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

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012		D Employer identification number 02-0315693	
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending		E Telephone number (603) 668-3545	
C Name of organization Catholic Medical Center		G Gross receipts \$ 330,672,703	
Doing Business As			
Number and street (or P O box if mail is not delivered to street address) Room/suite C/O Finance Dept 100 McGregor Street			
City or town, state or country, and ZIP + 4 Manchester, NH 031023770			
F Name and address of principal officer Joseph Pepe MD C/O Finance Dept 100 McGregor Street Manchester, NH 031023770		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)	
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527		H(c) Group exemption number ▶ 0928	
J Website: ▶ www.catholicmedicalcenter.org			
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶		L Year of formation 1974 M State of legal domicile NH	

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities The mission of Catholic Medical Center is to provide health, healing, and hope to all 		
	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	19
	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	2,342
	6 Total number of volunteers (estimate if necessary)	6	359
	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
Revenue		Prior Year	Current Year
	8 Contributions and grants (Part VIII, line 1h)	390,704	3,781,596
	9 Program service revenue (Part VIII, line 2g)	294,570,757	318,036,565
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,970,821	2,463,731
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	16,731,668	-54,409
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	315,663,950	324,227,483
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . .	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	136,572,632	131,177,658
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <u>245,107</u>		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	164,166,429	169,864,335
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	300,739,061	301,041,993
	19 Revenue less expenses Subtract line 18 from line 12	14,924,889	23,185,490
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		258,264,870	279,702,554
21 Total liabilities (Part X, line 26)		157,683,085	219,082,011
22 Net assets or fund balances Subtract line 21 from line 20		100,581,785	60,620,543

Part II		Signature Block	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
Sign Here	***** Signature of officer		2013-05-02 Date
	Edward L Dudley III Senior VP & CFO Type or print name and title		
Paid Preparer's Use Only	Preparer's signature	Nicholas E Porto	Date
	Check if self-employed	☒	Preparer's taxpayer identification number (see instructions) P01310283
	Firm's name (or yours if self-employed), address, and ZIP + 4	BAKER NEWMAN & NOYES PO BOX 507 PORTLAND, ME 04112	EIN 01-0494526 Phone no (207) 879-2100
May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☒ No			

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

The mission of Catholic Medical Center is to provide health, hope, and healing to all. We offer innovative, quality healthcare in a compassionate environment built on trust and respect. CMC is a Catholic acute care hospital whose purpose is to extend Christ's healing ministry to all who see its services. (Continuation from Page 2)

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.

Form **990** (2011)

Part IV

Checklist of Required Schedules

		Yes	No	
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i> 	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	Yes	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		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? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance		
Check if Schedule O contains a response to any question in this Part V ☐		
		YesNo
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a193
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1cYes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return	2a2,342
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2bYes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3aNo
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4aNo
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts	
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5aNo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5bNo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6aNo
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b
7	Organizations that may receive deductible contributions under section 170(c).	
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7aYes
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7bYes
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7cNo
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7eNo
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7fNo
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	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?	14aNo
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	14b

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	19	
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	Yes	
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	Yes	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	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	NH
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.	Edward Dudley C/O Finance Dept 100 McGregor Manchester, NH 031023770 (603) 668-3545

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

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

Form **990** (2011)

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	3,686,947	1,260,149	813,488

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 84

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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)	(B)	(C)
Name and business address	Description of services	Compensation
Dartmouth Hitchcock Clinic One Medical Center Dr Lebanon, NH 03756	Professional Services	22,983,220
Granite State Emergency Physicians 380 Lafayette Rd Hampton, NH 03842	Professional Services	690,457
Aramark Management Services 24863 Network Place Chicago, IL 60673	Professional Services	657,719
Benefit Strategies LLC 97 Elm Street Manchester, NH 03101	Professional Services	593,840
Quest Diagnostics 195 McGregor Street Manchester, NH 03102	Diagnostic Testing Services	569,336

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 ►26

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 . . .	1a15,000	3,781,596				
	b	Membership dues	1b					
	c	Fundraising events	1c179,680					
	d	Related organizations	1d116,500					
	e	Government grants (contributions)	1e2,451,817					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f1,018,599					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f						
Program Service Revenue			Business Code					
	2a	Patient Service Rev _____	621400	310,406,321	310,406,321			
	b	Miscellaneous Rev _____	621400	5,826,702	5,826,702			
	c	Cafeteria Income _____	722210	1,414,336	1,414,336			
	d	Rental Income _____	532000	389,206	389,206			
	e	_____						
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			318,036,565			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			1,359,146		1,359,146	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss)						
	7a	(i) Securities		(ii) Other				
		7,465,626		16,150				
		6,201,597		175,594				
		1,264,029		-159,444				
	b	Less cost or other basis and sales expenses						
	c	Gain or (loss)						
	d	Net gain or (loss)			1,104,585		1,104,585	
	8a	Gross income from fundraising events (not including \$ 179,680 of contributions reported on line 1c) See Part IV, line 18			-54,409			-54,409
	a	13,620						
	b	Less direct expenses		68,029				
	c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19						
a								
b	Less direct expenses							
c	Net income or (loss) from gaming activities . .							
10a	Gross sales of inventory, less returns and allowances							
a								
b	Less cost of goods sold							
c	Net income or (loss) from sales of inventory . .							
Miscellaneous Revenue			Business Code					
11a	_____							
b	_____							
c	_____							
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions			324,227,483	318,036,565	0	2,409,322	

Part IX

Statement of Functional Expenses

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

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	3,207,761	2,645,216	562,545	
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	98,437,584	81,063,024	17,239,277	135,283
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,413,605	4,460,426	948,577	4,602
9	Other employee benefits	16,747,821	13,810,755	2,937,066	
10	Payroll taxes	7,370,887	6,070,349	1,290,951	9,587
11	Fees for services (non-employees)				
a	Management				
b	Legal	582,362	480,233	102,129	
c	Accounting	232,742	191,926	40,816	
d	Lobbying	13,984	11,532	2,452	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	255,623		255,623	
g	Other	5,717,522	4,714,840	1,002,682	
12	Advertising and promotion	1,180,337	932,210	198,249	49,878
13	Office expenses	2,166,253	1,782,988	379,179	4,086
14	Information technology	3,404,407	2,807,376	597,031	
15	Royalties				
16	Occupancy	7,632,237	6,293,771	1,338,466	
17	Travel	163,068	134,471	28,597	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	44,195	36,445	7,750	
20	Interest	2,765,357	2,280,396	484,961	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	10,554,860	8,703,854	1,851,006	
23	Insurance	2,136,251	1,761,617	374,634	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical Supplies	56,020,757	46,196,395	9,824,362	
b	Bad Debt Expense	25,990,192	25,990,192		
c	Physician Fees	20,727,286	20,727,286		
d	Medicaid Enhancement Ta	15,240,270	15,240,270		
e					
f	All other expenses	15,036,632	12,365,295	2,629,666	41,671
25	Total functional expenses. Add lines 1 through 24f	301,041,993	258,700,867	42,096,019	245,107
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			45,078,847	1	62,005,310
	2	Savings and temporary cash investments			8,095,887	2	7,040,423
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			32,302,845	4	30,745,571
	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			319,476	7	218,859
	8	Inventories for sale or use			1,228,166	8	1,248,598
	9	Prepaid expenses and deferred charges			3,402,177	9	3,469,354
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	206,725,239			
	b	Less: accumulated depreciation	10b	130,791,109	77,686,783	10c	75,934,130
	11	Investments—publicly traded securities			89,258,267	11	81,698,372
	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			892,422	15	17,341,937
16	Total assets. Add lines 1 through 15 (must equal line 34)			258,264,870	16	279,702,554	
Liabilities	17	Accounts payable and accrued expenses			31,720,126	17	35,661,222
	18	Grants payable				18	
	19	Deferred revenue			744,653	19	684,482
	20	Tax-exempt bond liabilities			70,561,567	20	67,513,065
	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			248,508	23	3,672,855
	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			54,408,231	25	111,550,387
	26	Total liabilities. Add lines 17 through 25			157,683,085	26	219,082,011
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			93,318,020	27	53,573,474
	28	Temporarily restricted net assets			381,533	28	353,996
	29	Permanently restricted net assets			6,882,232	29	6,693,073
	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			100,581,785	33	60,620,543
	34	Total liabilities and net assets/fund balances			258,264,870	34	279,702,554

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	324,227,483
2	Total expenses (must equal Part IX, column (A), line 25)	2	301,041,993
3	Revenue less expenses Subtract line 2 from line 1	3	23,185,490
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	100,581,785
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-63,146,732
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	60,620,543

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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ 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?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A
(Form 990 or 990EZ)

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 Catholic Medical Center	Employer identification number 02-0315693
---	--

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year	(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	(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 IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
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

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 Catholic Medical Center	Employer identification number 02-0315693
---	--

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?	Yes		30,748
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		13,984
	j Total lines 1c through 1i			44,732
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).		
		2a	
		2b	
		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	Catholic Medical Center is a member of the NH Hospital Association and the American Hospital Association. A portion of the dues paid to these organizations is available for lobbying expenditures on behalf of CMC and the other organizations in furtherance of their exempt purposes. CMC does not directly perform any lobbying activities. Devine, Millimet, & Branch, PA provided lobbying services which included providing information regarding public policy pending before the legislature. Devine, Millimet, & Branch, PA participated in the administrative rule-making process with respect to rules concerning the certificate of needs board. They also provided general communication with elected officials.

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
Catholic Medical Center

Employer identification number
02-0315693

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance	7,263,764	6,624,284	6,155,849	7,356,078	
b Contributions	51,208	81,408		31,900	
c Investment earnings or losses	-187,002	618,215	468,435	-1,232,129	
d Grants or scholarships					
e Other expenditures for facilities and programs	80,901	60,143			
f Administrative expenses					
g End of year balance	7,047,069	7,263,764	6,624,284	6,155,849	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 0 %

b

Permanent endowment ▶ 94 980 %

c

Term endowment ▶ 5 020 %

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

Yes

No

3a(ii)

Yes

No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,024,690		1,024,690
b Buildings		75,380,884	29,586,536	45,794,348
c Leasehold improvements		4,394,778	3,205,135	1,189,643
d Equipment		118,149,210	96,429,820	21,719,390
e Other		7,775,677	1,569,618	6,206,059
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				75,934,130

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

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
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d2e	
3	Subtract line 2e from line 13	
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d2e	
3	Subtract line 2e from line 13	
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)5	

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	Proceeds from the Organization's endowment funds are used in operations
Description of Uncertain Tax Positions Under FIN 48	Part X	The Medical Center, NEHIF and CMC Associates 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 on related income pursuant to Section 501(a) of the Code

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
Catholic Medical Center

Employer identification number
02-0315693

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

1

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

a

☐ Mail solicitations

b

☐ Internet and e-mail solicitations

c

☐ Phone solicitations

d

☐ In-person solicitations

e

☐ Solicitation of non-government grants

f

☐ Solicitation of government grants

g

☐ Special fundraising events

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes ☐ No

b

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

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

3

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

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

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		Gala (event type)	(event type)	(total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	193,300		193,300
	2	Less Charitable contributions	179,680		179,680
	3	Gross income (line 1 minus line 2)	13,620		13,620
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes	50		50
	6	Rent/facility costs	2,500		2,500
	7	Food and beverages	48,620		48,620
	8	Entertainment	11,312		11,312
	9	Other direct expenses	5,547		5,547
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			(68,029)
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			-54,409

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

- 11

Does the organization operate gaming activities with nonmembers?

☐ Yes ☐ No
- 12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

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

14

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

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

b

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

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation

\$

Description of services provided

☐ Director/officer

☐ Employee

☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

b

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

Part IV

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

Identifier	ReturnReference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Catholic Medical Center

Employer identification number
02-0315693

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)		11,647	8,928,362		8,928,362	3 250 %
b Medicaid (from Worksheet 3, column a)		18,665	27,991,053		27,991,053	10 180 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		64,144	29,104,504		29,104,504	10 580 %
d Total Charity Care and Means-Tested Government Programs		94,456	66,023,919		66,023,919	24 010 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		229,425	2,442,986	68,231	2,374,755	0 860 %
f Health professions education (from Worksheet 5)		2,274	671,345		671,345	0 240 %
g Subsidized health services (from Worksheet 6)		21,393	17,989,388	1,495,133	16,494,255	6 000 %
h Research (from Worksheet 7)		361	102,276	3,000	99,276	0 040 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			616,101		616,101	0 220 %
j Total Other Benefits		253,453	21,822,096	1,566,364	20,255,732	7 360 %
k Total. Add lines 7d and 7j		347,909	87,846,015	1,566,364	86,279,651	31 370 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support		8,014	404,707	127,978	276,729	0 100 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total		8,014	404,707	127,978	276,729	0 100 %

Part IIIBad 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?	1Yes	
2	Enter the amount of the organization's bad debt expense	29,052,394	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	30	
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)	586,117,591	
6	Enter Medicare allowable costs of care relating to payments on line 5	6114,991,948	
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7-28,874,357	
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?	9aYes	
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.	9bYes	

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

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

Name and address

Schedule H (Form 990) 2011

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)

Catholic Medical Center

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) 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)	1	No
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 09		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	
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? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? 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)	11	Yes	
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? 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)	13	Yes	

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? 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)	16	Yes	
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? If "No," indicate why	Yes	
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? If "Yes," explain in Part VI	20		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	Yes	

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

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

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, L7 Col(f) Bad debt expense of \$25,990,192 has been removed from the denominator of the calculation in Schedule H, Part I, Line 7, column f

Identifier	ReturnReference	Explanation
		Part II The Medical Center sponsored the following partnerships and services to promote the health of the communities it serves School Partnerships Partnership with Manchester School SystemPartnership with VNA, education for classroom teachersPartnership with VNA, education for pre-school classroomsEmergency Services Planning hours for emergency preparednessBioterrorism preparedness safety management

Identifier	ReturnReference	Explanation
		Part III, Line 4 There is no footnote in the audited financial statements describing bad debt expense Costing methodology ratio of cost to charge to arrive at cost

Identifier	ReturnReference	Explanation
		Part III, Line 8 The entire Medicare shortfall is reported in our Community Benefit Report to the State of New Hampshire It is reported under the "Financial Assistance Cost"

Identifier	ReturnReference	Explanation
		Part III, Line 9b All patients are treated the same according to our collection procedures

Identifier	ReturnReference	Explanation
Catholic Medical Center		Part V, Section B, Line 13g Signs are posted through the facility that list the financial programs available

Identifier	ReturnReference	Explanation
Catholic Medical Center		Part V, Section B, Line 17e Signs are posted through the facility that list the financial programs available Phrases appear on statements we send to patients and patients are notified during telephone conversations

Identifier	ReturnReference	Explanation
Catholic Medical Center		Part V, Section B, Line 19d All patients are charged the same regardless of ability to pay

Identifier	ReturnReference	Explanation
Catholic Medical Center		Part V, Section B, Line 21 All patients are charged the same regardless of ability to pay

Identifier	ReturnReference	Explanation
		Part VI, Line 2 In collaboration with the city of Manchester and other health care and social service agencies, Catholic Medical Center participates in a community needs assessment every five years as required by the New Hampshire Attorney General's Office Division of Charitable Trusts The most recent Community Needs Assessment was titled, "Believe in a Healthy Community 2009" Additional information is obtained on an ongoing basis to assist the Origination in evaluating progress towards meeting our goals and the identification of new areas of need This information is collected through community surveys, focus groups and discussions with community leaders, program evaluations and communication with those in the community who interact with our vulnerable populations

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Flyers are posted throughout the Hospital and physician practices highlighting Catholic Medical Center's uncompensated care program Inpatients with no insurance are referred to our social service department for an evaluation to determine eligibility for federal, state and CMC's uncompensated program The department works with them to facilitate the application process Outpatients are referred to the uncompensated care office for such an evaluation and facilitation of the process if appropriate

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Catholic Medical Center's primary service area consists of the following towns and cities Auburn, Bedford, Candia, Deerfield, Goffstown, Hooksett, Londonderry, Manchester, and New Boston Our secondary service area is made up of Allenstown, Amherst, Bow, Chester, Derry, Dunbarton, Merrimack, Raymond, and Weare

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Catholic Medical Center is involved in numerous community initiatives to improve the health outcomes of our community Manchester Sustainable Access Project (MSAP), an initiative to improve healthcare access for the poor in our community is made up of all the major healthcare providers' senior leadership teams, Manchester Oral Health Project, an initiative to improve the oral health of children, Catholic Medical Center School partnerships with an elementary, middle, and high schools for health prevention education, State of NH in the promotion of healthy behaviors to improve educational outcomes (LAEP), Emergency bioterrorism prpearedness safety management, to name a few of our community initiatives

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Catholic Medical Center is a licensed 330 bed, full-service, acute care hospital located in Manchester, New Hampshire, the State's largest city CMC is known for its advanced cardiac, general care surgical capabilities, and its comprehensive programs for high acuity patients Serving the community for more than 100 years, CMC is dedicated to providing health, healing, and hope to all CMC offers full medical and surgical care with more than 25 subspecialties, comprehensive orthopedic care, inpatient and outpatient rehabilitation services, a 24-hour emergency department, outpatient psychiatric services, diagnostic imaging, and community health services CMC provides inpatient and outpatient services at its McGregor Street facility to almost 110,000 patients per year, making it one of the State's largest medical centers CMC has been named one of the 100 best hospitals in the nation for cardiac care by Healthgrades CMC is also proud to be the recipient of a number of other recognitions for cardiac services - Ranked among the top 10 in the nation for cardiology service and overall cardiac care - Holds a five-star rating for cardiac services, for treatment of heart attack and for interventional procedures - Rated number 1 in New Hampshire for cardiac services and interventional procedures Catholic Medical Center continues to lead the way in advanced medical technology It is one of the few hospitals in New England using the DaVinci surgical robotics systems to perform life saving surgery with fewer complications CMC was the first hospital to utilize a 64slice CT scanner to provide faster, less invasive diagnosis of cardiac disease CMC is equipped with an Achieva Quasar3 0 T MRI allowing for higher resolution images in less time The orthopedic surgeons have access to new O-Arm imaging systems, a higher definition CT scanner that provides real-time three dimensional images during surgery CMC also offers digital mammography to better serve and care for our population Almost 500 physicians have some level of privileges at CMC CMC maintains a rigorous application and credentialing process for its staff to ensure that patients receive the highest quality of care possible CMC has a joint venture with a free standing Ambulatory Surgical Center CMC has a deeply rooted history of providing care to those most in need through the Community Health Services department CMC reaches beyond the walls of the hospital and into the community, assisting individuals with health information and access to care Community Health Services provides a wide variety of education, clinical services and resources for those in our primary and secondary markets It is the home of the West Side Neighborhood Health Center, the Poisson Dental Facility, the Health Care for the Homeless program, and the Parish Nurse program We provide medication assistance, breast and cervical cancer screenings, health screenings, and fertility education

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	NH

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization Catholic Medical Center	Employer identification number 02-0315693
---	--

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	☐ First-class or charter travel		
	☐ Travel for companions		
	☐ Tax idemnification and gross-up payments		
	☐ Discretionary spending account		
	☐ Housing allowance or residence for personal use		
	☐ Payments for business use of personal residence		
	☐ Health or social club dues or initiation fees		
	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	☒ Compensation committee		
	☒ Independent compensation consultant		
	☒ Form 990 of other organizations		
	☐ Written employment contract		
	☒ Compensation survey or study		
	☒ 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?	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		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?		No
b	Any related organization?		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?		No
b	Any related organization?		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	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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) William Clutterbuck MD	(i)	0	0	0	0	0	0	0
	(ii)	342,506	0	0	14,700	18,594	375,800	0
(2) Connor J Haugh MD FACC	(i)	0	0	0	0	0	0	0
	(ii)	503,116	127,486	0	14,962	19,175	664,739	0
(3) Keith A Stahl MD	(i)	0	0	0	0	0	0	0
	(ii)	279,968	7,073	0	10,071	2,369	299,481	0
(4) Joseph Pepe MD	(i)	315,300	30,701	0	11,206	8,339	365,546	0
	(ii)	0	0	0	0	0	0	0
(5) Alyson Pitman Giles	(i)	654,209	144,342	0	288,191	60,166	1,146,908	0
	(ii)	0	0	0	0	0	0	0
(6) Edward Dudley III	(i)	328,206	30,002	0	40,013	42,315	440,536	0
	(ii)	0	0	0	0	0	0	0
(7) Allen Ericson	(i)	349,070	59,800	0	16,067	27,604	452,541	0
	(ii)	0	0	0	0	0	0	0
(8) Raymond Bonito	(i)	365,021	63,207	0	96,265	40,856	565,349	0
	(ii)	0	0	0	0	0	0	0
(9) Lisa Roux Coggins	(i)	184,098	17,345	0	7,334	4,817	213,594	0
	(ii)	0	0	0	0	0	0	0
(10) Margo Compagna	(i)	198,315	0	0	6,498	8,775	213,588	0
	(ii)	0	0	0	0	0	0	0
(11) Robert Duhaime	(i)	232,720	16,720	0	8,834	21,379	279,653	0
	(ii)	0	0	0	0	0	0	0
(12) Carolanne O'Sullivan	(i)	191,027	17,009	0	7,600	5,199	220,835	0
	(ii)	0	0	0	0	0	0	0
(13) Brian Tew	(i)	216,754	31,900	0	8,735	20,992	278,381	0
	(ii)	0	0	0	0	0	0	0
(14) Kevin Kilday	(i)	124,809	0	0	0	0	124,809	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	Part I, Lines 4a-b	Part I, Lines 4a-b 4A The following individual received base compensation under a severance agreement from the Organization: Kevin Kilday \$124,809. 4B The following individuals take part in a section 457(f) forfeitable nonqualified deferred compensation plan. The following represents contributions for many years of service: Alyson Pitman Giles \$270,207; Raymond Bonito \$84,065; Allen Ericson \$4,186; Edward Dudley \$40,013.
	Part I, Line 7	A portion of compensation is at-risk and variable, and payment depends on the quality of job performance.

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
Catholic Medical Center

Employer identification number
02-0315693

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 New Hampshire Health And Education Facilities Authority	02-0279866	64461TCV4	05-10-2006	32,910,000	Construction & Defeasance Escrow		X		X		X
B New Hampshire Health And Education Facilities Authority	02-0279866	noneavail	04-20-2012	6,000,000	Refinance 2011 Note		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	32,910,000		6,000,000					
4	Gross proceeds in reserve funds	3,170,077							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow	10,216,000		6,000,000					
7	Issuance costs from proceeds	517,960							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	20,559,500							
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2009							
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			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	
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?	Yes	No	Yes	No	Yes	No	Yes	No
			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 %							
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 %							
6	Total of lines 4 and 5	0 %							
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	MBIA							
c	Term of GIC	5 9000000000000							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
5	Were any gross proceeds invested beyond an available temporary period?	X			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
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Catholic Medical Center

Employer identification number
02-0315693

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 ▶ \$ _____

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ _____

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV

Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Sarah Pitman	Family Member of Alyson Pitman Giles	59,674	Employment		No
(2) Joyce Duval	Family Member of Jerome Duval	31,453	Employment		No

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
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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	Employer identification number
Catholic Medical Center	02-0315693

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	The sole member of CMC is CMC Healthcare System
	Form 990, Part VI, Section A, line 7a	Directors of CMC are appointed by the sole member
	Form 990, Part VI, Section A, line 7b	The sole member has reserved powers over CMC but does not approve each separate action taken by the CMC board
	Form 990, Part VI, Section B, line 11	Form 990 is prepared by the Organization, and is sent to an independent tax accounting firm (Baker, New man, Noyes) for a thorough and exhaustive review Upon completion of independent firm review , Form 990 is sent back to the Organization, where the CFO, Controller, and Director of Accounting perform a final in-house review prior to submission to the Board of Directors for final approval Upon approval from Board, Form 990 is filed with the Internal Revenue Service
	Form 990, Part VI, Section B, line 12c	Officers and directors are required to complete a conflict of interest questionnaire annually
	Form 990, Part VI, Section B, line 15	CMC utilizes a compensation committee of the board of directors to set compensation levels and determine bonus potential for its senior leadership team The committee is assisted by an independent consultant who surveys like-sized and performing institutions to benchmark relevant salary scales for each position The consultant's findings are presented to the compensation committee who considers that external data with actual performance against a list of pre-established goals per senior leaders to set prospective compensation levels and bonus values Bonus amounts are determined by how well an executive achieves a pre-defined set of goals These goals, in general, are tied to the achievement of a specific task or project Some goals are attached to achieve overall financial performance and mission performance, not solely revenue generation
	Form 990, Part VI, Section C, line 19	CMC makes its governing documents, conflict of interest policy, and financial statements available to the public upon request
	Form 990, Part VII	Several individuals reported on Form 990, Part VII split their time with related organizations The following are the average hours per week those respective members spent during the year at related organizations Connor Haugh 40 hrs William Clutterbuck 40 hrs Keith A Stahl, MD 40 hrs
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -6,035,245 Net Transfer (to) from Affiliates -11,658,129 Pension Related Changes Other than Net Periodic Cost -45,281,196 Assets Released for Operations -67,076 Change in Interest in Perpetual Trust -105,086 Total to Form 990, Part XI, Line 5 -63,146,732
	Form 990, Part XII, Line 2c	The audit process has not changed from the prior year

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
Catholic Medical Center

Employer identification number
02-0315693

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Alliance Resources 100 McGregor Street Manchester, NH 03102 02-0398138	Real Estate	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(2) Alliance Health Services 100 McGregor Street Manchester, NH 03102 61-1508839	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(3) CMC Healthcare System 100 McGregor Street Manchester, NH 03102 01-0568516	Parent	NH	501(C)(3)	Line 11b, II	N/A		No
(4) CMC Associates 100 McGregor Street Manchester, NH 03102 02-0344786	Gift Shop	NH	501(C)(3)	Line 11b, II	Catholic Medical Center		No
(5) CMC Physician Practice Associates 100 McGregor Street Manchester, NH 03102 02-0460245	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
(6) St Peter's Home 100 McGregor Street Manchester, NH 03102 02-0222228	Home	NH	501(C)(3)	Line 9	CMC Healthcare System		No
(7) Alliance Ambulatory Services 100 McGregor Street Manchester, NH 03102 02-0519436	Ambulatory Surgical Center	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) McGregor Street Mob 100 McGregor Street Manchester, NH 03102 13-4347316	Medical Office Building	NH	CMC Health System	Unrelated				No			No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Alliance Enterprises 100 McGregor Street Manchester, NH 03102 02-0386795	Real Estate	NH	CMC Health System	C			
(2) Doctors' Medical Association Inc 100 Mcgregor Street Manchester, NH 03102 02-0340690	Condo Association	NH	CMC Health System	C			

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

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

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

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

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

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

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

Yes

Yes

No

No

Yes

Yes

Yes

No

Yes

Yes

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) Catholic Medical Center Associates	C	116,500	Cash Transferred
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:
Software Version:
EIN: 02-0315693
Name: Catholic Medical Center

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
Alliance Resources 100 McGregor Street Manchester, NH 03102 02-0398138	Real Estate	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
Alliance Health Services 100 McGregor Street Manchester, NH 03102 61-1508839	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
CMC Healthcare System 100 McGregor Street Manchester, NH 03102 01-0568516	Parent	NH	501(C)(3)	Line 11b, II	N/A		No
CMC Associates 100 McGregor Street Manchester, NH 03102 02-0344786	Gift Shop	NH	501(C)(3)	Line 11b, II	Catholic Medical Center		No
CMC Physician Practice Associates 100 McGregor Street Manchester, NH 03102 02-0460245	Practices	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No
St Peter's Home 100 McGregor Street Manchester, NH 03102 02-0222228	Home	NH	501(C)(3)	Line 9	CMC Healthcare System		No
Alliance Ambulatory Services 100 McGregor Street Manchester, NH 03102 02-0519436	Ambulatory Surgical Center	NH	501(C)(3)	Line 11b, II	CMC Healthcare System		No

Catholic Medical Center and Subsidiaries

**Consolidated Financial Statements
June 30, 2012 and 2011**

Catholic Medical Center and Subsidiaries

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June 30, 2012 and 2011

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Report of Independent Auditors

To the Board of Trustees of
Catholic Medical Center and Subsidiaries

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in net assets and cash flows present fairly, in all material respects, the financial position of Catholic Medical Center and Subsidiaries (the "Medical Center") at June 30, 2012 and 2011, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

November 12, 2012

Catholic Medical Center and Subsidiaries
Consolidated Balance Sheets
June 30, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 62,195,882	\$ 45,288,102
Short-term investments	1,030,384	6,386,296
Accounts receivable from patients, less allowance of \$14,520,666 in 2012 and \$11,863,966 in 2011	30,745,571	32,302,845
Inventories	1,293,948	1,280,590
Amounts due from affiliates	458,667	-
Other current assets	3,469,865	3,408,425
Total current assets	99,194,317	88,666,258
Property, plant and equipment, net	75,961,268	77,719,483
Other assets		
Notes receivable, less allowance of \$800,000 in 2012 and 2011	218,859	319,476
Unamortized debt issuance costs	834,884	892,422
Other assets	16,063,478	-
Total other assets	17,117,221	1,211,898
Assets whose use is limited		
Pension and insurance obligations	11,439,235	12,426,652
Board-designated and donor-restricted investments	71,101,160	73,468,961
Held by trustee under revenue bond agreement	5,168,016	5,072,246
Total assets whose use is limited	87,708,411	90,967,859
Total assets	\$ 279,981,217	\$ 258,565,498
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 2,128,404	\$ 1,473,605
Accounts payable and accrued expenses	14,138,842	15,135,972
Accrued salaries, wages and related accounts	13,330,899	12,818,247
Amounts payable to third-party payors	8,920,004	4,528,053
Notes payable	6,000,000	7,000,000
Amounts due to affiliates	-	966,496
Total current liabilities	44,518,149	41,922,373
Accrued pension and other liabilities, net of current portion	111,550,388	53,434,346
Long-term debt, net of current portion	63,057,516	62,336,472
Total liabilities	219,126,053	157,693,191
Commitments and contingencies		
Net assets		
Unrestricted	53,808,096	93,608,543
Temporarily restricted	353,996	381,533
Permanently restricted	6,693,072	6,882,231
Total net assets	60,855,164	100,872,307
Total liabilities and net assets	\$ 279,981,217	\$ 258,565,498

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

Catholic Medical Center and Subsidiaries
Consolidated Statements of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenue		
Net patient service revenue	\$ 284,416,129	\$ 271,261,302
DSH funding	-	12,027,952
Other revenue	11,636,838	5,360,633
Total operating revenue	<u>296,052,967</u>	<u>288,649,887</u>
Operating expenses		
Salaries, wages and fringe benefits	144,508,938	150,635,948
Supplies and other expenses	102,107,794	100,999,385
Medicaid enhancement tax	15,240,270	12,521,429
Depreciation and amortization	10,560,419	10,797,556
Interest	2,765,357	2,798,611
Total operating expenses	<u>275,182,778</u>	<u>277,752,929</u>
Income from operations	<u>20,870,189</u>	<u>10,896,958</u>
Nonoperating gains (losses)		
Investment (loss) income	(757,645)	1,982,323
Net realized gains on sales of investments (including other-than-temporary impairment losses of \$2,887 in 2012)	3,120,955	2,003,005
Loss on sale of property and equipment	(159,445)	(15,946)
Nonoperating gains, net	<u>2,203,865</u>	<u>3,969,382</u>
Excess of revenue over expenses	23,074,054	14,866,340
Other changes in net assets		
Unrealized (depreciation) appreciation on investments	(5,949,001)	9,794,325
Assets released from restriction used for capital	13,825	19,980
Pension-related changes other than net periodic pension cost	(45,281,196)	29,331,769
Adoption of new accounting principle - goodwill impairment	-	(12,496)
Net assets transferred to affiliates	(11,658,129)	(7,798,423)
(Decrease) increase in unrestricted net assets	<u>\$ (39,800,447)</u>	<u>\$ 46,201,495</u>

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

Catholic Medical Center and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances at June 30, 2010	\$ 47,407,048	\$ 357,814	\$ 6,266,470	\$ 54,031,332
Excess of revenue over expenses	14,866,340	-	-	14,866,340
Investment income	-	2,454	601	3,055
Unrealized appreciation on investments	9,794,325	-	206,790	10,001,115
Restricted contributions	-	81,408	-	81,408
Change in interest in perpetual trust	-	-	408,370	408,370
Net assets transferred to affiliates	(7,798,423)	-	-	(7,798,423)
Assets released from restriction used for operations	-	(40,163)	-	(40,163)
Assets released from restriction used for capital	19,980	(19,980)	-	-
Adoption of new accounting principle - goodwill impairment	(12,496)	-	-	(12,496)
Pension-related changes other than net periodic pension cost	29,331,769	-	-	29,331,769
Increase in net assets	<u>46,201,495</u>	<u>23,719</u>	<u>615,761</u>	<u>46,840,975</u>
Balances at June 30, 2011	<u>93,608,543</u>	<u>381,533</u>	<u>6,882,231</u>	<u>100,872,307</u>
Excess of revenue over expenses	23,074,054	-	-	23,074,054
Investment income	-	2,156	2,171	4,327
Unrealized depreciation on investments	(5,949,001)	-	(86,244)	(6,035,245)
Restricted contributions	-	51,208	-	51,208
Change in interest in perpetual trust	-	-	(105,086)	(105,086)
Net assets transferred to affiliates	(11,658,129)	-	-	(11,658,129)
Assets released from restriction used for operations	-	(67,076)	-	(67,076)
Assets released from restriction used for capital	13,825	(13,825)	-	-
Pension-related changes other than net periodic pension cost	(45,281,196)	-	-	(45,281,196)
Decrease in net assets	<u>(39,800,447)</u>	<u>(27,537)</u>	<u>(189,159)</u>	<u>(40,017,143)</u>
Balances at June 30, 2012	<u>\$ 53,808,096</u>	<u>\$ 353,996</u>	<u>\$ 6,693,072</u>	<u>\$ 60,855,164</u>

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

Catholic Medical Center and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Operating activities		
Change in net assets	\$ (40,017,143)	\$ 46,840,975
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	10,560,419	10,797,556
Adoption of new accounting principle - goodwill impairment	-	12,496
Pension-related changes other than net periodic pension cost	45,281,196	(29,331,769)
Net assets transferred to affiliates	11,658,129	7,798,423
Restricted gifts and investment income	(55,535)	(84,463)
Net realized gain on sales of investments	(3,120,955)	(2,003,005)
Decrease (increase) in interest in perpetual trust	105,086	(408,370)
Unrealized depreciation (appreciation) on investments	6,035,245	(10,001,115)
Change in fair value of interest rate swap	1,856,926	(380,831)
Loss on sale of property and equipment	159,445	15,946
Increase (decrease) in cash from working capital and other items		
Accounts receivable from patients and residents, net	1,557,274	(4,612,863)
Inventories	(13,358)	4,147
Other current assets	(61,440)	(1,093,191)
Amounts due from/to affiliates	(1,425,163)	(290,217)
Other assets	(16,063,478)	-
Accounts payable and accrued expenses	(84,961)	998,699
Accrued salaries, wages and related accounts	512,652	1,389,953
Amounts payable to third-party payors	4,391,951	3,364,324
Accrued pension and other liabilities	10,953,088	3,315,451
Net cash provided by operating activities	<u>32,229,378</u>	<u>26,332,146</u>
Investing activities		
Acquisition of property, plant and equipment	(6,729,660)	(5,814,761)
Proceeds from disposal of assets	16,150	14,000
Payments received from notes receivable	100,617	138,058
(Increase) decrease in funds held by trustee under revenue bond agreement	(95,770)	103,169
Purchases of short-term investments	-	(35,350)
Sales of short-term investments	5,355,912	-
Sales of investments	14,795,179	17,853,236
Purchases of investments	(14,459,337)	(18,245,992)
Net cash used in investing activities	<u>(1,016,909)</u>	<u>(5,987,640)</u>
Financing activities		
Repayment of debt	(1,420,000)	(1,556,173)
Repayment of capital lease	(250,183)	(38,403)
Repayment of note payable	(7,000,000)	(7,000,000)
Issuance of note payable	6,000,000	7,000,000
Bond issuance cost - CAN Note	(31,912)	(10,401)
Restricted gifts and investment income	55,535	84,463
Cash transferred to affiliates	(11,658,129)	(7,798,423)
Net cash used in financing activities	<u>(14,304,689)</u>	<u>(9,318,937)</u>
Increase in cash and cash equivalents	16,907,780	11,025,569
Cash and cash equivalents		
Beginning of year	<u>45,288,102</u>	<u>34,262,533</u>
End of year	<u>\$ 62,195,882</u>	<u>\$ 45,288,102</u>
Supplemental cash flow information		
Cash paid for interest	\$ 2,784,388	\$ 2,798,612
Property, plant and equipment additions included in accounts payable and accrued expenses	1,434,837	522,668
Noncash additions to fixed assets related to capital leases	3,031,126	286,912

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

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

1. Organization

The consolidated financial statements for Catholic Medical Center and Subsidiaries include the accounts of Catholic Medical Center (the "Medical Center"), a voluntary not-for-profit acute care hospital based in Manchester, New Hampshire, and its subsidiaries. Subsidiaries of the Medical Center include New England Heart Institute Foundation ("NEHIF") and CMC Associates. During 2005, control of NEHIF and CMC Associates was transferred to the Medical Center. In 2011, NEHIF was formally dissolved and assets were transferred to the Medical Center. The Medical Center, which primarily serves residents of New Hampshire and northern Massachusetts, is controlled by CMC Healthcare System, Inc. (the "System"), a not-for-profit corporation which functions as the parent company and sole member of the Medical Center.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting.

Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center, NEHIF and CMC Associates. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The primary estimates relate to collectability of receivables from patients and third-party payors, accrued compensation and benefits, conditional asset retirement obligations and self-insurance reserves.

Income Taxes

The Medical Center, NEHIF and CMC Associates 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 on related income pursuant to Section 501(a) of the Code.

Temporarily and Permanently Restricted Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose. When a donor restriction expires (i.e., 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 statement of operations as either net assets released from restrictions used for operations (for noncapital-related items and included in other revenue) or as net assets released from restrictions used for capital (for capital-related items).

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity. Income earned on permanently restricted net assets, to the extent not restricted by the donor, including net unrealized appreciation on investments, is included in the statement of operations as unrestricted resources or as a change in temporarily restricted net assets in accordance with donor-intended purposes or applicable law.

Performance Indicator

Excess of revenues over expenses is comprised of operating revenues and expenses and nonoperating gains and losses. For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains or losses, which include contributions, realized gains and losses on the sales of securities, unrestricted investment income and contributions to community agencies.

Charity Care and Community Benefits

The Medical Center has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The Medical Center does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenues. The Medical Center rendered charity care in accordance with this policy, which, at established charges, amounted to \$26,731,627 and \$26,928,605 for the years ended June 30, 2012 and 2011, respectively.

The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total operating expenses divided by gross patient service revenue. Of the Hospital's \$275 million of total operating expenses reported, an estimated \$8.7 million and \$8.1 million arose from providing services to charity patients in fiscal 2012 and 2011, respectively.

The Medical Center provides community service programs, without charge, such as the Medication Assistance Program, Community Education and Wellness, Patient Transport, and the Parish Nurse Program. The costs of providing these programs amounted to \$1,230,283 and \$2,195,477 for the years ended June 30, 2012 and 2011, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposit with maturities of three months or less when purchased and investments in overnight deposits at various banks. Cash and cash equivalents exclude amounts whose use is limited by board designation and amounts held by trustees under revenue bond and other agreements. The Medical Center maintained approximately \$57,000,000 and \$38,300,000 at June 30, 2012 and 2011, respectively, of its cash and cash equivalent accounts with a single institution. The Medical Center has not experienced any losses associated with deposits at this institution.

Included in cash and cash equivalents is an amount held in escrow by the Royal Bank of Canada Capital Markets ("RBCCM"), in the amount of \$3,250,000 and \$2,460,000 at June 30, 2012 and 2011, respectively. These funds are on deposit with RBCCM as a condition of the Medical Center's swap agreement on the Series 2002B revenue bonds.

Inventories

Inventories of supplies are stated at the lower of cost (determined by the first-in, first-out method) or market.

Catholic Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Property, Plant and Equipment

Property, plant and equipment is stated at cost at time of purchase or fair market value at the time of donation, less accumulated depreciation. The Medical Center's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provisions for depreciation and amortization have been determined using the straight-line method at rates, which are intended to amortize the cost of assets over their estimated useful lives, which range from 2 to 40 years.

Goodwill

The Medical Center reviews its goodwill and other long-lived assets annually to determine whether the carrying amount of such assets are impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. Recorded impairments at the time of adoption of the new accounting principle on July 1, 2010 were \$12,496. The impairments relate to goodwill related to purchased physician practices impaired under a valuation technique based on multiples of earnings. There were no impairments recorded for the year ended June 30, 2012.

Retirement Benefits

The Catholic Medical Center Pension Plan (the "Plan") provides retirement benefits for certain employees of the Medical Center and certain employees of an affiliated organization who have attained age twenty-one and work at least 1,000 hours per year. The Plan consists of a benefit accrued to July 1, 1985, plus 2% of plan year earnings (to legislative maximums) per year. The Medical Center's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as may be determined to be appropriate from time to time. The Plan is intended to constitute a plan described in Section 414(k) of the Internal Revenue Code, under which benefits derived from employer contributions are based on the separate account balances of participants in addition to the defined benefits under the Plan.

Effective January 1, 2008, the Medical Center decided to close participation in the Plan to new participants. As of January 1, 2008, current participants continued to participate in the Plan while new employees receive a higher matching contribution to the tax-sheltered annuity benefit program discussed below. There was no impact on the liability, as no current benefits were frozen and the amendment only affected future employees.

During 2011, the Board of Trustees voted to freeze the accrual of benefits under the Plan effective December 31, 2011. Accordingly, the Medical Center recorded a curtailment gain of \$26,455,853 at June 30, 2011.

The Medical Center also maintains a tax-sheltered annuity benefit program in which it matches one-half of employee contributions up to either 2% or 3% of their annual salary, depending on date of hire. The Medical Center made matching contributions under the program of \$3,083,972 and \$1,469,681 for the years ended June 30, 2012 and 2011, respectively.

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During 2007, the Medical Center created a nonqualified deferred compensation plan covering certain employees under Section 457(b) of the Code. Under the plan, a participant may elect to defer a portion of their compensation to be held until payment in the future to the participant or to his or her beneficiary. Consistent with the requirements of the Code, all amounts of deferred compensation, including but not limited to, any investments held and all income attributable to such amounts, property and rights will remain subject to the claims of the Medical Center's creditors, without being restricted to the payment of deferred compensation, until payment is made to the participant or their beneficiary. No contributions were made by the Medical Center for the years ended June 30, 2012 or 2011.

The Medical Center also provides a noncontributory supplemental executive retirement plan covering certain former executives, as defined. The Medical Center's policy is to accrue costs under this plan using the "Projected Unit Credit Actuarial Cost Method" and to amortize past service costs over a fifteen-year period. Benefits under this plan are based on the participant's final average salary, social security benefit, retirement income plan benefit, and total years of service. Certain investments have been designated for payment of benefits under this plan and are included in assets whose use is limited-pension and insurance obligations.

During 2007, the Medical Center created a supplemental executive retirement plan covering certain executives of the Medical Center. The Medical Center recorded compensation expense of \$667,526 and \$398,471 for the years ended June 30, 2012 and 2011, respectively, related to this plan.

Employee Fringe Benefits

The Medical Center has an "earned time" plan. Under this plan, each qualifying employee "earns" hours of paid leave for each pay period worked. These hours of paid leave may be used for vacations, holidays, or illness. Hours earned but not used are vested with the employee and are paid to the employee upon termination. The Medical Center expenses the cost of these benefits as they are earned by the employees.

Debt Issuance Costs/Original Issue Discount

The debt issuance costs incurred to obtain financing for the Medical Center's construction and renovation programs and refinancing of prior bonds and the original issue discount are amortized in declining amounts by the effective interest method over the repayment period of the bonds. The original issue discount of bonds is presented as a reduction of the face amount of bonds payable.

Investments and Investment Income

Investments in debt and equity securities, including funds held by trustee under revenue bond agreements, are measured at fair value primarily based on quoted market prices. Realized gains or losses on the sale of investment securities are determined by the specific identification method and are recorded on the settlement date. Interest and dividend income on unrestricted investments, unrestricted investment income on permanently restricted investments and unrestricted net realized gains/losses are reported as nonoperating gains.

The Medical Center holds investments in privately held investment funds of \$48,132,000 and \$56,005,000 at June 30, 2012 and 2011, respectively, which are carried at estimated fair value determined by management, based upon valuations provided by management of the privately held investment funds as of June 30, 2012 and 2011. Since investments in privately held investment funds are not readily marketable, the estimated value is subject to uncertainty and therefore, may differ from the value that would have been used had a market for such investments existed and such differences could be material.

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During the years ended June 30, 2012 and 2011, the Medical Center reported realized losses of approximately \$2,887 and \$0, respectively, relating to declines in fair value of investments, that were determined by management to be other than temporary

Derivative Instruments

Derivatives are recognized as either assets or liabilities in the balance sheet at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivatives are recognized either in the excess of revenues over expenses or net assets, depending on whether the derivative is speculative or being used to hedge changes in fair value or cash flows

Beneficial Interest in Perpetual Trust

The Medical Center is the beneficiary of trust funds administered by trustees or other third parties. Trusts wherein the Medical Center has the irrevocable right to receive the income earned on the trust assets in perpetuity are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt. Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor. Annual changes in the fair value of the trusts are recorded as increases or decreases to permanently restricted net assets

Malpractice Loss Contingencies

The Medical Center has a claims-made basis policy for its malpractice insurance coverage. A claims-made policy provides specific coverage for claims reported during the policy term. The Medical Center has established a reserve to cover professional liability exposure which may not be covered by insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Medical Center. In the event a loss contingency should occur, the Medical Center would give it appropriate recognition in its financial statements in conformity with accounting standards. The Medical Center expects to be able to obtain renewal or other coverage in future periods

Recently Issued Accounting Pronouncements

In August 2010, the FASB issued *Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), which provides that the net presentation of receivables for insurance recoveries and related claims liabilities is not permitted. The Medical Center adopted the provisions of ASU 2010-24 during the year ended June 30, 2012

In August 2010, the FASB issued *Health Care Entities: Measuring Charity Care for Disclosure* (ASU 2010-23), which clarified the disclosure of charity care provided by healthcare organizations, providing that such disclosure should be measured using cost and that related reimbursements recorded should also be separately disclosed. The Medical Center adopted the provisions of ASU 2010-23 during the year ended June 30, 2012

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In July 2011, the FASB issued *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provisions for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), which requires certain healthcare entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from net patient service revenue. Additionally, those healthcare entities are required to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts. The Medical Center elected to early adopt ASU 2011-07 during the year ended June 30, 2012 and changed its reporting of the provision for bad debt. Accordingly, the previously reported provision for bad debt of \$23,309,000 for the year ended June 30, 2011 has been reclassified as a reduction to net patient service revenue. The reclassification had no impact on the previously reported excess of revenue over expenses for fiscal 2011.

Subsequent Events

Management of the Medical Center has assessed the impact of subsequent events through November 12, 2012, the date that the audited financial statements were issued and has concluded that there were no such events that would require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements.

3. Net Patient Service Revenues

The following summarizes net patient service revenues:

	2012	2011
Gross patient service revenues	\$ 789,050,137	\$ 754,830,631
Less: Contractual allowances	478,643,816	460,259,874
Less: Provision for bad debt	25,990,192	23,309,455
Net patient service revenues	<u>\$ 284,416,129</u>	<u>\$ 271,261,302</u>

The Medical Center participates in the Federal Medicare Program ("Medicare") and the State of New Hampshire Department of Health and Human Services Medicaid Program ("Medicaid"). The Medical Center is paid a prospectively determined fixed price for each Medicare and Medicaid inpatient acute care service depending on the type of illness or the patient's diagnosis related group classification. Capital costs and certain Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The Medical Center receives payment for Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports.

Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known. The percentage of net patient service revenues earned from the Medicare and Medicaid programs was 39% and 2%, respectively, in 2012 and 34% and 1%, respectively, in 2011.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

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The Medical Center maintains contracts with certain commercial carriers, health maintenance organizations, preferred provider organizations and state and federal agencies. The basis for payment under these agreements includes prospectively determined rates per discharge and per day, discounts from established charges and fee screens. The Medical Center does not currently hold reimbursement contracts which contain financial risk components.

The approximate percentages of patient service revenue, net of contractual allowances and discounts (before the provision for bad debts), for the year ended September 30, 2012, from third-party payors and uninsured patients are as follows:

	Third-Party Payors	Uninsured Patients	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	99.0 %	1.0 %	100.0 %

The Medical Center recognizes changes in accounting estimates for net patient service revenue and third-party payor settlements as new events occur or as additional information is obtained. For the years ended June 30, 2012 and 2011, favorable (unfavorable) adjustments recorded for changes to prior year estimates were approximately \$1,380,000 and (\$180,000), respectively.

Under the State of New Hampshire's (the "State") tax code, the State imposes a Medicaid enhancement tax equal to 5.5% of net patient service revenues. The amount of tax incurred by the Medical Center for 2012 and 2011 was \$15,240,000 and \$12,521,000, respectively. Disproportionate share ("DSH") funding payments from the State are recorded in operating revenues and amounted to \$0 and \$12,028,000 in 2012 and 2011, respectively.

4. Property, Plant and Equipment

The major categories of property, plant and equipment at June 30, 2012 and 2011 are as follows:

	Useful Life	2012	2011
Land and land improvements	2-40 years	\$ 1,177,304	\$ 1,177,304
Buildings and improvements	2-40 years	75,380,884	75,260,904
Fixed equipment	3-25 years	41,042,802	40,989,631
Movable equipment	3-25 years	85,947,020	80,601,377
Construction in progress		3,239,303	488,815
		<u>206,787,313</u>	<u>198,518,031</u>
Less: Accumulated depreciation and amortization		<u>130,826,045</u>	<u>120,798,548</u>
Net property, plant and equipment		<u>\$ 75,961,268</u>	<u>\$ 77,719,483</u>

Depreciation expense amounted to \$10,446,141 and \$10,653,876 for the years ended June 30, 2012 and 2011, respectively.

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5. Note Payable and Long-Term Debt

Long-term debt at June 30 consists of the following

	2012	2011
New Hampshire Health and Education Facilities Authority (the "Authority") Revenue Bonds		
Series 2002A bonds with interest ranging from 5 000% to 6 125% per year and principal payable in annual installments ranging from \$380,000 to \$730,000 through July 1, 2032 The bonds may be redeemed in whole or in part on or after July 1, 2012 at a premium which is not to exceed 1% of the bonds value	\$ 7,425,000	\$ 7,825,000
Series 2002B bonds with a variable interest rate computed based on a weekly floater rate as determined in the agreement, a portion of which is swapped for a fixed interest rate of 3 500% through November 1, 2024 Principal is payable in annual installments ranging from \$640,000 to \$1,650,000 through July 2032	23,335,000	24,000,000
Series 2006 bonds with interest ranging from 4 875% to 5 000% per year and principal payable in annual installments ranging from \$340,000 to \$2,680,000 through July 2036	31,595,000	31,950,000
	62,355,000	63,775,000
Capitalized lease obligations	3,029,451	248,509
Less Unamortized original issue discount	198,531	213,432
	65,185,920	63,810,077
Less Current portion	2,128,404	1,473,605
Long-term debt, net of current portion	\$ 63,057,516	\$ 62,336,472

In December 2002, the Medical Center, in connection with the Authority, issued \$19,225,000 of tax-exempt fixed rate revenue bonds (Series 2002A) and \$28,000,000 of tax-exempt variable rate revenue bonds (Series 2002B) Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment The Medical Center is required to maintain a minimum debt service coverage ratio of 1 25

The proceeds of the Series 2002A and 2002B bond issues were used to advance refund the Series 1989 bonds, to reimburse the Medical Center for prior capital expenditures and to provide funding for the Medical Center's major capital expansion project, a 72,000 square foot addition

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The Series 2002B bonds are subject to purchase from time to time at the option of the owners thereof. To enhance the marketability of the bonds and in order to provide the availability of funds for the payment of the tendered bonds, the Authority has provided for the remarketing of the bonds. To the extent that the remarketing may not be successful, the Authority, and the Medical Center have provided for the purchase of such bonds by entering into a Letter of Credit Reimbursement Agreement (the "Agreement") with Citizens Bank (the "Bank"). The Bank will purchase the Series 2002B bonds that have been tendered and not remarketed. Amounts advanced under the Agreement and not reimbursed to the Bank by the 180th day will automatically be converted into a term loan.

The letter of credit also collateralizes the Series 2002B bonds which allows the Trustee to draw up to \$25,609,726 for repayment of principal and interest on the Series 2002B bonds. Drawings on the letter of credit will bear interest at 1.55%. The letter of credit expires on July 1, 2016. As of June 30, 2012 and 2011, approximately \$16,200,000 has been successfully remarketed by the remarketing agency.

In May 2006, the Medical Center, in connection with the Authority, issued \$32,910,000 of tax-exempt fixed rate revenue bonds (Series 2006). Under the terms of the loan agreements, the Medical Center has granted the Authority a first collateralized interest in all gross receipts and a mortgage lien on existing and future property, plant and equipment. The Medical Center is required to maintain a minimum debt service coverage ratio of 1.25.

The proceeds of the Series 2006 bond issue were used to advance refund \$9,010,000 of the Series 2002A bonds, to provide funding for renovating additional space and equipment at the hospital, and to provide a portion of the funding for the construction of a new parking garage.

The Medical Center has an agreement with the Authority which provides for the establishment of various funds, the use of which is generally restricted to the payment of debt. These funds are administered by a trustee and income earned on certain of these funds is similarly restricted. One of the funds held by the trustee is the debt service reserve fund. This fund may be used should the Medical Center fail to meet principal and interest payments. The reserve fund requirement is the lesser of 10% of the original principal amount less original issue discount of bonds, the maximum amount of principal and interest due in any one future year or 125% of the average annual debt service. Any amounts in excess of the requirements of the fund may be transferred at the discretion of the Medical Center.

Interest paid by the Medical Center totaled \$2,765,357 and \$2,798,611 for the years ended June 30, 2012 and 2011, respectively.

Aggregate principal payments due on the revenue bonds and capitalized lease obligations for each of the five years and thereafter ending June 30 are as follows:

2013	\$ 2,128,404
2014	2,216,785
2015	2,316,735
2016	2,368,580
2017 and thereafter	56,353,947
	<u>\$ 65,384,451</u>

The scheduled principal maturities represent annual payments as required under long-term debt repayment schedules.

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Included in the Medical Center's debt is \$23,335,000 of variable rate demand bonds ("VRDBs"). The Medical Center has entered into an irrevocable letter of credit ("LOC") with a financial institution to secure bond repayment and interest obligations associated with its VRDBs. In the event a bond cannot be remarketed, the bond may be "put" to the LOC provider, resulting in a loan to fund redemption of the bond. If it is assumed that outstanding bonds are put as of July 1, 2012, aggregate scheduled repayments under the VRDB related LOC would be as follows: \$695,000 in 2013, \$725,000 in 2014, \$760,000 in 2015, \$795,000 in 2016 and \$20,360,000 in 2017 and thereafter.

The fair value of the Medical Center's long-term debt is estimated using discounted cash flow analysis, based on the Medical Center's current incremental borrowing rate for similar types of borrowing arrangements. The fair value of the Medical Center's long-term debt, excluding capitalized lease obligations was \$63,228,248 and \$60,021,250 at June 30, 2012 and 2011, respectively.

Pursuant to a Guaranty Agreement dated as of January 1, 1994 by and between Optima Health, Inc. ("Optima") and the trustee for Hillcrest Terrace's Series 1994 bond issue, later transferred from Optima to the Medical Center, the Medical Center has guaranteed to fund, up to a maximum cumulative amount of \$1,900,000, any deficiencies in the Hillcrest Terrace's Debt Service Reserve Fund (the "Reserve Fund") to the extent that the Reserve Fund value, as defined, is less than \$800,000. As of June 30, 2012 and 2011, the Medical Center has made cumulative payments of \$251,564 under this guarantee. As of June 30, 2012 and 2011, the Medical Center has recorded a liability for the remaining \$1,648,436, based upon management's estimate of future obligations.

Notes Payable

In April 2005, the Medical Center, in connection with the Authority, issued \$7,000,000 of Revenue Anticipation/Capital Notes (Series 2005F). The proceeds were used to purchase capital equipment throughout the year and to renew the Series 2004I notes. The notes mature annually and have been renewed each year since inception. In April 2011, the Medical Center reissued \$7,000,000 of Revenue Anticipation/Capital Notes (Series 2011A) to renew the Series 2010E notes. In April 2012, the Medical Center reissued \$6,000,000 of Revenue Anticipation/Capital Notes (Series 2012A) to renew the Series 2011A notes. These notes mature on April 17, 2013 with an interest rate of 2.25%.

Derivatives

The Medical Center uses derivative financial instruments principally to manage interest rate risk. During 2005, the Medical Center entered into an interest rate swap agreement to release the existing agreement signed in 2003. This agreement involves the exchange of fixed rate payments by the Medical Center for variable rate payments from the counterparty without the exchange of the underlying notional amounts. The notional amount for this agreement is \$15,000,000 and expires in November 2024. Under the provisions of this agreement, interest is to be paid to the counterparty, by the Medical Center at 67% of USD-LIBOR-BBA through the remainder of the term.

The fair values of these derivatives amounted to (\$3,751,816) and (\$1,894,890) as of June 30, 2012 and 2011, respectively, and have been included in accrued pension and other liabilities. The changes in the fair value of the derivative of (\$1,858,926) and \$380,831 have been included within nonoperating investment income for the years ended June 30, 2012 and 2011, respectively.

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6. Notes Receivable

During February 1994, Hillcrest Terrace ("Hillcrest") together with the Authority restructured \$26,000,000 of special obligation revenue bonds (Series 1990). The bondholder consented to an amendment of the Series 1990 bond indenture, which permitted the redemption of the Series 1990 bonds at a price of 85% of the par value thereof, or \$22,100,000. The redemption was accomplished partially with the issuance of \$18,950,000 of Series 1994 revenue bonds to the Authority. The Authority then loaned, under a the Loan Agreement and Mortgage, the proceeds thereof to Hillcrest, which proceeds, after payment of certain issuance expenses and accrued interest on the Series 1990 bonds, were used to pay a portion of the redemption price of the Series 1990 bonds. In addition, certain funds deposited into the Series 1990 Reserve Fund were paid to Fidelity Health Alliance, Inc. (the Medical Center's former parent company and one of the organizations which formed Optima and hereinafter referred to as Optima) to repay earlier advances. Optima then loaned \$2,581,528 to Hillcrest pursuant to a subordinated loan agreement. Hillcrest owed Optima \$400,856, which was converted from a current obligation to a long-term obligation and included in the subordinated loan agreement resulting in a total of \$2,982,384 owed to Optima. In conjunction with the disaffiliation from Optima effective July 1, 2000, the subordinated loan became payable to the Medical Center. Hillcrest used a portion of the subordinated loan to pay a portion of the redemption price of the Series 1990 bonds. Also, upon redemption of the Series 1990 bonds, \$1,500,000 from the Series 1990 Reserve Fund was transferred to the Series 1994 Reserve Fund and the remaining amount, \$1,074,000, of the Series 1990 Reserve Fund was used to pay a portion of the redemption price of the Series 1990 bonds. The subordinated loan is subordinated in all respects to the Series 1994 revenue bonds. During 2004, the subordinated loan was restructured by the Medical Center. The principal due was reduced from \$2,982,384 to \$1,522,909. The new note bears interest at a stated rate of 5% per annum. The balance receivable from Hillcrest is \$1,086,672 and \$1,151,184 at June 30, 2012 and 2011, respectively. As of August 31, 2008, Hillcrest defaulted on their debt covenants. As a result, the Medical Center has reserved \$800,000 against the note receivable in the event of default, at June 30, 2012 and 2011. As of June 30, 2012 all payments are current.

7. Operating Leases

The Medical Center has various noncancelable agreements to lease various pieces of medical equipment. The Medical Center also has noncancelable leases for office space. The Medical Center has also assumed lease obligations for certain physician practices that became provider based. Rental expense on all leases for the years ended June 30, 2012 and 2011 was \$6,004,428 and \$5,561,836, respectively.

Estimated future minimum lease payments under noncancelable facility and equipment operating leases for the years ending June 30 are as follows:

2013	\$ 5,198,548
2014	3,552,249
2015	2,365,198
2016	1,621,358
2017 and thereafter	13,010,204
	<u>\$ 25,747,557</u>

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8. Investments and Assets Whose Use is Limited

Investments and assets whose use is limited, are comprised of the following

	2012		2011	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 7,040,423	\$ 7,040,423	\$ 8,095,887	\$ 8,095,887
US Federated Treasury Obligations	5,168,016	5,168,016	5,072,246	5,072,246
Marketable equity securities	17,716,455	15,787,130	17,836,632	15,093,287
Fixed income	10,681,890	10,088,871	10,343,992	9,899,746
Private investment funds	48,132,011	40,289,548	56,005,398	43,944,957
	<u>\$ 88,738,795</u>	<u>\$ 78,373,988</u>	<u>\$ 97,354,155</u>	<u>\$ 82,106,123</u>

Unrestricted investment (loss) income is summarized as follows

	2012	2011
Nonoperating investment income	\$ (757,645)	\$ 1,982,323
Realized gains (losses) on sales of investments (including other-than-temporary impairments)	3,120,955	2,003,005
Change in unrealized appreciation on investments	<u>(5,949,001)</u>	<u>9,794,325</u>
	<u>\$ (3,585,691)</u>	<u>\$ 13,779,653</u>

Effective July 1, 2008, the Medical Center adopted new accounting guidance which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted.

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

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

Level 1: Observable inputs such as quoted prices in active markets,

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, and

Level 3: Unobservable inputs in which there is little or no market data.

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

Market Approach

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

Cost Approach

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

Income Approach

Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques).

The following fair value hierarchy tables present information about the Medical Center's assets and liabilities measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations:

As of June 30, 2012:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 7,040,423	\$ -	\$ -	\$ 7,040,423
U.S. Federated Treasury Obligations	5,168,016	-	-	5,168,016
Marketable equity securities	17,716,455	-	-	17,716,455
Fixed income	10,681,890	-	-	10,681,890
Private investment funds	-	37,412,704	10,719,307	48,132,011
Total assets at fair value	<u>\$ 40,606,784</u>	<u>\$ 37,412,704</u>	<u>\$ 10,719,307</u>	<u>\$ 88,738,795</u>
	Level 1	Level 2	Level 3	Total
Interest rate swap	\$ -	\$ -	\$ (3,751,816)	\$ (3,751,816)
Total liabilities at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,751,816)</u>	<u>\$ (3,751,816)</u>

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As of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 8,095,887	\$ -	\$ -	\$ 8,095,887
U S Federated Treasury Obligations	5,072,246	-	-	5,072,246
Marketable equity securities	17,836,632	-	-	17,836,632
Fixed income	10,343,992	-	-	10,343,992
Private investment funds	-	45,085,122	10,920,276	56,005,398
Total assets at fair value	\$ 41,348,757	\$ 45,085,122	\$ 10,920,276	\$ 97,354,155

	Level 1	Level 2	Level 3	Total
Interest rate swap	\$ -	\$ -	\$ (1,894,890)	\$ (1,894,890)
Total liabilities at fair value	\$ -	\$ -	\$ (1,894,890)	\$ (1,894,890)

The following tables present the assets and liabilities carried at fair value as of June 30, 2012 and 2011 that are classified within Level 3 of the fair value hierarchy. The tables reflect gains and losses for each year, including gains and losses on assets and liabilities that were transferred to Level 3 during the year. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the Medical Center has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Private Investment Funds	Interest Rate Swap
Balance at July 1, 2011	\$ 10,920,276	\$ (1,894,890)
Unrealized losses	(189,934)	(1,856,926)
Realized losses	(1,126)	-
Sales	(9,909)	-
Balance at June 30, 2012	\$ 10,719,307	\$ (3,751,816)

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	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
	Private Investment Funds	Interest Rate Swap
Balance at July 1, 2010	\$ 10,259,860	\$ (2,275,721)
Realized losses	(9,150)	380,831
Unrealized gains	875,993	-
Sales	(206,427)	-
Balance at June 30, 2011	<u>\$ 10,920,276</u>	<u>\$ (1,894,890)</u>

There were no significant transfers between Level 1, 2 or 3 for the year ended June 30, 2012

In 2009, new guidance related to the Fair Value Measurement standard was issued for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or net asset value ("NAV") in accordance with, or in a manner consistent with US GAAP. The Medical Center is permitted under US GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the Medical Center expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US GAAP. The Medical Center's investments in private investment funds are fair valued based on the most current NAV.

The Medical Center performs additional procedures including due diligence reviews on its investments in investment companies and other procedures with respect to the capital account or NAV provided to ensure conformity with US GAAP. The Medical Center has assessed factors including, but not limited to, managers' compliance with Fair Value Measurement standard, price transparency and valuation procedures in place, the ability to redeem at NAV at the measurement date, and existence of certain redemption restrictions at the measurement date.

The guidance also requires additional disclosures to enable user of the financial statements to understand the nature and risk of the Medical Center's investments. Furthermore, investments which can be redeemed at NAV by the Medical Center on the measurement date or in the near term are classified as Level 2. Investments which cannot be redeemed on the measurement date or in the near term are classified as Level 3. The new guidance did not materially affect the Medical Center's consolidated financial statements.

Category	Fair Value	Redemption Frequency	Redemption Notice Period
Private Investment Funds - Level 2	\$ 37,412,704	Daily, Monthly	2-30 days notice
Private Investment Funds - Level 3	10,719,307	Quarterly, Annually	1 year lock up with 65-90 days notice

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

9. Retirement Benefits

A reconciliation of the changes in the Catholic Medical Center Pension Plan and the Medical Center's Supplemental Executive Retirement Plan projected benefit obligations and the fair value of assets for the years ended June 30, 2012 and 2011, and a statement of funded status of the plans as of June 30 for both years follows

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2012	2011	2012	2011
Change in benefit obligations				
Benefit obligation at beginning of year	\$ (157,787,395)	\$ (165,821,556)	\$ (5,394,452)	\$ (5,290,290)
Service cost	(3,191,124)	(7,953,006)	-	-
Interest cost	(8,979,811)	(9,451,428)	(237,723)	(249,976)
Benefits paid	3,225,064	2,634,090	499,627	508,251
Actuarial loss	(40,619,502)	(4,145,691)	(385,759)	(362,437)
Expenses paid	398,326	494,343	-	-
Curtailments, settlements, and special termination benefits	-	26,455,853	-	-
Benefit obligation at end of year	<u>(206,954,442)</u>	<u>(157,787,395)</u>	<u>(5,518,307)</u>	<u>(5,394,452)</u>
Accumulated benefit obligation	206,954,442	152,373,702	5,518,307	5,394,452
Change in plan assets				
Fair value of plan assets at beginning of year	118,571,202	93,896,501	-	-
Actual return on plan assets	(2,226,409)	18,331,134	-	-
Employer contributions	10,288,000	9,472,000	499,627	508,251
Benefits paid	(3,225,064)	(2,634,090)	(499,627)	(508,251)
Expenses paid	<u>(398,326)</u>	<u>(494,343)</u>	<u>-</u>	<u>-</u>
Fair value of plan assets at end of year	<u>123,009,403</u>	<u>118,571,202</u>	<u>-</u>	<u>-</u>
Funded status of plan at June 30	<u>(83,945,039)</u>	<u>(39,216,193)</u>	<u>(5,518,307)</u>	<u>(5,394,452)</u>
Amounts recognized in the statement of financial position consist of				
Current liability	-	-	(470,523)	(493,072)
Noncurrent liability	<u>(83,945,039)</u>	<u>(39,216,193)</u>	<u>(5,047,784)</u>	<u>(4,901,380)</u>
Net amount recognized	<u>\$ (83,945,039)</u>	<u>\$ (39,216,193)</u>	<u>\$ (5,518,307)</u>	<u>\$ (5,394,452)</u>

The net loss for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$1,791,963

The current portion of accrued pension costs included in the above amounts for the Medical Center amounted to \$478,922 and \$504,709 at June 30, 2012 and 2011, respectively, and has been included in accounts payable and accrued expenses

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

The amounts recognized in unrestricted net assets for the years ended June 30, 2012 and 2011 consist of

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2012	2011	2012	2011
Unrestricted net assets				
Prior service cost	\$ -	\$ -	\$ -	\$ -
Net loss	<u>(83,222,441)</u>	<u>(30,916,224)</u>	<u>(2,604,127)</u>	<u>(2,318,731)</u>
Total unrestricted net assets	<u>\$ (83,222,441)</u>	<u>\$ (30,916,224)</u>	<u>\$ (2,604,127)</u>	<u>\$ (2,318,731)</u>

Net periodic pension cost includes the following components for the years ended June 30, 2012 and 2011

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2012	2011	2012	2011
Service cost	\$ 3,191,124	\$ 7,953,006	\$ -	\$ -
Interest cost	8,979,811	9,451,428	237,723	249,976
Expected return on plan assets	(10,114,335)	(8,917,758)	-	-
Prior service cost amortization	-	13,535	-	-
Amount of loss recognized	654,032	2,567,325	100,363	97,066
Recognition due to settlement or curtailment	-	59,559	-	-
Net periodic pension cost	<u>\$ 2,710,632</u>	<u>\$ 11,127,095</u>	<u>\$ 338,086</u>	<u>\$ 347,042</u>

Other changes in plan assets and benefit obligations recognized in unrestricted net assets for the years ended June 30, 2012 and 2011 consist of

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2012	2011	2012	2011
New net loss (gain)	\$ 52,960,246	\$ (31,723,538)	\$ 385,759	\$ 362,437
Amortization of prior service cost (credit)	-	(13,535)	-	-
Recognition or prior service cost due to curtailment	-	(59,559)	-	-
Amortization of net loss	<u>(654,032)</u>	<u>(2,567,325)</u>	<u>(100,363)</u>	<u>(97,066)</u>
Net amount recognized	<u>\$ 52,306,214</u>	<u>\$ (34,363,957)</u>	<u>\$ 285,396</u>	<u>\$ 265,371</u>

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

The Medical Center's investment strategy is to maintain a diversified portfolio of investments with an investment and risk profile consistent with pension liabilities

The investments of the plans are comprised of the following at June 30

	Target Allocation Fiscal Year Ending June 30, 2012	Catholic Medical Center Pension Plan	
		2012	2011
Equity securities	60 %	56.4 %	60.6 %
Debt securities	30	35.4	30.7
Other	10	8.2	8.7
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The assumption for the long-term rate of return on plan assets has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class

The weighted-average assumptions used to determine for the defined benefit pension plans obligations at June 30 are as follows

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2012	2011	2012	2011
Discount rate	4.46 %	5.89 %	3.57 %	4.72 %
Rate of increase in future compensation levels	4.00	4.00	-	-

The weighted-average assumptions used to determine the defined benefit pension plans net periodic benefit costs for the years ended June 30 are as follows

	Catholic Medical Center Pension Plan		Pre-1987 Supplemental Executive Retirement Plan	
	2012	2011	2012	2011
Discount rate	5.89 %	5.75 %	4.72 %	4.90 %
Rate increase in future compensation levels	4.00	4.00	-	-
Expected long-term rate of return on plan assets	8.00	7.75	-	-

The expected employer contributions for the fiscal year ending June 30, 2013 are \$10,478,922

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

The following benefits, which reflect expected future service, as appropriate, are expected to be paid for the years ending June 30 are

	Catholic Medical Center Pension Plan	Pre-1987 Supplemental Executive Retirement Plan
2013	\$ 3,721,236	\$ 478,922
2014	4,164,717	470,701
2015	4,701,121	440,121
2016	5,391,212	430,534
2017	6,123,156	420,168
2018-2022	42,807,018	1,915,593

The Medical Center contributed \$10,288,000 and \$499,627 to the Catholic Medical Center Pension Plan, the Pre-1987 Supplemental Executive Retirement Plan, respectively, for the year ended June 30, 2012. The Medical Center plans to make any necessary contributions during the upcoming fiscal 2013 year to ensure the Plans continue to be adequately funded given the current market conditions.

The following fair value hierarchy tables present information about the Medical Center pension plan's financial assets measured at fair value on a recurring basis based upon the lowest level of significant input valuation.

As of June 30, 2012:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 6,269,276	\$ -	\$ -	\$ 6,269,276
Marketable equity securities	22,156,649	-	-	22,156,649
Fixed income	24,091,935	-	-	24,091,935
Private investment funds	-	60,392,135	10,099,408	70,491,543
Total assets at fair value	<u>\$ 52,517,860</u>	<u>\$ 60,392,135</u>	<u>\$ 10,099,408</u>	<u>\$ 123,009,403</u>

As of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,705,152	\$ -	\$ -	\$ 1,705,152
Marketable equity securities	20,217,166	-	-	20,217,166
Fixed income	16,503,041	-	-	16,503,041
Private investment funds	-	69,799,800	10,346,043	80,145,843
Total assets at fair value	<u>\$ 38,425,359</u>	<u>\$ 69,799,800</u>	<u>\$ 10,346,043</u>	<u>\$ 118,571,202</u>

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

The following tables present the assets carried at fair values at June 30, 2012 and 2011 that are classified at Level 3 of the fair value hierarchy. The table reflects gains and losses for the year, including gains and losses on assets that were transferred to Level 3 as of June 30, 2012 and 2011. Additionally, both observable and unobservable inputs may be used to determine the fair value of positions that the Medical Center has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within Level 3 may include changes in fair value that were attributable to both observable and unobservable inputs.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Private Investment Funds
Balance at July 1, 2011	\$ 10,346,043
Realized losses	(1,664)
Unrealized losses	(230,108)
Sales	(14,863)
Balance at June 30, 2012	<u>\$ 10,099,408</u>

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Private Investment Funds
Balance at July 1, 2011	\$ 7,931,511
Realized losses	(13,508)
Unrealized gains	765,015
Purchases	1,951,200
Sales	(288,175)
Balance at June 30, 2012	<u>\$ 10,346,043</u>

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

10. Related Party Transactions

During 2012 and 2011, the Medical Center made and received transfers (to) from affiliated organizations as follows

	2012	2011
Alliance Health Services	\$ (5,400,000)	\$ (2,500,000)
Physician Practice Associates	(9,117,000)	(7,672,800)
Alliance Ambulatory Service	2,930,000	2,440,000
Alliance Resources, Inc	-	(65,000)
Alliance Enterprises	(72,000)	-
St Peter's Home, Inc	871	(623)
	<u>\$ (11,658,129)</u>	<u>\$ (7,798,423)</u>

The Medical Center enters into various other transactions with the aforementioned related organizations as well as certain other related organizations in the prior year. The net effect of these transactions was an amount due from (to) affiliates of \$458,667 and (\$966,496) at June 30, 2012 and 2011, respectively.

11. Functional Expenses

The Medical Center provides general health care services to residents within its geographic location including inpatient, outpatient and emergency care. Expenses related to providing these services are as follows:

	2012	2011
Health care services	\$ 226,923,966	\$ 229,750,026
General and administrative	48,258,812	48,002,903
	<u>\$ 275,182,778</u>	<u>\$ 277,752,929</u>

12. Concentration of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

	2012	2011
Medicare	41 %	41 %
Medicaid	6	5
Commercial insurance and other	20	22
Patients	17	16
Blue Cross	16	16
	<u>100 %</u>	<u>100 %</u>

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

13. Endowments

In July 2008, the State of New Hampshire enacted a version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The new law which has an effective date of July 1, 2008, eliminates the historical dollar threshold and establishes prudent spending guidelines that consider both the duration and preservation of the fund. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, a New Hampshire, charitable organization may now spend the principal and income of an endowment fund, even from an underwater fund, after considering the factors listed in the Act.

At June 30, 2012, the endowment net asset composition by type of fund consisted of the following

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 353,996	\$ 6,693,072	\$ 7,047,068
Board-designated funds	64,054,092	-	-	64,054,092
Total funds	<u>\$ 64,054,092</u>	<u>\$ 353,996</u>	<u>\$ 6,693,072</u>	<u>\$ 71,101,160</u>

Changes in endowment net assets for the fiscal year ended June 30, 2012, consisted of the

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 66,205,197	\$ 381,533	\$ 6,882,231	\$ 73,468,961
Investment return				
Investment income	686,672	2,156	2,171	690,999
Net depreciation (realized and unrealized)	(5,592,682)	-	(191,331)	(5,784,013)
Total investment (loss) gain	(4,906,010)	2,156	(189,160)	(5,093,014)
Contributions	2,741,081	51,208	-	2,792,289
Appropriation of endowment assets for expenditure	13,825	(80,901)	-	(67,076)
Endowment net assets, end of year	<u>\$ 64,054,093</u>	<u>\$ 353,996</u>	<u>\$ 6,693,071</u>	<u>\$ 71,101,160</u>

At June 30, 2011, the endowment net asset composition by type of fund consisted of the following

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted funds	\$ -	\$ 381,533	\$ 6,882,231	\$ 7,263,764
Board-designated funds	66,205,197	-	-	66,205,197
Total funds	<u>\$ 66,205,197</u>	<u>\$ 381,533</u>	<u>\$ 6,882,231</u>	<u>\$ 73,468,961</u>

Catholic Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

Changes in endowment net assets for the fiscal year ended June 30, 2011 consisted of the following

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 54,710,363	\$ 357,814	\$ 6,266,470	\$ 61,334,647
Investment return				
Investment income	1,242,172	2,454	601	1,245,227
Net appreciation (realized and unrealized)	10,978,393	-	615,160	11,593,553
Total investment gain	12,220,565	2,454	615,761	12,838,780
Contributions	(745,711)	81,408	-	(664,303)
Appropriation of endowment assets for expenditure	19,980	(60,143)	-	(40,163)
Endowment net assets, end of year	<u>\$ 66,205,197</u>	<u>\$ 381,533</u>	<u>\$ 6,882,231</u>	<u>\$ 73,468,961</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2012 and 2011.

14. Commitments and Contingencies

Litigation

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the Medical Center. The Medical Center intends to defend vigorously against these claims. While ultimate liability, if any, arising from any such claims is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the Medical Center.

Regulatory

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time.

Other Financial Information



Report of Independent Auditors on Accompanying Consolidating Information

To the Board of Trustees of
Catholic Medical Center and Subsidiaries

We have audited the consolidated financial statements of Catholic Medical Center and Subsidiaries as of June 30, 2012 and 2011 and for the years then ended and our report thereon appears on page 1 of this document. Those audits were conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The consolidating 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 consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position and results of operations of the individual companies.

PricewaterhouseCoopers LLP

November 12, 2012

Catholic Medical Center and Subsidiaries

Consolidating Balance Sheet

June 30, 2012

	Catholic Medical Center	CMC Associates	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 62,005,310	\$ 190,572	\$ -	\$ 62,195,882
Short-term investments	1,030,384	-	-	1,030,384
Accounts receivable from patients, less allowance of \$14,520,666 in 2012	30,745,571	-	-	30,745,571
Inventories	1,248,598	45,350	-	1,293,948
Due from affiliates	443,573	15,094	-	458,667
Other current assets	3,469,354	511	-	3,469,865
Total current assets	98,942,790	251,527	-	99,194,317
Property, plant and equipment, net	75,934,131	27,137	-	75,961,268
Other assets				
Note receivable, less allowance of \$800,000	218,859	-	-	218,859
Unamortized debt issuance costs	834,884	-	-	834,884
Other assets	16,063,478	-	-	16,063,478
	17,117,221	-	-	17,117,221
Assets whose use is limited				
Pension and insurance obligations	11,439,235	-	-	11,439,235
Board-designated and donor-restricted investments	71,101,160	-	-	71,101,160
Held by trustee under revenue bond agreement	5,168,016	-	-	5,168,016
Total assets whose use is limited	87,708,411	-	-	87,708,411
Total assets	\$ 279,702,553	\$ 278,664	\$ -	\$ 279,981,217
Liabilities and Net Assets				
Current liabilities				
Current portion of long-term debt	\$ 2,128,404	\$ -	\$ -	\$ 2,128,404
Accounts payable and accrued expenses	14,094,800	44,042	-	14,138,842
Accrued salaries, wages and related accounts	13,330,899	-	-	13,330,899
Amounts payable to third-party payors	8,920,004	-	-	8,920,004
Notes payable	6,000,000	-	-	6,000,000
Amounts due to affiliates	-	-	-	-
Total current liabilities	44,474,107	44,042	-	44,518,149
Accrued pension and other liabilities, net of current portion	111,550,388	-	-	111,550,388
Long-term debt, net of current portion	63,057,516	-	-	63,057,516
Total liabilities	219,082,011	44,042	-	219,126,053
Commitments and contingencies				
Net assets				
Unrestricted	53,573,474	234,622	-	53,808,096
Temporarily restricted	353,996	-	-	353,996
Permanently restricted	6,693,072	-	-	6,693,072
Total net assets	60,620,542	234,622	-	60,855,164
Total liabilities and net assets	\$ 279,702,553	\$ 278,664	\$ -	\$ 279,981,217

Catholic Medical Center and Subsidiaries
Consolidating Balance Sheet
June 30, 2011

	Catholic Medical Center	CMC Associates	New England Heart Institute Foundation	Eliminations	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 45,078,847	\$ 209,255	\$ -	\$ -	\$ 45,288,102
Short-term investments	6,386,296	-	-	-	6,386,296
Accounts receivable from patients, less allowance of \$11,863,966 in 2011	32,302,845	-	-	-	32,302,845
Inventories	1,228,166	52,424	-	-	1,280,590
Other current assets	3,402,177	6,248	-	-	3,408,425
Total current assets	88,398,331	267,927	-	-	88,666,258
Property, plant and equipment, net	77,686,783	32,700	-	-	77,719,483
Other assets					
Note receivable, less allowance of \$800,000	319,476	-	-	-	319,476
Unamortized debt issuance costs	892,422	-	-	-	892,422
	1,211,898	-	-	-	1,211,898
Assets whose use is limited					
Pension and insurance obligations	12,426,652	-	-	-	12,426,652
Board-designated and donor-restricted investments	73,468,961	-	-	-	73,468,961
Held by trustee under revenue bond agreement	5,072,246	-	-	-	5,072,246
Total assets whose use is limited	90,967,859	-	-	-	90,967,859
Total assets	\$ 258,264,871	\$ 300,627	\$ -	\$ -	\$ 258,565,498
Liabilities and Net Assets					
Current liabilities					
Current portion of long-term debt	\$ 1,473,605	\$ -	\$ -	\$ -	\$ 1,473,605
Accounts payable and accrued expenses	15,118,478	17,494	-	-	15,135,972
Accrued salaries, wages and related accounts	12,818,247	-	-	-	12,818,247
Amounts payable to third-party payors	4,528,053	-	-	-	4,528,053
Notes payable	7,000,000	-	-	-	7,000,000
Amounts due to affiliates	973,886	(7,390)	-	-	966,496
Total current liabilities	41,912,269	10,104	-	-	41,922,373
Accrued pension and other liabilities, net of current portion	53,434,346	-	-	-	53,434,346
Long-term debt, net of current portion	62,336,472	-	-	-	62,336,472
Total liabilities	157,683,087	10,104	-	-	157,693,191
Commitments and contingencies					
Net assets					
Unrestricted	93,318,020	290,523	-	-	93,608,543
Temporarily restricted	381,533	-	-	-	381,533
Permanently restricted	6,882,231	-	-	-	6,882,231
Total net assets	100,581,784	290,523	-	-	100,872,307
Total liabilities and net assets	\$ 258,264,871	\$ 300,627	\$ -	\$ -	\$ 258,565,498

Catholic Medical Center and Subsidiaries
Consolidating Statement of Operations
Year Ended June 30, 2012

	Catholic Medical Center	CMC Associates	Eliminations	Total
Operating revenue				
Net patient service revenue	\$ 284,416,129	\$ -	\$ -	\$ 284,416,129
DSH funding	-	-	-	-
Other revenue	11,306,224	330,614	-	11,636,838
Total operating revenue	295,722,353	330,614	-	296,052,967
Operating expenses				
Salaries, wages and fringe benefits	144,427,317	81,621	-	144,508,938
Supplies and other expenses	101,808,378	299,416	-	102,107,794
Medicaid enhancement tax	15,240,270	-	-	15,240,270
Depreciation and amortization	10,554,856	5,563	-	10,560,419
Interest	2,765,357	-	-	2,765,357
Total operating expenses	274,796,178	386,600	-	275,182,778
Income from operations	20,926,175	(55,986)	-	20,870,189
Nonoperating gains (losses)				
Investment (loss) income	(757,730)	85	-	(757,645)
Net realized gains on sales of investments	3,120,955	-	-	3,120,955
Loss on sale of property and equipment	(159,445)	-	-	(159,445)
Nonoperating gains, net	2,203,780	85	-	2,203,865
Excess/(deficit) of revenue over expenses	23,129,955	(55,901)	-	23,074,054
Other changes in net assets				
Change in unrealized depreciation on investments	(5,949,001)	-	-	(5,949,001)
Assets released from restrictions used for capital	13,825	-	-	13,825
Pension-related changes other than net periodic pension cost	(45,281,196)	-	-	(45,281,196)
Adoption of new accounting principle - goodwill impairment	-	-	-	-
Net assets transferred to affiliates	(11,658,129)	-	-	(11,658,129)
Decrease in unrestricted net assets	\$ (39,744,546)	\$ (55,901)	\$ -	\$ (39,800,447)

Catholic Medical Center and Subsidiaries
Consolidating Statement of Operations
Year Ended June 30, 2011

	Catholic Medical Center	CMC Associates	New England Heart Institute Foundation	Eliminations	Total
Operating revenue					
Net patient service revenue	\$ 271,261,302	\$ -	\$ -	\$ -	\$ 271,261,302
DSH funding	12,027,952	-	-	-	12,027,952
Other revenue	5,013,015	344,342	3,276	-	5,360,633
Total operating revenue	288,302,269	344,342	3,276	-	288,649,887
Operating expenses					
Salaries, wages and fringe benefits	150,560,438	75,510	-	-	150,635,948
Supplies and other expenses	100,757,135	239,090	3,160	-	100,999,385
Medicaid enhancement tax	12,521,429	-	-	-	12,521,429
Depreciation and amortization	10,791,993	5,563	-	-	10,797,556
Interest	2,798,611	-	-	-	2,798,611
Total operating expenses	277,429,606	320,163	3,160	-	277,752,929
Income from operations	10,872,663	24,179	116	-	10,896,958
Nonoperating gains					
Investment income	1,980,705	138	1,480	-	1,982,323
Net realized gains on sales of investments	2,003,005	-	-	-	2,003,005
Loss on sale of property and equipment	(15,946)	-	-	-	(15,946)
Nonoperating gains, net	3,967,764	138	1,480	-	3,969,382
Excess of revenue over expenses	14,840,427	24,317	1,596	-	14,866,340
Other changes in net assets					
Change in unrealized appreciation on investments	9,794,325	-	-	-	9,794,325
Assets released from restrictions used for capital	19,980	-	-	-	19,980
Pension-related changes other than net periodic pension cost	29,331,769	-	-	-	29,331,769
Adoption of new accounting principle - goodwill impairment	(12,496)	-	-	-	(12,496)
Net assets transferred to affiliates	(7,530,577)	-	(267,846)	-	(7,798,423)
Increase (decrease) in unrestricted net assets	\$ 46,443,428	\$ 24,317	\$ (266,250)	\$ -	\$ 46,201,495

Additional Data

Software ID:

Software Version:

EIN: 02-0315693

Name: Catholic Medical Center

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			
Adele Boufford Baker Director	1 00	X						0	0	0
Gary Bouchard PhD Director	1 00	X						0	0	0
Paul S Boynton Director (Part Year)	1 00	X						0	0	0
Daryl J Cady CPA Director	1 00	X						0	0	0
Stephen Camann Director	1 00	X						0	0	0
Guy D Chapdelaine Director	1 00	X						0	0	0
William Clutterbuck MD Director	1 00	X						0	342,506	33,294
Eleanor Wm Dahar Esq Director	1 00	X						0	0	0
Jeff Eisenberg Director (Part Year)	1 00	X						0	0	0
Raef Fahmy DPM Director	40 00	X						116,392	0	2,432
Connor J Haugh MD FACC Director	1 00	X						0	630,602	34,137
Susan Huard PhD Director	1 00	X						0	0	0
Suzanna D Majewski Director	1 00	X						0	0	0
Anne M O'Connor MD Director	1 00	X						0	0	0
Msgr John P Quinn Director	1 00	X						0	0	0
Ronald J Rioux Director (Part Year)	1 00	X						0	0	0
Keith A Stahl MD Director	1 00	X						0	287,041	12,440
Rev Gayle Whittemore Director (Part Year)	1 00	X						0	0	0
Joseph Graham Chair	1 00	X		X				0	0	0
Suzanne K Mellon PhD RN Vice Chair	1 00	X		X				0	0	0
Jerome Duval Treasurer	1 00	X		X				0	0	0
Margaret-Ann Moran Esq Secretary	1 00	X		X				0	0	0
Joseph Pepe MD President & CEO	40 00	X		X				346,001	0	19,545
Alyson Pitman Giles President & CEO (Part Year)	40 00	X		X				798,551	0	348,357
Edward Dudley III Senior VP & CFO	40 00			X				358,208	0	82,328

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			
Allen Ericson COO	1 00			X				408,870	0	43,671
Raymond Bonito Exec VP (Part Year)	50 00			X				428,228	0	137,121
Lisa Roux Coggins VP, Surgical Services	40 00					X		201,443	0	12,151
Margo Compagna VP, Human Resources	40 00					X		198,315	0	15,273
Robert Duhaime Chief Nursing Exec	40 00					X		249,440	0	30,213
Carolanne O'Sullivan V/P, NEHI/Physician Practices	40 00					X		208,036	0	12,799
Brian Tew CIO	40 00					X		248,654	0	29,727
Kevin Kilday Former Officer	0 00						X	124,809	0	0