE ADVOCATE FOR THE STATE OF CONNECTICUT REQUIRES IT TO COLLECT DATA ON COMMUNITY BENEFIT PROGRAMS EVERY 2 YEARS, RATHER THAN ON AN ANNUAL BASIS OUR REPORTING IS DESIGNED TO CONFORM TO THIS STANDARD PART I, LINE 7A & 7B - CHARITY CARE COST, UNREIMBURSED MEDICAID OUR COST WAS DERIVED BASED ON USING WORKSHEET 2 COST TO CHARGE RATIO PART I, LINE 7, COLUMN (F) - PERCENT OF TOTAL EXPENSE THE PERCENTAGE WAS CALCULATED USING PART IX, LINE 25, COLUMN (A) TOTAL EXPENSES OF $151,174,179 DIVIDED BY THE NET COMMUNITY BENEFIT EXPENSE LINE 7, COLUMN (E) |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART II COMMUNITY SUPPORT BASED ON EXPERIENCES WITH TRAGEDIES SUCH AS THE TERRORIST ATTACKS ON THE U S THAT OCCURRED ON 9-11-01 AND HURRICANE KATRINA, THE GOVERNMENT IDENTIFIED THAT HOSPITALS WERE A VITAL ELEMENT OF EMERGENCY RESPONSE BUT HAD NOT BEEN A PRIORITY IN REGARDS TO TRAINING AND USE OF THE NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS) IN ORDER TO ASSURE A COORDINATED EMERGENCY MANAGEMENT RESPONSE, THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ESTABLISHED A HOSPITAL PREPAREDNESS PROGRAM (HPP) THE GOAL OF THIS PROGRAM IS TO ASSURE ADEQUATE AND COORDINATED TRAINING, RESOURCES AND POLICY DEVELOPMENT FOR HOSPITALS SO THAT IN A TIME OF LOCAL, STATE OR REGIONAL DISASTER, HOSPITALS WILL READILY SYNERGIZE THEIR EFFORTS VIA UNIFIED COMMAND WITH OTHER LOCAL, STATE AND FEDERAL EMERGENCY AGENCIES AND SERVICES HOSPITAL FOR SPECIAL CARE (HSC) IS A MEMBER OF THE REGIONAL EMERGENCY SUPPORT PLAN, DESIGNATED AS A MEMBER OF EMERGENCY FUNCTION 8 ALONG WITH ALL AREA ACUTE CARE, LONG TERM CARE, MEDICAL OFFICES, COMMUNITY HEALTH SERVICES AND MEDICAL EMERGENCY RESPONSE ENTITIES IN TOTAL, THERE ARE 20 EMERGENCY FUNCTIONS THAT ARE A PART OF THIS REGIONAL EMERGENCY SUPPORT PLAN THAT INCLUDES TRANSPORTATION, PUBLIC WORKS, ENGINEERING AND FIREFIGHTING FOR EXAMPLE REGIONAL ESF 8 MEMBERS MEET QUARTERLY, COORDINATED BY THE DEPARTMENT OF PUBLIC HEALTH EMERGENCY MANAGEMENT SERVICES, TO WORK ON SHARED PROJECTS SUCH AS ALTERNATE CARE FACILITIES POLICIES, EVACUATION PLANS, PANDEMIC FLU PLANNING AND STATEWIDE DRILL PLANNING HSC PARTICIPATES IN THE WARN COMMUNICATION SYSTEM THAT ALLOWS IMMEDIATE COMMUNICATION AMONGST ESF 8 MEMBERS THROUGHOUT THE STATE OF CONNECTICUT HSC IS LOCATED IN THE HHS-DESIGNATED REGION 3 AND IS ALSO A MEMBER OF THE CAPITAL REGION EMERGENCY PLANNING COMMITTEE THAT MEETS MONTHLY TO ALLOW EFFECTIVE PLANNING AMONG THE ESP 8 MEMBERS IN THE CAPITOL REGION HSC IS ALSO ACTIVE IN THE LOCAL ESF 8 THAT INCLUDES ESF 8 MEMBERS FROM NEW BRITAIN AND SOUTHINGTON EDUCATION AND DRILLS ARE ESSENTIAL COMPONENTS TO TEST OUR ORGANIZATIONAL ABILITY TO RESPOND TO EMERGENCY SITUATIONS AT A MINIMUM TWICE A YEAR DRILLS INVOLVING OUR COMMUNITY, STATE, AND/OR REGIONAL EMERGENCY MANAGEMENT PARTNERS ARE COMPLETED TO ALLOW TESTING OF PLANS/COMMUNICATIONS AND IDENTIFY OPPORTUNITIES FOR ENHANCING RESPONSES AND/OR COORDINATION OF EFFORT WORKFORCE DEVELOPMENT THE NEW BRITAIN ACADEMY FOR HEALTH PROFESSIONS (HEALTH ACADEMY) WAS ESTABLISHED DECEMBER 7, 2009 THE HEALTH ACADEMY EDUCATES AND PREPARES HIGH SCHOOL STUDENTS FOR CAREERS IN THE HEALTHCARE SERVICE INDUSTRY IN NEW BRITAIN AND IS A COLLABORATIVE EFFORT BETWEEN THE BUSINESS COMMUNITY, THE CONSOLIDATED SCHOOL DISTRICT OF NEW BRITAIN, AND NEW BRITAIN'S TWO HOSPITALS, HOSPITAL FOR SPECIAL CARE AND THE HOSPITAL OF CENTRAL CONNECTICUT THE COMPREHENSIVE CURRICULUM PROVIDES STUDENTS WITH OPPORTUNITIES TO EXPLORE THE HEALTHCARE SERVICE INDUSTRY AND TO DEVELOP UP-TO-DATE SKILLS AND THE KNOWLEDGE-BASE NEEDED FOR CERTIFICATION IN A VARIETY OF HEALTHCARE OCCUPATIONS UPON GRADUATION FROM HIGH SCHOOL IN ADDITION, STUDENTS CAN START EARNING CREDITS TOWARD A TWO-YEAR AND/OR A FOUR-YEAR COLLEGE DEGREE AND BE PREPARED FOR A 21ST CENTURY CAREER WHILE STILL IN HIGH SCHOOL THE TARGET POPULATION OF THE ACADEMY IS NEW BRITAIN HIGH SCHOOL STUDENTS MANY ARE ECONOMICALLY DISADVANTAGED AND UNDERREPRESENTED IN THE HEALTH PROFESSIONS, AND SO THEY HAVE THE POTENTIAL TO BENEFIT GREATLY FROM THE ACADEMY'S WORK-BASED SKILLS AND CAREER COMPETENCY-BUILDING STRATEGIES |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 4 THE ORGANIZATION HAS NOT YET ADOPTED HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION STATEMENT NO 15 AND THE AUDITED FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE DESCRIBING ITS BAD DEBT PRACTICES BASED ON THE HOSPITAL'S COLLECTION POLICIES, ONCE A SELF PAY ACCOUNT HAS BEEN DEEMED TO BE UNCOLLECTIBLE IT IS WRITTEN OFF TO BAD DEBTS IT IS ALSO THE HOSPITAL'S PRACTICE TO REVIEW PATIENT ACCOUNTS REGULARLY AND RESERVE FOR ANY POTENTIAL BAD DEBTS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 8 THE ORGANIZATION USES A COST TO CHARGE RATIO AS REPORTED ON THE MEDICARE COST REPORT TO DETERMINE ITS MEDICARE COSTS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 9B COLLECTION POLICIES ARE THE SAME FOR ALL PATIENTS OUR HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS FROM PATIENTS DETERMINED TO QUALIFY FOR CHARITY CARE OUR POLICY PROVIDES THAT WE WILL NOT REFER ANY ACCOUNTS FOR COLLECTION UNTIL WE CAN DETERMINE WHETHER THE INDIVIDUAL IS INSURED AND THEREFORE NOT ELIGIBLE FOR FINANCIAL ASSISTANCE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 2 THE HOSPITAL CONTINUALLY WORKS WITH COMMUNITY PARTNERS TO ASSESS THE HEALTH NEEDS OF THE COMMUNITY AND HAS PREPARED NEEDS ANALYSES RELATED TO SPECIFIC PROJECTS OVER THE PAST FOUR YEARS THE HOSPITAL HAS RETAINED OUTSIDE CONSULTING FIRMS TO ASSIST IN SPECIFIC MARKET STUDIES IN ADDITION, IT HAS REGULARLY WORKED WITH OTHER ORGANIZATIONS TO ASSIST IT TO DETERMINE THE ONGOING NEEDS OF THE COMMUNITY AS A RESULT OF THIS PROCESS, THE HOSPITAL HAS IDENTIFIED THE NEED FOR EXPANSION OF NEUROBEHAVIORAL SERVICES, DENTAL SERVICES FOR THE INDIGENT, SPORTS AND TRAINING PROGRAMS, INCLUDING A CAMP FOR THE DISABLED AND HOUSING FOR THE DISABLED RECENTLY, THE HOSPITAL HAS EXPANDED SERVICES TO MEET THE NEEDS OF THE BRAIN INJURED PATIENT IN THE COMMUNITY THE HOSPITAL CONDUCTS MEETINGS WITH STAKE HOLDERS TO DETERMINE GAPS IN SERVICE FOR THE POPULATIONS IT SERVES HSC HAS RECENTLY IDENTIFIED A NEED FOR ACCESS TO AUTISM SERVICES IN CONNECTICUT AND AS A RESULT HAS EXPANDED OUTPATIENT SERVICES WITH AN AUTISM CLINIC, IN PARTNERSHIP WITH UNIVERSITY OF SAINT JOSEPH AND IS PLANNING AN EXPANSION OF INPATIENT SERVICES FOR AUTISM IN THE COMING YEAR |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 3 PATIENTS ARE NOTIFIED THAT FINANCIAL ASSISTANCE IS AVAILABLE AT THE TIME OF REGISTRATION A STATEMENT IS INCLUDED ON THE FINANCIAL DISCLOSURE PAPERWORK WHICH IS COMPLETED AT THE TIME OF ADMISSION AND ON EACH PATIENT BILL AND SUBSEQUENT STATEMENT FINANCIAL COUNSELING APPOINTMENTS ARE AVAILABLE UPON REQUEST AND INTERPRETER SERVICES ARE AVAILABLE FOR PATIENTS NEEDING INFORMATION IN LANGUAGES OTHER THAN ENGLISH THE HOSPITAL'S CHARITY CARE PROGRAM IS ALSO AVAILABLE ON THE HOSPITAL'S WEB SITE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 4 HOSPITAL FOR SPECIAL CARE (HSC) IS LICENSED BY STATE OF CONNECTICUT AS A CHRONIC-DISEASE HOSPITAL AND CERTIFIED BY MEDICARE AS A LONG TERM ACUTE CARE HOSPITAL UNLIKE ACUTE CARE FACILITIES THAT SERVE THEIR SURROUNDING TOWNS, HSC PATIENTS ARE ADMITTED FROM THROUGHOUT CONNECTICUT AND SOUTHERN NEW ENGLAND HOSPITAL FOR SPECIAL CARE IS THE ONLY LONG TERM ACUTE CARE HOSPITAL IN THE COUNTRY THAT PROVIDES A CONTINUUM OF CARE FROM PEDIATRICS THROUGH ADULTHOOD IT IS NATIONALLY RENOWNED FOR TREATMENT IN THE AREAS OF PULMONARY DISEASE, ACQUIRED BRAIN INJURIES, COMPLEX PEDIATRICS, NEUROMUSCULAR DISEASE AND SPINAL CORD INJURIES IN ADDITION TO ITS 205-BED INPATIENT FACILITY IN NEW BRITAIN, CONNECTICUT, HSC OPERATES A 23-BED SATELLITE SERVING THE GREATER HARTFORD AREA HOSPITAL FOR SPECIAL CARE OFFERS A FULL SPECTRUM OF MEDICAL TREATMENT FOR COMPLEX REHABILITATION AND CHRONIC DISEASE INPATIENT SERVICES ARE AUGMENTED BY A FULL ARRAY OF OUTPATIENT SERVICES INCLUDING A FULL FITNESS CENTER SPECIALLY DESIGNED FOR THOSE LIVING WITH PHYSICAL DISABILITIES AS WELL AS THOSE RECOVERING FROM VARIOUS INJURIES AND ILLNESSES HSC DOES NOT TARGET ANY SPECIFIC NEIGHBORHOOD, INCOME LEVEL, OR MINORITY OR IMMIGRANT POPULATIONS THE DISEASES AND INJURIES THAT ITS PATIENTS HAVE EXPERIENCED STRIKE ANYONE, ANYWHERE THE ONLY NEIGHBORHOOD-SPECIFIC PROGRAM THAT A SISTER ENTITY OF HSC PROVIDES IS THE SPECIAL CARE DENTAL CLINIC, OFFERING PREVENTIVE DENTAL CARE TO CHILDREN WITH TITLE 19 MEDICAID HEALTH COVERAGE MANY OF THE 1,872 CHILDREN SEEN ANNUALLY ARE FROM LIMITED INCOME, IMMIGRANT, INNER CITY FAMILIES HSC'S COMMUNITY EFFORTS EXTEND THROUGHOUT THE CITY OF NEW BRITAIN AND SURROUNDING TOWNS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 5 THE BOARD OF DIRECTORS IS MADE UP OF MEDICAL AND BUSINESS PROFESSIONALS, ALMOST ALL OF WHOM RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA THESE VOLUNTEERS GIVE COUNTLESS HOURS OF SERVICE TO THE HOSPITAL IN THEIR OVERSIGHT ROLE THEY ARE INVOLVED IN STRATEGIC PLANNING FOR THE HOSPITAL AND ITS SISTER ENTITIES IN FUNDRAISING, AND IN GENERAL STEWARDSHIP MEDICAL STAFF PRIVILEGES ARE OFFERED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY THE HOSPITAL UTILIZES SURPLUS FUNDS TO MAINTAIN AND EXPAND ACCESS TO PATIENT SERVICES THROUGHOUT THE COMMUNITY INCLUDING, BUT NOT LIMITED TO THE FOLLOWING INPATIENT RESPIRATORY SERVICES, REHABILITATION SERVICES INCLUDING BRAIN INJURY AND SPINAL CORD INJURY, SPECIALIZED PEDIATRIC CARE AND A COMPLEMENT OF OUTPATIENT SERVICES FOR THE CHRONIC CONDITIONS HSC TREATS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART VI, LINE 6 THE HOSPITAL'S SOLE CORPORATE MEMBER IS CENTER OF SPECIAL CARE, INC, A 501(C)(3) CORPORATION (THE "CENTER") THE CENTER PROVIDES GOVERNANCE OVERSIGHT AND STRATEGIC PLANNING FOR ITS SEVERAL WHOLLY OWNED SUBSIDIARIES THESE SUBSIDIARIES INCLUDE THE HOSPITAL, AND ITS SISTER ENTITIES, HSC COMMUNITY SERVICES, INC AND HOSPITAL FOR SPECIAL CARE FOUNDATION, INC ALL OF THESE ENTITIES ARE 501(C)(3) CORPORATIONS WHOSE COLLECTIVE FOCUS IS TO PROVIDE EXEMPLARY CARE THAT ASSISTS PATIENTS AND THEIR FAMILIES TO IMPROVE THEIR QUALITY OF LIFE AND TO RESPOND AND BE ACCOUNTABLE TO THE NEEDS OF THE COMMUNITIES THEY SERVE SPECIFIC EXAMPLES OF THESE AFFILIATED ENTITIES' SERVICE TO THESE COMMUNITIES INCLUDE THE OPERATION OF A DENTAL CLINIC SERVING INDIGENT CHILDREN AND DISABLED ADULTS, THE OPERATION OF A MULTI-FACETED SPORTS & TRAINING LEADERSHIP PROGRAM FOR DISABLED CHILDREN AND ADULTS, WHICH PROVIDES A SUMMER SPORTS CAMP FOR DISABLED CHILDREN AND SPORTS TEAMS THAT ENABLE WHEELCHAIR-BOUND ATHLETES TO PARTICIPATE IN TRAINING AND COMPETITION IN TRACK & FIELD, SOCCER, SWIMMING AND BASKETBALL, AND THE FUNDING OF SCHOLARSHIPS FOR NURSING AND RESPIRATORY CARE STUDENTS IN ADDITION, HSC COMMUNITY SERVICES, INC IS A CORPORATE MEMBER OF TWO OTHER 501(C)(3) CORPORATIONS, CSI RESIDENTIAL, INC , AND MANES & MOTIONS THERAPEUTIC RIDING CENTER, INC CSI RESIDENTIAL PROVIDES HUD-SUBSIDIZED HOUSING FOR DISABLED INDIVIDUALS IN THE COMMUNITY MANES & MOTIONS OPERATES A THERAPEUTIC HORSEBACK RIDING PROGRAM THAT SERVES CHILDREN WITH COGNITIVE AND PHYSICAL DISABILITIES, INCLUDING AUTISM, AND ADULTS AFFECTED BY TRAUMATIC BRAIN INJURY OR POST-TRAUMATIC STRESS DISORDER, INCLUDING COMBAT VETERANS |

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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**
HOSPITAL FOR SPECIAL CARE

**Employer identification number**
06-0646766

## 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** | Yes | |
| **2** | Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? | **2** | Yes | |
| **3** | Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply | | | |
| | ☑ Compensation committee | ☑ Written employment contract | | |
| | ☑ Independent compensation consultant | ☑ Compensation survey or study | | |
| | ☐ Form 990 of other organizations | ☑ Approval by the board or compensation committee | | |
| **4** | During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization | | | |
| **a** | Receive a severance payment or change-of-control payment? | **4a** | | No |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | Yes | |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | **4c** | | No |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | | |
| | **Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.** | | | |
| **5** | For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of | | | |
| **a** | The organization? | **5a** | | No |
| **b** | Any related organization? | **5b** | | No |
| | If "Yes," to line 5a or 5b, describe in Part III | | | |
| **6** | For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of | | | |
| **a** | The organization? | **6a** | | No |
| **b** | Any related organization? | **6b** | | No |
| | If "Yes," to line 6a or 6b, describe in Part III | | | |
| **7** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | **7** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III | **8** | | No |
| **9** | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | **9** | | |

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

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

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) JOHN VOTTO DO | (i) | 494,417 | 8,706 | 46,608 | 41,175 | 31,168 | 622,074 | 0 |
| | (ii) | 5,526 | 0 | 0 | 409 | 310 | 6,245 | 0 |
| (2) DAVID CRANDALL | (i) | 332,600 | 0 | 49,341 | 31,276 | 12,647 | 425,864 | 0 |
| | (ii) | 165,788 | 0 | 0 | 12,986 | 5,250 | 184,024 | 0 |
| (3) PAUL SCALISE MD | (i) | 330,428 | 34,894 | 10,706 | 16,372 | 22,019 | 414,419 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) LAURIE ANN WHELAN | (i) | 177,653 | 49,454 | 18,182 | 2,125 | 9,574 | 256,988 | 0 |
| | (ii) | 98,286 | 0 | 0 | 815 | 4,099 | 103,200 | 0 |
| (5) FELICIA DEDOMINICIS | (i) | 179,342 | 10,313 | 272 | 1,470 | 17,350 | 208,747 | 0 |
| | (ii) | 30,374 | 0 | 0 | 237 | 2,800 | 33,411 | 0 |
| (6) LISA A NEWTON | (i) | 207,612 | 0 | 220 | 2,523 | 14,314 | 224,669 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) DONALD CYR | (i) | 164,444 | 0 | 521 | 2,680 | 15,309 | 182,954 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (8) STANISLAW JANKOWSKI | (i) | 160,087 | 0 | 1,182 | 2,006 | 11,573 | 174,848 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (9) JASON JAKUBOWSKI | (i) | 136,509 | 0 | 12,138 | 838 | 17,708 | 167,193 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (10) LYNN A RICCI | (i) | 187,072 | 0 | 19,292 | 2,554 | 2,787 | 211,705 | 0 |
| | (ii) | 47,843 | 0 | 0 | 386 | 570 | 48,799 | 0 |
| (11) BRENDA NURSE MD | (i) | 263,103 | 0 | 946 | 15,913 | 15,947 | 295,909 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (12) SUBRAMANI SEETHARAMA MD | (i) | 230,715 | 0 | 1,279 | 2,844 | 14,162 | 249,000 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (13) JOHN PELEGANO MD | (i) | 227,663 | 0 | 1,415 | 28,528 | 20,506 | 278,112 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (14) STEVEN PRUNK MD | (i) | 214,210 | 0 | 1,182 | 2,620 | 18,163 | 236,175 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (15) WILLIAM PESCE | (i) | 212,375 | 0 | 182 | 2,621 | 18,410 | 233,588 | 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 1A | THE CO-PRESIDENTS, CFO, SENIOR VP ADMINISTRATION AND VICE PRESIDENT OF GOVERNMENT AFFAIRS RECEIVE A MONTHLY ALLOWANCE THESE FUNDS ARE NOT CONTROLLED BY THE COMPANY, HOWEVER, AND THEY HAVE THE ABILITY TO SPEND THE MONEY AT THEIR DISCRETION THE COMPANY ALSO OFFERED, AND ONE CO-PRESIDENT ACCEPTED THE SERVICES OF A FINANCIAL ADVISOR |
| | PART I, LINE 4B | CERTAIN OFFICERS AND HIGHLY PAID EMPLOYEES ARE ENROLLED IN A NON-QUALIFIED BENEFIT PLAN THERE WERE NO PAYMENTS OR DEFERRED AMOUNTS FOR FY12 UNDER THIS PLAN |

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**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

Name of the organization
HOSPITAL FOR SPECIAL CARE

**Employer identification number**
06-0646766

## Part I Bond Issues

| | (a) Issuer Name | (b) Issuer EIN | (c) CUSIP # | (d) Date Issued | (e) Issue Price | (f) Description of Purpose | (g) Defeased | | (h) On Behalf of Issuer | | (i) Pool financing | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Yes | No | Yes | No | Yes | No |
| A | CONNECTICUT HEALTH AND EDUCATION FACILITIES AUTHORITY | 06-0806186 | 20774UNN1 | 06-28-2007 | 47,786,346 | TO REFUND A PORTION OF A PRIOR ISSUE AND CONSTRUCTION | | X | | X | | X |
| B | CONNECTICUT HEALTH AND EDUCATION FACILITIES AUTHORITY | 06-0806186 | 20774U4T9 | 07-18-2011 | 10,318,500 | TO REFUND A PORTION OF A PRIOR ISSUE AND CONSTRUCTION | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | | | | |
| 2 | Amount of bonds defeased | | | | |
| 3 | Total proceeds of issue | 3,108,035 | 10,318,500 | | |
| 4 | Gross proceeds in reserve funds | 3,108,035 | | | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrow | | | | |
| 7 | Issuance costs from proceeds | | 206,371 | | |
| 8 | Credit enhancement from proceeds | | 256,155 | | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | | 6,169,513 | | |
| 11 | Other spent proceeds | | 3,686,461 | | |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2009 | 2011 | | |

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

## Part III Private Business Use

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

## Part III Private Business Use *(Continued)*

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use? | | X | | X | | | | |
| b | If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? | | | | | | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | | X | | X | | | | |
| d | If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? | | | | | | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶ | 0 710 % | | 0 710 % | | | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶ | 0 % | | 0 % | | | | | |
| 6 | Total of lines 4 and 5 | 0 710 % | | 0 710 % | | | | | |
| 7 | Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? | X | | X | | | | | |

## Part IV Arbitrage

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

## Part V Procedures To Undertake Corrective Action

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

## Part VI Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| PART II, LINE 11 - OTHER SPENT PROCEEDS | | OTHER SPENT PROCEEDS OF $3,686,461 WERE USED TO REFUND A PRIOR ISSUE |

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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
HOSPITAL FOR SPECIAL CARE

**Employer identification number**
06-0646766

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VI, SECTION A, LINE 6 | HOSPITAL FOR SPECIAL CARE'S SOLE MEMBER IS THE CENTER OF SPECIAL CARE, INC CENTER OF SPECIAL CARE, INC IS THE PARENT ORGANIZATION OF HOSPITAL FOR SPECIAL CARE AND ALL ITS RELATED SUBSIDIARIES |
| | FORM 990, PART VI, SECTION A, LINE 7A | THE CENTER OF SPECIAL CARE, INC IS THE PARENT AND SOLE MEMBER OF THE HOSPITAL FOR SPECIAL CARE AS SUCH, IT APPROVES THE APPOINTMENT OF ALL NEW MEMBERS OF THE HOSPITAL'S BOARD |
| | FORM 990, PART VI, SECTION A, LINE 7B | THE CENTER OF SPECIAL CARE, INC IS THE PARENT AND SOLE MEMBER OF HOSPITAL FOR SPECIAL CARE AS SUCH, IT HAS FINAL APPROVAL OVER ALL STRATEGIC AND FINANCIAL DECISIONS MADE BY THE HOSPITAL'S BOARD |
| | FORM 990, PART VI, SECTION B, LINE 11 | THE ORGANIZATION PROVIDES THE 990 TO THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS FOR AN INDEPENDENT REVIEW ANY QUESTIONS OR CONCERNS ARE ADDRESSED PRIOR TO THE 990 BEING FILED PRIOR TO FILING, A COPY OF THE COMPLETED 990 IS PROVIDED TO THE BOARD OF DIRECTORS |
| | FORM 990, PART VI, SECTION B, LINE 12C | THE ORGANIZATION REQUIRES ALL OFFICERS, DIRECTORS, MANAGERS, AND OTHER KEY EMPLOYEES TO COMPLETE A CONFLICT OF INTEREST STATEMENT ANNUALLY EVERY YEAR THE STATEMENT IS PRESENTED TO THOSE INDIVIDUALS REQUIRED TO COMPLETE THE FORM AND COMPLETION OF THE FORM IS MONITORED TO ENSURE COMPLIANCE |
| | FORM 990, PART VI, SECTION B, LINE 15 | THE PROCESS FOR DETERMINING THE COMPENSATION FOR THE ORGANIZATION'S CEOS, OFFICERS, AND KEY EMPLOYEES IS AS FOLLOWS THE ORGANIZATION UTILIZES A COMPENSATION COMMITTEE CONSISTING ENTIRELY OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS ANNUALLY, THE COMMITTEE IS GIVEN RECOMMENDATIONS FROM AN INDEPENDENT CONSULTANT REGARDING THE COMPENSATION OF THOSE EMPLOYEES IDENTIFIED ABOVE THE COMMITTEE HAS THE SOLE DISCRETION TO ACCEPT OR REVISE THE RECOMMENDATIONS OF THE CONSULTANT IN SETTING THE COMPENSATION OF THE PREVIOUSLY IDENTIFIED EMPLOYEES |
| | FORM 990, PART VI, SECTION C, LINE 19 | THE ORGANIZATION MAKES ITS FINANCIAL STATEMENTS AND OTHER OPERATING DATA AVAILABLE TO THE GENERAL PUBLIC IN ITS SEC REQUIRED CONTINUING DISCLOSURE ON ITS OUTSTANDING MUNICIPAL DEBT THESE FILINGS HAVE BEEN MADE TO THE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES AS MANDATED BY THE SEC ALL OF THESE FILINGS HAVE BEEN AVAILABLE TO THE GENERAL PUBLIC FOR REVIEW IN ADDITION, THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICIES AVAILABLE TO THE PUBLIC UPON REQUEST |
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED GAINS ON INVESTMENTS 646,994 EQUITY TRANSFERS TO AFFILIATES -1,314,668 CHANGE IN EQUITY INTEREST IN AFFILIATES 2,067,781 CHANGE IN MINIMUM PENSION LIABILITY -3,204,738 TOTAL TO FORM 990, PART XI, LINE 5 -1,804,631 |

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# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

**Name of the organization**
HOSPITAL FOR SPECIAL CARE

**Employer identification number**
06-0646766

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

| (a) Name, address, and EIN of disregarded entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Total income | (e) End-of-year assets | (f) Direct controlling entity |
|---|---|---|---|---|---|
| | | | | | |
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**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| **(1)** HOSPITAL FOR SPECIAL CARE FOUNDATION INC<br>2150 CORBIN AVENUE<br>NEW BRITAIN, CT 06053<br>06-1534092 | FUNDRAISING | CT | 501(C)(3) | LINE 11B, II | N/A | | No |
| **(2)** CENTER OF SPECIAL CARE INC<br>2150 CORBIN AVENUE<br>NEW BRITAIN, CT 06053<br>06-1464177 | PARENT ENTITY FOR HOSPITAL AND AFFILIATES | CT | 501(C)(3) | LINE 11B, II | N/A | | No |
| **(3)** HSC COMMUNITY SERVICES INC<br>2150 CORBIN AVENUE<br>NEW BRITAIN, CT 06053<br>06-1464179 | COMMUNITY SUPPORT | CT | 501(C)(3) | LINE 9 | N/A | | No |
| **(4)** CSI RESIDENTIAL INC<br>2150 CORBIN AVENUE<br>NEW BRITAIN, CT 06053<br>31-1584385 | HOUSING FOR THE DISABLED | CT | 501(C)(3) | LINE 9 | N/A | | No |
| **(5)** MANES AND MOTIONS THERAPEUTIC RIDING CENTER INC<br>2150 CORBIN AVENUE<br>NEW BRITAIN, CT 06053<br>06-1550599 | THERAPEUTIC HORSEBACK RIDING | CT | 501(C)(3) | LINE 7 | N/A | | No |
| | | | | | | | |
| | | | | | | | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
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**Part IV** **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
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## Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

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

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

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

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

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income(related, unrelated, excluded from tax under sections 512-514) | (e) Are all partners section 501(c)(3) organizations? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Yes | No | | | Yes | No | | Yes | No | |
| | | | | | | | | | | | | | |
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Schedule R (Form 990) 2011

## Part VII Supplemental Information

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

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

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 06-0646766
**Name:** HOSPITAL FOR SPECIAL CARE

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

| | (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved ($) | (d) Method of determining amount involved |
|---|---|---|---|---|
| (1) | HOSPITAL FOR SPECIAL CARE FOUNDATION INC | B | 917,738 | AMOUNT TRANSFERRED |
| (2) | HSC COMMUNITY SERVICES INC | B | 375,307 | AMOUNT TRANSFERRED |
| (3) | HOSPITAL FOR SPECIAL CARE FOUNDATION INC | C | 230,006 | AMOUNT TRANSFERRED |
| (4) | HOSPITAL FOR SPECIAL CARE FOUNDATION INC | L | 616,190 | FMV |
| (5) | HSC COMMUNITY SERVICES INC | N | 654,987 | SALARY ALLOCATION |
| (6) | HOSPITAL FOR SPECIAL CARE FOUNDATION INC | N | 609,120 | SALARY ALLOCATION |
| (7) | MANES & MOTIONS THERAPEUTIC RIDING CENTER | N | 117,605 | SALARY ALLOCATION |
| (8) | HSC COMMUNITY SERVICES INC | P | 3,095,384 | AMOUNT OF REIMBURSEMENT |
| (9) | HOSPITAL FOR SPECIAL CARE FOUNDATION INC | P | 289,271 | AMOUNT OF REIMBURSEMENT |
| (10) | HOSPITAL FOR SPECIAL CARE FOUNDATION INC | Q | 114,518 | DONATIONS TRANSFERRED |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 06-0646766
**Name:** HOSPITAL FOR SPECIAL CARE

**Form 990, Special Condition Description:**

| Special Condition Description |
|---|

**Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)**

**4d. Other program services**

(Code ) (Expenses $ 6,341,300 including grants of $ ) (Revenue $ 6,801,900 )

OUTPATIENT REHABILITATION SERVICES INCLUDE MULTIDISCIPLINARY SERVICES TO MEET THE NEEDS OF PATIENTS WHO REQUIRE ASSISTANCE BUT DO NOT REQUIRE HOSPITALIZATION PHYSICAL THERAPISTS FOCUS ON IMPROVING A PERSON'S MOVEMENT, MOBILITY AND STRENGTH TO RESTORE, MAINTAIN AND PROMOTE OPTIMAL PHYSICAL FUNCTION OCCUPATIONAL THERAPISTS FOCUS ON IMPROVING A PERSON'S ABILITY TO PERFORM DAILY SELF-CARE NEEDS AND ROUTINES WHICH MAY INCLUDE DIFFICULTY WITH SEQUENCING AND PLANNING, ARM AND HAND MOVEMENTS, AND FINE-MOTOR COORDINATION OUR SPEECH LANGUAGE PATHOLOGY SERVICES AND ASSESSMENTS ARE DESIGNED TO CONSIDER ALL OF THE VARIABLES THAT AFFECT A PATIENT'S ABILITY TO MEET HIS/HER GOALS, INCLUDING ORAL CARE, LEVEL OF INDEPENDENCE IN DAILY ACTIVITIES, MEDICATION AND QUALITY OF LIFE NEEDS HSC OUTPATIENT FACILITIES INCLUDE A STATE-OF-THE-ART, FULLY ACCESSIBLE 27,000 SQUARE FOOT AQUATIC REHABILITATION CENTER, FEATURING 2 POOLS A WARM WATER POOL TO HELP REDUCE PAIN DURING AQUATIC THERAPY AND A COOL WATER POOL FOR FITNESS, ATHLETIC TRAINING AND RECREATION THE NEUROMUSCULAR CENTER AT THE HOSPITAL FOR SPECIAL CARE IS THE LARGEST AND MOST COMPREHENSIVE IN THE STATE OF CONNECTICUT, INCLUDING MUSCULAR DYSTROPHY ASSOCIATION (MDA) CLINIC FOR ADULTS AND CHILDREN, AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION (ALSA) CERTIFIED CENTER PROGRAM & CLINIC, NEUROPATHY & GENERAL NEUROMUSCULAR DISEASE CLINIC, ELECTROMYOGRAPHY (EMG) & NEURODIAGNOSTIC LAB, UCHC-HSC MUSCLE & NERVE BIOPSY SERVICE, REHABILITATION SERVICES, SPEECH & LANGUAGE PATHOLOGY, MEDICAL NUTRITION SERVICES, SOCIAL WORK SERVICES, SUPPORT GROUPS, NEUROMUSCULAR AND PULMONARY CLINIC THE DEPARTMENT OF PSYCHOLOGY PROVIDES A VARIETY OF ASSESSMENT AND TREATMENT SERVICES IN ADULT NEUROPSYCHOLOGY, PEDIATRIC AND ADOLESCENT NEUROPSYCHOLOGY AND REHABILITATION PSYCHOLOGY AND COORDINATES SUPPORT GROUPS FOR INDIVIDUALS WITH TRAUMATIC BRAIN INJURY AND SPINAL CORD INJURY HSC ALSO OFFERS OUTPATIENT PULMONARY REHABILITATION PROGRAM TO HELP PERSONS WITH PULMONARY DISEASE REACH HIS OR HER MAXIMUM LEVEL OF INDEPENDENCE AND FUNCTION IN THE COMMUNITY BY OFFERING ENDURANCE EXERCISE GROUPS FOR FITNESS TRAINING AND INDIVIDUAL ONE-TO-ONE THERAPY SESSIONS FOR EVALUATION AND TRAINING IN TECHNIQUES TO DECREASE ENERGY EXPENDITURE FOR WALKING, CLIMBING STAIRS, COMPLETING SELF-CARE AND PERFORMING CHORES IN FYE 2012, HSC OPENED A NEW AUTISM CENTER THAT PROVIDES A VARIETY OF DIAGNOSTIC, PSYCHOLOGICAL AND ACADEMIC EVALUATIONS AND A FULL RANGE OF THERAPY OPTIONS IN OCCUPATIONAL, SPEECH AND LANGUAGE, AND PHYSICAL THERAPIES FOR CHILDREN AND ADOLESCENTS WITH AUTISM SPECTRUM DISORDERS (ASD) THE AUTISM CENTER STAFF ALSO ASSIST IN THE DEVELOPMENT OF EDUCATIONAL AND BEHAVIORAL PLANS, AS WELL AS THE TRAINING OF CAREGIVERS, TEACHERS OR OTHERS INVOLVED IN THE LIFE OF THE CHILD THESE SERVICES MAY BE CONTRACTED BY EITHER THE CHILD'S PARENTS OR THE SCHOOL SYSTEM (26,177 VISITS)

(Code ) (Expenses $ 9,772,110 including grants of $ ) (Revenue $ 12,037,442 )

INPATIENT CARE SATELLITE UNIT/HARTFORD LOCATION IS A 23-BED UNIT LOCATED WITHIN THE WALLS OF THE NORTH CAMPUS OF SAINT FRANCIS HOSPITAL AND MEDICAL CENTER IN HARTFORD THE SATELLITE UNIT IS SPECIFICALLY DESIGNED TO PROVIDE SOPHISTICATED TREATMENT AND SERVICES FOR PATIENTS NEEDING COMPREHENSIVE WOUND MANAGEMENT, VENTILATOR-WEANING, COMPLEX RESPIRATORY CARE, OR MANAGEMENT OF COMPLEX MEDICAL ISSUES THE GOAL IS TO MAXIMIZE THE OUTCOMES OF PATIENTS WHO NO LONGER NEED INVASIVE OR ACUTE DIAGNOSTIC PROCEDURES, BUT WHO CONTINUE TO REQUIRE 24-HR NURSING CARE AND/OR MONITORING (5,690 PATIENT DAYS)

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| JOHN VOTTO DO<br>PRESIDENT & CEO | 39 60 | X | | X | | | | 549,731 | 5,526 | 73,062 |
| DAVID CRANDALL<br>PRESIDENT & CEO | 28 00 | X | | X | | | | 381,941 | 165,788 | 62,159 |
| RAYMOND S ANDREWS JR<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| BRADLEE BENN<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| DIANE R CHACE ESQ<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| GERALDINE DEVERS<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| CARL R FICKS ESQ<br>CHAIR | 1 00 | X | | X | | | | 0 | 0 | 0 |
| ELIZABETH FUMIATTI<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| MICHAEL GENOVESI MD<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| RITA E GRYGUS RN MSN<br>VICE CHAIRMAN | 1 00 | X | | X | | | | 0 | 0 | 0 |
| WILLIAM J HIGGINS<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| THOMAS HUTTON<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| JAMES MAHONEY<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| DEAN MORGAN<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| ARCHIE B SAVAGE JR PHD<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| WILLIAM E SCHUCH<br>ASSISTANT TREASURER | 1 00 | X | | X | | | | 0 | 0 | 0 |
| DAVID J KELLY<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| JOSEPH G LAFFIN CCP<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| ROSEMARY HATHAWAY PHD RN<br>BOARD MEMBER | 1 00 | X | | | | | | 0 | 0 | 0 |
| PAUL SCALISE MD<br>SENIOR VP MEDICAL AFFAIRS | 40 00 | | | X | | | | 376,028 | 0 | 38,391 |
| LAURIE ANN WHELAN<br>SENIOR VP FINANCE & CFO | 28 00 | | | X | | | | 245,289 | 98,286 | 16,613 |
| FELICIA DEDOMINICIS<br>SR VP LEGAL AFFAIRS, CLO, SEC ,<br>COMPLIANCE OFFICER | 35 00 | | | X | | | | 189,927 | 30,374 | 21,857 |
| LISA A NEWTON<br>VP OF PATIENT CARE SERVICE | 40 00 | | | X | | | | 207,832 | 0 | 16,837 |
| DONALD CYR<br>VP FACILITIES & HOSPITALITY<br>SERVICES | 40 00 | | | X | | | | 164,965 | 0 | 17,989 |
| JUDITH TRZCINSKI<br>VP HUMAN RESOURCES | 40 00 | | | X | | | | 136,967 | 0 | 8,818 |

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

| (A) Name and Title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| STANISLAW JANKOWSKI<br>VP CHIEF INFORMATION OFFICER | 40 00 | | | X | | | | 161,269 | 0 | 13,579 |
| VICTORIA GOLAB<br>VP QUALITY & PATIENT SAFETY OFFICER | 40 00 | | | X | | | | 118,512 | 0 | 21,420 |
| CHRISTINE ULATOWSKI<br>ASSISTANT SECRETARY | 40 00 | | | X | | | | 72,146 | 0 | 10,873 |
| JASON JAKUBOWSKI<br>VP GOVERNMENT RELATIONS | 40 00 | | | X | | | | 148,647 | 0 | 18,546 |
| LYNN A RICCI<br>SENIOR VP ADMINISTRATION | 32 60 | | | X | | | | 206,364 | 47,843 | 6,297 |
| BRENDA NURSE MD<br>DIRECTOR INFECTION PREVENTION & CONTROL | 40 00 | | | | | X | | 264,049 | 0 | 31,860 |
| SUBRAMANI SEETHARAMA MD<br>PHYSIATRIST | 36 00 | | | | | X | | 231,994 | 0 | 17,006 |
| JOHN PELEGANO MD<br>DIRECTOR PEDIATRIC MEDICINE | 40 00 | | | | | X | | 229,078 | 0 | 49,034 |
| STEVEN PRUNK MD<br>PULMONOLOGIST | 40 00 | | | | | X | | 215,392 | 0 | 20,783 |
| WILLIAM PESCE<br>PHSYIATRIST | 40 00 | | | | | X | | 212,557 | 0 | 21,031 |

# CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

## MARCH 31, 2012 AND 2011

**CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES**

**CONTENTS**

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Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Board of Directors
Center of Special Care, Inc

We have audited the accompanying consolidated statements of financial position of Center of Special Care, Inc and Subsidiaries (the Center) as of March 31, 2012 and 2011, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of the Center's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 Center's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Center of Special Care, Inc and Subsidiaries at March 31, 2012 and 2011, and the results of their activities and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2012 on our consideration of Center of Special Care, Inc and Subsidiaries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit

Blum, Shapiro & Company, P.C.

June 20, 2012

**CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**MARCH 31, 2012 AND 2011**

## ASSETS

| | 2012 | 2011 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ 14,970,013 | $ 9,407,413 |
| Accounts receivable, less allowance for doubtful accounts of $3,306,927 in 2012 and $2,940,241 in 2011 | 18,918,298 | 23,380,145 |
| Pledges receivable, less allowance of $25,948 in 2012 and $38,476 in 2011 | 567,903 | 581,679 |
| Prepaid sinking fund | 1,616,410 | 1,575,349 |
| Prepaid expenses and other assets | 1,686,820 | 1,678,373 |
| Inventories of supplies | 560,091 | 515,073 |
| Total current assets | 38,319,535 | 37,138,032 |
| **Other Assets** | | |
| Investments | 42,338,808 | 40,161,522 |
| Pledges receivable, less allowance and discount of $102,643 in 2012 and $72,700 in 2011, less current portion | 840,306 | 641,973 |
| Debt Service Reserve Fund | 3,107,879 | 3,108,035 |
| Debt obligations issuance expense, net of amortization | 3,001,798 | 3,120,632 |
| Insurance funds | 1,791,552 | 1,965,885 |
| Other assets | 4,033,796 | 3,802,517 |
| Total other assets | 55,114,139 | 52,800,564 |
| **Property, Plant and Equipment**, Net | 43,381,540 | 45,021,178 |
| **Assets Held for Sale**, Net | 7,812,932 | 8,065,919 |
| **Total Assets** | $ 144,628,146 | $ 143,025,693 |

## LIABILITIES AND NET ASSETS

| | 2012 | 2011 |
|---|---|---|
| **Current Liabilities** | | |
| Current portion of long-term debt | $ 1,400,000 | $ 1,350,000 |
| Accounts payable | 2,620,217 | 3,247,797 |
| Salaries, wages, payroll taxes and amounts withheld from employee compensation | 8,265,734 | 6,777,893 |
| Accrued insurance costs | 4,193,772 | 3,491,516 |
| Accrued interest and other liabilities | 3,718,011 | 4,167,420 |
| Total current liabilities | 20,197,734 | 19,034,626 |
| **Long-Term Liabilities** | | |
| Long-term debt, less current portion | 62,741,696 | 64,141,696 |
| Accrued pension cost | 4,500,400 | 1,795,662 |
| Other long-term liabilities | 4,033,796 | 3,802,517 |
| Total long-term liabilities | 71,275,892 | 69,739,875 |
| **Net Assets** | | |
| Unrestricted net assets | 47,095,792 | 50,131,960 |
| Temporarily restricted net assets | 5,602,907 | 3,663,411 |
| Permanently restricted net assets | 455,821 | 455,821 |
| Total net assets | 53,154,520 | 54,251,192 |
| **Total Liabilities and Net Assets** | $ 144,628,146 | $ 143,025,693 |

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

**CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

| | 2012 | 2011 |
|---|---|---|
| **Revenues** | | |
| Net revenues from services to patients | $ 89,870,248 | $ 90,777,689 |
| Other operating revenues | 3,499,116 | 3,562,537 |
| Net assets released from restrictions | 480,465 | 295,414 |
| Total revenues | 93,849,829 | 94,635,640 |
| **Operating Expenses** | | |
| Salaries, wages and employee benefits | 69,295,737 | 65,952,885 |
| Supplies and other | 19,518,703 | 20,404,656 |
| Interest | 2,268,788 | 2,358,019 |
| Depreciation and amortization | 3,446,480 | 3,315,771 |
| Bad debts | 479,311 | 852,952 |
| Total operating expenses | 95,009,019 | 92,884,283 |
| Income (loss) from operations | (1,159,190) | 1,751,357 |
| **Nonoperating Gains** | | |
| Other income, primarily investment income | 1,112,916 | 714,530 |
| Gain on debt refinancing | - | 27,752 |
| Excess (deficiency) of revenues over expenses | (46,274) | 2,493,639 |
| **Other Changes in Unrestricted Net Assets** | | |
| Change in net unrealized gains on investments | 814,270 | 3,524,292 |
| Net assets released for capital additions | 114,819 | 209,264 |
| Change in minimum pension liability | (3,204,738) | (292,309) |
| Increase (decrease) in unrestricted net assets | (2,321,923) | 5,934,886 |
| **Temporarily Restricted Net Assets** | | |
| Contributions | 2,251,168 | 1,597,773 |
| Net realized gains on investments | 139,603 | 131,090 |
| Change in net unrealized gains (losses) on investments | (48,175) | 62,269 |
| Net assets released from restrictions used for purchase of capital | (125,619) | (210,324) |
| Net assets released from restrictions used for operations | (287,232) | (103,016) |
| Increase in temporarily restricted net assets | 1,929,745 | 1,477,792 |
| **Change in Total Net Assets from Continuing Operations** | (392,178) | 7,412,678 |
| **Loss from Discontinued Operations** | (704,494) | (338,154) |
| **Net Assets** - Beginning of Year | 54,251,192 | 47,176,668 |
| **Net Assets** - End of Year | $ 53,154,520 | $ 54,251,192 |

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

**CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

| | 2012 | 2011 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in total net assets | $ (1,096,672) | $ 7,074,524 |
| Adjustments to reconcile change in total net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 4,103,331 | 3,963,342 |
| Loss on refinancing | - | 729,771 |
| Bad debt expense | 1,027,671 | 1,166,008 |
| Gain on disposal of property, plant and equipment | (4,318) | (1,950) |
| Net unrealized gains on investments | (766,095) | (3,586,561) |
| Change in minimum pension liability | 3,204,738 | 292,309 |
| Restricted contributions | (2,251,168) | (1,597,773) |
| (Increase) decrease in operating assets | | |
| Accounts receivable | 3,434,176 | (2,641,801) |
| Pledges receivable, net | (184,557) | (714,609) |
| Prepaid sinking fund and debt service reserves | (40,905) | 893,115 |
| Prepaid expenses and other assets | (8,447) | (396,833) |
| Prepaid pension | | - |
| Insurance funds | 174,333 | (958,343) |
| Inventories of supplies | (48,466) | 21,621 |
| Other assets | (231,279) | (718,567) |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | (627,580) | (1,199,036) |
| Salaries, wages, payroll taxes and amounts withheld from employee compensation | 1,487,841 | (1,882,175) |
| Accrued insurance costs | 702,256 | 353,552 |
| Pension contribution | (500,000) | (500,000) |
| Other long-term liabilities | 231,279 | 718,567 |
| Accrued interest and other liabilities | (449,409) | 742,439 |
| Net cash provided by operating activities | 8,156,729 | 1,757,600 |
| **Cash Flows from Investing Activities** | | |
| Purchases of investments, net | (1,411,191) | (720,191) |
| Purchases of property, plant and equipment | (2,103,216) | (6,541,156) |
| Proceeds from sale of property, plant and equipment | 19,110 | 5,500 |
| Net cash used in investing activities | (3,495,297) | (7,255,847) |
| **Cash Flows from Financing Activities** | | |
| Proceeds from of issuance of long-term debt | - | 20,185,000 |
| Payments on long-term debt | (1,350,000) | (15,225,000) |
| Payments of financing costs | - | (789,871) |
| Restricted contributions | 2,251,168 | 1,597,773 |
| Net cash provided by financing activities | 901,168 | 5,767,902 |
| **Net Increase in Cash and Cash Equivalents** | 5,562,600 | 269,655 |
| **Cash and Cash Equivalents** - Beginning of Year | 9,407,413 | 9,137,758 |
| **Cash and Cash Equivalents** - End of Year | $ 14,970,013 | $ 9,407,413 |
| **Cash Paid During the Year for Interest** | $ 2,291,033 | $ 2,550,793 |

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** - Center of Special Care, Inc (the Center) is the parent company and sole member of three entities Hospital for Special Care (the Hospital), HSC Community Services, Inc , and Hospital for Special Care Foundation, Inc The Center was established to coordinate strategic planning for each of its subsidiaries and affiliates

The Hospital provides healthcare services as a chronic disease hospital HSC Community Services, Inc , is committed to developing, operating, managing and evaluating community-based and community-oriented chronic disease and long-term rehabilitation healthcare initiatives and includes Brittany Farms Health Center (Brittany Farms), a nursing home The Center has signed an agreement to sell Brittany Farms (see discontinued operations below) HSC Community Services, Inc , has established subsidiary corporations known as CSI Residential, Inc (CSI Residential) and Manes & Motions Therapeutic Riding Center, Inc (Manes and Motions) CSI Residential develops housing for persons with chronic physical and medical conditions Manes & Motions was established to promote the well-being of persons with disabilities through the benefits of therapeutic horseback riding

Hospital for Special Care Foundation, Inc , provides charitable, scientific and educational services, in particular to operate exclusively for the benefit of and to receive, raise, allocate, invest and expend funds in support of the mission of the Center and its subsidiaries and legal affiliates

The Center and its subsidiaries are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code

The Center, which serves as the parent organization of the subsidiary entities described above, currently conducts no significant business and has no employees

**Principles of Consolidation** - The accompanying consolidated financial statements present the financial position and results of activities of the Center and its subsidiaries In consolidating the financial statements of the parent company and its subsidiaries, all significant intercompany revenues and expenses and intercompany asset and liability amounts have been eliminated

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

Financial statement areas where management applies the use of estimates consist primarily of accounts receivable reserves, the estimated net realizable value of receivables from contributions, accrued insurance costs, accrued pension costs and contractual allowances on revenues It is management's opinion that the estimates applied in the accompanying financial statements are reasonable

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents** - The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents The Center maintains deposits in financial institution accounts that, at times, may exceed federal depository limits However, management believes that its deposits are not subject to significant credit risk

**Accounts Receivable** - Accounts receivable are considered delinquent and written off when all attempts to collect from individuals or other payor sources have been exhausted

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

**Investments** - Investments in equity and debt securities with readily determinable market values are recorded at market value in the accompanying consolidated statements of financial position Market value is determined based on quoted market prices Realized investment income or loss (including realized gains and losses, interest and dividends) from investments are included in other income in the consolidated statements of activities and changes in net assets unless the income or loss is restricted by donor or law

**CHEFA Obligations Issuance Expense** - The State of Connecticut Health and Educational Facilities Authority (CHEFA) obligations issuance expense represents costs incurred in connection with the issuance of the revenue bonds (see Note 9) These costs are being amortized on a straight-line basis over the terms of the associated bonds

Amortization of bond obligation issuance expense totaled $118,835 and $117,054 for the years ended March 31, 2012 and 2011, respectively The expected yearly amortization of bond issuance expense will be $118,835 for the next five years

**Property, Plant and Equipment** - Property, plant and equipment assets are recorded on the basis of cost Major improvements and betterments to existing plant and equipment in excess of $500 are capitalized Expenditures for maintenance and repairs that do not extend the life of the applicable asset are charged to expense as incurred Upon disposition or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gains and losses are included in the results of operations

Depreciation is provided for using the straight-line method based on the estimated useful lives of the assets as follows

| | |
|---|---|
| Buildings, building improvements and land improvements | 5-30 years |
| Furniture, fixtures and equipment | 3-20 years |
| Vehicles | 4 years |

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**Promises to Give** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using an appropriate discount rate Amortization of the discounts is included in contribution revenue Conditional promises to give are not included as support until the conditions are substantially met

**Revenues and Expenses** - Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and expenses

**Investments in Foundation** - Investments in Foundation represents the entities' interest in the temporarily and permanently restricted net assets of Hospital for Special Care Foundation, Inc

**Nonoperating Gains** - Activities other than in connection with providing healthcare services are considered to be nonoperating Nonoperating gains consist primarily of income earned on invested funds and realized gains and losses on marketable securities

**Pension Plan** - The Hospital has a defined benefit pension plan and a defined contribution pension plan that cover substantially all eligible employees The Hospital's defined benefit plan was amended during fiscal year 2005 to freeze future benefit accruals, which resulted in a plan curtailment (see Note 10) Brittany Farms has a 403(b) defined contribution plan and a money purchase pension plan that cover substantially all eligible employees In addition, the Hospital has a nonqualified supplemental employee retirement plan for certain executives

**Temporarily and Permanently Restricted Net Assets** - Temporarily restricted net assets include those assets whose use has been limited by donors to a specific time frame or purpose Permanently restricted net assets include those assets whose use has been restricted by donors to be maintained in perpetuity (see Note 6)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Asset Retirement Obligations** - GAAP requires that a liability be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made Certain of the Center's buildings contain asbestos, and the Center also maintains underground fuel tanks that must be removed upon demolition or extensive renovations The Center expects to and has the ability to continue to maintain and operate these buildings without undertaking any activities that would require removal of the asbestos or underground fuel tanks As a result, the Center is not able to estimate the date or range of potential dates of settlements of these obligations Accordingly, the liabilities associated with these obligations are not reasonably estimable, and the accompanying consolidated statements of financial position do not include a liability for asset retirement obligations

**Income Taxes** - The Center and its subsidiaries are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes pursuant to Section 501(a) of the Code Tax returns for the years ended March 31, 2009 through 2012 are subject to examination by the Internal Revenue Service and the State of Connecticut

**Discontinued Operations** - The Center has reached an agreement to sell Brittany Farms This transaction meets the GAAP criteria for recording as discontinued operations in the financial statements As a result, the assets being sold are reflected in the consolidated financial statements as assets held for sale and the activities, including results of operations, of Brittany Farms are reflected as loss from discontinued operations

The transaction is expected to be completed in August 2012 and is a sale of the fixed assets and supplies inventory The Center will retain substantially all current assets and will be responsible for substantially all current liabilities The Center will escrow $1,075,000 in the form of a letter of credit for a three-year period to satisfy any potential indemnification claims The proceeds from the sale will be used to repay $9,000,000 in Series E long-term debt In addition upon completion of the sale, the Center has agreed to post $4,000,000 as restricted cash to reduce future Series C long-term debt payments

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The revenues and expense of the discontinued operations for the years ended March 31, 2012 and 2011, is as follows

| | 2012 | 2011 |
|---|---|---|
| Revenues | | |
| Net revenues from services to patients | $ 27,579,286 | $ 27,585,763 |
| Other operating revenues | 105,156 | 60,620 |
| Total revenues | 27,684,442 | 27,646,383 |
| Operating expenses | | |
| Salaries, wages and employees benefits | 18,846,086 | 18,512,284 |
| Supplies and other | 8,339,278 | 7,621,820 |
| Interest | 12,244 | 138,148 |
| Depreciation and amortization | 657,077 | 647,571 |
| Bad debts | 548,360 | 313,056 |
| Total operating expenses | 28,403,045 | 27,232,879 |
| Income (loss) from discontinued operations | (718,603) | 413,504 |
| Nonoperating gains (losses) | | |
| Other income, primarily investment income | 3,309 | 5,923 |
| Change in equity interest in foundation | - | (1,118) |
| Loss on debt refinancing | - | (757,523) |
| Deficiency of revenues over expenses | (715,294) | (339,214) |
| Other changes in unrestricted net assets | | |
| Net assets released for capital additions | 10,800 | 1,060 |
| Decrease in unrestricted net assets | (704,494) | (338,154) |
| Temporarily restricted net assets | | |
| Change in equity interest in Foundation | (18,449) | 29,178 |
| Change in total net assets from discontinued operations | (722,943) | (308,976) |
| Net assets - beginning of year | 1,386,953 | 1,695,929 |
| Net Assets - End of year | $ 664,010 | $ 1,386,953 |

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Reclassifications** - Certain 2011 amounts have been reclassified to conform to the 2012 presentation

**Subsequent Events** - In preparing these consolidated financial statements, management has evaluated subsequent events through June 20, 2012, which represents the date the consolidated financial statements were available to be issued

## NOTE 2 - REVENUE CONCENTRATIONS

During 2012 and 2011, approximately 70% and 69%, respectively, of net patient revenue was received under the Medicaid program, 14% and 15%, respectively, under the Medicare program, and 16% from other third parties Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation Management believes that the Hospital and Brittany Farms are 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 inquiries 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 Medicaid and Medicare programs Changes in the Medicaid and Medicare programs and the reduction of funding levels could have an adverse impact on the Hospital

Revenues derived from federal and state medical assistance programs were based, in part, on cost-reimbursement principles and are subject to audit

The following table summarizes net revenues from services to patients for the years ended March 31, 2012 and 2011

| | 2012 | 2011 |
|---|---|---|
| Gross revenues from patients | | |
| Routine services | $ 90,072,988 | $ 89,815,288 |
| Special services | 57,984,650 | 55,025,861 |
| | 148,057,638 | 144,841,149 |
| Allowances (primarily Medicare and Medicaid) | 58,187,390 | 54,063,460 |
| Net Revenues from Services to Patients | $ 89,870,248 | $ 90,777,689 |

Patient accounts receivable and revenues are recorded when patient services are performed Amounts received from certain payors are different from established billing rates of the Hospital and other providers, and the differences are accounted for as allowances

## NOTE 2 - REVENUE CONCENTRATIONS (Continued)

Net revenues from services to patients at the Hospital and other providers are 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

It is the Center's policy to provide service to all patients within the reasonable limits of available resources Patients who apply for admission or seek outpatient services but lack a source of payment are considered on an individual basis for charity care

## NOTE 3 - ENDOWMENT NET ASSETS

The Center's endowment consists of several funds established for a variety of purposes, mainly designated by donor restrictions As required by GAAP, net assets associated with endowment funds are classified and reported as permanently restricted net assets, temporarily restricted net assets or unrestricted net assets based on the existence or absence of donor-imposed restrictions

**Interpretation of Relevant Law** - The Board of Directors of the Center has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by CTPMIFA In accordance with CTPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

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

There were no changes in endowment net assets for the years ended March 31, 2012 and 2011 See Note 6 for more information regarding the programs that the permanently restricted net assets support

## NOTE 4 - PLEDGES RECEIVABLE

The Center's pledges receivable consist of unconditional promises to give and are expected to be collected as follows for the years ended March 31, 2012 and 2011, respectively

| | 2012 | 2011 |
|---|---|---|
| Receivable in less than one year | $ 593,850 | $ 620,155 |
| Receivable in one to five years | 942,950 | 714,673 |
| Total pledges receivable | 1,536,800 | 1,334,828 |
| Less allowance for uncollectible promises | 75,806 | 66,828 |
| Less discounts to net present value | 52,785 | 44,348 |
| Net Pledges Receivable | $ 1,408,209 | $ 1,223,652 |

The discount rate used in calculating the present value of pledges receivable for the years ended March 31, 2012, was 3 00% and 3 83%, respectively

## NOTE 5 - INVESTMENTS

The composition of investments at March 31, 2012 and 2011, are set forth below Investments are stated at market value

| | 2012 | | | |
|---|---|---|---|---|
| | Cost | Market Value | Unrealized Gain | Unrealized (Loss) |
| Bond funds | $ 1,223,621 | $ 1,242,271 | $ 19,139 | $ (489) |
| Mutual funds | | | | |
| Domestic equity | 17,092,197 | 17,748,239 | 844,027 | (187,985) |
| Fixed income | 17,896,120 | 18,441,839 | 647,574 | (101,855) |
| International equity | 6,681,689 | 4,906,459 | 216 | (1,775,446) |
| | $ 42,893,627 | $ 42,338,808 | $ 1,510,956 | $ (2,065,775) |

**NOTE 5 - INVESTMENTS (Continued)**

| | 2011 | | | |
|---|---|---|---|---|
| | Cost | Market Value | Unrealized Gain | Unrealized (Loss) |
| Bond funds | $ 813,752 | $ 802,485 | $ 4,467 | $ (15,734) |
| Marketable equity securities | 57,008 | 113,061 | 56,053 | - |
| Mutual funds | | | | |
| Domestic equity | 16,957,884 | 16,689,753 | 284,058 | (552,189) |
| Fixed income | 17,134,484 | 17,437,430 | 368,472 | (65,526) |
| International equity | 6,414,328 | 5,118,793 | 17,602 | (1,313,137) |
| | $ 41,377,456 | $ 40,161,522 | $ 730,652 | $ (1,946,586) |

Investment income (including realized gains and losses, interest and dividends, net of investment fees) earned on investments amounted to $1,266,847 and $851,434 during the years ended March 31, 2012 and 2011, respectively This is included in nonoperating gains in the consolidated statements of activities and changes in net assets

At March 31, 2012, investments with market value below cost for 12 months or more included certain mutual funds with a market value of $9,859,126 and an unrealized loss of $2,032,829 At March 31, 2012, investments with market value below cost for less than 12 months included bond funds with a market value of $554,098 and an unrealized loss of $38,070

At March 31, 2011, investments with market value below cost for 12 months or more included certain mutual funds with a market value of $20,804,320 and an unrealized loss of $1,930,852 At March 31, 2011, investments with market value below cost for less than 12 months included bond funds with a market value of $569,833 and an unrealized loss of $15,734

Management continually reviews its investment portfolio and evaluates whether declines in the market value of securities should be considered other-than-temporary Factored into this evaluation are general market conditions, the recommendation of advisors and the length of time and extent to which the market value has been less than cost The Center's investments are mainly in mutual funds managed by an outside investment manager The Investment Subcommittee of the Board oversees the activities of the investment manager The Center has the ability to and intends to hold the mutual funds until such time that the market losses recover As a result, there were no declines in market value deemed to be other-than-temporary in fiscal year 2012 or 2011

## NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2012 and 2011, are available for the following purposes

| | 2012 | 2011 |
|---|---|---|
| Outpatient Capital Campaign | $ 4,615,669 | $ 2,661,995 |
| Sports and fitness programs | 352,003 | 376,890 |
| ALS Clinic/Neuromuscular Fund | 56,200 | 44,637 |
| Timura Scholarship Fund | 54,206 | 53,567 |
| Paula Sutula Nursing Scholarship Fund | 51,537 | - |
| Manes & Motion Capital Campaign | 50,324 | 350 |
| Brittany Farms | 48,556 | 56,596 |
| Pulmonary | 38,530 | 27,390 |
| H R Gossling Lecture Fund | 35,172 | 34,758 |
| Other | 33,519 | 32,259 |
| Gait and Balance Training System Fund | 31,275 | - |
| Horticultural | 26,732 | 26,730 |
| Aquatic rehabilitation | 25,958 | 20,227 |
| Manes & Motion Rider Assistance Programs | 23,985 | 10,290 |
| Respiratory therapist education | 22,886 | 21,882 |
| Patient Recreation Center | 20,013 | 23,261 |
| Pediatric | 19,231 | 13,284 |
| Joy of Art | 18,009 | 23,412 |
| Resource center | 16,854 | 17,240 |
| Gustin Lecture | 16,257 | 19,019 |
| Adaptive equipment | 13,410 | 50,874 |
| Research | 11,918 | 127,190 |
| Dental clinic | 7,821 | 9,022 |
| Lobby renovations | 6,440 | 6,364 |
| Satellite | 6,402 | 6,174 |
| | $ 5,602,907 | $ 3,663,411 |

During fiscal 2010, the Hospital for Special Care Foundation, Inc , began a capital campaign to raise money for the expansion of its outpatient facility The campaign is expected to raise $5,950,000 Funds raised as of March 31, 2012 are $4,615,669

During fiscal 2012, Manes & Motions began a capital campaign to raise money to build an indoor arena, with a covered walkway to the stable, to allow the program to operate year round and in inclement weather The campaign is expected to raise $500,000 Funds raised as of March 31, 2012 are $50,324

## NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (Continued)

The Center maintains policies related to its permanently restricted net assets The policy indicates that all earnings are spent in the year earned Permanently restricted net assets of $455,821 at March 31, 2012 and 2011, are to be held in perpetuity, the income from which is used for unrestricted and temporarily restricted Center activities and is expendable to support healthcare services

## NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at March 31, 2012 and 2011

| | 2012 | 2011 |
|---|---|---|
| Buildings | $ 58,695,851 | $ 58,569,118 |
| Fixed and moveable equipment | 31,622,452 | 30,316,107 |
| Land and land improvements | 2,949,363 | 2,906,878 |
| | 93,267,666 | 91,792,103 |
| Less accumulated depreciation | 50,030,571 | 46,774,986 |
| | 43,237,095 | 45,017,117 |
| Construction in progress | 144,445 | 4,061 |
| Net Property, Plant and Equipment | $ 43,381,540 | $ 45,021,178 |

Depreciation expense was $3,341,004 and $3,214,739 for the years ended March 31, 2012 and 2011, respectively

Assets held for sale for the years ended March 31, 2012 and 2011, were $7,812,932 and $8,065,919, respectively

## NOTE 8 - SELF-INSURED PROGRAMS

**Medical Malpractice** - The Hospital self-insures the deductible portion of its medical malpractice insurance The deductible limits are $1,000,000 per claim and $1,000,000 in the aggregate for the years ended March 31, 2012 and 2011 The Hospital has excess insurance in the form of an umbrella policy for claims settled in excess of $1,000,000

The malpractice liability was actuarially determined to be $1,257,408 and $1,303,869 for the years ended March 31, 2012 and 2011, respectively, and is included in accrued insurance costs on the consolidated statements of financial position This amount was calculated at a confidence level of

## NOTE 8 - SELF-INSURED PROGRAMS (Continued)

75% of the expected level for the years ended March 31, 2012 and 2011, with a 4% discount rate in 2012 and 2011 Management considers these reserves to be adequate as of March 31, 2012 and 2011 However, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded

The Hospital established an irrevocable trust for the purpose of setting aside assets to be used for the payment of malpractice losses, related expenses and the cost of administering the trust The trust balance was $1,714,829 and $1,638,769 at March 31, 2012 and 2011, respectively, and is based on actuarial funding recommendations and active claims These assets are included in insurance funds on the consolidated statements of financial position

Brittany Farms carries insurance for medical malpractice under a claims-made policy with an insurance company

**Workers' Compensation** - The Center is self-insured for the deductible portion of workers' compensation claims The deductible amount per claim is $350,000 The Center has purchased excess insurance from a commercial carrier that would cover claims settled above $350,000 The self-insurance workers' compensation liability was determined to be $1,311,382 and $658,524 at March 31, 2012 and 2011, respectively, and is included in accrued insurance costs on the consolidated statements of financial position

A letter of credit with a bank of $858,000 at March 31, 2012 and 2011, respectively, was established to cover the funding requirements of the self-insurance program The letter of credit has a variable per annum rate of interest equal to the prime rate plus 5% As of March 31, 2012 and 2011, the Center had not drawn on the letter of credit

**Health Insurance** - The Center is self-insured for its health insurance and carries a stop-loss policy for individual claims in excess of $250,000 The self-insurance liability was determined to be $1,624,982 and $1,529,123 for the years ended March 31, 2012 and 2011, respectively, and is included in accrued insurance costs on the consolidated statements of financial position

## NOTE 9 - LONG-TERM DEBT OBLIGATIONS

On June 28, 2007, the Hospital issued Series C CHEFA revenue bonds (Series C) in the amount of $46,635,000 The Hospital received funds to repay its Series B CHEFA revenue bonds, to fund the required Debt Service Reserve Fund, to pay for cost of bond issuance and for future construction and renovations related to its existing facilities The Series C debt is secured by a pledge of the gross receipts of the Obligated Group, which is now defined as the Hospital, HSC Community Services, Inc , and the Hospital for Special Care Foundation, Inc , and a mortgage on the capital assets of the Obligated Group, subject to permitted encumbrances, and Series C debt is insured under a financial guaranty insurance policy

**NOTE 9 - LONG-TERM DEBT OBLIGATIONS (Continued)**

The Series C debt is fixed-interest debt with the following maturities

Yearly on July 1 from 2008-2022 in the total amount of $14,960,000 with interest rates ranging from 4% - 5 25%
July 1, 2027 in the amount of $8,000,000 with a 5 25% interest rate
July 1, 2032 in the amount of $10,330,000 with a 5 25% interest rate
July 1, 2037 in the amount of $13,345,000 with a 5 25% interest rate

On July 14, 2010, the Hospital issued Series E CHEFA revenue bonds (Series E) in the amount of $20,185,000 The Hospital received funds to repay its Series D CHEFA revenue bonds, to fund the required Debt Service Reserve Fund, to pay for cost of bond issuance, and to finance and refinance construction and renovations related to its existing facilities The terms of the Series E debt are variable interest debt with maturities occurring yearly on July 1 from 2011-2037 Interest shall be paid in consecutive monthly installments at the Weekly Rate, which is the rate of interest borne by bonds during any Weekly Rate period, which shall be determined by the Remarketing Agent on each Rate Determination Date for a Weekly Rate Bond as provided in the Indenture The interest rate at March 31, 2012 was 0 24% The Series E debt is secured by a pledge of the gross receipts of the Obligated Group, which is now defined as the Hospital, HSC Community Services, Inc , and the Hospital for Special Care Foundation, Inc , and a mortgage on the capital assets of the Obligated Group, subject to permitted encumbrances The Series E debt is secured by a letter of credit issued by the Federal Home Loan Bank of Boston in the amount of $20,483,627

Monthly payments by the Obligated Group to the trustee are based on the agreement and correspond in time and amount to the payments of principal and interest on the Series C and E bonds

The Obligated Group is also required to maintain debt service reserve funds for the Series C bonds The Debt Service Reserve Fund is equal in amount to the largest total debt service to be paid within a year The bonds are subject to redemption prior to maturity beginning on July 1, 2008 for Series C and July 1, 2011 for Series E, respectively, and annually on July 1 thereafter by operation of a sinking fund

The Series C and Series E debt contains certain financial debt covenant requirements, including maintenance of a debt service coverage ratio in excess of 1 25, maintenance of a debt-to-capital ratio not to exceed 75%, maintenance of fixed charge coverage ratio not to fall below 1 00 and days cash on hand in excess of 60 days

In addition, the Hospital has a $3,000,000 line of credit with a bank The availability of the line is reduced by the self-insurance letter of credit in place (see Note 8) As of March 31, 2012 and 2011, the full amount of the remaining line was available Interest on the line accrues at the bank's prevailing prime rate, and amounts drawn are repayable on demand The line of credit has a revolving credit termination date of October 31, 2012

## NOTE 9 - LONG-TERM DEBT OBLIGATIONS (Continued)

During fiscal years 2012 and 2011, interest expense was $2,268,788 and $2,358,019, respectively

During fiscal year 2002, HSC Community Services, Inc , entered into a Capital Advance Program Mortgage Note with the United States Department of Housing and Urban Development (HUD) for $926,696 in connection with the acquisition of certain housing properties by CSI Residential, Inc This note matures on March 29, 2041, does not bear interest and repayment is not required as long as the housing remains available for very low-income persons with disabilities in accordance with Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act of 1990 until the maturity date

Principal payments and annual sinking fund payments for the next five years and thereafter are as follows

| Year Ending March 31 | Series C | Series E | HUD Mortgage | Total |
|---|---|---|---|---|
| 2013 | $ 855,000 | $ 545,000 | $ - | $ 1,400,000 |
| 2014 | 890,000 | 560,000 | - | 1,450,000 |
| 2015 | 930,000 | 575,000 | - | 1,505,000 |
| 2016 | 965,000 | 590,000 | - | 1,555,000 |
| 2017 | 1,005,000 | 600,000 | - | 1,605,000 |
| Aggregate thereafter | 38,915,000 | 16,785,000 | 926,696 | 56,626,696 |
| | 43,560,000 | 19,655,000 | 926,696 | 64,141,696 |
| Less current portion | 855,000 | 545,000 | - | 1,400,000 |
| Total Long-Term Debt | $ 42,705,000 | $ 19,110,000 | $ 926,696 | $ 62,741,696 |

## NOTE 10 - PENSION PLAN

**General** - The Hospital has a defined benefit plan covering many of its employees The benefits are based upon years of service, and employees are fully vested in the company contribution after five years of service The Hospital's policy is to contribute an amount sufficient to cover benefits to be paid as required by ERISA funding standards Contributions are intended to provide benefits attributed to service to date

GAAP requires companies to record a liability on the consolidated statements of financial position for the underfunded portion of its postretirement plans, defined as the amount by which the projected benefit obligation exceeds the fair value of the plan assets

**Obligations and Funded Status** - The plan was amended to freeze future benefit accruals in the plan effective June 30, 2004 The effect of this amendment was a plan curtailment

**NOTE 10 - PENSION PLAN (Continued)**

The following table sets forth the plan's funded status and amounts recognized in the accompanying consolidated statements of financial position as of March 31, 2012 and 2011

| | Pension Benefits | |
|---|---|---|
| | 2012 | 2011 |
| Change in benefit obligation | | |
| Projected benefit obligation at beginning of year | $ (18,075,635) | $ (16,553,616) |
| Interest cost | (1,022,945) | (1,005,348) |
| Impact of assumption changes | (3,071,096) | (979,446) |
| Experience gain (loss) | 37,470 | (58,869) |
| Benefits paid | 557,315 | 521,644 |
| Projected benefit obligation at end of year | (21,574,891) | (18,075,635) |
| | | |
| Change in plan assets | | |
| Fair value of plan assets at beginning of year | 16,279,973 | 14,550,263 |
| Actual return on plan assets | 851,833 | 1,751,354 |
| Employer contributions | 500,000 | 500,000 |
| Benefits paid | (557,315) | (521,644) |
| Fair value of plan assets at end of year | 17,074,491 | 16,279,973 |
| | | |
| Unfunded Status | $ (4,500,400) | $ (1,795,662) |

Net periodic pension costs for 2012 and 2011 included the following components

| | Pension Benefits | |
|---|---|---|
| | 2012 | 2011 |
| Components of net periodic benefit cost | | |
| Interest cost | $ 1,022,945 | $ 1,005,348 |
| Expected return on plan assets | (1,297,010) | (1,155,460) |
| Amortization of net loss | 143,485 | 137,182 |
| | | |
| Net Periodic Pension Income | $ (130,580) | $ (12,930) |

**Assumptions** - The following assumptions were used in accounting for the plan

Assumptions used to determine benefit obligations and net periodic benefit cost at March 31, 2012 and 2011, are as follows

| | 2012 | 2011 |
|---|---|---|
| Discount rate | 4 67% | 5 75% |
| Long-term rate of return | 8% | 8% |

**NOTE 10 - PENSION PLAN (Continued)**

The expected rate of return on plan assets is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes

**Plan Assets** - The percentage of the fair value of total plan assets held as of March 31, 2012 and 2011, by asset category is as follows

| | 2012 | 2011 |
|---|---|---|
| Equity mutual funds | 49% | 49% |
| Fixed income mutual funds | 51% | 51% |

Plan asset investments in U S Government issues and corporate and municipal issues are assets traded on active markets with readily available daily values The inputs are, therefore, Level 1 (see Note 14)

The Hospital's investment strategy is based on a portfolio comprised of assets held in mutual funds with an asset mix target based on an allocation of 47% equities and 53% fixed income funds at March 31, 2012 and 2011 Investments held in mutual funds are diversified with the intent to minimize the risk of large losses to the plan The asset mix was determined by evaluating the expected return against the plan's long-term objectives Performance is monitored on a monthly basis and rebalanced back to target to ensure the targets are within range The investment policy describes which securities are allowed in the portfolios and the financial objectives of the plan, which the Investment Subcommittee of the Center's Board oversees The Investment Subcommittee monitors the investment performance annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy

**Cash Flows** - The Hospital expects to make a contribution to the pension plan in the amount of $1,000,000 for the year ending March 31, 2013

The expected benefit payments for the next ten years are as follows

| | |
|---|---|
| 2013 | $ 612,400 |
| 2014 | 638,200 |
| 2015 | 684,100 |
| 2016 | 779,100 |
| 2017 | 901,000 |
| 2018-2022 | 5,772,300 |

## NOTE 10 - PENSION PLAN (Continued)

**Other Information** - The Hospital also has a defined contribution 403(b) tax-free annuity savings plan covering all full-time and permanent part-time employees with at least 1 year of service and 1,000 hours worked Employees are allowed to contribute up to the maximum contribution allowable each year under Internal Revenue Service regulations The Hospital matches bi-weekly employee contributions at varying percentages based on age and years of service (maximum match is 40%) The Hospital's expense amounted to $473,022 and $457,604 for the years ended March 31, 2012 and 2011, respectively

The Hospital also has a capital accumulation 457(f) deferred compensation plan for certain executives The Hospital is not required to make any contributions to this plan In addition, the Hospital has a supplemental employee retirement plan for certain executives The plan provides for a targeted benefit and is funded through insurance policies and the 457(f) The Hospital's expense amounted to $165,721 and $597,582 in 2012 and 2011, respectively Assets and liabilities relating to this plan were $4,033,796 and $3,802,517 at March 31, 2012 and 2011, respectively, and are included in other assets and other long-term liabilities

Brittany Farms has a defined contribution pension plan that covers substantially all eligible nonunion employees Contributions to the plan are accrued in amounts equal to 6% of eligible employee salaries

Brittany Farms also has a money purchase pension plan that was frozen by HSC Community Services, Inc , effective December 31, 2001 The money purchase pension plan was terminated effective July 31, 2010, and all participant money had left the plan as of October 31, 2010

## NOTE 11 - FUNCTIONAL EXPENSES

Functional expenses for the Center are as follows

| | 2012 | 2011 |
|---|---|---|
| Health care services | $ 81,707,756 | $ 79,880,483 |
| General and administrative | 13,301,263 | 13,003,800 |
| | $ 95,009,019 | $ 92,884,283 |

## NOTE 12 - CONTINGENCIES

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

## NOTE 13 - COMMITMENTS

The Center leases certain office space and equipment under operating leases The future minimum annual payments under these agreements as of March 31, 2012 are as follows

**Year Ending March 31**

| | |
|---|---|
| 2013 | $ 858,086 |
| 2014 | 852,939 |
| 2015 | 643,662 |
| 2016 | 346,755 |
| 2017 | 212,202 |
| | $ 2,913,644 |

Rent expense recorded by the Center for the years ended March 31, 2012 and 2011, was $1,677,837 and $1,596,183, respectively

The Center entered into a contract to purchase new software on March 29, 2012 The contract is estimated to be completed in fiscal year 2014 and is estimated to cost $1 1 million As of March 31, 2012 no expenses have been incurred

## NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

GAAP defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date " It also establishes a fair value hierarchy consisting of three "levels" that prioritize the inputs to the valuation techniques used to measure fair value

- **Level 1** - Quoted prices for *identical* instruments in active markets
- **Level 2** - Quoted prices for *similar* instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets
- **Level 3** - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*

The carrying amounts reflected in the accompanying consolidated statements of financial position for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to short maturities of those instruments The inputs are, therefore, Level 1

## NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a summary of the source of fair value measurements for assets that are measured at fair value as of March 31, 2012 and 2011

| Description | Fair Value March 31, 2012 | Fair Value Measurements Using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Investments | $ 42,338,808 | $ 42,027,840 | $ 310,968 | $ - |
| Insurance funds | 1,791,552 | 636,061 | 1,155,491 | - |
| Pledges receivable | 1,408,209 | - | - | 1,408,209 |
| Total | $ 45,538,569 | $ 42,663,901 | $ 1,466,459 | $ 1,408,209 |

| Description | Fair Value March 31, 2011 | Fair Value Measurements Using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Investments | $ 40,161,522 | $ 40,065,158 | $ 96,364 | $ - |
| Insurance funds | 1,965,885 | 1,171,972 | 793,913 | - |
| Pledges receivable, net | 1,223,652 | - | - | 1,223,652 |
| Total | $ 43,351,059 | $ 41,237,130 | $ 890,277 | $ 1,223,652 |

**Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)** - The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs for the years ended March 31, 2012 and 2011

| | Pledges Receivable 2012 | Pledges Receivable 2011 |
|---|---|---|
| Balance - beginning | $ 1,223,652 | $ 509,043 |
| New pledges receivable | 1,385,294 | 1,307,693 |
| Collections | (1,149,394) | (536,612) |
| Direct write-offs | (33,927) | (9,132) |
| Change in allowance and discount | (17,416) | (47,340) |
| Balance - ending | $ 1,408,209 | $ 1,223,652 |

## NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The carrying amounts and estimated fair values of the Center's long-term debt at March 31, 2012 are as follows

| Description | Carrying Amount at March 31, 2012 | Fair Value at March 31, 2012 |
|---|---|---|
| Financial liabilities | | |
| Series C revenue bonds | $ 43,560,000 | $ 44,500,000 |
| Series E revenue bonds | 19,655,000 | 19,655,000 |
| HUD mortgage | 926,696 | 926,696 |

The carrying amounts and estimated fair values of the Center's long-term debt at March 31, 2011 are as follows

| Description | Carrying Amount at March 31, 2011 | Fair Value at March 31, 2011 |
|---|---|---|
| Financial liabilities | | |
| Series C revenue bonds | $ 44,380,000 | $ 39,800,000 |
| Series D revenue bonds | 20,185,000 | 20,185,000 |
| HUD mortgage | 926,696 | 926,696 |

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## Independent Auditors' Report on Supplementary Information

To the Board of Directors
Center of Special Care, Inc

We have audited the consolidated financial statements of Center of Special Care, Inc and Subsidiaries (the Center) as of and for the years ended March 31, 2012 and 2011, and our report thereon dated June 20, 2012, which expressed an unqualified opinion on those consolidated financial statements, appears on page 1 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Blum, Shapiro & Company, P.C.

June 20, 2012

# CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
# CONSOLIDATING STATEMENT OF FINANCIAL POSITION
# MARCH 31, 2012

| ASSETS | Brittany Farms | Other HSC Community Services, Inc. Subsidiaries | HSC Community Services, Inc. Consolidated | Hospital for Special Care | Center of Special Care, Inc. | Hospital for Special Care Foundation, Inc. | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Current assets | | | | | | | | |
| Cash and cash equivalents | $ 821,478 | $ 223,383 | $ 1,044,861 | $ 9,791,849 | $ 258,887 | $ 3,874,416 | $ - | $ 14,970,013 |
| Accounts receivable, less allowance of $3,306,927 | 4,573,063 | 13,136 | 4,586,199 | 14,332,099 | - | - | - | 18,918,298 |
| Pledges receivable, net of allowance of $25,948 | - | 22,040 | 22,040 | - | - | 545,863 | - | 567,903 |
| Prepaid sinking fund | 201,300 | - | 201,300 | 1,415,110 | - | - | - | 1,616,410 |
| Prepaid expenses and other assets | 635,744 | 4,162 | 639,906 | 1,046,914 | - | - | - | 1,686,820 |
| Inventories of supplies | - | - | - | 560,091 | - | - | - | 560,091 |
| Due from affiliates | 49,458 | 21,804 | 71,262 | 355,967 | - | 1,324 | (428,553) | - |
| Total current assets | 6,281,043 | 284,525 | 6,565,568 | 27,502,030 | 258,887 | 4,421,603 | (428,553) | 38,319,535 |
| Other assets | | | | | | | | |
| Investments | - | - | - | 36,546,289 | - | 5,792,519 | - | 42,338,808 |
| Pledges receivable, net of allowance and discount of $102,643 less current portion | - | 5,800 | 5,800 | - | - | 834,506 | - | 840,306 |
| Investments in Foundation | 70,940 | 386,227 | 457,167 | 8,396,215 | - | - | (8,853,382) | - |
| Debt Service Reserve Fund | - | - | - | 3,107,879 | - | - | - | 3,107,879 |
| Debt obligations issuance expense, net of amortization | 364,504 | - | 364,504 | 2,637,294 | - | - | - | 3,001,798 |
| Insurance funds | 40,000 | - | 40,000 | 1,751,552 | - | - | - | 1,791,552 |
| Other assets | - | - | - | 4,033,796 | - | - | - | 4,033,796 |
| Total other assets | 475,444 | 392,027 | 867,471 | 56,473,025 | - | 6,627,025 | (8,853,382) | 55,114,139 |
| Property, plant and equipment, net | - | 864,822 | 864,822 | 42,516,718 | - | - | - | 43,381,540 |
| Assets held for sale, net | 7,812,932 | - | 7,812,932 | - | - | - | - | 7,812,932 |
| **Total Assets** | $ 14,569,419 | $ 1,541,374 | $ 16,110,793 | $ 126,491,773 | $ 258,887 | $ 11,048,628 | $ (9,281,935) | $ 144,628,146 |

(Continued on next page)

# CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
# CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
# MARCH 31, 2012

| | Brittany Farms | Other HSC Community Services, Inc. Subsidiaries | HSC Community Services, Inc. Consolidated | Hospital for Special Care | Center of Special Care, Inc. | Hospital for Special Care Foundation, Inc. | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **LIABILITIES AND NET ASSETS** | | | | | | | | |
| Current liabilities | | | | | | | | |
| Current portion of long-term debt | $ 267,050 | $ - | $ 267,050 | $ 1,132,950 | $ - | $ - | $ - | $ 1,400,000 |
| Accounts payable | 800,989 | 39,797 | 840,786 | 1,779,431 | - | - | - | 2,620,217 |
| Salaries, wages, payroll taxes and amounts withheld from employee compensation | 915,422 | - | 915,422 | 7,350,312 | - | - | - | 8,265,734 |
| Accrued insurance costs | 681,830 | - | 681,830 | 3,511,942 | - | - | - | 4,193,772 |
| Due to affiliates | 353,885 | 5,649 | 359,534 | 1,324 | - | 67,695 | (428,553) | - |
| Accrued interest and other liabilities | 1,546,483 | 42,963 | 1,589,446 | 2,049,325 | - | 79,240 | - | 3,718,011 |
| Total current liabilities | 4,565,659 | 88,409 | 4,654,068 | 15,825,284 | - | 146,935 | (428,553) | 20,197,734 |
| Long-term liabilities | | | | | | | | |
| Long-term debt, less current portion | 9,339,750 | 926,696 | 10,266,446 | 52,475,250 | - | - | - | 62,741,696 |
| Accrued pension cost | - | - | - | 4,500,400 | - | - | - | 4,500,400 |
| Other long-term liabilities | - | - | - | 4,033,796 | - | - | - | 4,033,796 |
| Total long-term liabilities | 9,339,750 | 926,696 | 10,266,446 | 61,009,446 | - | - | - | 71,275,892 |
| Net assets | | | | | | | | |
| Unrestricted net assets | 595,409 | 87,630 | 683,039 | 44,105,555 | 258,887 | 2,274,315 | (226,004) | 47,095,792 |
| Temporarily restricted net assets | 48,556 | 438,639 | 487,195 | 5,115,712 | - | 8,171,557 | (8,171,557) | 5,602,907 |
| Permanently restricted net assets | 20,045 | - | 20,045 | 435,776 | - | 455,821 | (455,821) | 455,821 |
| Total net assets | 664,010 | 526,269 | 1,190,279 | 49,657,043 | 258,887 | 10,901,693 | (8,853,382) | 53,154,520 |
| **Total Liabilities and Net Assets** | $ 14,569,419 | $ 1,541,374 | $ 16,110,793 | $ 126,491,773 | $ 258,887 | $ 11,048,628 | $ (9,281,935) | $ 144,628,146 |

# CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
# CONSOLIDATING STATEMENT OF FINANCIAL POSITION
# MARCH 31, 2011

| | Brittany Farms | Other HSC Community Services, Inc. Subsidiaries | HSC Community Services, Inc. Consolidated | Hospital for Special Care | Center of Special Care, Inc. | Hospital for Special Care Foundation, Inc. | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | $ 1,852,159 | $ 175,139 | $ 2,027,298 | $ 5,025,574 | $ 258,786 | $ 2,095,755 | $ - | $ 9,407,413 |
| Accounts receivable, less allowance of $2,940,241 | 4,163,370 | 14,372 | 4,177,742 | 19,202,403 | - | - | - | 23,380,145 |
| Pledges receivable, net of allowance of $38,476 | - | - | - | - | - | 581,679 | - | 581,679 |
| Prepaid sinking fund | 190,492 | - | 190,492 | 1,384,857 | - | - | - | 1,575,349 |
| Prepaid expenses and other assets | 544,508 | 4,305 | 548,813 | 1,129,560 | - | - | - | 1,678,373 |
| Inventories of supplies | - | - | - | 515,073 | - | - | - | 515,073 |
| Due from affiliates | 2,356 | 16,503 | 18,859 | 628,875 | - | - | (647,734) | - |
| Total current assets | 6,752,885 | 210,319 | 6,963,204 | 27,886,342 | 258,786 | 2,677,434 | (647,734) | 37,138,032 |
| Other assets | | | | | | | | |
| Investments | - | - | - | 34,614,676 | - | 5,546,846 | - | 40,161,522 |
| Pledges receivable, net of allowance and discount of $72,700 less current portion | - | - | - | - | - | 641,973 | - | 641,973 |
| Investments in Foundation | 89,389 | 411,062 | 500,451 | 6,328,426 | - | - | (6,828,877) | - |
| Debt Service Reserve Fund | - | - | - | 3,108,035 | - | - | - | 3,108,035 |
| Debt obligations issuance expense, net of amortization | 418,019 | - | 418,019 | 2,702,613 | - | - | - | 3,120,632 |
| Insurance funds | 7,207 | - | 7,207 | 1,958,678 | - | - | - | 1,965,885 |
| Other assets | - | - | - | 3,802,517 | - | - | - | 3,802,517 |
| Total other assets | 514,615 | 411,062 | 925,677 | 52,514,945 | - | 6,188,819 | (6,828,877) | 52,800,564 |
| Property, plant and equipment, net | - | 778,605 | 778,605 | 44,242,573 | - | - | - | 45,021,178 |
| Assets held for sale | 8,065,919 | - | 8,065,919 | - | - | - | - | 8,065,919 |
| **Total Assets** | $ 15,333,419 | $ 1,399,986 | $ 16,733,405 | $ 124,643,860 | $ 258,786 | $ 8,866,253 | $ (7,476,611) | $ 143,025,693 |

(Continued on next page)

# CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
# CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
# MARCH 31, 2011

| | Brittany Farms | Other HSC Community Services, Inc. Subsidiaries | HSC Community Services, Inc. Consolidated | Hospital for Special Care | Center of Special Care, Inc. | Hospital for Special Care Foundation, Inc. | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| **LIABILITIES AND NET ASSETS** | | | | | | | | |
| Current liabilities | | | | | | | | |
| Current portion of long-term debt | $ 259,700 | $ - | $ 259,700 | $ 1,090,300 | $ - | $ - | $ - | $ 1,350,000 |
| Accounts payable | 890,371 | 19,034 | 909,405 | 2,338,392 | - | - | - | 3,247,797 |
| Salaries, wages, payroll taxes and amounts withheld from employee compensation | 791,819 | - | 791,819 | 5,986,074 | - | - | - | 6,777,893 |
| Accrued insurance costs | 605,519 | - | 605,519 | 2,885,997 | - | - | - | 3,491,516 |
| Due to affiliates | 625,110 | 7,093 | 632,203 | - | - | 15,531 | (647,734) | - |
| Accrued interest and other liabilities | 1,167,147 | 34,260 | 1,201,407 | 2,903,473 | - | 62,540 | - | 4,167,420 |
| Total current liabilities | 4,339,666 | 60,387 | 4,400,053 | 15,204,236 | - | 78,071 | (647,734) | 19,034,626 |
| Long-term liabilities | | | | | | | | |
| Long-term debt, less current portion | 9,606,800 | 926,696 | 10,533,496 | 53,608,200 | - | - | - | 64,141,696 |
| Accrued pension cost | - | - | - | 1,795,662 | - | - | - | 1,795,662 |
| Other long-term liabilities | - | - | - | 3,802,517 | - | - | - | 3,802,517 |
| Total long-term liabilities | 9,606,800 | 926,696 | 10,533,496 | 59,206,379 | - | - | - | 69,739,875 |
| Net assets | | | | | | | | |
| Unrestricted net assets | 1,310,316 | 11,863 | 1,322,179 | 46,591,690 | 258,786 | 2,185,971 | (226,666) | 50,131,960 |
| Temporarily restricted net assets | 56,592 | 401,040 | 457,632 | 3,205,779 | - | 6,146,390 | (6,146,390) | 3,663,411 |
| Permanently restricted net assets | 20,045 | - | 20,045 | 435,776 | - | 455,821 | (455,821) | 455,821 |
| Total net assets | 1,386,953 | 412,903 | 1,799,856 | 50,233,245 | 258,786 | 8,788,182 | (6,828,877) | 54,251,192 |
| **Total Liabilities and Net Assets** | $ 15,333,419 | $ 1,399,986 | $ 16,733,405 | $ 124,643,860 | $ 258,786 | $ 8,866,253 | $ (7,476,611) | $ 143,025,693 |

# CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
# CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
# FOR THE YEAR ENDED MARCH 31, 2012

| | Brittany Farms | Other HSC Community Services, Inc Subsidiaries | HSC Community Services, Inc Consolidated | Hospital for Special Care | Center of Special Care, Inc | Hospital for Special Care Foundation, Inc | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | |
| Net revenues from services to patients | $ - | $ 192,329 | $ 192,329 | $ 89,881,431 | $ - | $ - | $ (203,512) | $ 89,870,248 |
| Other operating revenues | - | 556,436 | 556,436 | 3,141,204 | - | 36,650 | (235,174) | 3,499,116 |
| Net assets released from restrictions | - | 3,305 | 3,305 | 117,243 | - | 485,536 | (125,619) | 480,465 |
| Total revenues | - | 752,070 | 752,070 | 93,139,878 | - | 522,186 | (564,305) | 93,849,829 |
| Operating expenses | | | | | | | | |
| Salaries, wages and employees benefits | - | 517,812 | 517,812 | 68,372,316 | - | 609,121 | (203,512) | 69,295,737 |
| Supplies and other | - | 501,035 | 501,035 | 18,530,440 | - | 779,523 | (292,295) | 19,518,703 |
| Interest | - | - | - | 2,268,788 | - | - | - | 2,268,788 |
| Depreciation and amortization | - | 69,006 | 69,006 | 3,377,474 | - | - | - | 3,446,480 |
| Bad debts | - | 464 | 464 | 463,771 | - | 15,076 | - | 479,311 |
| Total operating expenses | - | 1,088,317 | 1,088,317 | 93,012,789 | - | 1,403,720 | (495,807) | 95,009,019 |
| Income (loss) from operations | - | (336,247) | (336,247) | 127,089 | - | (881,534) | (68,498) | (1,159,190) |
| Nonoperating gains (losses) | | | | | | | | |
| Other income, primarily investment income | - | 379 | 379 | 1,102,160 | 101 | 35,925 | (25,649) | 1,112,916 |
| Change in equity interest in Foundation | - | - | - | 5,900 | - | - | (5,900) | - |
| Loss on debt refinancing | - | - | - | - | - | - | - | - |
| Excess (deficiency) of revenues over expenses | - | (335,868) | (335,868) | 1,235,149 | 101 | (845,609) | (100,047) | (46,274) |
| Other changes in unrestricted net assets | | | | | | | | |
| Change in equity interest in Foundation | - | 1,235 | 1,235 | 49,779 | - | - | (51,014) | - |
| Change in net unrealized gains on investments | - | - | - | 646,994 | - | 16,215 | 151,061 | 814,270 |
| Net assets released for capital additions | - | 13,470 | 13,470 | 101,349 | - | - | - | 114,819 |
| Change in minimum pension liability | - | - | - | (3,204,738) | - | - | - | (3,204,738) |
| Equity transfer among affiliates | - | 396,930 | 396,930 | (1,314,668) | - | 917,738 | - | - |
| Increase (decrease) in unrestricted net assets | - | 75,767 | 75,767 | (2,486,135) | 101 | 88,344 | - | (2,321,923) |
| Temporarily restricted net assets | | | | | | | | |
| Contributions | - | 66,974 | 66,974 | - | - | 2,308,937 | (124,743) | 2,251,168 |
| Net realized gains on investments | - | - | - | 15,074 | - | 98,880 | 25,649 | 139,603 |
| Change in net unrealized gains (losses) on investments | - | - | - | - | - | 102,886 | (151,061) | (48,175) |
| Change in equity interest in Foundation | - | (26,070) | (26,070) | 2,012,102 | - | - | (1,986,032) | - |
| Net assets released from restrictions used for purchase of capital | - | - | - | - | - | (125,619) | - | (125,619) |
| Net assets released from restrictions used for operations | - | (3,305) | (3,305) | (117,243) | - | (359,917) | 193,233 | (287,232) |
| Increase in temporarily restricted net assets | - | 37,599 | 37,599 | 1,909,933 | - | 2,025,167 | (2,042,954) | 1,929,745 |
| Change in total net assets from continuing operations | - | 113,366 | 113,366 | (576,202) | 101 | 2,113,511 | (2,042,954) | (392,178) |
| Loss on discontinued operations | (722,943) | - | (722,943) | - | - | - | 18,449 | (704,494) |
| Net assets - beginning of year | 1,386,953 | 412,903 | 1,799,856 | 50,233,245 | 258,786 | 8,788,182 | (6,828,877) | 54,251,192 |
| Net Assets - End of Year | $ 664,010 | $ 526,269 | $ 1,190,279 | $ 49,657,043 | $ 258,887 | $ 10,901,693 | $ (8,853,382) | $ 53,154,520 |

## CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
## CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
## FOR THE YEAR ENDED MARCH 31, 2011

| | Brittany Farms | Other HSC Community Services, Inc Subsidiaries | HSC Community Services, Inc Consolidated | Hospital for Special Care | Center of Special Care, Inc | Hospital for Special Care Foundation, Inc | Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | |
| Net revenues from services to patients | $ - | $ 215 605 | $ 215 605 | $ 90 726 196 | $ - | $ - | $ (164 112) | $ 90 777 689 |
| Other operating revenues | - | 524 681 | 524 681 | 3 068 832 | - | 95 757 | (126 733) | 3 562 537 |
| Net assets released from restrictions | - | 4 010 | 4 010 | - | - | 498 728 | (207 324) | 295 414 |
| Total revenues | - | 744 296 | 744 296 | 93 795 028 | - | 594 485 | (498 169) | 94 635 640 |
| Operating expenses | | | | | | | | |
| Salaries wages and employees benefits | - | 476 481 | 476 481 | 64 996 466 | - | 644 050 | (164 112) | 65 952 885 |
| Supplies and other | - | 502 003 | 502 003 | 19 364 708 | - | 844 275 | (306 330) | 20 404 656 |
| Interest | - | - | - | 2 358 019 | - | - | - | 2 358 019 |
| Depreciation and amortization | - | 59 239 | 59 239 | 3 256 532 | - | - | - | 3 315 771 |
| Bad debts | - | 2 035 | 2 035 | 808 601 | - | 42 316 | - | 852 952 |
| Total operating expenses | - | 1 039 758 | 1 039 758 | 90 784 326 | - | 1 530 641 | (470 442) | 92 884 283 |
| Income (loss) from operations | - | (295 462) | (295 462) | 3 010 702 | - | (936 156) | (27 727) | 1 751 357 |
| Nonoperating gains | | | | | | | | |
| Other income primarily investment income | - | 312 | 312 | 693 740 | 298 | 39 784 | (19 604) | 714 530 |
| Change in equity interest in Foundation | - | - | - | 144 012 | - | - | (144 012) | - |
| Gain on debt refinancing | - | - | - | 27 752 | - | - | - | 27 752 |
| Excess (deficiency) of revenues over expenses | - | (295 150) | (295 150) | 3 876 206 | 298 | (896 372) | (191 343) | 2 493 639 |
| Other changes in unrestricted net assets | | | | | | | | |
| Change in equity interest in Foundation | - | 2 914 | 2 914 | 176 082 | - | - | (178 996) | - |
| Change in net unrealized loss on investments | - | - | - | 3 057 776 | - | 96 177 | 370 339 | 3 524 292 |
| Net assets released for capital additions | - | 4 115 | 4 115 | 205 149 | - | - | - | 209 264 |
| Change in minimum pension liability | - | - | - | (292 309) | - | - | - | (292 309) |
| Equity transfer to affiliates | - | 362 063 | 362 063 | (1 407 639) | - | 1 045 576 | - | - |
| Increase in unrestricted net assets | - | 73 942 | 73 942 | 5 615 265 | 298 | 245 381 | - | 5 934 886 |
| Temporarily restricted net assets | | | | | | | | |
| Contributions | - | 12 650 | 12 650 | - | - | 1 749 789 | (164 666) | 1 597 773 |
| Net realized gains on investments | - | - | - | - | - | 111 486 | 19 604 | 131 090 |
| Net unrealized gains on investments | - | - | - | - | - | 431 490 | (369 221) | 62 269 |
| Change in equity interest in Foundation | - | 4 882 | 4 882 | 1 438 092 | - | - | (1 442 974) | - |
| Net assets released from restrictions used for purchase of capital | - | (3 000) | (3 000) | - | - | (207 324) | - | (210 324) |
| Net assets released from restrictions used for operations | - | (4 010) | (4 010) | - | - | (291 404) | 192 398 | (103 016) |
| Increase in temporarily restricted net assets | - | 10 522 | 10 522 | 1 438 092 | - | 1 794 037 | (1 764 859) | 1 477 792 |
| Change in total net assets | - | 84 464 | 84 464 | 7 053 357 | 298 | 2 039 418 | (1 764 859) | 7 412 678 |
| Loss on discontinued operations | (308 976) | - | (308 976) | - | - | - | (29 178) | (338 154) |
| Net assets - beginning of year | 1 695 929 | 328 439 | 2 024 368 | 43 179 888 | 258 488 | 6 748 764 | (5 034 840) | 47 176 668 |
| **Net Assets** - End of Year | $ 1 386 953 | $ 412 903 | $ 1 799 856 | $ 50 233 245 | $ 258 786 | $ 8 788 182 | $ (6 828 877) | $ 54 251 192 |