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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 10-01-2011 and ending 09-30-2012		D Employer identification number	
B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization Alice Peck Day Memorial Hospital		02-0222791
	Doing Business As		E Telephone number (603) 448-3121
	Number and street (or P O box if mail is not delivered to street address) 10 ALICE PECK DAY DRIVE	Room/suite	G Gross receipts \$ 57,641,594
	City or town, state or country, and ZIP + 4 LEBANON, NH 037662647		
	F Name and address of principal officer HARRY G DORMAN III FACHE 10 ALICE PECK DAY DRIVE LEBANON, NH 037662647		
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (insert no) ☐ 4947(a)(1) or ☐ 527		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
J Website: ▶ WWW.ALICEPECKDAY.ORG			
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶		L Year of formation 1943	M State of legal domicile NH

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities CRITICAL ACCESS HOSPITAL		
	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	22
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	18
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	516
	6 Total number of volunteers (estimate if necessary)	6	55
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 462,323	Current Year 2,648,403
	9 Program service revenue (Part VIII, line 2g)	50,223,338	51,719,846
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	106,115	284,746
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	40,165	39,312
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	50,831,941	54,692,307
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	41,450
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)		28,733,724	30,812,469
16a Professional fundraising fees (Part IX, column (A), line 11e)		86,744	256,600
b Total fundraising expenses (Part IX, column (D), line 25) <u>678,665</u>			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		20,456,710	21,328,367
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		49,318,628	52,437,436
19 Revenue less expenses Subtract line 18 from line 12		1,513,313	2,254,871
Net Assets or Fund Balances			Beginning of Current Year
	20 Total assets (Part X, line 16)	33,647,872	39,832,951
	21 Total liabilities (Part X, line 26)	19,624,880	23,447,694
	22 Net assets or fund balances Subtract line 21 from line 20	14,022,992	16,385,257

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			2013-05-07 Date	
	EVALIE M CROSBY VP FINANCE & CFO Type or print name and title				
Paid Preparer's Use Only	Preparer's signature	TIMOTHY R HEPBURN	Date	Check if self-employed ☐	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4	BAKER NEWMAN & NOYES 650 Elm St Suite 302 Manchester, NH 03101			EIN
					Phone no (800) 244-7444

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 ALICE PECK DAY MEMORIAL HOSPITAL IS TO PROVIDE PATIENT-FOCUSED HEALTHCARE SERVICES THAT ARE RESPONSIVE TO COMMUNITY NEEDS, TO PROMOTE WELLNESS, AND TO CONTINUALLY IMPROVE THE QUALITY OF HEALTHCARE SERVICES IN THE COMMUNITY

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

If "Yes," describe these changes on Schedule O

4a	(Code) (Expenses \$	48,446,594 including grants of \$	40,000) (Revenue \$	51,628,024)
	ALICE PECK DAY MEMORIAL HOSPITAL IS A COMMUNITY-BASED CRITICAL ACCESS HOSPITAL OPERATING IN LEBANON NH THE HOSPITAL BEGAN AS A SMALL COTTAGE HOSPITAL IN 1932 FROM ITS HUMBLE BEGINNINGS, ALICE PECK DAY HAS CONTINUALLY DEMONSTRATED ITS COMMITMENT TO PROVIDE PATIENT-FOCUSED HEALTH CARE SERVICES WHICH IMPROVE THE QUALITY OF LIFE WITHIN ITS COMMUNITY AND PROMOTE WELLNESS FOR ALL. ALICE PECK DAY MEMORIAL HOSPITAL IS A CHARITABLE HEALTH CARE ORGANIZATION WHICH IS DEDICATED TO SERVING ITS COMMUNITY THIS COMMITMENT INCLUDES GRANTING CREDIT TO PATIENTS, SUBSTANTIALLY ALL OF WHOM ARE LOCAL RESIDENTS THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN THE ESTABLISHED RATES COLLECTIONS ARE NOT PURSUED FOR AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE THE HOSPITAL MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY, THE ESTABLISHED COSTS OF THE SERVICES AND SUPPLIES PROVIDED AND EQUIVALENT SERVICE STATISTICS FOR THE YEAR ENDED SEPTEMBER 30, 2012 CHARITY CARE AT A COST OF \$688,102 WAS PROVIDED TO ELIGIBLE PATIENTS ESTIMATED COSTS INCURRED IN EXCESS OF PAYMENT FOR INPATIENT AND OUTPATIENT SERVICES FOR MEDICAID PATIENTS IN THE YEAR ENDED SEPTEMBER 30, 2012 WERE \$1,084,070 IN ADDITION TO THE CHARITY CARE SERVICES DESCRIBED ABOVE, THE HOSPITAL PROVIDED A NUMBER OF OTHER SERVICES FOR WHICH LITTLE OR NO PAYMENT WAS RECEIVED SERVICES INCLUDED COMMUNITY HEALTH SERVICES, HEALTH PROFESSIONAL EDUCATION, COMMUNITY BUILDING ACTIVITIES, AND COMMUNITY BENEFIT PROGRAMS SERVICES RANGED FROM COMMUNITY FLU CLINICS, UPPER VALLEY SMILES DENTAL PROGRAM, STUDENT AND PROFESSIONAL EDUCATION, EMERGENCY PHARMACY VOUCHERS AND MANY OTHER PROGRAMS WHICH CONTRIBUTED TO AND SUPPORTED OUR COMMUNITY AS A LOCAL HOSPITAL, ALICE PECK DAY WORKS CLOSELY WITH COMMUNITY ORGANIZATIONS TO ADDRESS COMMUNITY NEEDS ORGANIZATIONS THAT WERE BENEFICIARIES OF HOSPITAL STAFF TIME, MEETING SPACE, AND/OR MATERIALS INCLUDE ALCOHOLICS ANONYMOUS, AARP, ARTHRITIS FOUNDATION, AWAKE SUPPORT GROUP, CHILDBIRTH EDUCATION AND POSTPARTUM MASSAGE, COLBY SAWYER COLLEGE, COMMUNITY HEALTH DEPARTMENT, GEISEL SCHOOL OF MEDICINE AT DARTMOUTH, GOOD NEIGHBOR HEALTH CLINIC, GRAFTON COUNTY SENIOR CENTER, GRAFTON COUNTY SENIOR CITIZEN'S COUNCIL, LEBANON AREA CHAMBER OF COMMERCE, LEBANON COLLEGE, LEBANON SCHOOL BIKE RODEO, LEBANON SCHOOL DISTRICT, NE INSTITUTE OF TECHNOLOGY, OVER-EATERS ANONYMOUS, RIVER VALLEY COMMUNITY COLLEGE, SAVVY SENIORS EXERCISE PROGRAM, UPPER VALLEY INTERFAITH PROJECT, UPPER VALLEY TURNING POINT, UPPER VALLEY SMILES DENTAL PROGRAM, VERMONT TECHNICAL COLLEGE, AND YALE UNIVERSITY IN CERTAIN INSTANCES ASSISTANCE WAS PROVIDED TO THE COMMUNITY FOR WHICH NO VALUE CAN BE PLACED THIS ASSISTANCE INCLUDED LEADERSHIP IN IDENTIFYING COMMUNITY NEEDS, STAFF COMMITMENT TO VOLUNTEER FOR COMMUNITY ORGANIZATIONS, ADVOCACY AND SUPPORT FOR THE SOCIALLY AND PHYSICALLY DISADVANTAGED, AND SUPPORT FOR LOCAL PUBLIC SAFETY ORGANIZATIONS ALICE PECK DAY CONSIDERS CARING FOR OUR COMMUNITY A SPECIAL RESPONSIBILITY THAT WE ARE HONORED TO FULFILL THROUGH ITS MANY PROGRAMS, DEDICATED STAFF AND UNWAVERING COMMITMENT TO QUALITY CARE, ALICE PECK DAY WORKS TO EXCEED THESE EXPECTATIONS AND MAKE A REAL DIFFERENCE IN OUR COMMUNITY			

[illegible][illegible]

4e	Total program service expenses	\$ 48,446,594
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Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
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		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
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		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
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	78
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	0
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	2a516
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?	7aNo
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	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	22		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	18
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶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 ▶ ELIZABETH LOUDERMILK 10 ALICE PECK DAY DRIVE LEBANON, NH 037662647 (603) 448-3121

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

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

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

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

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	2,400,163	468,292	236,550

2 Total number of individuals (including but not limited to those listed in the table above) who received more than \$100,000 of reportable compensation from the organization. 43

		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	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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) Name and business address	(B) Description of services	(C) Compensation
COMBINED SERVICES PO BOX 1320 CONCORD, NH 03302	PLAN ADMINISTRATOR	165,212
LAVALLEE BRENSINGER ARCHITECTS 155 DOW ST SUITE 400 MANCHESTER, NH 03101	ARCHITECTS	472,591
UPPER VALLEY NEUROLOGY 106 HANOVER ST LEBANON, NH 03766	PROFESSIONAL SERVICE	1,936,692
VALLEY REGIONAL HOSPITAL 243 ELM ST CLAREMONT, NH 03743	LAB SERVICES	173,662
COMPHEALTH MEDICAL STAFFING PO BOX 972651 DALLAS, TX 753972651	PROFESSIONAL STAFF	331,124

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 ▶7

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,648,403				
	g	Noncash contributions included in lines 1a-1f \$ 6,643						
	h	Total. Add lines 1a-1f		2,648,403				
Program Service Revenue			Business Code					
	2a	PATIENT SERVICE REVENUE	621400	51,399,105	51,399,105			
	b	OTHER OPERATING REVENUE	621400	228,919	228,919			
	c	NUTRITIONAL REVENUE	900099	91,822		91,822		
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		51,719,846				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		71,205			71,205	
	4	Income from investment of tax-exempt bond proceeds . .		0				
	5	Royalties		0				
	6a	(i) Real		(ii) Personal				
		Gross rents	52,089					
		b Less rental expenses	12,777					
		c Rental income or (loss)	39,312					
	d	Net rental income or (loss)		39,312			39,312	
	7a	(i) Securities		(ii) Other				
		Gross amount from sales of assets other than inventory	3,149,551	500				
		b Less cost or other basis and sales expenses	2,876,083	60,427				
		c Gain or (loss)	273,468	-59,927				
	d	Net gain or (loss)		213,541			213,541	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . .		0				
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities . .		0				
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
c	Net income or (loss) from sales of inventory . .		0					
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		0					
12	Total revenue. See Instructions		54,692,307	51,628,024		415,880		

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	40,000	40,000		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	829,709	77,501	752,208	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	24,268,920	23,649,606	367,129	252,185
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	774,861	721,759	45,199	7,903
9	Other employee benefits	3,265,644	3,042,143	190,222	33,279
10	Payroll taxes	1,673,335	1,518,571	138,187	16,577
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	64,566	11,005	53,561	
c	Accounting	56,750		56,750	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	256,600			256,600
f	Investment management fees	0			
g	Other	6,334,001	5,931,894	322,304	79,803
12	Advertising and promotion	82,652	258	82,391	3
13	Office expenses	1,143,168	838,338	290,046	14,784
14	Information technology	92,906	88,664	3,236	1,006
15	Royalties	0			
16	Occupancy	1,143,322	973,158	164,854	5,310
17	Travel	252,270	224,834	25,166	2,270
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	295,856	249,606	45,015	1,235
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	1,514,389	1,282,033	232,356	
23	Insurance	541,743	530,089	11,343	311
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT EXPENSE	2,439,576	2,439,576		
b	MEDICAID ENHANCEMENT TAX	1,854,160	1,854,160		
c	EQUIPMENT RENTAL/MAINTENANCE	448,567	437,341	11,162	64
d	MEDICAL SUPPLIES/EQUIPMENT	4,463,587	4,456,441	6,841	305
e					
f	All other expenses	600,854	79,617	514,207	7,030
25	Total functional expenses. Add lines 1 through 24f	52,437,436	48,446,594	3,312,177	678,665
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			296,478	1	49,669
	2	Savings and temporary cash investments			6,445,524	2	2,737,368
	3	Pledges and grants receivable, net			73,430	3	1,833,739
	4	Accounts receivable, net			7,551,295	4	7,528,117
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L			0	6	0
	7	Notes and loans receivable, net			0	7	0
	8	Inventories for sale or use			1,220,966	8	1,238,856
	9	Prepaid expenses and deferred charges			372,898	9	387,557
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	42,080,929			
	b	Less: accumulated depreciation	10b	22,981,032	12,375,393	10c	19,099,897
	11	Investments—publicly traded securities			2,827,079	11	3,395,054
	12	Investments—other securities. See Part IV, line 11			8,500	12	8,500
	13	Investments—program-related. See Part IV, line 11			0	13	0
	14	Intangible assets			128,010	14	122,544
	15	Other assets. See Part IV, line 11			2,348,299	15	3,431,650
	16	Total assets. Add lines 1 through 15 (must equal line 34)			33,647,872	16	39,832,951
Liabilities	17	Accounts payable and accrued expenses			6,379,747	17	7,799,569
	18	Grants payable			0	18	0
	19	Deferred revenue			0	19	0
	20	Tax-exempt bond liabilities			12,144,107	20	14,807,522
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			0	23	0
	24	Unsecured notes and loans payable to unrelated third parties			495,000	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			606,026	25	840,603
	26	Total liabilities. Add lines 17 through 25			19,624,880	26	23,447,694
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			13,051,788	27	15,898,995
	28	Temporarily restricted net assets			945,364	28	458,576
	29	Permanently restricted net assets			25,840	29	27,686
	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			14,022,992	33	16,385,257
	34	Total liabilities and net assets/fund balances			33,647,872	34	39,832,951

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	54,692,307
2	Total expenses (must equal Part IX, column (A), line 25)	2	52,437,436
3	Revenue less expenses Subtract line 2 from line 1	3	2,254,871
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,022,992
5	Other changes in net assets or fund balances (explain in Schedule O)	5	107,394
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	16,385,257

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?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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 Alice Peck Day Memorial Hospital	Employer identification number 02-0222791
--	--

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 Alice Peck Day Memorial Hospital	Employer identification number 02-0222791
--	--

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?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		9,337
	j Total lines 1c through 1i			9,337
	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?		No		

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
PART II-B, LINE 1 (I), OTHER LOBBYING ACTIVITIES		THE ORGANIZATION PAYS DUES TO THE NEW HAMPSHIRE HOSPITAL ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION, A PORTION OF WHICH ARE ATTRIBUTABLE TO LOBBYING ACTIVITIES

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

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

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

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	25,840	28,065	26,827	26,456
b	Contributions				
c	Investment earnings or losses	1,846	-2,225	1,238	371
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance	27,686	25,840	28,065	26,827

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Term endowment ▶

3a

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

	Yes	No
(i) unrelated organizations	3a(i)	No
(ii) related organizations	3a(ii)	No

b

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

3b

No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		927,577		927,577
b Buildings		13,168,604	7,655,565	5,513,039
c Leasehold improvements		250,651	192,510	58,141
d Equipment		17,941,661	14,308,951	3,632,710
e Other		9,792,434	824,004	8,968,430
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				19,099,897

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 investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	

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 facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	

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
SCHEDULE D,PART X, LINE 2		The System consists of not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, all of which are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the System's tax positions and concluded the System maintained its tax exempt status, does not have any significant unrelated business income, and had taken no uncertain tax positions that require adjustment to the consolidated financial statements. With few exceptions, the System is no longer subject to income tax examination by the U S federal or state tax authorities for years prior to 2009.

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

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

e

☒

Solicitation of non-government grants

b

☒

Internet and e-mail solicitations

f

☒

Solicitation of government grants

c

☐

Phone solicitations

g

☐

Special fundraising events

d

☒

In-person solicitations

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			
GRAHAM-PELTON CONSULTING INC 39 BEECHWOOD RD SUMMIT, NJ 07901	CONSULTING		No		256,600	
Total ▶					256,600	

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.

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. Cat No 50083H Schedule G (Form 990 or 990-EZ) 2011

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
		(event type)	(event type)	(total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts			
	2	Less Charitable contributions			
	3	Gross income (line 1 minus line 2)			
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes			
	6	Rent/facility costs			
	7	Food and beverages			
	8	Entertainment			
	9	Other direct expenses			
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			

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 quuestion on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
PART IV		GRAHAM-PELTON CONSULTING INC PROVIDED CONSULTING SERVICES TO THE ENTITY FOR A CAPITAL CAMPAIGN THEY WERE PAID FOR THESE SERVICES AS DETAILED IN LINE 2 B COLUMN V NO FUNDS WERE IN THE CUSTODY OR CONTROL OF THE CONSULTANT

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

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 <u>275. %</u>	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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
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)			688,102		688,102	1 310 %
b Medicaid (from Worksheet 3, column a)			6,434,711	5,350,641	1,084,070	2 070 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			7,122,813	5,350,641	1,772,172	3 380 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			163,769		163,769	0 310 %
f Health professions education (from Worksheet 5)			38,299		38,299	0 070 %
g Subsidized health services (from Worksheet 6)			9,980,492	6,835,209	3,145,283	6 000 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			68,442		68,442	0 130 %
j Total Other Benefits			10,251,002	6,835,209	3,415,793	6 510 %
k Total. Add lines 7d and 7j			17,373,815	12,185,850	5,187,965	9 890 %

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			2,398		2,398	
2Economic development			1,342		1,342	
3Community support			16,455		16,455	0 030 %
4Environmental improvements			18,052		18,052	0 040 %
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			38,247		38,247	0 070 %

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	21,664,183	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3100,000	
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)	512,924,698	
6	Enter Medicare allowable costs of care relating to payments on line 5	612,798,156	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7126,542	
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)

ALICE PECK DAY MEMORIAL HOSPITAL

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	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) 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 % 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>275</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	No

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? 9

Name and address		Type of Facility (Describe)
1	RAM CENTER FOR COMMUNITY CARE 10 ALICE PECK DAY DR 5 LEBANON, NH 03766	PRIMARY CARE PHYSICIAN CLINIC
2	WOMEN'S CARE CENTER 141 MASCOMA ST LEBANON, NH 03766	OB/GYN PHYSICIAN CLINIC
3	APD ORTHOPAEDIC CLINIC 10 ALICE PECK DAY DR 17-C LEBANON, NH 03766	ORTHOPAEDIC PHYSICIAN CLINIC
4	GENERAL SURGERY CLINIC 10 ALICE PECK DAY DR LEBANON, NH 03766	GENERAL SURGEON CLINIC
5	PAIN MANAGEMENT CLINIC 127 MASCOMA ST 3RD FLOOR LEBANON, NH 03766	PAIN MANAGEMENT CLINIC
6	MIDWIFERY SERVICES 57 MECHANIC ST SUITE 2 LEBANON, NH 03766	MIDWIFERY CLINIC
7	APD HAND & UPPER EXTREMITY CLINIC 205 BILLINGS FARM RD UNIT 3A WHITE RIVER JUNCTION, VT 05001	HAND & UPPER EXTREMITY ORTHOPAEDIC PHYSICIAN CLINIC
8	OCCUPATIONAL HEALTH SERVICES 127 MASCOMA ST LEBANON, NH 03766	OCCUPATIONAL HEALTH PHYSICIAN CLINIC
9	NEUROSURGERY SERVICES AT APD (NSAPD) 106 HANOVER STREET LEBANON, NH 03766	NEUROSURGERY PHYSICIAN CLINIC
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
SCHEDULE H, PART I, LINE 3B		FAMILY INCOME LIMIT FOR ELIGIBILITY FOR DISCOUNTED CARE RANGES FROM 200%-275% OF FPG

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		THE COSTS OF CHARITY CARE AND MEANS-TESTED PROGRAMS ARE CALCULATED USING THE FACILITY-WIDE COST TO CHARGE RATIO AS CALCULATED IN WORKSHEET 2. SUBSIDIZED HEALTH SERVICES ARE CALCULATED USING THE COST TO CHARGE RATIOS PER SERVICE AREA USING A STEP-DOWN COST ALLOCATION METHODOLOGY CONSISTENT WITH MEDICARE COST REPORT METHODOLOGY. THE COST OF FINANCIAL ASSISTANCE AND OTHER COMMUNITY BENEFITS AT COST ARE 9.89% OF TOTAL EXPENDITURES ON FORM 990, PART IX, COLUMN A, LINE 26, EXCLUDING BAD DEBT EXPENSE.

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7, COLUMN (F)		BAD DEBT EXPENSE REPORTED ON FORM 990 PART IX, LINE 25 WAS EXCLUDED FROM TOTAL EXPENSES FOR THE CALCULATION OF NET COMMUNITY BENEFIT EXPENSES AS A PERCENT OF TOTAL EXPENSE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART II		ALICE PECK DAY MEMORIAL HOSPITAL PARTICIPATES IN VARIOUS COMMUNITY BUILDING ACTIVITIES TO PROMOTE AND ADVOCATE FOR THE HEALTH NEEDS OF THE COMMUNITY SIGNIFICANT ACTIVITIES INCLUDE PARTICIPATION IN THE UPPER VALLEY INTERFAITH PROJECT WHICH PROMOTES ADEQUATE PUBLIC TRANSPORTATION IN THE REGION, INCLUDING AVAILABILITY OF TRANSPORTATION FOR HOSPITAL AND CLINIC VISITS FOR AREA RESIDENTS APD'S SOCIAL SERVICES DEPARTMENT WORKS WITH PATIENTS WHO SEEK ASSISTANCE WITH LIVING WILLS AND ADVANCE MEDICAL DIRECTIVES APD PERSONNEL ARE ACTIVELY INVOLVED IN DISASTER AND EMERGENCY PREPAREDNESS PLANNING AND TRAINING ACTIVITIES THESE ACTIVITIES ARE DESIGNED TO PROMOTE THE HEALTH AND SAFETY OF THE COMMUNITY IN THE EVENT OF WIDESPREAD OR LARGE NATURAL OR OTHER DISASTER, OR IN THE EVENT OF WIDESPREAD VIRAL OUTBREAKS, SUCH AS INFLUENZA FINALLY, APD PERSONNEL ARE ACTIVE PARTICIPANTS IN THE NEW HAMPSHIRE HOSPITAL ASSOCIATION (NHHA) NHHA ADVOCATES FOR THE CARE AND PROTECTION OF NH HOSPITAL PATIENTS, INCLUDING MAKING QUALITY HEALTH CARE AVAILABLE, AFFORDABLE AND ACCESSIBLE TO ALL REGARDLESS OF ABILITY TO PAY

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 4		BAD DEBT COST IS CALCULATED USING A COST TO CHARGE RATIO USING A STEP-DOWN COST ALLOCATION METHODOLOGY CONSISTENT WITH MEDICARE COST REPORTING IN FY 12, ACCOUNTS WRITTEN OFF TO BAD DEBT INCLUDED GROSS CHARGES BEING WRITTEN OFF LESS ANY PAYMENTS RECEIVED AGAINST THOSE CHARGES ANY CASH COLLECTED ON ACCOUNTS PREVIOUSLY WRITTEN OFF IS INCLUDED AS AN OFFSET TO BAD DEBT EXPENSE AS RECOVERIES OF BAD DEBT WE ESTIMATED THE AMOUNT OF CHARITY CARE IN BAD DEBT EXPENSE BASED ON THE NUMBER OF APPLICATIONS FOR CHARITY CARE WE BELIEVE THE AMOUNT IS MINIMAL BASED ON OUR EXTENSIVE EFFORTS TO EDUCATE OUR PATIENTS AND STAFF ABOUT OUR VARIOUS PAYMENT PLANS AND CHARITY CARE TO ENSURE THAT PATIENTS WHO QUALIFY FOR ANY OF OUR PROGRAMS UTILIZE THEM DEPENDING ON THE SPECIFIC CIRCUMSTANCES, A PATIENT MAY BE ELIGIBLE FOR CHARITY CARE, DISCOUNTED CARE, TIME-PAYMENT PROGRAMS OR A COMBINATION OF THE ABOVE DUE TO THESE EFFORTS, WE FEEL THAT AMOUNTS WRITTEN OFF TO BAD DEBT THAT COULD QUALIFY AS CHARITY CARE ARE MINIMAL FOOTNOTE 1 TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ALICE PECK DAY HEALTH SYSTEMS, CORP INCLUDES THE FOLLOWING TO ADDRESS BAD DEBT ACCOUNTS RECEIVABLE ARE STATED AT THE AMOUNT MANAGEMENT EXPECTS TO COLLECT ON OUTSTANDING BALANCES MANAGEMENT PROVIDES FOR POSSIBLE UNCOLLECTIBLE AMOUNTS THROUGH A CHARGE TO OPERATIONS AND A CREDIT TO THE VALUATION ALLOWANCE BASED ON ITS ASSESSMENT OF INDIVIDUAL ACCOUNTS AND HISTORICAL ADJUSTMENTS ACCOUNTS DEEMED UNCOLLECTIBLE ARE WRITTEN OFF THROUGH A CHARGE AGAINST THE ESTABLISHED ALLOWANCE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 8		MEDICARE ALLOWABLE COSTS FOR THE MEDICARE COST REPORT ARE REPORTED IN ACCORDANCE WITH CMS GUIDELINES USING THE COST TO CHARGE RATIO METHODOLOGY

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 9B		OUR BAD DEBTS COLLECTION POLICY APPLIES TO ALL PATIENT ACCOUNTS IN A CONSISTENT MANNER THE POLICY SPECIFICALLY INDICATES THAT, AFTER A SECOND STATEMENT IS SENT WITH NO PAYMENT RECEIVED, A PATIENT ACCOUNTS REPRESENTATIVE WILL CONTACT THE PATIENT BY PHONE TO DETERMINE IF A FINANCIAL ASSISTANCE APPLICATION OR PAYMENT PLAN IS APPROPRIATE THIS IS COMPLETED TO AVOID FURTHER ESCALATION OF PAST DUE ACCOUNT(S)IF THE PATIENT MAY QUALIFY FOR FULL OR PARTIAL RELIEF UNDER THE CHARITY CARE POLICY IF THE APPLICATION IS SUCCESSFUL, THEN THE QUALIFYING BALANCE OR BALANCES ARE CLASSIFIED AS CHARITY CARE AND NO LONGER PURSUED FOR COLLECTIONS ONCE A PATIENT BALANCE IS CLASSIFIED AS CHARITY CARE, IT IS NOT SUBJECT TO COLLECTION ACTIVITIES ALICE PECK DAY IS COMMITTED TO HELPING OUR PATIENTS OBTAIN QUALITY HEALTHCARE, REGARDLESS OF ABILITY TO PAY OUR FINANCIAL ASSISTANCE PROGRAMS ENCOURAGE AND ENABLE OUR PATIENTS TO MAKE HEALTHCARE DECISIONS FREE OF FINANCIAL BARRIERS WE EDUCATE OUR PATIENTS ABOUT OUR PROGRAMS AND PROVIDE ASSISTANCE PRIOR TO THEIR RECEIVING SERVICES, AT REGISTRATION FOR SERVICES AND DURING OUR BILLING PROCESS TO ENSURE THAT ANY AND ALL PATIENTS IN NEED OF ASSISTANCE ARE PROVIDED WITH THE HELP THEY QUALIFY FOR UNDER APD PROGRAMS BROCHURES AND SIGNS ARE PLACED IN HIGH TRAFFIC AREAS SUCH AS THE ER AND REGISTRATION OUR STAFF IS TRAINED TO IDENTIFY PATIENTS DURING REGISTRATION, PROVIDE INFORMATION AND OFFER ASSISTANCE IN COMPLETING THE NECESSARY FORMS DURING OUR BILLING PROCESS, CALLS ARE MADE TO PATIENTS WITH OUTSTANDING BALANCES APD STAFF WORK WITH PATIENTS TO IDENTIFY PROBLEMS THEY ARE FACING IN DEALING WITH OUTSTANDING BALANCES PATIENTS ARE NOTIFIED AGAIN OF THE MANY TYPES OF FINANCIAL ASSISTANCE AVAILABLE FOR WHICH THEY MAY QUALIFY PROGRAMS ARE EXPLAINED, AND ASSISTANCE IS OFFERED, IF NEEDED, IN COMPLETING THE APPLICATIONS DUE TO THIS MULTI-LEVEL APPROACH AND STAFF THAT IS TRAINED TO IDENTIFY CLIENTS WHO MAY NEED FINANCIAL ASSISTANCE, VERY FEW QUALIFYING PATIENTS REACH THE POINT OF BAD DEBT OUR COLLECTION POLICIES AND PROCEDURES IN CONJUNCTION WITH OUR SMALL SIZE, ALLOW OUR ORGANIZATION TO PLACE GREAT EMPHASIS ON HELPING ALL PATIENTS WHO MAY BE IN NEED TO APPLY FOR, AND OBTAIN, THE APPROPRIATE LEVEL OF FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V, LINE 11		ALICE PECK DAY MEMORIAL HOSPITAL OFFERS FINANCIAL ASSISTANCE TO PATIENTS DEMONSTRATING NEED IN MAKING THE NEED DETERMINATION, APD PARTICIPATES WITH AND HONORS THE FOUNDING PRINCIPLES AND GUIDELINES OF THE NEW HAMPSHIRE HEALTH ACCESS NETWORK (NHHAN) ACCORDINGLY, DECISIONS REGARDING THE GRANTING OF FINANCIAL ASSISTANCE WILL BE BASED PRIMARILY ON A PATIENT AND HIS OR HER HOUSEHOLD INCOME AND ASSETS THERE WILL BE MINIMAL CONSIDERATION OF EXPENSES EXCEPT WHEN THEY IDENTIFY AREAS FOR FURTHER INVESTIGATION OR INCOMPLETE OR INACCURATE INFORMATION THE VALUE OF A PATIENT'S PRINCIPAL RESIDENCE IS NOT CONSIDERED IN QUALIFYING A PATIENT FOR IN-HOUSE ASSISTANCE APD REQUIRES EXHAUSTION OF OTHER PAYMENT METHODOLOGIES, INCLUDING BUT NOT LIMITED TO WORKER'S COMPENSATION, VETERANS BENEFITS, MEDICAID, LIABILITY (AUTO ACCIDENTS), VICTIMS OF CRIME AND COBRA WHEN APPLICABLE, PROOF OF DETERMINATION MAY BE REQUIRED PRIOR TO CONSIDERATION FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V, LINE 13		PLEASE SEE PART V LINE 3 FOR A DESCRIPTION OF THE FINANCIAL ASSISTANCE PROGRAM AND THE EFFORTS MADE TO PUBLICIZE AND PROMOTE THE PROGRAM

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V, LINE 19D		THE HOSPITAL FACILITY PROVIDES UNINSURED PATIENTS WITH A 15% DISCOUNT AT THE TIME THE DISCOUNT WAS ESTABLISHED THE DISCOUNT APPROXIMATED THE AVERAGE OF THE THREE LOWEST NEGOTIATED COMMERCIAL INSURANCE RATES FOR SERVICES AT THE HOSPITAL FACILTY THE AVERAGE OF THE THREE LOWEST COMMERICAL INSURANCE RATES WAS APPROXIMATELY 87 5%, THE RATE APPLIED TO UNINSURED PATIENTS WAS LOWER THAN THAT RATE, AT 85%, REPRESENTING A 15% DISCOUNT

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 2		DUE TO OUR RURAL LOCATION AND SIZE, A COLLABORATIVE EFFORT BETWEEN THE UNITED WAY, DARTMOUTH HITCHCOCK MEMORIAL HOSPITAL AND ALICE PECK DAY MEMORIAL HOSPITAL CREATED THE FY 2009 COMMUNITY BENEFITS PLAN. PRIORITY NEEDS AND HEALTH CONCERNS FOR OUR COMMUNITY WERE BASED UPON INFORMATION COLLECTED FROM COMMUNITY NEEDS ASSESSMENTS AND COMMUNITY SURVEYS. IDENTIFIED NEEDS INCLUDED: AVAILABILITY OF ORAL HEALTH, AVAILABILITY OF PRIMARY CARE, PRESCRIPTION ASSISTANCE, TRANSPORTATION, AVAILABILITY OF BEHAVIORAL HEALTH AND ACCESS TO ALCOHOL/DRUG TREATMENT. ALICE PECK DAY USED ITS INFORMATION TO HELP FOCUS ITS COMMUNITY BENEFIT EFFORTS TO MEET THE PRIORITY NEEDS IDENTIFIED IN THE COMMUNITY BENEFIT PLAN. OF SPECIAL NOTE IS THE UPPER VALLEY SMILES PROGRAM THAT HAS SERVED A PRIORITY NEED FOR ORAL HEALTH WITHIN OUR LOCAL COMMUNITY. UPPER VALLEY SMILES HAS TOUCHED THE LIVES OF MANY CHILDREN IN OUR COMMUNITY AND PROVIDED MUCH NEEDED CARE FOR A VERY VULNERABLE POPULATION.

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 3		ALICE PECK DAY BELIEVES THAT QUALITY HEALTH CARE SHOULD BE AVAILABLE TO ALL, REGARDLESS OF ABILITY TO PAY OUR FINANCIAL ASSISTANCE PROGRAMS AND STAFF ARE DEDICATED TO HELPING PEOPLE OBTAIN THE CARE THEY NEED WE REACH OUT TO OUR PATIENTS IN MANY DIFFERENT WAYS TO ENSURE THAT THEY ARE AWARE THAT HELP IS AVAILABLE AND TO HELP GUIDE THEM THROUGH THE PROCESS BROCHURES AND SIGNAGE ARE POSTED IN HIGH TRAFFIC AREAS SUCH AS THE EMERGENCY ROOM, REGISTRATION AND THE LOBBY REGISTRATION STAFF ARE TRAINED TO IDENTIFY PATIENTS WHO MAY BE IN NEED OF FINANCIAL ASSISTANCE ONCE IDENTIFIED, STAFF NOTIFY THE PATIENT THAT APD HAS VARIOUS FORMS OF FINANCIAL ASSISTANCE AND EXPLAIN THAT ASSISTANCE IS AVAILABLE FOR ANYONE WHO MIGHT REQUIRE HELP OR GUIDANCE IN COMPLETING ANY NECESSARY PAPERWORK IN ADDITION TO THE ABOVE, OUR BILLING STAFF ARE TRAINED TO HELP IDENTIFY AND OFFER ASSISTANCE TO ANY ONE WHO MIGHT REQUIRE FINANCIAL ASSISTANCE PATIENTS WITH OUTSTANDING CLAIMS ARE CONTACTED BY OUR CREDIT COORDINATOR WHO WORKS WITH THEM TO CLEAR UP BALANCES THROUGH THE VARIETY OF PROGRAMS WE OFFER ASSISTANCE IS ALSO PROVIDED IN APPLYING FOR FEDERAL/STATE PROGRAMS TO THOSE WHO QUALIFY SPECIALLY TRAINED STAFF GUIDE APPLICANTS THROUGH THE PROCESS TO ENSURE FORMS ARE FILLED OUT CORRECTLY, ALL REQUIRED DOCUMENTATION IS ATTACHED AND THE APPLICANTS UNDERSTAND WHAT THEY CAN EXPECT TO HAPPEN ALONG THE WAY

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 4		ALICE PECK DAY MEMORIAL HOSPITAL IS PART OF THE LEBANON HEALTH CARE SERVICE AREA THE LEBANON SERVICE AREA COMPRISES CITIES AND TOWNS IN NEW HAMPSHIRE AND VERMONT APD'S SERVICE AREA IN NH COMPRISES 15 TOWNS IN ADDITION TO THE CITY OF LEBANON, INCLUDING CANAAN, CORNISH, CROYDON, DORCHESTER, ENFIELD, GRAFTON, GRANTHAM, HANOVER, LYME, NEWPORT, ORANGE, ORFORD, PIERMONT, PLAINFIELD AND WARREN VERMONT TOWNS INCLUDE EAST THETFORD, FAIRLEE, HARTFORD, HARTLAND, NORTH HARTLAND, NORTH THETFORD, POST MILLS, QUECHEE, SHARON, SOUTH STRAFFORD, STRAFFORD, THETFORD, THETFORD CENTER, VERSHIRE, WEST VERSHIRE, WEST FAIRLEE, WEST HARTFORD, WHITE RIVER JUNCTION AND WOODSTOCK

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 5		ALICE PECK DAY ACTIVELY PROMOTES COMMUNITY-BASED LEADERSHIP DEVELOPMENT STAFF MEMBERS PARTICIPATE IN TWO LOCAL CHAMBERS OF COMMERCE, LEADERSHIP UPPER VALLEY, FOUNDATION FOR HEALTHY COMMUNITIES, THE RURAL HEALTH COALITION AND THE ADVOCACY TASK FORCE AS AN ACTIVE MEMBER OF THE COMMUNITY, APD WORKS TO BE PROACTIVE CONCERNING DISASTER READINESS STAFF HAVE PARTICIPATED IN ONSITE TRAINING FOR DISASTER PREPAREDNESS AS WELL AS OFF-SITE TRAINING WITH OTHER REGIONAL HOSPITALS COLLABORATIVE EFFORTS INCLUDE ALL HAZARD REGIONAL TRAINING, EMERGENCY RESPONSE TRAINING, AND A REGIONAL MASS CASUALTY RESPONSE PROGRAM TO HELP FACILITATE COOPERATIVE EFFORTS IF SUCH NEEDS ARISE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 6		ALICE PECK DAY MEMORIAL HOSPITAL IS A CRITICAL ACCESS HOSPITAL LOCATED IN LEBANON NH THE HOSPITAL IS SERVED BY A BOARD OF TRUSTEES CONSISTING OF LOCAL CITIZENS ACTIVE IN COMMUNITY ACTIVITIES AND ORGANIZATIONS THE MAJORITY OF BOARD MEMBERS ARE NOT EMPLOYED BY THE HOSPITAL, AND INCLUDE LOCAL GOVERNMENT AND BUSINESS REPRESENTATIVES AS WELL AS PRACTICING INDEPENDENT PHYSICIANS DESPITE ITS SMALL SIZE, APD IS COMMITTED TO GIVING BACK TO THE COMMUNITY TO THE GREATEST EXTENT POSSIBLE DURING FY 2012, CASH DONATIONS WERE GIVEN TO ORGANIZATIONS TO HELP THOSE IN NEED LOCAL FINANCIAL CONTRIBUTIONS HELPED SUPPORT FREE PRIMARY CARE CLINICS FOR THE UNINSURED, PROVIDED TRANSPORTATION FOR THE ELDERLY AND DISABLED TO RECEIVE MEDICAL CARE, AND PROVIDED LOCAL NON PROFIT ORGANIZATIONS WITH MEETING SPACE AND REFRESHMENTS ALICE PECK DAY SUPPORTED COMMUNITY FLU CLINICS, PROVIDED EMERGENCY PRESCRIPTION DRUG VOUCHERS, SUBSIDIZED SENIOR EXERCISE PROGRAMS, PROVIDED SUPPLIES FOR HURRICANE IRENE RELIEF, AND WORKED TOWARD THE EXPANSION OF LOCAL PUBLIC TRANSPORTATION TO ENSURE ALL THOSE IN NEED OF MEDICAL CARE COULD RECEIVE IT ONE OF APD'S MOST EXCITING AND CELEBRATED PROGRAMS IS THE UPPER VALLEY SMILES PROGRAM THIS PROGRAM PROVIDES AN ORAL HEALTH SAFETY NET FOR DISADVANTAGED RESIDENTS WITHIN OUR SERVICE AREA IN 6 DIFFERENT SCHOOLS OVER 1,300 STUDENTS RECEIVED ORAL HEALTH EDUCATION, WITH NEARLY 400 OF THOSE CHILDREN RECEIVING SCREENINGS FROM A DENTAL TEAM ADDITIONALLY, OVER 1,600 PREVENTATIVE SEALANTS WERE GIVEN TO 260 LOW INCOME, UNINSURED CHILDREN FOLLOWUP RESTORATIVE TREATMENT WAS GIVEN TO 91 OF THE 260 CHILDREN AND WAS PROVIDED BY LOCAL AREA DENTISTS ALICE PECK DAY HOSTED TWO FREE ORAL HEALTH CLINICS FOR 18 HOMELESS CHILDREN WHO RECEIVED ORAL HEALTH EDUCATION, A DENTAL CLEANING AND FLUORIDE APPLICATIONS WITH GRANT SUPPORT, APD CONTINUED ITS PILOT WOMEN, INFANTS AND CHILDREN (WIC) ORAL HEALTH INITIATIVE IN LEBANON AND ENFIELD NEW HAMPSHIRE, AND EXPANDED THIS PROGRAM TO SERVE A NEW SITE IN HARTFORD, VERMONT UNDER THE WIC INITIATIVE, A TOTAL OF 147 LOW-INCOME CHILDREN AGED 0-10 RECEIVED ORAL HEALTH EDUCATION, A DENTAL SCREENING AND PREVENTATIVE CARE INDIVIDUALS WERE PROVIDED WITH ASSISTANCE IN APPLYING FOR NH/VT MEDICAID TO ENSURE INCREASED ACCESS TO MEDICAL CARE FOR THIS NEEDY POPULATION AS A RESULT, A SIGNIFICANT NUMBER OF PEOPLE WERE SUCCESSFULLY ENROLLED AND RECEIVED ONGOING CARE TO PROMOTE HEALTH PROFESSIONAL EDUCATION, APD PROVIDED CLINICAL UNDERGRADUATE TRAINING TO COLBY-SAWYER COLLEGE, GEISEL SCHOOL OF MEDICINE AT DARTMOUTH, NEW ENGLAND INSTITUTE OF TECHNOLOGY, RIVER VALLEY COMMUNITY COLLEGE, VERMONT TECHNICAL COLLEGE, YALE UNIVERSITY, AND LEBANON COLLEGE APD ANNUALLY SPONSORS DISTRICT-WIDE PROFESSIONAL DEVELOPMENT FOR SCHOOL NURSES IN OUR LOCAL AREA AND FOR OTHERS WITHIN OUR REGION THESE INITIATIVES AND ONGOING EFFORTS CONTINUE TO ADDRESS SEVERAL OF THE MOST PRESSING COMMUNITY NEEDS AS IDENTIFIED IN OUR COMMUNITY NEEDS ASSESSMENT

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	990 SCHEDULE H, PART VI	NH,

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Alice Peck Day Memorial Hospital

Grants and Other Assistance to Organizations,
Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public
Inspection

Employer identification number
02-0222791

Part I General Information on Grants and Assistance

1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) GOOD NEIGHBOR HEALTH CLINIC70 N MAIN ST WRJ,VT 05001	03-0346949	501(c)3	20,000				OPERATIONAL SUPPORT FOR CLINIC PROVIDING FREE PRIMARY CARE SERVICES TO PATIENTS IN THE UPPER VALLEY ARE OF NH AND WHITE RIVER JUNCTION AREA IN VERMONT PATIENTS RECEIVING FREE CARE ARE AT OR BELOW 225% OF THE FEDERAL POVERTY LEVEL
(2) GRAFTON COUNTY SENIOR CITIZENS COUNCILPO BOX 433 LEBANON,NH 03766	23-7248316	501(c)3	20,000				Operational support for transportation services for area senior-citizens The Council provides lift-assisted buses with priority on medical transport for hospital or clinic appointments

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3

Enter total number of other organizations listed in the line 1 table ▶

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

Cat No 50055P

Schedule I (Form 990) 2011

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Use Schedule I-1 (Form 990) if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

Part IV

Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Schedule I, Part 1, Line 2		As part of APD's Access Improvement Plan developed in 2003, Hospital staff and Board members identified the Grafton County Senior Citizens Council and the Good Neighbor Health Clinic (which also includes the Red Logan Dental Clinic) as essential to providing access to health care in the Upper Valley NH and White River VT areas. Based on the needed services provided, the Board approved on-going monetary support for these organizations. The annual amount to be contributed by APD to these organizations is approved annually through the annual budget process. APD receives and reviews each year the organizations' published annual reports and also maintains informal contacts throughout the year to monitor the organizations' operations and services.

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

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)		
1b 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		
4a Receive a severance payment or change-of-control payment?		No
4b Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
4c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
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		
5a The organization?		No
5b Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
6 For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
6a The organization?		No
6b Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	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) HARRY G DORMAN III FACHE	(i) (ii)	278,317		45,116	9,800	14,633	347,866	
(2) J TODD MILLER MS	(i) (ii)	128,608		23,357	4,605	20,602	177,172	
(3) SUSAN E MOONEY MD MS FACOG	(i) (ii)	243,490		16,770	9,800	23,047	293,107	
(4) EVALIE M CROSBY CPA FHFMA	(i) (ii)	131,128		13,731	5,992	20,493	171,344	
(5) BEVERLY A RANKIN RN BSN MSA	(i) (ii)	125,975		13,624		20,556	160,155	
(6) ANDREW BEST MD	(i) (ii)	318,824		1,386	9,800	11,666	341,676	
(7) DOUGLAS CEDENO MD	(i) (ii)	256,365		27,148	9,800	10,961	304,274	
(8) DAVID KRONER MD	(i) (ii)	250,503	12,733	21,688	9,800	16,069	310,793	
(9) DIANE RILEY MD	(i) (ii)	382,505		798		16,685	399,988	
(10) LEONARD RUDOLF MD	(i) (ii)	391,862	33,000	981		4,818	430,661	

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
FORM 990, SCHEDULE J, PART I, LINE 7		IN FISCAL YEAR 2012, CERTAIN PROVIDERS WERE PAID THROUGH AN RVU (RELATIVE VALUE UNIT) SYSTEM, A PRODUCTIVITY MEASUREMENT SET BY MEDICARE TO ASSIGN VALUE TO SERVICES.
FORM 990, SCHEDULE J, PART II		SALARY AND BENEFIT EXPENSE FOR THE CEO AND CFO ARE CHARGED TO APD HEALTH SYSTEMS, CORP. AND THEN ALLOCATED TO ALICE PECK DAY MEMORIAL HOSPITAL AND ALICE PECK DAY LIFECARE CENTER, INC. BASED ON THE RELATIVE SHARE OF SERVICES PERFORMED FOR THOSE ENTITIES. ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS THESE EXPENSES ARE INCLUDED IN SALARIES AND BENEFITS EXPENSE. ON LINE 24(E) OF FORM 990, SCHEDULE IX, THESE EXPENSES (\$474,767) HAVE BEEN RECLASSIFIED FROM SALARY AND BENEFIT EXPENSE TO LINE 24(E).

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Alice Peck Day Memorial Hospital

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

Employer identification number
02-0222791

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 BUSINESS FINANCE AUTHORITY OF THE STATE OF NH	52-1304598		11-30-2010	12,282,000	CURRENT REFUND EXISTING BONDS		X		X		X

Part II

Proceeds

		A	B	C	D		
1	Amount of bonds retired	0					
2	Amount of bonds defeased	0					
3	Total proceeds of issue	12,282,000					
4	Gross proceeds in reserve funds	0					
5	Capitalized interest from proceeds	0					
6	Proceeds in refunding escrow	12,237,068					
7	Issuance costs from proceeds	44,932					
8	Credit enhancement from proceeds	0					
9	Working capital expenditures from proceeds	0					
10	Capital expenditures from proceeds	0					
11	Other spent proceeds	0					
12	Other unspent proceeds	0					
13	Year of substantial completion	2010					
		Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X					
15	Were the bonds issued as part of an advance refunding issue?		X				
16	Has the final allocation of proceeds been made?	X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		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						
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						
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 ▶								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV

Arbitrage

		A		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						
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X							
b	Name of provider	TD BANKNORTH NA							
c	Term of hedge	5							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?	X							

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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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 Alice Peck Day Memorial Hospital	Employer identification number 02-0222791
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Identifier	Return Reference	Explanation
FORM 990, PART I, LINE 5 AND PART V, LINE 2A		FOR ADMINISTRATIVE PURPOSES, ALICE PECK DAY MEMORIAL HOSPITAL ACTS AS COMMON PAY MASTER FOR BOTH ALICE PECK DAY HEALTH SYSTEMS, CORP AND ALICE PECK DAY LIFECARE CENTER, INC

Identifier	Return Reference	Explanation
FORM 990, PART IV, LINE 34		ALICE PECK DAY HEALTH SYSTEMS, CORP (02-0479095) IS THE DIRECT CONTROLLING PARENT COMPANY OF ALICE PECK DAY LIFECARE CENTER, INC (02-0479094) AND ALICE PECK DAY MEMORIAL HOSPITAL (02-0222791) ALICE PECK DAY HEALTH SYSTEMS, CORP IS ALSO THE DIRECT CONTROLLING PARENT COMPANY OF ALICE PECK DAY REALTY CORP (EIN 02-0485369) AND ALICE PECK DAY HEALTH MANAGEMENT CORP (EIN 02-0485370), BOTH ENTITIES ARE INACTIVE AND HOLD NO ASSETS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		ALICE PECK DAY HEALTH SYSTEMS, CORP , A CHARITABLE CORPORATION, ACTING BY AND THROUGH ITS BOARD OF TRUSTEES, IS THE SOLE MEMBER OF THE ORGANIZATION

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		ALL TRUSTEES SHALL BE ELECTED BY THE BOARD OF TRUSTEES OF THE MEMBER AT THE ANNUAL MEETING OF THE MEMBER A NOMINATION SLATE FOR THE TRUSTEES SHALL BE SUBMITTED BY THE GOVERNANCE COMMITTEE OF THE MEMBER ANY TRUSTEE MAY BE REMOVED AT ANY TIME, WITH OR WITHOUT CAUSE, BY THE MEMBER VACANCIES ON THE BOARD OF TRUSTEES DUE TO DEATH, RESIGNATION, OR OTHER CAUSE EXCEPT REMOVAL SHALL BE FILLED BY ELECTION BY THE REMAINING MEMBERS OF THE BOARD VACANCIES CAUSED BY REMOVAL SHALL BE FILLED BY ELECTION BY THE MEMBER TRUSTEES ELECTED TO FILL VACANCIES SHALL HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF THE MEMBER, AT WHICH TIME SUCCESSORS SHALL BE ELECTED IN THE MANNER PROVIDED FOR IN THE CASE OF ORIGINAL ELECTIONS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		THE ORGANIZATION'S ANNUAL OPERATING BUDGET AND ALL CAPITAL BUDGETS SHALL BE SUBJECT TO APPROVAL BY THE MEMBER ANY OVERALL STRATEGIC PLAN FOR THE ORGANIZATION, INCLUDING THE DEVELOPMENT OF OFF-SITE FACILITIES OR THE ADDITION OF NEW PROGRAMS AND AFFILIATIONS WITH OTHER INSTITUTIONS, SHALL BE CONSISTENT WITH THE STRATEGIC PLAN OF THE MEMBER AS DETERMINED BY THE MEMBER THE BORROWING OF ANY SUM IN EXCESS OF \$50,000 WHICH HAS A STATED TERM OF GREATER THAN ONE YEAR OR WHICH IS SECURED BY A MORTGAGE OF ALL OR ANY PORTION OF THE ORGANIZATION'S REAL PROPERTY OR BY A SECURITY INTEREST IN THE ORGANIZATION'S ASSETS OR REVENUES SHALL BE SUBJECT TO APPROVAL BY THE MEMBER, PROVIDED, HOWEVER, THAT THE APPROVAL BY THE MEMBER SHALL NOT BE NECESSARY FOR ANY BORROWING TO PURCHASE OR LEASE EQUIPMENT OR OTHER PERSONAL PROPERTY SECURED BY A PURCHASE MONEY LIEN OR TITLE RETENTION OR SECURITY AGREEMENT EXCEPT AS INCIDENT TO THE REVIEW OF THE CAPITAL BUDGET ANY VOLUNTARY DISSOLUTION, MERGER OR CONSOLIDATION OF THE ORGANIZATION OR THE SALE OR TRANSFER OF ALL OR SUBSTANTIALLY ALL OF THE ORGANIZATION'S ASSETS OR THE CREATION OR ACQUISITION OF ANY SUBSIDIARY OR AFFILIATE CORPORATION SHALL BE SUBJECT TO APPROVAL BY THE MEMBER THE BOARD SHALL SELECT CERTIFIED PUBLIC ACCOUNTANTS FOR THE ORGANIZATION WHICH WILL AUDIT THE BOOKS AND RECORDS OF THE MEMBER THE BOARD SHALL SELECT THE PRESIDENT WHO MUST BE CONFIRMED BY THE MEMBER

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE COMPLETED FORM 990 IS PROVIDED TO ALL MEMBERS OF THE FINANCE AND GOVERNANCE COMMITTEES OF THE BOARD OF TRUSTEES IN ADVANCE OF THE FILING DEADLINE TO ENABLE A DETAILED AND CONSCIENTIOUS REVIEW BY ALL MEMBERS OF BOTH COMMITTEES. THE COMPLETED FORM 990 IS ALSO DISTRIBUTED TO ALL MEMBERS OF THE FULL BOARD FOR REVIEW NO LATER THAN THE FINAL REGULARLY SCHEDULED BOARD MEETING PRIOR TO THE FILING DEADLINE. ALL QUESTIONS AND CONCERNS ARE ADDRESSED BY THE CHIEF FINANCIAL OFFICER AND INCORPORATED INTO THE FORM 990 AS DEEMED APPROPRIATE. AFTER ALL INPUT FROM THE BOARD, FINANCE, AND GOVERNANCE COMMITTEES HAS BEEN APPROPRIATELY ADDRESSED AND INCORPORATED INTO THE FINAL FORM 990, A VOTE OF ACCEPTANCE OF THE FINAL DOCUMENT IS REQUIRED. THE VOTE IS RECORDED IN THE MINUTES OF THE BOARD OF TRUSTEES PRIOR TO THE FILING OF THE FORM 990. ONCE APPROVED, SENIOR MANAGEMENT FILES THE FINAL FORM 990 WITH THE INTERNAL REVENUE SERVICE AS REQUIRED.

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C		ALICE PECK DAY HAS A MULTI-FACETED CONFLICT OF INTEREST POLICY. MEMBERS OF THE BOARD OF TRUSTEES COMPLETE CONFLICT OF INTEREST QUESTIONNAIRES ON AN ANNUAL BASIS AND ANY NEW MEMBERS COMPLETE THE QUESTIONNAIRE UPON JOINING THE BOARD. AS PART OF OUR ONGOING MONITORING PROCESS, OUR EXECUTIVE ASSISTANT REVIEWS ALL BOARD QUESTIONNAIRES AND DISCLOSURES TO IDENTIFY ANY POTENTIAL CONFLICTS BEFORE THEY ARISE. IN ADDITION, OUR EXECUTIVE ASSISTANT ATTENDS ALL BOARD MEETINGS TO ENSURE THAT IF ANY CONFLICTS ARISE, THEY ARE HANDLED APPROPRIATELY. IF SUCH CONFLICTS ARISE, THE ORGANIZATION COMPLIES WITH THE NEW HAMPSHIRE AND FEDERAL REQUIREMENTS FOR DISCLOSURES OF SUCH EVENTS. THE ORGANIZATION IS COMMITTED TO CONDUCTING ITS BUSINESS IN A MANNER THAT IS BOTH ETHICAL AND LEGAL. AS PART OF THIS COMMITMENT, A STANDARD OF CONDUCT FORM IS REQUIRED OF ALL EMPLOYEES OF THE ORGANIZATION. THIS IS REVIEWED WITH ALL EMPLOYEES UPON HIRE AND ON AN ANNUAL BASIS THEREAFTER. THE STANDARD OF CONDUCT COVERS CONFLICT OF INTEREST AND OTHER VITAL MATTERS TO ENSURE ALL BUSINESS ACTIVITY IS CONDUCTED IN A MANNER THAT IS CONSISTENT WITH THE HIGHEST STANDARDS OF HONESTY, INTEGRITY AND FAIRNESS.

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15		THE COMPENSATION COMMITTEE OF THE ALICE PECK DAY HEALTH SYSTEMS, CORP BOARD OF TRUSTEES IS RESPONSIBLE FOR DETERMINING THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER/PRESIDENT THE VICE PRESIDENT OF HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT PROVIDES COMPENSATION DATA OF COMPARABLE ORGANIZATIONS WITH APPROXIMATELY THE SAME SIZE STAFF AND SPENDING IN A LOCATION OF SIMILIAR SIZE. THE COMMITTEE DETERMINES THE APPROPRIATE COMPENSATION AND APPROVES AN AMOUNT THAT IS THEN COMMUNICATED TO HUMAN RESOURCES FOR ADJUSTMENT. THE CEO/PRESIDENT IS RESPONSIBLE FOR REVIEWING THE PERFORMANCE OF SENIOR MANAGEMENT STAFF. THE INFORMATION IS BROUGHT TO THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES ALONG WITH A RECOMMENDATION FOR THE SALARY OF EACH INDIVIDUAL. THE COMPENSATION IS DETERMINED THROUGH A VARIETY OF ANALYSIS OF SALARY DATA AND PERFORMANCE. INDIVIDUAL SALARY INCREASES ARE THEN BASED ON OVERALL PERFORMANCE, WITHIN BUDGETED INCREASES FOR THE ORGANIZATION. THE COMPENSATION COMMITTEE APPROVES THE BASE COMPENSATION AND SALARY INCREASE AMOUNT.

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19		THE ORGANIZATION MAKES IT GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY , AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
FORM 990, PART VII, SECTION A, COLUMN D		DR SUSAN E. MOONEY IS A PRACTICING PHYSICIAN IN ADDITION TO BEING THE CHIEF MEDICAL OFFICER AND VICE PRESIDENT. SHE WORKED AN AVERAGE OF 61 HOURS PER WEEK, OF WHICH AN AVERAGE OF 41 HOURS PER WEEK WERE SPENT ON EXECUTIVE MATTERS AND 20 IN HER ROLE AS A PHYSICIAN.

Identifier	Return Reference	Explanation
FORM 990, PART VII, SECTION A COLUMN E		REPORTABLE COMPENSATION FROM RELATED ORGANIZATIONS THE COMPENSATION REPORTED FOR HARRY G DORMAN III, FACHE, AND EVALIE M CROSBY, CPA, FHFMA, WAS PAID BY ALICE PECK DAY HEALTH SYSTEMS, CORP FOR THEIR SERVICES AS FULL-TIME EXECUTIVES THESE INDIVIDUALS WORKED AN AVERAGE OF 62 HOURS PER WEEK, OF WHICH MR DORMAN SPENT AN AVERAGE OF 45 HOURS PER WEEK AND MS CROSBY SPENT AN AVERAGE OF 50 HOURS A WEEK DEDICATED TO ALICE PECK DAY MEMORIAL HOSPITAL

Identifier	Return Reference	Explanation
FORM 990, PART XII, LINE 2C		OVERSIGHT OF AUDIT PROCESS THE FINANCE COMMITTEE ACTS AS THE AUDIT COMMITTEE AND OVERSEES THE AUDIT PROCESS FOR THE ALICE PECK DAY ENTITIES THE AUDIT PROCESS FOR THE FINANCIAL STATEMENTS DID NOT CHANGE FROM THE PRIOR YEAR INDEPENDENT ACCOUNTANTS PERFORMED THE AUDIT FOR THE FISCAL YEARS ENDED 9/30/11 AND 9/30/12

Identifier	Return Reference	Explanation
FORM 990, PART XI, LINE 5		OTHER CHANGES IN NET ASSETS OR FUND BALANCE CHANGE IN INTEREST RATE SWAPS -61,341 CHANGE IN ANNUITY VALUATION -15,114 UNREALIZED GAIN ON INVESTMENTS 178,406

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME:HARRY G DORMAN III, FACHE TITLE:PRESIDENT AND CEO HOURS 17

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SUSAN E. MOONEY , MD, MS, FACOG TITLE VP & MEDICAL DIRECTOR HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME EVALIE M CROSBY, CPA, FHFMA TITLE VP FINANCE AND CFO HOURS 12

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

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) ALICE PECK DAY HEALTH SYSTEMS CORP 10 ALICE PECK DAY DRIVE LEBANON, NH 03766 02-0479095	PROMOTE HEALT	NH	501(C)3	LINE 11B,II	N/A		No
(2) ALICE PECK DAY LIFECARE CENTER INC 10 ALICE PECK DAY DRIVE LEBANON, NH 03766 02-0479094	INDEP & ASSIS	NH	501(C)3	LINE 9	APDHS		No
(3) ALICE PECK DAY REALTY CORP 10 ALICE PECK DAY DRIVE LEBANON, NH 03766 02-0485369	INACTIVE	NH	501(C)2		APDHS		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	

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) ALICE PECK DAY HEALTH MANAGEMENT CORP 10 ALICE PECK DAY DRIVE LEBANON, NH 037662647 02-0485370	INACTIVE	NH	NA	C corp			

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

Yes

Yes

No

No

No

No

No

No

No

No

No

Yes

No

No

No

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

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

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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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			
EVALIE M CROSBY CPA FHFMA VP FINANCE AND CFO	50 0			X					144,859	26,485
BRENDA BLAIR MC SPHR VP HUMAN RESOURCES & ORG DEV	60 0			X				113,535		17,423
ANDREW BEST MD PHYSICIAN	40 0					X		320,210		21,466
DOUGLAS CEDENO MD PHYSICIAN	40 0					X		283,513		20,761
DAVID KRONER MD PHYSICIAN	40 0					X		284,924		25,869
DIANE RILEY MD PHYSICIAN	40 0					X		383,303		16,685
LEONARD RUDOLF MD PHYSICIAN	40 0					X		425,843		4,818

Additional Data

Software ID:

Software Version:

EIN: 02-0222791

Name: Alice Peck Day Memorial Hospital

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			
MICHAEL R HARRIS CHAIR	10	X		X						
REV DR GUY JD COLLINS VICE CHAIR	10	X		X						
JUDSON T PIERSON TREASURER	20	X		X						
KAREN G KAYEN SECRETARY	10	X		X						
DEBORAH A GLAZER MD MEDICAL STAFF PRESIDENT	10	X						37,011		
MICHAEL J CRYANS TRUSTEE	5	X								
HARRY G DORMAN III FACHE PRESIDENT AND CEO	450	X		X					323,433	24,433
TERRI C DUDLEY TRUSTEE EMERITUS (NON VOTING)	10	X								
CLAUDIA C GIBSON AUXILIARY PRESIDENT	5	X								
RICHARD S JENNINGS TRUSTEE	10	X								
BRUCE N JOHNSTONE TRUSTEE	10	X								
JENNIFER H JUDKINS MD TRUSTEE	10	X								
EDWARD T KERRIGAN TRUSTEE	10	X								
SARA L KOBYLENSKI TRUSTEE	10	X								
MIRIAM M MAGUIRE TRUSTEE	5	X								
SUSAN E MOONEY MD MS FACOG VP & MEDICAL DIRECTOR	600	X		X				260,260		32,847
MICHAEL PWH PAINE FRCS TRUSTEE	20	X								
MARTY P CANDON TRUSTEE	10	X								
MARK E MELENDY TRUSTEE	10	X								
SHELLY L MOSES TRUSTEE	10	X								
CLOSEY F DICKEY TRUSTEE EMERITUS (NON VOTING)	10	X								
BEVERLY A RANKIN RN BSN MSA VP PATIENT CARE & CNO	600	X		X				139,599		20,556
CURT A JACQUES II TRUSTEE	10	X								
BRETT C PELZTER TRUSTEE	10	X								
J TODD MILLER MS COO	600			X				151,965		25,207

**Alice Peck Day Health Systems Corp.
and Subsidiaries**

**Audited Consolidated Financial Statements
and Additional Information**

*Years Ended September 30, 2012 and 2011
With Independent Auditors' Report*

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

Audited Consolidated Financial Statements and Additional Information

Years Ended September 30, 2012 and 2011

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BAKER NEWMAN NOYES

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Alice Peck Day Health Systems Corp. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Alice Peck Day Health Systems Corp. and Subsidiaries (the System) as of September 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alice Peck Day Health Systems Corp. and Subsidiaries as of September 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.

Baker Newman & Noyes

Manchester, New Hampshire
January 28, 2013

Limited Liability Company

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 7,330,357	\$12,716,020
Short-term investments	6,419,913	5,243,645
Accounts receivable, less allowance for bad debts and contractual allowances of \$10,378,020 in 2012 and \$9,373,518 in 2011	7,580,393	7,582,144
Current portion of pledges receivable, less allowance for bad debts of \$31,271 in 2012	617,129	20,600
Supplies	1,263,440	1,244,989
Prepaid expenses and other current assets	<u>446,800</u>	<u>347,172</u>
Total current assets	23,658,032	27,154,570
Assets whose use is limited or restricted	1,454,273	555,414
Property and equipment, net	50,896,289	45,527,360
Resident unit deposits	182,998	240,293
Long-term investments	26,189	24,364
Pledges receivable, net of current portion, less allowance for bad debts of \$15,748 in 2012	1,216,610	52,830
Deferred financing costs, net of accumulated amortization of \$9,492 in 2012 and \$4,026 in 2011	122,544	128,010
Other assets	<u>615,841</u>	<u>468,948</u>
Total assets	<u>\$78,172,776</u>	<u>\$74,151,789</u>

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current liabilities:		
Line of credit	\$ —	\$ 495,000
Accounts payable and accrued expenses	5,457,268	4,405,348
Accrued salaries and related amounts	2,898,936	2,520,483
Estimated third-party payor settlements	223,122	328,319
Current portion of deferred annuities	17,645	16,360
Current portion of long-term debt	<u>546,353</u>	<u>523,711</u>
Total current liabilities	9,143,324	8,289,221
Long-term debt, net of current portion	28,592,908	29,139,261
Resident unit deposits	182,998	240,293
Deferred revenue from entrance fees, net of accumulated amortization of \$6,067,745 in 2012 and \$4,936,386 in 2011	20,024,888	19,482,727
Interest rate swap	546,694	528,796
Other liabilities	<u>322,006</u>	<u>124,858</u>
Total liabilities	58,812,818	57,805,156
Net assets:		
Unrestricted	18,278,670	14,851,799
Temporarily restricted	1,053,602	1,468,994
Permanently restricted	<u>27,686</u>	<u>25,840</u>
Total net assets	<u>19,359,958</u>	<u>16,346,633</u>
Total liabilities and net assets	<u>\$78,172,776</u>	<u>\$74,151,789</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Net patient service revenues, net of contractual allowances and discounts	\$51,399,106	\$49,962,376
Provision for bad debts	<u>(2,439,576)</u>	<u>(2,596,394)</u>
Net patient service revenues less provision for bad debts	48,959,530	47,365,982
Resident service revenue	5,324,103	4,697,318
Earned entrance fees	1,859,133	1,454,107
Other revenue	1,153,417	957,000
Net assets released from restrictions used for operations	<u>213,044</u>	<u>98,371</u>
Total unrestricted revenues, gains and other support	57,509,227	54,572,778
Expenses:		
Salaries and benefits	34,624,824	32,320,149
Provider fees	2,506,506	2,208,770
Supplies and other	15,870,574	15,089,645
Insurance	597,272	502,328
Depreciation and amortization	2,931,476	2,836,859
Interest expense	<u>725,084</u>	<u>823,768</u>
Total expenses	<u>57,255,736</u>	<u>53,781,519</u>
Income from operations	253,491	791,259
Nonoperating expense:		
Impact of interest rate swaps	(17,898)	(120,469)
Loss on early extinguishment of debt	<u>—</u>	<u>(482,297)</u>
Total nonoperating expense	<u>(17,898)</u>	<u>(602,766)</u>
Excess of revenues, gains and other support over expenses	235,593	188,493
Change in net unrealized gains (losses) on investments	334,208	(488,678)
Net assets released from restrictions used for purchases of property and equipment	<u>2,857,070</u>	<u>721,252</u>
Increase in unrestricted net assets	\$ <u>3,426,871</u>	\$ <u>421,067</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended September 30, 2012 and 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances at September 30, 2010	\$14,430,732	\$ 1,589,332	\$28,065	\$16,048,129
Excess of revenues, gains and other support over expenses	188,493	—	—	188,493
Change in net unrealized losses on investments	(488,678)	—	(2,225)	(490,903)
Restricted contributions	—	699,285	—	699,285
Net assets released from restrictions used for operations	—	(98,371)	—	(98,371)
Net assets released from restrictions used for purchase of property and equipment	<u>721,252</u>	<u>(721,252)</u>	<u>—</u>	<u>—</u>
	<u>421,067</u>	<u>(120,338)</u>	<u>(2,225)</u>	<u>298,504</u>
Balances at September 30, 2011	14,851,799	1,468,994	25,840	16,346,633
Excess of revenues, gains and other support over expenses	235,593	—	—	235,593
Change in net unrealized gains on investments	334,208	—	1,846	336,054
Restricted contributions	—	2,654,722	—	2,654,722
Net assets released from restrictions used for operations	—	(213,044)	—	(213,044)
Net assets released from restrictions used for purchase of property and equipment	<u>2,857,070</u>	<u>(2,857,070)</u>	<u>—</u>	<u>—</u>
	<u>3,426,871</u>	<u>(415,392)</u>	<u>1,846</u>	<u>3,013,325</u>
Balances at September 30, 2012	<u>\$18,278,670</u>	<u>\$ 1,053,602</u>	<u>\$27,686</u>	<u>\$19,359,958</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase in net assets	\$ 3,013,325	\$ 298,504
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Amortization of deferred entrance fees	(1,292,055)	(1,266,258)
Depreciation and amortization	2,931,476	2,836,859
Provision for bad debts, net of recoveries	2,439,576	2,596,394
Net realized and unrealized (gains) losses on investments	(887,991)	229,471
Adjustment of interest rate swap to fair value	17,898	120,469
Loss on early extinguishment of debt	—	482,297
Loss on sale of equipment	59,927	105,336
Restricted contributions	(2,654,722)	(699,285)
Resident unit deposits	57,295	994,462
Changes in operating assets and liabilities:		
Accounts receivable	(2,437,825)	(3,781,751)
Supplies	(18,451)	(66,133)
Prepaid expenses, other current assets, and other assets	(246,521)	(699,205)
Pledges receivable, net	—	(64,666)
Accounts payable and accrued expenses	1,051,920	(388,366)
Accrued salaries and related amounts	378,453	192,765
Estimated third-party payor settlements	(105,197)	163,649
Other liabilities	<u>189,000</u>	<u>80,000</u>
Net cash provided by operating activities	2,496,108	1,134,542
Cash flows from investing activities:		
Purchases of property and equipment	(8,355,325)	(2,520,939)
Proceeds from sale of property and equipment	459	17,351
Purchases of investments	(6,440,993)	(4,491,956)
Proceeds from sales of investments	6,150,891	3,897,475
(Increase) decrease in assets whose use is limited	<u>(898,859)</u>	<u>12,629,718</u>
Net cash (used) provided by investing activities	(9,543,827)	9,531,649
Cash flows from financing activities:		
Entrance fees received	4,741,521	3,944,613
Refunds of entrance fees	(2,964,600)	(1,378,828)
Payments on long-term debt	(523,711)	(41,604,093)
Proceeds from issuance of long-term debt	—	29,492,065
(Repayments) advances on lines of credit	(495,000)	495,000
Increase (decrease) in deferred annuities	9,433	(10,912)
Proceeds from restricted contributions	<u>894,413</u>	<u>699,285</u>
Net cash provided (used) by financing activities	<u>1,662,056</u>	<u>(8,362,870)</u>
Net (decrease) increase in cash and cash equivalents	(5,385,663)	2,303,321
Cash and cash equivalents at beginning of year	<u>12,716,020</u>	<u>10,412,699</u>
Cash and cash equivalents at end of year	\$ <u>7,330,357</u>	\$ <u>12,716,020</u>
Supporting documentation:		
Interest paid, including capitalized interest of \$120,211 in 2012	\$ <u>854,225</u>	\$ <u>793,946</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. **Description of Organization and Summary of Significant Accounting Policies**

Organization

Alice Peck Day Health Systems Corp. (the Parent) is a not-for-profit corporation organized under the laws of the State of New Hampshire. The Parent was established in January 1995 as a tax-exempt holding company whose purpose is to provide and promote health care and health education provided by the Parent's subsidiaries, Alice Peck Day Memorial Hospital (Hospital), Alice Peck Day Lifecare Center, Inc., d/b/a Harvest Hill, and The Woodlands at Harvest Hill (Lifecare). The Parent has additional subsidiaries, Alice Peck Day Realty Corp. (Realty) and Alice Peck Day Health Management Services, Inc. (Management). Management and Realty are currently inactive.

Principles of Consolidation

The consolidated financial statements of Alice Peck Day Health Systems Corp. and Subsidiaries (the System) include the accounts of the Parent and its wholly-controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas which are affected by the use of estimates include the allowance for bad debts and contractual adjustments, estimated third-party payor settlements, insurance-related reserves and recoverables, and self-insured health care costs.

Concentrations of Credit Risk

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable, amounts receivable under irrevocable trusts, and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts (see also note 12). Amounts due under irrevocable trusts are evaluated for collectibility and presented net of any required allowances. The System's investment portfolio consists of diversified investments, which are subject to market risk, but are not subject to concentrations in any sectors.

Cash and Cash Equivalents

Cash and cash equivalents include money market funds and secured repurchase agreements with original maturities of three months or less, excluding assets whose use is limited or restricted.

The System maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The System has not experienced any losses on such accounts.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

Investments and Investment Income

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues, gains and other support over expenses unless the income is restricted by donor or law. Gains and losses on investments are computed on a specific identification basis. Unrealized gains and losses on investments are excluded from the excess of revenues, gains and other support over expenses unless the investments are classified as trading securities or losses are considered other-than-temporary. Periodically, management reviews investments for which the market value has fallen significantly below cost and recognizes impairment losses where they believe the declines are other-than-temporary. At September 30, 2012 and 2011, the System had certain investments that were below cost by approximately \$1,800 and \$96,000, respectively, which were deemed by management to be temporary. However, the System recorded approximately \$46,000 in losses deemed to be other-than-temporary for the year ended September 30, 2011 (none in 2012).

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets designated by the Board for construction costs, agency funds, and donor-restricted funds.

Accounts Receivable and the Allowance for Bad Debts

Accounts receivable are reduced by an allowance for bad debts. In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for bad debts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for bad debts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for bad debts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the System records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for bad debts.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

The Systems' allowance for bad debts for self-pay patients decreased from 89.9% of self-pay accounts receivable at September 30, 2011 to 86.2% of self-pay accounts receivable at September 30, 2012. The System's self-pay bad debt writeoffs decreased \$196,344 from \$2,769,439 in 2011 to \$2,573,095 in 2012. The decrease in the allowance as a percentage of self-pay accounts receivable and bad debt writeoffs was a result of collection trends related to the outsourcing of the self-pay collection function.

Supplies

Supplies are carried at the lower of cost (determined by the first-in, first-out method) or market.

Property and Equipment

Property and equipment is stated at cost or, if contributed, at fair market value determined at the date of donation, less accumulated depreciation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues, gains and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Deferred Financing Costs

The costs incurred to obtain long-term financing are being amortized by the straight-line method over the period during which the debt is outstanding. In 2011, \$482,297 of unamortized issuance costs associated with the extinguishment of debt (see note 9) were written off and recognized as a loss on early extinguishment of debt.

Derivative and Hedging Activities

The System uses interest rate swap contracts to eliminate the cash flow exposure of interest rate movements on variable-rate debt. The System applies the requirements of Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 815, *Derivatives and Hedging* to account for its interest rate swap contract described in note 9. The interest rate swap contract has not been designated as a cash flow hedge. Gains and losses on derivative financial instruments not designated as cash flow hedges are required to be included in the performance indicator. As a result, any gains or losses on the interest rate swap for 2012 and 2011 have been included in the excess of revenues, gains and other support over expenses.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

Employee Fringe Benefits

The System has an "earned time" plan which provides benefits to employees for paid leave hours. Under this plan, each employee earns paid leave for each period worked. These hours of paid leave may be used for vacations, holidays, or illnesses. Hours earned, but not used, are vested with the employee. The System accrues a liability for such paid leave as it is earned.

Retirement Plan

The System's employees participate in a tax-sheltered annuity retirement plan. There is no minimum age or service requirement to participate in the employee deferral contributing portion of the plan. Contributions were made by the System on behalf of all full-time participants who had completed one year of service and attained age 21 at a rate of 4% of each participant's basic annual compensation until June 30, 2012. Effective July 1, 2012, the Plan was modified to define W-2 wages as eligible compensation, implement automatic enrollment for new and current employees, and change to a discretionary employer contribution. Plan expense for the years ended September 30, 2012 and 2011 was approximately \$896,000 and \$784,000, respectively.

Resident Entrance Fees

For residents who took occupancy through September 30, 2001, this amount represented deposits from residents, which were 90% refundable only to the extent of the proceeds of reoccupancy of a contract holder's apartment. The refundable portion was amortized over 25 years which is the estimated remaining life of the building. The remainder (10%) was the nonrefundable portion and was amortized into income on a straight-line basis, over the remaining expected life of the resident's occupancy, which management has estimated to be 7 years.

For new residents of Harvest Hill, as of October 1, 2001, this amount represents entry deposits from residents, which are 75% refundable only to the extent of the proceeds of reoccupancy of a contract holder's apartment. The refundable portion is amortized over 25 years which is the estimated remaining life of the building. The remainder (25%) is the nonrefundable portion and is amortized into income on a straight-line basis, over the remaining expected life of the resident's occupancy, which management has estimated to be 7 years.

For residents of The Woodlands at Harvest Hill, this amount represents entry deposits from residents, which are 90% refundable only to the extent of the proceeds of reoccupancy of a contract holder's apartment. The refundable portion is amortized over 25 years which is the estimated remaining life of the building. The remainder (10%) is the nonrefundable portion and is amortized into income on a straight-line basis, over the remaining expected life of the resident's occupancy, which management has estimated to be 7 years.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

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 has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported as either net assets released from restrictions (for noncapital related items) or as net assets released from restrictions used for capital purchases (capital related items). Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Excess of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations include excess of revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from this performance indicator, consistent with industry practice, include the change in net unrealized gains and losses on investments other than trading securities or losses considered other than temporary, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Health Insurance

The System is partially self-insured with respect to health care coverage. This coverage provides medical health benefits to eligible employees and their eligible dependents. The System estimates an accrual for claims incurred but not reported which is included in accrued salaries and related amounts in the accompanying consolidated balance sheets. Health insurance expense approximated \$2,868,000 and \$3,081,000 in 2012 and 2011, respectively.

Net Patient Service Revenues

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments and fee schedules. Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the consolidated financial statements in the year in which they occur. For the years ended September 30, 2012 and 2011, net patient service revenues in the accompanying consolidated statements of operations changed by approximately \$289,000 and \$231,000, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements for prior years.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The System recognizes patient service revenues associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients, the System provides a discount approximately equal to that of its largest private insurance payors. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided. An estimated breakdown of patient service revenues, net of contractual allowances, discounts and provision for bad debts recognized in 2012 from these major payor sources, is as follows:

	Gross Patient Service Revenues	Contractual Allowances and Discounts	Provision for Bad Debts	Net Patient Service Revenues Less Provision for Bad Debts
Private payors (includes coinsurance and deductibles)	\$39,198,865	\$12,112,164	\$ 804,186	\$26,282,515
Medicaid	6,714,769	3,192,378	39,239	3,483,152
Medicare	20,702,667	5,179,646	160,713	15,362,308
Self-pay	3,241,425	1,497,608	1,435,438	308,379
Disproportionate share funding	—	(3,523,176)	—	3,523,176
	<u>\$69,857,726</u>	<u>\$18,458,620</u>	<u>\$2,439,576</u>	<u>\$48,959,530</u>

Medicaid Enhancement Tax and Medicaid Disproportionate Share

Under the State of New Hampshire's tax code, the State imposes a Medicaid enhancement tax equal to 5.5% of net patient service revenues, with certain exclusions. The amount of estimated tax recorded by the System for fiscal 2012 and 2011 was \$1,854,000 and \$1,786,000, respectively.

The State also administers a disproportionate share funding (DSH) program. For years prior to 2010, the DSH payment to the Hospital equaled the Medicaid enhancement tax for the year. During 2010, in connection with a federal government audit of the State's 2004 fiscal year, it was indicated that the State's DSH approach was not in compliance with federal regulations and, as a result, a \$35.8 million payment was required from the State to the federal payor. The amount of estimated DSH revenue recorded by the Hospital for fiscal 2012 and 2011 was \$3,523,000 and \$1,976,000, respectively.

As part of the State's biennial budget process for the two-year period ending June 30, 2013, it eliminated disproportionate share payments to certain New Hampshire hospitals, excluding hospitals classified as critical access. The System received approximately \$2,480,000 in disproportionate share payments in total in December 2011 and June 2012 covering the State's fiscal year July 1, 2011 to June 30, 2012. The System received approximately \$4,170,000 in disproportionate share payments in December 2012 covering the State's fiscal year July 1, 2012 to June 30, 2013.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

In response to the State's actions, certain New Hampshire hospitals have collectively filed a lawsuit against the State for violations of the *Medicaid Act* in enacting Medicaid rate reductions over a period of years. At the date of these financial statements, the System had not joined this lawsuit.

In addition, the System has amended MET returns for State fiscal years 2009 through 2011 based upon further guidance that certain exclusions can be deducted from net patient service revenues. The State has audited the amended returns. However, outcome of the amended returns and resulting audit appeals is uncertain at the date of these consolidated financial statements.

Charity Care

The Hospital has a formal charity care policy under which patient care is provided without charge or at amounts less than its established rates to patients who meet certain criteria. The Hospital does not pursue collection of amounts determined to qualify as charity care, and therefore they are not reported as revenue. See note 3 with respect to costs of charity care.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and intentions to give are reported at fair value at the date the condition is met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

Donor-restricted endowment gifts are reported as long-term investments.

Any future annuity payments resulting from contributions received which are life income gifts or annuity gifts are determined actuarially and through present value techniques. The future liability for these payments is reflected as a deferred annuity in the consolidated balance sheets. As of September 30, 2012 and 2011, the liability for these gift annuities was \$70,651 and \$61,218, respectively. The long-term portion of these deferred annuities is included in other liabilities in the accompanying consolidated balance sheet.

Income Taxes

The System consists of not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, all of which are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income, and had taken no uncertain tax positions that require adjustment to the consolidated financial statements. With few exceptions, the System is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years before 2009.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was approximately \$137,000 and \$212,000 in 2012 and 2011, respectively.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

Recent Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-01, *Health Care Entities (Topic 954), Continuing Care Retirement Communities- Refundable Advance Fees* (ASU 2012-01), which requires an advance fee to be classified as deferred revenue when a continuing care retirement community has a resident contract that provides for payment of the refundable advance fee upon reoccupancy by a subsequent resident, if such amount is limited to the proceeds of reoccupancy. Refundable advance fees that are contingent upon reoccupancy by a subsequent resident but are not limited to the proceeds of reoccupancy are to be accounted for and reported as a liability. The estimated amount of advance fees that is expected to be refunded to current residents under the terms of the contracts is accounted for and reported as a liability. The remaining amount of refundable advance fees is accounted for as deferred revenue within the liability section of an entity's balance sheet. ASU 2012-01 is effective for the System for the year ended September 30, 2014, although early adoption is permitted. The System is currently evaluating the impact of this accounting pronouncement on its consolidated financial statements.

In July 2011, the Financial Accounting Standards Board (FASB) issued ASU No. 2011-07, "*Health Care Entities*" (Topic 954): *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for bad debts for Certain Health Care Entities*. The ASU is effective for fiscal years and interim periods beginning after December 31, 2011, with early adoption permitted. Changes to the presentation of the provision for bad debts related to net patient service revenues in the statement of operations are applied retrospectively to all prior periods presented. The ASU states that a health care entity that recognizes significant amounts of net patient service revenues at the time the services are rendered, even though it does not assess the patient's ability to pay, must present bad debts as a reduction of net patient service revenues and not as a separate item in operating expenses. The System early adopted this guidance for the year ending September 30, 2012 and has retrospectively applied these provisions to the presentation of the consolidated statement of operations for the year ended September 30, 2011.

In August 2010, the FASB issued ASU No. 2010-23, *Health Care Entities (Topic 954), Measuring Charity Care for Disclosure* (ASU 2010-23), which requires that cost be used as a measurement for charity care disclosure purposes and that cost be identified as the direct and indirect cost of providing the charity care. It also requires disclosure of the method used to identify or determine such costs. The Hospital adopted ASU 2010-23 effective for the year ended September 30, 2012. Since ASU 2010-23 amends disclosure requirements only, its adoption did not impact the Hospital's financial position, results of operations, or cash flows.

In August 2010, the FASB issued ASU No. 2010-24 which addresses the diversity in the accounting for medical malpractice and similar liabilities and their related anticipated insurance recoveries by health care entities that mostly have netted insurance recoveries against the accrued liability, although some have presented the anticipated insurance recovery and the liability on a gross basis. The amendments to Topic 954 clarify that a health care entity should not net insurance recoveries against a related claim liability; the amount of the claim liability should be determined without consideration of insurance recoveries. This ASU was effective for the fiscal year ending September 30, 2012, but was early adopted for the fiscal year ending September 30, 2011. The impact of this accounting pronouncement is discussed in note 13.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

Events occurring after the consolidated balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through January 28, 2013 which is the date the consolidated financial statements were available to be issued.

Reclassifications

Certain amounts in the 2011 consolidated statements of operations have been reclassified to reflect the adoption of changes to accounting principles generally accepted in the United States of America related to the presentation of the provision for bad debts, which has been reclassified from an operating expense to a deduction from net patient service revenue, net of contractual allowances and discounts. There was no impact to the consolidated balance sheet or the excess of revenues, gains and other support over expenses attributable to the System for all periods presented as a result of this change.

Certain other 2011 amounts have been reclassified to conform to the 2012 presentation, including a liability and a receivable for professional liability losses and insurance coverage, respectively. See note 13.

2. Net Patient Service Revenues

Patient service revenues and contractual and other allowances consisted of the following for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Patient services:		
Routine services	\$ 4,210,703	\$ 3,928,515
Ancillary services	<u>65,647,023</u>	<u>64,698,974</u>
Gross patient service revenues	69,857,726	68,627,489
Provision for contractual allowances	(17,449,911)	(17,723,617)
Provision for charity care	<u>(1,008,709)</u>	<u>(941,496)</u>
	<u>(18,458,620)</u>	<u>(18,665,113)</u>
Net patient service revenues, net of contractual allowances and discounts	51,399,106	49,962,376
Provision for bad debts	<u>(2,439,576)</u>	<u>(2,596,394)</u>
Net patient service revenues less provision for bad debts	\$ <u>48,959,530</u>	\$ <u>47,365,982</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

2. Net Patient Service Revenues (Continued)

Revenues from the Medicare and Medicaid programs accounted for approximately 27% and 7%, respectively, of the System's net patient service revenues for both years ended September 30, 2012 and 2011. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

The System has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

The Hospital is a Critical Access Hospital (CAH) and is reimbursed 101% of allowable costs for its inpatient and outpatient services provided to beneficiaries. The Hospital is reimbursed at tentative interim rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's cost reports have been audited by the fiscal intermediary through 2008.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a fee schedule methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through 2009.

Anthem Blue Cross

Inpatient and outpatient services rendered to Anthem Blue Cross subscribers are reimbursed at submitted charges less a negotiated discount. The amounts paid to the Hospital are not subject to any retroactive adjustments.

3. Charity Care (Unaudited)

The Hospital provided charity care to eligible patients. Estimated costs incurred to provide charity care were approximately \$691,000 and \$673,000 for the years ended September 30, 2012 and 2011, respectively. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. The Hospital also provides other community benefit services as follows:

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

3. Charity Care (Unaudited) (Continued)

	<u>2012</u>	<u>2011</u>
Estimated costs incurred in excess of payment for inpatient and outpatient services	\$2,658,000	\$3,920,000
Estimated cost of community health improvement sources, community benefit operations, health professions education and cash and in-kind contributions to community groups	<u>305,000</u>	<u>457,000</u>
	<u>\$2,963,000</u>	<u>\$4,377,000</u>

4. Investments

The composition of assets whose use is limited or restricted and other investments at September 30, 2012 and 2011 is set forth in the following table:

	<u>Cost</u> <u>2012</u>	<u>Fair Value</u> <u>2012</u>	<u>Cost</u> <u>2011</u>	<u>Fair Value</u> <u>2011</u>
Cash and cash equivalents	\$1,454,273	\$1,454,273	\$ 555,414	\$ 555,414
Corporate bonds	15,465	15,229	15,465	15,710
U.S. Treasury securities and other government securities	96,309	103,868	617,124	642,329
Marketable equity securities	73,771	100,748	4,055,645	4,069,269
Exchange traded funds	471,768	480,906	—	—
Mutual funds	<u>5,415,700</u>	<u>5,745,351</u>	<u>542,740</u>	<u>540,701</u>
Total assets	<u>\$7,527,286</u>	<u>\$7,900,375</u>	<u>\$ 5,786,388</u>	<u>\$ 5,823,423</u>

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Donor restricted:		
Cash and cash equivalents	\$ 448,670	\$555,414
Board designated for Hospital renovation:		
Cash and cash equivalents	971,440	—
Agency funds:		
Cash and cash equivalents	<u>34,163</u>	<u>—</u>
	<u>\$1,454,273</u>	<u>\$555,414</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

4. Investments (Continued)

Other Investments

Other investments, stated at fair value, include the following at September 30:

	<u>2012</u>	<u>2011</u>
Corporate bonds	\$ 15,229	\$ 15,710
U.S. Treasury securities and other government securities	103,868	642,329
Marketable equity securities	100,748	4,069,269
Exchange traded funds	480,906	—
Mutual funds	<u>5,745,351</u>	<u>540,701</u>
	6,446,102	5,268,009
Less long-term investments	<u>(26,189)</u>	<u>(24,364)</u>
	<u>\$6,419,913</u>	<u>\$5,243,645</u>

Investment income, net realized gains and losses from assets whose use is limited, cash equivalents, and other investments are included in other revenue and are comprised of the following:

	<u>2012</u>	<u>2011</u>
Income (loss):		
Interest and dividend income	\$104,531	\$ 123,286
Realized gains on sales of securities	551,937	307,508
Other than temporary decline in fair value of investments	<u>—</u>	<u>(46,076)</u>
	<u>\$656,468</u>	<u>\$ 384,718</u>
Other changes in net assets:		
Unrealized gains (losses):		
Unrestricted	\$334,208	\$(488,678)
Permanently restricted	<u>1,846</u>	<u>(2,225)</u>
	<u>\$336,054</u>	<u>\$(490,903)</u>

The System's long-term investment objective is to preserve and enhance the real value of the investment assets over time, in order to provide a sufficient rate of return for fulfilling the philanthropic purposes of the System.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

5. **Fair Value Measurements**

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

5. Fair Value Measurements (Continued)

For the fiscal years ended September 30, 2012 and 2011, the application of valuation techniques applied to similar assets and liabilities has been consistent.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2012</u>				
Assets:				
Assets whose use is limited or restricted:				
Cash and cash equivalents	\$ 1,454,273	\$ —	\$ —	\$1,454,273
Investments:				
Marketable equity securities:				
Materials	2,262	—	—	2,262
Industrials	10,359	—	—	10,359
Consumer discretionary	12,372	—	—	12,372
Consumer staples	12,915	—	—	12,915
Energy	8,298	—	—	8,298
Financial	15,378	—	—	15,378
Health care	12,880	—	—	12,880
Utilities	2,532	—	—	2,532
Information technology	19,744	—	—	19,744
Telecommunications	4,008	—	—	4,008
Mutual funds:				
Money market	116,124	—	—	116,124
Domestic equity	3,155,864	—	—	3,155,864
Foreign equity	1,919,659	—	—	1,919,659
Fixed income	553,704	—	—	553,704
Exchange traded fund	480,906	—	—	480,906
U.S. Treasury securities	—	103,868	—	103,868
Corporate bonds	—	15,229	—	15,229
Pledges receivable, net	<u>—</u>	<u>—</u>	<u>1,833,739</u>	<u>1,833,739</u>
Total assets	<u>\$ 7,781,278</u>	<u>\$119,097</u>	<u>\$1,833,739</u>	<u>\$9,734,114</u>
Liabilities:				
Interest rate swap	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 546,694</u>	<u>\$ 546,694</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

5. Fair Value Measurements (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2011</u>				
Assets:				
Assets whose use is limited or restricted:				
Cash and cash equivalents	\$ 555,414	\$ —	\$ —	\$ 555,414
Investments:				
Marketable equity securities:				
Materials	228,966	—	—	228,966
Industrials	419,619	—	—	419,619
Consumer discretionary	714,400	—	—	714,400
Consumer staples	295,921	—	—	295,921
Energy	389,382	—	—	389,382
Financial	563,882	—	—	563,882
Health care	543,295	—	—	543,295
Utilities	92,547	—	—	92,547
Information technology	615,235	—	—	615,235
Telecommunications	199,348	—	—	199,348
Preferred stock:				
Financial	6,674	—	—	6,674
Fixed income mutual fund	540,701	—	—	540,701
U.S. Treasury securities	—	267,969	—	267,969
Government bonds	105,770	268,590	—	374,360
Corporate bonds	—	15,710	—	15,710
Pledges receivable, net	—	—	73,430	73,430
Total assets	\$ <u>5,271,154</u>	\$ <u>552,269</u>	\$ <u>73,430</u>	\$ <u>5,896,853</u>
Liabilities:				
Interest rate swap	\$ <u>—</u>	\$ <u>—</u>	\$ <u>528,796</u>	\$ <u>528,796</u>

The valuation of the interest rate swap of \$546,694 and \$528,796 at September 30, 2012 and 2011, respectively is estimated based upon the anticipated cash flows under the swap agreement over its duration at market interest rates, and therefore is classified as Level 3.

The System's Level 3 investments consist of pledges receivable. The fair value measurement is based on significant unobservable inputs.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

5. Fair Value Measurements (Continued)

The following is a reconciliation of assets and liabilities in which significant unobservable inputs (Level 3) were used in determining fair value at September 30:

	<u>Pledges Receivable</u>	<u>Interest Rate Swaps</u>
Balance at September 30, 2010	\$ 8,764	\$(408,327)
Additions	104,700	—
Receipts	(37,414)	—
Fair value adjustment	<u>(2,620)</u>	<u>(120,469)</u>
Balance at September 30, 2011	73,430	(528,796)
Additions	2,480,733	—
Receipts	(584,362)	—
Fair value adjustment	(89,043)	(17,898)
Allowance for doubtful accounts	<u>(47,019)</u>	<u>—</u>
Balance at September 30, 2012	<u>\$1,833,739</u>	<u>\$(546,694)</u>

Other financial instruments consist of accounts receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt. The fair value of all financial instruments approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value.

6. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 3,073,847	\$ 3,083,759
Buildings and improvements	48,551,299	48,656,742
Fixed equipment	5,917,088	6,186,411
Major movable equipment	<u>16,192,709</u>	<u>15,187,836</u>
	73,734,943	73,114,748
Less accumulated depreciation and amortization	<u>(31,503,624)</u>	<u>(29,219,090)</u>
	42,231,319	43,895,658
Construction in progress	<u>8,664,970</u>	<u>1,631,702</u>
	<u>\$ 50,896,289</u>	<u>\$ 45,527,360</u>

Depreciation expense for the years ended September 30, 2012 and 2011 amounted to \$2,926,010 and \$2,827,133, respectively.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

7. Pledges Receivable

Gross pledges receivable from donors as of September 30, 2012 and 2011 were \$1,972,421 and \$76,050, respectively. Pledges are due as follows at September 30, 2012:

2013	\$ 648,400
2014	493,623
2015	340,459
2016	309,108
2017	<u>178,211</u>

1,969,801

Less discounts and allowances for uncollectible pledges (136,062)

\$1,833,739

8. Irrevocable Trust

Expected cash payments to be received under the trust are as follows as of September 30, 2012:

Less than one year	\$ 50,500
One to five years	202,000
More than five years	<u>205,025</u>

457,525

Less discount to net present value (68,684)

Net annuity receivable \$388,841

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

10. Lines of Credit

The System has an unsecured line of credit totaling \$1,000,000 with a local bank. Interest on borrowings is charged at the Wall Street Journal prime rate or 3.25%, whichever is higher as determined by the System at the time of borrowing. The amount outstanding on the line of credit was \$495,000 as of September 30, 2011. There was no balance on the line of credit as of September 30, 2012. The line of credit expires in January 2013.

The System has an additional unsecured line of credit with another bank totaling \$1,000,000. Interest on borrowings is charged at the Wall Street Journal prime rate adjusted daily, with a floor rate of 3.00%. There were no amounts outstanding under this agreement as of September 30, 2012 and 2011. The line of credit expires in February 2013.

11. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30:

	<u>2012</u>	<u>2011</u>
Monthly rent subsidies and assisted living operations	\$ 595,026	\$ 522,245
Health care services, community welfare and construction projects	<u>458,576</u>	<u>946,749</u>
	<u>\$1,053,602</u>	<u>\$1,468,994</u>

Permanently restricted net assets are attributed to the following at September 30:

	<u>2012</u>	<u>2011</u>
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	<u>\$27,686</u>	<u>\$25,840</u>

12. Concentrations of Credit Risk

The System 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 was as follows:

	<u>2012</u>	<u>2011</u>
Medicare	15%	20%
Medicaid	10	3
Anthem Blue Cross	14	16
Other third-party payors	18	25
Patients	<u>43</u>	<u>36</u>
	<u>100%</u>	<u>100%</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

13. Commitments and Contingencies

Operating Leases

The System has various operating leases relative to its office and offsite locations. Future annual minimum lease payments under these noncancellable leases as of September 30, 2012 are as follows:

Year Ending September 30:

2013	\$ 394,642
2014	295,514
2015	202,122
2016	74,213
2017	20,071

Rent expense was \$538,000 and \$490,000 for the years ended September 30, 2012 and 2011, respectively.

Insurance

The System, along with other New England Alliance for Health entities, purchases comprehensive general and professional liability coverage on a claims-made basis from a commercial insurance carrier. The policy is made up of primary and excess coverage subject to shared policy aggregate limits and covers all employees of the System. The policy includes an endorsement that covers the System for claims made retroactive to January 1995 (and retroactive to September 1985 for the Hospital). This policy has been renewed through September 30, 2013. As of September 30, 2012, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, and there are no unasserted claims or incidents which require loss accrual.

In accordance with ASU No. 2010-24, "Health Care Entities" (Topic 954) *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2012 and 2011, the System recorded a liability of approximately \$269,000 and \$80,000, respectively, related to estimated professional liability losses. At September 30, 2012 and 2011, the System also recorded a receivable of \$269,000 and \$80,000, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in other liabilities and other assets, respectively, on the accompanying consolidated balance sheets.

The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System. In the event a loss contingency should occur, the System would give it appropriate recognition in its consolidated financial statements in conformity with applicable accounting principles.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

13. Commitments and Contingencies (Continued)

Environmental Liability

FASB ASC 410 requires entities to record asset retirement obligations at fair value if they can be reasonably estimated. The State of New Hampshire requires special disposal procedures relating to building materials containing asbestos. The System owns facilities which may contain some asbestos, but a liability has not been recorded since it has an indeterminate settlement date and its fair value cannot be reasonably estimated.

Construction Commitment

During 2011, the System entered into a general construction agreement for a Hospital renovation project. As of September 30, 2012, the remaining contractual commitment was approximately \$717,000.

14. Functional Expenses

The System provides general health care services to residents within its geographic location including inpatient and outpatient surgery, assisted and independent living services, and promotion of health care and health education. Expenses related to providing these services were as follows for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Health care services	\$46,014,018	\$45,647,972
Program activities	6,393,653	3,580,023
General and administrative	4,169,399	4,183,474
Fundraising expenses	<u>678,666</u>	<u>370,050</u>
	<u>\$57,255,736</u>	<u>\$53,781,519</u>

**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

The Board of Trustees
Alice Peck Day Health Systems Corp. and Subsidiaries

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes

Manchester, New Hampshire
January 28, 2013

Limited Liability Company

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS

September 30, 2012
(With Comparative Totals for 2011)

ASSETS

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	Elimi- nations	2012 Consol- idated	2011 Consol- idated
Current assets:						
Cash and cash equivalents	\$ 23,077	\$ 1,496,474	\$ 5,810,806	\$ —	\$ 7,330,357	\$12,716,020
Short-term investments	3,051,048	3,368,865	—	—	6,419,913	5,243,645
Accounts receivable, net	—	7,528,117	52,276	—	7,580,393	7,582,144
Current portion of pledges receivable, net	—	617,129	—	—	617,129	20,600
Due from affiliates	—	3,162,650	—	(3,162,650)	—	—
Supplies	—	1,238,856	24,584	—	1,263,440	1,244,989
Prepaid expenses and other current assets	<u>329</u>	<u>387,557</u>	<u>58,914</u>	<u>—</u>	<u>446,800</u>	<u>347,172</u>
Total current assets	3,074,454	17,799,648	5,946,580	(3,162,650)	23,658,032	27,154,570
Assets whose use is limited or restricted	—	1,290,563	163,710	—	1,454,273	555,414
Property and equipment, net	—	19,099,897	31,796,392	—	50,896,289	45,527,360
Resident unit deposits	—	—	182,998	—	182,998	240,293
Long-term investments	—	26,189	—	—	26,189	24,364
Pledges receivable, net of current portion	—	1,216,610	—	—	1,216,610	52,830
Deferred financing costs, net	—	122,544	—	—	122,544	128,010
Other assets	<u>—</u>	<u>277,500</u>	<u>338,341</u>	<u>—</u>	<u>615,841</u>	<u>468,948</u>
Total assets	<u>\$3,074,454</u>	<u>\$39,832,951</u>	<u>\$38,428,021</u>	<u>\$ (3,162,650)</u>	<u>\$78,172,776</u>	<u>\$74,151,789</u>

LIABILITIES AND NET ASSETS

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	Elimi- nations	2012 Consol- idated	2011 Consol- idated
Current liabilities:						
Line of credit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 495,000
Accounts payable and accrued expenses	1,055	5,222,499	233,714	—	5,457,268	4,405,348
Accrued salaries and related amounts	41,720	2,577,070	280,146	—	2,898,936	2,520,483
Estimated third-party payor settlements	—	223,122	—	—	223,122	328,319
Current portion of deferred annuities	—	17,645	—	—	17,645	16,360
Due to affiliates	1,172,410	—	1,990,240	(3,162,650)	—	—
Current portion of long-term debt	<u>9,250</u>	<u>277,637</u>	<u>259,466</u>	<u>—</u>	<u>546,353</u>	<u>523,711</u>
Total current liabilities	1,224,435	8,317,973	2,763,566	(3,162,650)	9,143,324	8,289,221
Long-term debt, net of current portion	484,092	14,529,885	13,578,931	—	28,592,908	29,139,261
Resident unit deposits	—	—	182,998	—	182,998	240,293
Deferred revenue from entrance fees, net	—	—	20,024,888	—	20,024,888	19,482,727
Interest rate swap	9,239	277,830	259,625	—	546,694	528,796
Other liabilities	<u>—</u>	<u>322,006</u>	<u>—</u>	<u>—</u>	<u>322,006</u>	<u>124,858</u>
Total liabilities	1,717,766	23,447,694	36,810,008	(3,162,650)	58,812,818	57,805,156
Net assets:						
Unrestricted	1,356,688	15,898,995	1,022,987	—	18,278,670	14,851,799
Temporarily restricted	—	458,576	595,026	—	1,053,602	1,468,994
Permanently restricted	<u>—</u>	<u>27,686</u>	<u>—</u>	<u>—</u>	<u>27,686</u>	<u>25,840</u>
Total net assets	<u>1,356,688</u>	<u>16,385,257</u>	<u>1,618,013</u>	<u>—</u>	<u>19,359,958</u>	<u>16,346,633</u>
Total liabilities and net assets	<u>\$3,074,454</u>	<u>\$39,832,951</u>	<u>\$38,428,021</u>	<u>\$ (3,162,650)</u>	<u>\$78,172,776</u>	<u>\$74,151,789</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS

Year Ended September 30, 2012
(With Comparative Totals for 2011)

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	Elimi- nations	2012 Consol- idated	2011 Consol- idated
Unrestricted revenue, gains and other support:						
Net patient service revenue, net of contractual allowances and discounts	\$ —	\$51,399,106	\$ —	\$ —	\$51,399,106	\$49,962,376
Provision for bad debts	—	(2,439,576)	—	—	(2,439,576)	(2,596,394)
Net patient service revenues less provision for bad debts	—	48,959,530	—	—	48,959,530	47,365,982
Resident service revenue	—	—	5,324,103	—	5,324,103	4,697,318
Earned entrance fees	—	—	1,859,133	—	1,859,133	1,454,107
Other revenue	319,628	749,586	84,203	—	1,153,417	957,000
Net assets released from restrictions used for operations	—	213,044	—	—	213,044	98,371
Total unrestricted revenues, gains and other support	319,628	49,922,160	7,267,439	—	57,509,227	54,572,778
Expenses:						
Salaries and benefits	31,514	31,286,989	3,306,321	—	34,624,824	32,320,149
Provider fees	—	2,506,506	—	—	2,506,506	2,208,770
Supplies and other	—	13,865,155	2,005,419	—	15,870,574	15,089,645
Insurance	462	541,743	55,067	—	597,272	502,328
Depreciation and amortization	—	1,514,390	1,417,086	—	2,931,476	2,836,859
Interest expense	13,619	295,856	415,609	—	725,084	823,768
Total expenses	45,595	50,010,639	7,199,502	—	57,255,736	53,781,519
Income (loss) from operations	274,033	(88,479)	67,937	—	253,491	791,259
Nonoperating income (expense):						
Impact of interest rate swaps	(302)	(61,341)	43,745	—	(17,898)	(120,469)
Loss on early extinguishment of debt	—	—	—	—	—	(482,297)
Total nonoperating income (expense)	(302)	(61,341)	43,745	—	(17,898)	(602,766)
Excess (deficiency) of revenues, gains and other support over expenses	273,731	(149,820)	111,682	—	235,593	188,493
Change in net unrealized (losses) gains on investments	157,646	176,562	—	—	334,208	(488,678)
Net assets released from restrictions used for purchases of property and equipment	—	2,820,465	36,605	—	2,857,070	721,252
Increase in unrestricted net assets	\$431,377	\$ 2,847,207	\$ 148,287	\$ —	\$ 3,426,871	\$ 421,067

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended September 30, 2012
(With Comparative Totals for 2011)

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	2012 Consol- idated	2011 Consol- idated
Cash flows from operating activities:					
Increase in net assets	\$ 431,377	\$ 2,362,265	\$ 219,683	\$ 3,013,325	\$ 298,504
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:					
Amortization of deferred entrance fees	—	—	(1,292,055)	(1,292,055)	(1,266,258)
Depreciation and amortization	—	1,514,390	1,417,086	2,931,476	2,836,859
Provision for bad debts, net of recoveries	—	2,439,576	—	2,439,576	2,596,394
Net realized and unrealized (gains) losses on investments	(429,568)	(458,423)	—	(887,991)	229,471
Adjustment of interest rate swap to fair value	302	61,341	(43,745)	17,898	120,469
Loss on early extinguishment of debt	—	—	—	—	482,297
Loss on sale of equipment	—	59,927	—	59,927	105,336
Restricted contributions	—	(2,546,721)	(108,001)	(2,654,722)	(699,285)
Resident unit deposits	—	—	57,295	57,295	994,462
Changes in operating assets and liabilities:					
Accounts receivable	—	(2,416,398)	(21,427)	(2,437,825)	(3,781,751)
Supplies	—	(17,890)	(561)	(18,451)	(66,133)
Prepaid expenses, other current assets, and other assets	—	(283,659)	37,138	(246,521)	(699,205)
Due to (from) affiliates	47,471	2,090,844	(2,138,315)	—	—
Pledges receivable, net	—	—	—	—	(64,666)
Accounts payable and accrued expenses	(128)	1,144,945	(92,897)	1,051,920	(388,366)
Accrued salaries and related amounts	(2,816)	354,877	26,392	378,453	192,765
Estimated third-party payor settlements	—	(105,197)	—	(105,197)	163,649
Other liabilities	—	189,000	—	189,000	80,000
Net cash provided (used) by operating activities	46,638	4,388,877	(1,939,407)	2,496,108	1,134,542

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	2012 Consol- idated	2011 Consol- idated
Cash flows from investing activities:					
Purchases of property and equipment	\$ —	\$ (8,293,814)	\$ (61,511)	\$ (8,355,325)	\$ (2,520,939)
Proceeds from sale of property and equipment	—	459	—	459	17,351
Purchases of investments	(3,181,890)	(3,259,103)	—	(6,440,993)	(4,491,956)
Proceeds from sales of investments	3,001,340	3,149,551	—	6,150,891	3,897,475
(Increase) decrease in assets whose use is limited	—	(735,149)	(163,710)	(898,859)	12,629,718
Net cash (used) provided by investing activities	(180,550)	(9,138,056)	(225,221)	(9,543,827)	9,531,649
Cash flows from financing activities:					
Entrance fees received	—	—	4,741,521	4,741,521	3,944,613
Refunds of entrance fees	—	—	(2,964,600)	(2,964,600)	(1,378,828)
Payments on long-term debt	(8,891)	(241,780)	(273,040)	(523,711)	(41,604,093)
Proceeds from issuance of long-term debt	—	—	—	—	29,492,065
(Repayments) advances on lines of credit	—	(495,000)	—	(495,000)	495,000
Increase (decrease) in deferred annuities	—	9,433	—	9,433	(10,912)
Proceeds from restricted contributions	—	786,412	108,001	894,413	699,285
Net cash (used) provided by financing activities	(8,891)	59,065	1,611,882	1,662,056	(8,362,870)
Net (decrease) increase in cash and cash equivalents	(142,803)	(4,690,114)	(552,746)	(5,385,663)	2,303,321
Cash and cash equivalents at beginning of year	165,880	6,186,588	6,363,552	12,716,020	10,412,699
Cash and cash equivalents at end of year	\$ 23,077	\$ 1,496,474	\$ 5,810,806	\$ 7,330,357	\$ 12,716,020