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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

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

C Name of organization
Brattleboro Memorial Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
17 Belmont Avenue

City or town, state or country, and ZIP + 4
Brattleboro, VT 05301

D Employer identification number
03-0107300

E Telephone number
(802) 257-0341

G Gross receipts $ 74,358,242

F Name and address of principal officer
Michael Rogers
17 Belmont Avenue
Brattleboro, VT 05301

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) **Are all affiliates included?** ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J **Website:** ▶ http //www bmhvt org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | L Year of formation 1904 | M State of legal domicile VT

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
To provide health care services on a region-wide basis

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	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	580
6	Total number of volunteers (estimate if necessary)	6	109
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	298,965	459,540
	9	Program service revenue (Part VIII, line 2g)	58,751,129	68,487,383
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	265,171	427,213
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-202,505	-178,982
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	59,112,760	69,195,154
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	31,969,160	36,264,557
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	27,797,062	29,030,577
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	59,766,222	65,295,134
	19	Revenue less expenses Subtract line 18 from line 12	-653,462	3,900,020
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	57,406,774	63,371,670
	21	Total liabilities (Part X, line 26)	23,788,690	25,078,736
	22	Net assets or fund balances Subtract line 21 from line 20	33,618,084	38,292,934

Part II Signature Block

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

Sign Here

****** | 2013-08-14
Signature of officer | Date

Michael Rogers Vice President of Finance
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions)
Barbara J McGuan CPA	2013-08-14		P00219457

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Berry Dunn McNeil & Parker LLC
PO Box 1100
Portland, ME 041041100

EIN ▶ 01-0523282

Phone no ▶ (207) 775-2387

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Brattleboro Memorial Hospital will provide community-based quality health services delivered with compassion and respect

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . ☐ **Yes** ☑ **No**

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ **Yes** ☑ **No**

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 51,671,023 including grants of $) (Revenue $ 65,645,783)

Provision of Hospital Care, both inpatient and outpatient services, on a region-wide basis Approximately 90,630 outpatients and 2,054 inpatients were served throughout the year Brattleboro Memorial Hospital is a modern, well-equipped and professionally staffed community hospital which has been serving greater Brattleboro and the tri-state area since 1904 Throughout our more than a century of caring for our community, BMH has kept up with medical technology which, in turn, has drawn excellent physicians to our facility The BMH Medical Staff boasts more than 100 board-certified physicians, active in both primary care and many specialties

4b (Code) (Expenses $ 1,561,221 including grants of $) (Revenue $ 2,841,600)

Charity Care The Hospital's charity care program is designed to assist those patients who are either uninsured, underinsured or have limited financial resources that impact their ability to fully pay for their hospital care Before completing an application for charity care, patients are first asked to investigate whether or not they may be eligible for Medicare, Medicaid, Veteran's Benefits or other governmental or public assistance programs The Hospital's qualifications for charity care are as follows 1) Charity care is limited to medically necessary services Patients receiving certain elective services, such as those considered cosmetic, investigational or experimental, are expected to make payment arrangements in advance, as these types of services are not covered by the charity care program 2) Patient's family income must be at or below 300% of the current Federal Poverty Income Guidelines for their applicable family size 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 estimated cost of those services and supplies and equivalent service statistics The following information measures the levels of the charity care provided during the year ended September 30, 2012 Equivalent percentage of charity care services to all services 2 39%Number of patients receiving charity care 4,760In addition, the Hospital also incurred payment shortfalls in the treatment of Medicare and Medicaid patients Both of these government programs reimburse for medical services at less than published charges to provide those services In 2012, the Hospital incurred shortfalls of approximately $5,899,000 and $4,959,000 related to treating Medicare and Medicaid patients, respectively The Hospital also provided many other community benefits upon which no monetary value can be placed such as -BMH provides space at no cost to the local non-profit Brattleboro Walk-in Clinic -Promotes wellness through screening and demonstrations at our annual Health Fair -Offers free smoking cessation classes -Collaborates with other community agencies in publishing a community wellnes calenday twice a year

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses**▶$ 53,232,244

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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	114		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	580		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			13a		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the aggregate amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 11			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 9			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		5		No
6	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

Michael Rogers
17 Belmont Avenue
Brattleboro, VT 05301
(802) 257-0341

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Kirsten Beske Chair	1 00	X		X				0	0	0
(2) John M Meyer Vice Chair	1 00	X		X				0	0	0
(3) Carl Lynde Secretary	1 00	X		X				0	0	0
(4) Jill Zachary Board Member	1 00	X						0	0	0
(5) Rick Fleming Past Board Member	1 00	X						0	0	0
(6) Ben Taggard Board Member	1 00	X						0	0	0
(7) Burton Tepfer MD Board Member	1 00	X						47,442	0	0
(8) Peter Carvell Board Member	1 00	X						0	0	0
(9) Deborah Boyle Board Member	1 00	X						0	0	0
(10) Richard Carroll Board Member	1 00	X						0	0	0
(11) Leslie Morey Board Member	1 00	X						0	0	0
(12) Denise Paasche MD Board Member	1 00	X						4,120	0	0
(13) Steven Gordon President & CEO	40 00			X				0	226,139	13,691
(14) Michael Rogers VP Finance, Treas & CFO	40 00			X				0	173,748	36,442
(15) Mary Morgan VP Quality Services	40 00				X			0	186,266	10,227
(16) Clifford Langweiler MD ER Physician	40 00					X		276,580	0	54,505
(17) Teresa Fitzharris-Onyon MD ER Physician	40 00					X		250,498	0	51,843

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(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
(18) Christopher Schmidt MD Medical Director-Emergency	40 00					X		246,092	0	51,817
(19) Joseph Rosen MD General Surgeon	40 00					X		268,149	0	35,979
(20) Gregory Gadowski MD General Surgeon	40 00					X		266,339	0	38,417
(21) Barry Beeman Former CEO	40 00						X	0	101,097	3,877

		(D)	(E)	(F)
1b	Sub-Total . . . . ►			
c	Total from continuation sheets to Part VII, Section A . . . . ►			
d	Total (add lines 1b and 1c) . . . . ►	1,359,220	687,250	296,798

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ►28

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Southern VT Health Services Corp 17 Belmont Avenue Brattleboro, VT 05301	Management Fees	1,613,000
Anesthesia Physicians of Brattleboro 17 Belmont Avenue Brattleboro, VT 05301	Medical Services	715,000
Mayo Medical Laboratories 200 First Street SW Rochester, MN 55909	Lab Services	418,724
Unibased Systems Arch Inc 14323 South Outer Road Suite 300 So Chesterfield, MO 63017	Software & Support	325,622
Weatherby Locums Inc PO Box 972633 Dallas, TX 753972633	Temporary Medical Services	287,194

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 ►18

Part VIII Statement of Revenue

Line	Description	Code / Amount	(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	29,655				
e	Government grants (contributions) 1e	429,885				
f	All other contributions, gifts, grants, and similar amounts not included above 1f					
g	Noncash contributions included in lines 1a-1f $					
h	**Total.** Add lines 1a-1f . . . . ▶		459,540			
	Program Service Revenue	Business Code				
2a	Patient Service Revenu	621400	118,687,302	118,687,302		
b	Meaningful Use Revenue	900099	1,538,654	1,538,654		
c	Miscellaneous Revenue	900099	656,664	656,664		
d	Provision for Bad Debt	621400	-3,552,356	-3,552,356		
e	Contractual Allowances	621400	-48,842,881	-48,842,881		
f	All other program service revenue					
g	**Total.** Add lines 2a–2f . . . . ▶		68,487,383			
	Other Revenue					
3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶		229,848			229,848
4	Income from investment of tax-exempt bond proceeds . . ▶					
5	Royalties . . . . ▶					
		(i) Real / (ii) Personal				
6a	Gross rents	(i) 226,112				
b	Less rental expenses	(i) 405,094				
c	Rental income or (loss)	(i) -178,982				
d	Net rental income or (loss) . . . . ▶		-178,982			-178,982
		(i) Securities / (ii) Other				
7a	Gross amount from sales of assets other than inventory	(i) 4,947,559 / (ii) 7,800				
b	Less cost or other basis and sales expenses	(i) 4,757,543 / (ii) 451				
c	Gain or (loss)	(i) 190,016 / (ii) 7,349				
d	Net gain or (loss) . . . . ▶		197,365			197,365
8a	Gross income from fundraising events (not including $ of contributions reported on line 1c) See Part IV, line 18 . . . a					
b	Less direct expenses . . . b					
c	Net income or (loss) from fundraising events . . ▶					
9a	Gross income from gaming activities See Part IV, line 19 . . . a					
b	Less direct expenses . . . b					
c	Net income or (loss) from gaming activities . . . ▶					
10a	Gross sales of inventory, less returns and allowances . a					
b	Less cost of goods sold . . b					
c	Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
11a						
b						
c						
d	All other revenue					
e	**Total.** Add lines 11a–11d . . . . . . ▶					
12	**Total revenue.** See Instructions . . . ▶		69,195,154	68,487,383	0	248,231

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX . . . .

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	51,563	51,563		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	28,381,927	23,156,641	5,225,286	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,013,983	827,641	186,342	
9 Other employee benefits	5,223,411	4,460,045	763,366	
10 Payroll taxes	1,593,673	1,300,800	292,873	
11 Fees for services (non-employees)				
a Management	1,613,000	261,000	1,352,000	
b Legal	42,667		42,667	
c Accounting	69,400		69,400	
d Lobbying				
e Professional fundraising *See Part IV, line 17* . .				
f Investment management fees	40,269		40,269	
g Other				
12 Advertising and promotion	186,869	98,745	88,124	
13 Office expenses	2,167,993	1,705,451	462,542	
14 Information technology				
15 Royalties . .				
16 Occupancy	1,609,105	1,220,441	388,664	
17 Travel	139,636	103,791	35,845	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	265,151	186,425	78,726	
21 Payments to affiliates	46,158		46,158	
22 Depreciation, depletion, and amortization	3,298,535	2,319,163	979,372	
23 Insurance	956,627	956,627		
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 Contract Services & Con	4,184,161	3,411,857	772,304	
b Drugs	3,751,556	3,751,556	0	
c Provider Taxes	3,646,926	3,646,926	0	
d Medical/Surgical Suppli	3,206,855	3,205,769	1,086	
e				
f All other expenses	3,805,669	2,567,803	1,237,866	
25 **Total functional expenses.** Add lines 1 through 24f	65,295,134	53,232,244	12,062,890	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

					(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			99,431	1	99,947
	2	Savings and temporary cash investments			8,504,708	2	6,238,648
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			4,927,944	4	5,834,564
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			1,532,236	8	1,510,932
	9	Prepaid expenses and deferred charges			366,619	9	354,205
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a	54,790,502			
	b	Less accumulated depreciation	10b	31,952,828	22,749,035	10c	22,837,674
	11	Investments—publicly traded securities			18,630,246	11	25,441,707
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			596,555	15	1,053,993
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)			57,406,774	16	63,371,670
Liabilities	17	Accounts payable and accrued expenses			6,852,333	17	8,351,198
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			10,250,000	20	9,845,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties			0	24	13,693
	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			6,686,357	25	6,868,845
	26	**Total liabilities.** Add lines 17 through 25			23,788,690	26	25,078,736
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			33,161,976	27	37,834,307
	28	Temporarily restricted net assets			178,520	28	179,682
	29	Permanently restricted net assets			277,588	29	278,945
		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			33,618,084	33	38,292,934
	34	Total liabilities and net assets/fund balances			57,406,774	34	63,371,670

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	69,195,154
2	Total expenses (must equal Part IX, column (A), line 25)	2	65,295,134
3	Revenue less expenses Subtract line 2 from line 1	3	3,900,020
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	33,618,084
5	Other changes in net assets or fund balances (explain in Schedule O)	5	774,830
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	38,292,934

Part XII Financial Statements and Reporting

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

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

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
Brattleboro Memorial Hospital

Employer identification number
03-0107300

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Brattleboro Memorial Hospital	03-0107300

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		

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

		(a)	(b)
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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		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		18,840
j	Total lines 1c through 1i			18,840
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

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

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	BMH is a member of the VT Association of Hospitals and Health Systems and the American Hospital Association A portion of the dues paid to these organizations is available for lobbying expenditures on behalf of BMH and other member organizations in furtherance of their exempt purposes BMH does not directly perform any lobbying activities

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SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Brattleboro Memorial Hospital

Employer identification number
03-0107300

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		45,499		45,499
b Buildings		31,527,127	15,993,835	15,533,292
c Leasehold improvements				
d Equipment		19,508,176	14,968,614	4,539,562
e Other		3,709,700	990,379	2,719,321
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				22,837,674

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Due to Medicaid	405,471
Due to Medicare	5,429,820
Interest Rate Swap	1,033,554
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	6,868,845

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	69,195,154
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	65,295,134
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	3,900,020
4	Net unrealized gains (losses) on investments	4	824,950
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-50,120
9	Total adjustments (net) Add lines 4 - 8	9	774,830
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	4,674,850

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	69,883,557
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	824,950		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	7,466		
e	Add lines **2a** through **2d**			2e	832,416
3	Subtract line **2e** from line **1**			3	69,051,141
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	40,269		
b	Other (Describe in Part XIV)	4b	103,744		
c	Add lines **4a** and **4b**			4c	144,013
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	69,195,154

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

1	Total expenses and losses per audited financial statements			1	65,208,707
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	65,208,707
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	40,269		
b	Other (Describe in Part XIV)	4b	46,158		
c	Add lines **4a** and **4b**			4c	86,427
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	65,295,134

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Part XI, Line 8 - Other Adjustments		Unrealized Loss on Interest Rate Swap -57,586 Change in Interest in SVHSC 7,466 Total to Schedule D, Part XI, Line 8 -50,120
Part XII, Line 2d - Other Adjustments		Change in Interest in SVHSC 7,466
Part XII, Line 4b - Other Adjustments		Unrealized Loss on Interest Rate Swap 57,586 Transfer to SVHSC 46,158
Part XIII, Line 4b - Other Adjustments		Transfer to SVHSC 46,158

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Brattleboro Memorial Hospital

Employer identification number
03-0107300

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 300.000000000000 %			
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ______ %			
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 eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring 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)			1,244,648		1,244,648	1 910 %
b Medicaid (from Worksheet 3, column a)			13,790,876	8,831,526	4,959,350	7 600 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			961,837	722,818	239,019	0 370 %
d **Total** Charity Care and Means-Tested Government Programs			15,997,361	9,554,344	6,443,017	9 880 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			12,430		12,430	0 020 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			38,602		38,602	0 060 %
j **Total** Other Benefits			51,032		51,032	0 080 %
k **Total.** Add lines 7d and 7j			16,048,393	9,554,344	6,494,049	9 960 %

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

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

					Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?			1	Yes	
2	Enter the amount of the organization's bad debt expense	2	1,951,721			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	487,930			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit					

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	11,980,990
6	Enter Medicare allowable costs of care relating to payments on line 5	6	17,879,822
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-5,898,832

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

			Yes	No
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV **Management Companies and Joint Ventures** (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Brattleboro Memorial Hospital Inc 17 Belmont Ave Brattleboro, VT 05301	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Brattleboro Memorial Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	**1**	Yes	
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☑ A definition of the community served by the hospital facility			
b ☑ Demographics of the community			
c ☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☑ How data was obtained			
e ☑ The health needs of the community			
f ☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☑ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☑ The process for consulting with persons representing the community's interests			
i ☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 11			
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**	Yes	
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**	Yes	
5 Did the hospital facility make its Needs Assessment widely available to the public?	**5**	Yes	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☑ Hospital facility's website			
b ☑ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☑ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☑ Execution of the implementation strategy			
c ☑ Development of a community-wide community benefit plan for the facility			
d ☑ Participation in community-wide community benefit plan			
e ☑ Inclusion of a community benefit section in operational plans			
f ☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☑ Prioritization of health needs in the community			
h ☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	**7**		No
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**8**	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☑ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			
	Billing and Collections			
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14		No
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	

If "No," indicate why

- **a** ☐ The hospital facility did not provide care for any emergency medical conditions
- **b** ☐ The hospital facility's policy was not in writing
- **c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- **d** ☐ Other (describe in Part VI)

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- **a** ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- **b** ☑ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- **c** ☑ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- **d** ☐ Other (describe in Part VI)

		Yes	No
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		Part I, Line 3c Brattleboro Memorial Hospital's Free Care program is designed to assist those patients who are either uninsured, underinsured or have limited financial resources that impact their ability to fully pay for their hospital care When making application for Free Care, patients are first asked to investigate whether or not they may be eligible for Medicare, Medicaid, Veterans' Benefits or other governmental or public assistance programs Free Care should always be the payor of last resort A Qualifications for Free Care 1 Free Care is limited to medically necessary services Patients receiving certain elective services, such as those considered cosmetic, investigational or experimental, are expected to make payment arrangements in advance, as these types of services are not covered by Free Care,2 Patients' family income must be at or below 300% of the current Federal Poverty Income Guidelines for their family size,3 Patients or their guarantors must complete a Free Care application and provide the hospital with verification of income Responsible parties may be asked to disclose the identity and amounts of any assets that could be used to pay for medical expenses NOTE Income verification may be waived at the discretion of the Director of Patient Financial Services, particularly in those instances in which patients have subsequently qualified for Medicaid, or are deceased, with no estate,4 Free Care applications will be processed within two weeks of the date of their receipt in our Business Office,5 Free Care applies only to those patient accounts still in active Accounts Receivable, no Free Care allowance may be applied against accounts that have been forwarded to a collection agency as Bad Debt B Patients will be notified in writing of their approval or denial status within 30 days of the date of receipt of the application and any required supporting documentation All accounts written off to Free Care must be approved by the Director of Patient Financial Services or the Vice-President of Finance

Identifier	ReturnReference	Explanation
		Part I, Line 7 A cost accounting system was used to calculate the amounts reported in the table The cost accounting system addresses all patient segments A cost-to-charge ratio was used

Identifier	ReturnReference	Explanation
		Part II 1 Health Fair 2 Director of the Community Health Team participates in community coalitions such as Fit & Health Kid's Coalition, Healthier Communities Coalition The HCC coalition, of which the Director of the Community Health Team, is a member, has been instrumental in advocating for healthy nutrition, exercise, food security, Farm to School programming & advocating for improving the built environment & town policies to support health & wellness Many of the health improvement needs identified by & advocated for by the coalition have been incorporated into the new town plan for Brattleboro The HCC was recognized for its success & effectiveness The HCC has conducted Community Healthier Living Index (CHLI) assessments at Green Street School and at BMH This YMCA tool measures community organization support for physical activity & health eating Mini grant money will be used to implement strategies for improvements in the areas of health nutrition and exercise 3 Our Director of Nutrition Services supports local agriculture & has been recognized for BMH's level of support 550 BMH employees benefit from local foods & healthy choices on our breakfast, lunch & dinner menus daily

Identifier	ReturnReference	Explanation
		Part III, Line 4 A simple RCC was utilized to reduce charges to cost The estimated bad debt that may be eligible for our charity care policy was based on a 25% eligibility rate

Identifier	ReturnReference	Explanation
		Part III, Line 8 The Medicare shortfall should be considered a community benefit in its entirety

Identifier	ReturnReference	Explanation
		Part III, Line 9b Patients or their guarantors must complete a Free Care application and provide the hospital with verification of income Responsible parties may be asked to disclose the identity and amounts of any assets that could be used to pay for medical expenses NOTE Income verification may be waived at the discretion of the Director of Patient Financial Services, particularly in those instances in which patients have subsequently qualified for Medicaid, or are deceased, with no estate

Identifier	ReturnReference	Explanation
Brattleboro Memorial Hospital		Part V, Section B, Line 3 A Steering Committee was formed that represented a cross section of diverse community organizations and members that represented various community populations and age groups Group forums, Steering Communitee meetings and various surveys were conducted during the time period from October 2011 and ending September 2012 The Needs Assessment was approved by the Board in December 2012

Identifier	ReturnReference	Explanation
Brattleboro Memorial Hospital		Part V, Section B, Line 4 Brattleboro Memorial Hospital, Grace Cottage Hospital and The Brattleboro Retreat

Identifier	ReturnReference	Explanation
Brattleboro Memorial Hospital		Part V, Section B, Line 7 Several needs emerged in the research findings that the participating health care organizations cannot fully address at this time These unmet needs are as follows Hepatitis C prevention, improved transportation, violence prevention and poverty reduction The hospital is not addressing Hepatitis C prevention at this time due to other priority health care conditions being selected to focus on for the upcoming three-year period While the hospital is not currently adressing the needs for improved transportation, violence prevention and poverty reduction they are supporting several community initiatives aimed at addressing these needs

Identifier	ReturnReference	Explanation
		Part VI, Line 2 BMH conducted the December 2012 Community Health Needs Assessment The needs assessment addressed health and wellness in Windham County, inclusive of lifestyle, access to care, maternal & child health, illness & death, and injury Methodology included data analysis, on-line surveys, survey questionnaire distribution at public events, various focus groups, provider surveys and 7 formal Steering Committee meetings Highest priority issues about healthcare & healthcare access were identified Evaluations were given to all participants of the Community Health Needs Assessment Participants are asked what health & wellness topics they would like to have presented Each participant developed an implementation plan These responses are compiled & prioritized The committee for the calendar uses these priority requests to plan content of future calendars

Identifier	ReturnReference	Explanation
		Part VI, Line 4 BMH serves a total service area that includes 22 towns A population of 59,000 Compared to VT/US, residents of the service area tend to be Older Similarly well off (MI), especially in the secondary service area Less at risk for obesityThe 65+ population will be the fastest growing segment, while the 0-17 and 18-44 age cohorts drop VT is the second oldest state in the country (after Maine) Median age in the PSA & SSA is higher than Vermont overall & significantly higher than the US median Brattleboro area employers, like Vermont employers generally, are small in size The 3 largest employers are C&S Wholesale, Entergy VT, and BMH 11,474 people commute to Brattleboro to work * The unemployment rate for Windham County as of April 2012 was 5 7% The VT Department of Health publishes a comprehensive Health Status Report every 5 years The most recent report is dated 2008 County data is compared to goals for VT The indicators for Windham County for 2008 identified the following areas of concern Access to health care - residents without a usual doctor, lack of health insurance Breast, Colon and Cervical Cancer screening rates are worse than in Vermont or less than the healthy Vermonter goal Rates of Injury in Windham County were higher than Vermont in all age groups except 0-9 year olds

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Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Brattleboro Memorial Hospital

Employer identification number
03-0107300

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
(1) Steven Gordon	(i)	0	0	0	0	0	0	0
	(ii)	216,476	0	9,663	0	13,691	239,830	0
(2) Michael Rogers	(i)	0	0	0	0	0	0	0
	(ii)	167,983	2,403	3,362	13,397	23,045	210,190	0
(3) Mary Morgan	(i)	0	0	0	0	0	0	0
	(ii)	168,922	0	17,344	0	10,227	196,493	0
(4) Clifford Langweiler MD	(i)	276,580	0	0	12,967	41,538	331,085	0
	(ii)	0	0	0	0	0	0	0
(5) Teresa Fitzharris-Onyon MD	(i)	250,498	0	0	12,250	39,593	302,341	0
	(ii)	0	0	0	0	0	0	0
(6) Christopher Schmidt MD	(i)	246,092	0	0	12,250	39,567	297,909	0
	(ii)	0	0	0	0	0	0	0
(7) Joseph Rosen MD	(i)	243,149	25,000	0	12,934	23,045	304,128	0
	(ii)	0	0	0	0	0	0	0
(8) Gregory Gadowski MD	(i)	241,339	25,000	0	12,250	26,167	304,756	0
	(ii)	0	0	0	0	0	0	0
(9) Barry Beeman	(i)	0	0	0	0	0	0	0
	(ii)	55,849	0	45,248	0	3,877	104,974	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 6	The bonuses paid in tax year 2011 are mostly contractual however the net earnings are a minor consideration in the senior leadership bonus amounts

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Brattleboro Memorial Hospital

Employer identification number
03-0107300

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	Vermont Educational and Health Building Financing Agency	23-7154467	924166BQ3	02-01-2008	11,180,000	Advance refund of previously issued bonds		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,335,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	11,180,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	145,933			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	11,034,067			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2008			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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 Yes	A No	B Yes	B No	C Yes	C No	D Yes	D 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 ▶								
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	Duetsche Bank							
c	Term of hedge	15 000000000000							
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								
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 L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Brattleboro Memorial Hospital

Employer identification number
03-0107300

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV **Business Transactions Involving Interested Persons.**
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues? Yes	No
(1) JoAnne Rogers	Spouse of Michael Rogers, VP of Finance, Treasurer & CFO	26,844	JoAnne Rogers works as the gift shop manager for an average of 20 hours per week		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Brattleboro Memorial Hospital

Employer identification number
03-0107300

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	The sole member of the Hospital shall be Southern Vermont Health Services Corporation, a Vermont not-for-profit corporation
	Form 990, Part VI, Section A, line 7a	The Board of Directors of the Hospital shall consist of eleven persons elected by Southern Vermont Health Service Corporation (sole member) from among membership of the sole member, plus the President and Medical Staff President ex officio but without the power to vote Directors shall be elected annually by the sole member to hold office for three years and until their successors have been elected and qualified or until thier death or resignation Elected directors may serve for a maximum of three consective three-year terms
	Form 990, Part VI, Section A, line 7b	The Board of Directors may not take any of the following actions without the prior approval of Southern Vermont Health Service Corporation (sole member) a) Adopt any annual or long-term capital or operating budget of the Hospital, b) Authorize the Hospital to enter into any contract or engage in any transaction which is not provided for in an annual or long-term capital or operating budget of the Hospital approved by the sole member, where the amount involved exceeds an amount as determined from time to time by the sole member, c) Authorize the Hospital to transfer funds or other assets to any other organization or corporation, where the amount involved exceeds an amount as determined from time to time by the sole member, d) Authorized the Hospital to engage in, or enter into, any transaction involving the borrowing of funds, incurring of debt, and/or guaranteeing, pledging, or collateralizing of any of its assets in connection therewith, e) Adopt any new, or any changes to the existing, long-range or master plans or the Hospital, or f) Organize or acquire, or authorize the organization or acquisition of, any subsidiary or affiliate of the Hospital
	Form 990, Part VI, Section B, line 11	The role of the Hospital's Audit Committee includes review of the 990 The Audit Committee engages the auditors and receives the audit and a complete copy of the Form 990, including all schedules The Audit Committee will report to the Board that the 990 review has occurred The Board accepts the the Audit Committee reports and the 990 All members of the Board will have access to the 990 prior to filing
	Form 990, Part VI, Section B, line 12c	Each December, Board Members are required to complete a Conflict of Interest Statement Beginning FY 2010, these statements were reviewed by outside counsel and reported back to the Board of Directors along with recommendations for action
	Form 990, Part VI, Section B, line 15	The Executive Compensation Committe (ECC) of the Board of Directors (BOD) engages an outside compensation consultant to review executive compensation policies, procedures and conduct an independent regional and national market survey for senior leadership positions The ECC sets the CEO's compensation and reviews the CEO's recommendations for other senior leadership compensation The actions of the ECC are reviewed and approved by the BOD
	Form 990, Part VI, Section C, line 19	Financial statements are published on our website Our governing documents and conflict of interest policies are not made available to the public
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 824,950 Unrealized Loss on Interest Rate Swap -57,586 Change in Interest in SVHSC 7,466 Total to Form 990, Part XI, Line 5 774,830
	Form 990, part XII, Line 2c	The organization did not change its oversight or selection during the tax year

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Brattleboro Memorial Hospital

Employer identification number
03-0107300

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) Southern Vermont Health Services Corp 17 Belmont Ave Brattleboro, VT 05301 22-2564588	Provide Health Management Services	VT	501(c)(3)	Line 7	N/A		No

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

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

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Southern Vermont Health Services	L	1,613,000	Cash
(2) Southern Vermont Health Services	C	29,655	Cash
(3)			
(4)			
(5)			
(6)			

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

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

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

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation

Berry

BRATTLEBORO MEMORIAL HOSPITAL

FINANCIAL STATEMENTS

September 30, 2012 and 2011

With Independent Auditors' Report

BRATTLEBORO MEMORIAL HOSPITAL

September 30, 2012 and 2011

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Berry

INDEPENDENT AUDITORS' REPORT

Board of Directors
Brattleboro Memorial Hospital

We have audited the accompanying balance sheets of Brattleboro Memorial Hospital (the Hospital), a Vermont not-for-profit corporation and wholly-controlled subsidiary of Southern Vermont Health Services Corporation (SVHSC), as of September 30, 2012 and 2011, and the related statements of operations, changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with U S generally accepted auditing standards 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 financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of September 30, 2012 and 2011, and the results of its operations, changes in its net assets, and its cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
December 5, 2012
Registration No 92-000027

BRATTLEBORO MEMORIAL HOSPITAL

Balance Sheets

September 30, 2012 and 2011

ASSETS

	2012	2011
Current assets		
Cash and cash equivalents	**$ 2,264,136**	$ 1,139,621
Patient and other accounts receivable, net	**5,834,564**	4,927,944
Supplies inventory	**1,510,932**	1,532,236
Other current assets	**354,205**	366,619
Assets limited as to use for current payment of debt service	**420,034**	405,014
Due from affiliate	**567,904**	111,117
Total current assets	**10,951,775**	8,482,551
Assets limited as to use		
Investments		
Internally designated	**29,008,325**	25,596,996
Other temporarily restricted investments	**87,807**	92,754
Interest in net assets of SVHSC	**370,819**	363,354
Total assets limited as to use	**29,466,951**	26,053,104
Property and equipment, net	**22,837,674**	22,749,035
Bond issuance costs, net of accumulated amortization	**115,270**	122,084
Total assets	**$ 63,371,670**	$ 57,406,774

The accompanying notes are an integral part of these financial statements

LIABILITIES AND NET ASSETS

	2012	2011
Current liabilities		
Current portion of long-term debt	**$ 425,092**	$ 405,000
Accounts payable	**1,854,678**	1,055,911
Salaries, wages, and payroll taxes payable	**691,115**	444,420
Accrued retirement plan contribution	**926,559**	911,690
Accrued compensated absences	**2,004,400**	1,772,799
Other accrued expenses	**2,874,446**	2,667,513
Estimated third-party payor settlements	**5,835,291**	5,710,389
Total current liabilities	**14,611,581**	12,967,722
Long-term debt, less current portion	**9,433,601**	9,845,000
Interest rate swap	**1,033,554**	975,968
Total liabilities	**25,078,736**	23,788,690
Commitments and contingencies (Notes 7 and 12)		
Net assets		
Unrestricted	**37,834,307**	33,161,976
Temporarily restricted	**179,682**	178,520
Permanently restricted	**278,945**	277,588
Total net assets	**38,292,934**	33,618,084
Total liabilities and net assets	**$ 63,371,670**	$ 57,406,774

BRATTLEBORO MEMORIAL HOSPITAL

Statements of Operations

Years Ended September 30, 2012 and 2011

	2012	2011
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	**$ 69,844,421**	$ 61,217,061
Less provision for bad debts	**3,552,356**	3,104,068
Net patient service revenue	**66,292,065**	58,112,993
Meaningful use revenue	**1,538,654**	-
Other revenue	**1,002,925**	715,961
Total unrestricted revenues, gains, and other support	**68,833,644**	58,828,954
Expenses		
Salaries, wages, and benefits	**36,264,556**	31,969,160
Supplies and expenses	**15,655,360**	15,014,274
Contracted services	**6,078,180**	6,056,804
Depreciation and amortization	**3,298,534**	3,306,726
Health care improvement tax	**3,646,926**	3,088,388
Interest expense	**265,151**	278,628
Total expenses	**65,208,707**	59,713,980
Operating income (loss)	**3,624,937**	(885,026)
Nonoperating gains (losses)		
Income from investments	**384,873**	223,927
Loss from rental activities, net of expenses and depreciation of $405,094 and $457,551 in 2012 and 2011, respectively	**(178,982)**	(202,505)
Miscellaneous income	**90,974**	86,910
Unrealized loss on interest rate swap	**(57,586)**	(96,773)
Change in net unrealized gains (losses) on investments	**824,618**	(110,225)
Nonoperating gains (losses), net	**1,063,897**	(98,666)
Excess (deficiency) of revenues, gains, and other support over expenses and nonoperating gains (losses)	**4,688,834**	(983,692)
Net assets transferred from SVHSC for capital expenditures	**29,655**	134,230
Transfer to SVHSC	**(46,158)**	(11,007)
Increase (decrease) in unrestricted net assets	**$ 4,672,331**	$ (860,469)

The accompanying notes are an integral part of these financial statements

BRATTLEBORO MEMORIAL HOSPITAL

Statements of Changes in Net Assets

Years Ended September 30, 2012 and 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balances, October 1, 2010	$ 34,022,445	$ 157,179	$ 277,618	$ 34,457,242
Deficiency of revenues, gains, and other support over expenses and nonoperating gains (losses)	(983,692)	-	-	(983,692)
Change in net unrealized gains on investments	-	(393)	-	(393)
Investment gain	-	10	-	10
Change in interest in SVHSC	-	21,724	(30)	21,694
Transfer to SVHSC	(11,007)	-	-	(11,007)
Net assets transferred from SVHSC for capital acquisitions	134,230	-	-	134,230
Change in net assets	(860,469)	21,341	(30)	(839,158)
Balances, September 30, 2011	33,161,976	178,520	277,588	33,618,084
Excess of revenues, gains, and other support over expenses and nonoperating gains (losses)	**4,688,834**	**-**	**-**	**4,688,834**
Change in net unrealized gains on investments	**-**	**332**	**-**	**332**
Investment loss	**-**	**(5,278)**	**-**	**(5,278)**
Change in interest in SVHSC	**-**	**6,108**	**1,357**	**7,465**
Transfer to SVHSC	**(46,158)**	**-**	**-**	**(46,158)**
Net assets transferred from SVHSC for capital acquisitions	**29,655**	**-**	**-**	**29,655**
Change in net assets	**4,672,331**	**1,162**	**1,357**	**4,674,850**
Balances, September 30, 2012	**$ 37,834,307**	**$ 179,682**	**$ 278,945**	**$ 38,292,934**

The accompanying notes are an integral part of these financial statements

BRATTLEBORO MEMORIAL HOSPITAL

Statements of Cash Flows

Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Change in net assets	**$ 4,674,850**	$ (839,158)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization including rental property depreciation	**3,550,522**	3,581,099
Provision for bad debts	**3,552,356**	3,104,068
(Gain) loss on sale of property and equipment	**(7,349)**	3,835
Net realized gains on investments	**(190,016)**	(51,035)
Net unrealized (gains) losses on investments	**(824,950)**	110,618
Unrealized loss on interest rate swap	**57,586**	96,773
(Increase) decrease in		
Patient and other accounts receivable, net	**(4,458,976)**	(3,461,078)
Supplies inventory	**21,304**	40,172
Other current assets	**12,414**	10,539
Due from affiliate	**(456,787)**	-
Increase (decrease) in		
Accounts payable	**798,767**	(578,715)
Accrued salaries, wages and benefits	**478,296**	320,702
Due to affiliate	**-**	(227,382)
Other current liabilities	**221,802**	246,379
Estimated third-party payor settlements	**124,902**	1,888,334
Net cash provided by operating activities	**7,554,721**	4,245,151
Cash flows from investing activities		
Purchase of property and equipment	**(3,632,798)**	(2,928,079)
Proceeds from sale of property and equipment	**7,800**	2,550
Change in interest in net assets of SVHSC	**(7,465)**	(21,694)
Proceeds from the sale of investments	**4,947,559**	961,635
Purchase of investments	**(7,353,995)**	(2,197,779)
Net cash used by investing activities	**(6,038,899)**	(4,183,367)
Cash flows from financing activities		
Repayments of long-term debt	**(391,307)**	(390,000)
Net cash used for financing activities	**(391,307)**	(390,000)
Net increase (decrease) in cash and cash equivalents	**1,124,515**	(328,216)
Cash and cash equivalents, beginning of year	**1,139,621**	1,467,837
Cash and cash equivalents, end of year	**$ 2,264,136**	$ 1,139,621
Supplementary disclosures of cash flow information		
Cash payment for interest	**$ 267,183**	$ 280,313

The accompanying notes are an integral part of these financial statements

Nature of Business

Brattleboro Memorial Hospital (the Hospital) is a Vermont not-for-profit hospital Southern Vermont Health Services Corporation (SVHSC), a not-for-profit organization, is the sole corporate member of the Hospital The Hospital is a provider of health care services with facilities in the Brattleboro, Vermont area

1. Summary of Significant Accounting Policies

Basis of Presentation

The Hospital's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities* Under FASB ASC 958, all not-for-profit organizations are required to provide a balance sheet, a statement of operations, and a statement of cash flows The ASC requires reporting amounts for the Hospital's total assets, liabilities, and net assets in a balance sheet, reporting the change in an organization's net assets in a statement of operations, and reporting the change in its cash and cash equivalents in a statement of cash flows

ASC 958 also requires net assets and revenues, expenses, gains, and losses be classified based on the existence or absence of donor-imposed restrictions It requires that the amounts for each of the three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a balance sheet and that the amounts of change in each of those classes of net assets be displayed in a statement of operations

Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts

During 2012, the Hospital increased its estimate from $3,481,698 to $3,744,937 in the allowance for doubtful accounts and during 2011 the Hospital increased its estimate from $2,823,606 to $3,481,698 in the allowance for doubtful accounts relating to self-pay patients During 2012, self-pay write-offs increased from $3,008,216 to $3,425,696 and during 2011 self-pay write-offs increased from $2,859,681 to $3,008,216 Such increases resulted from trends experienced in the collection of amounts from self-pay patients

Supplies Inventory

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

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the excess (deficiency) of revenues, gains, and other support over expenses and nonoperating gains (losses) unless the income or loss is restricted by donor or law

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 balance sheets and statements of operations and changes in net assets

The Hospital adopted ASC 825, and has elected the fair value option relative to its investments which consolidates all investment performance activity from unrestricted investments within the nonoperating gains (losses) section of the statements of operations

Assets Limited as to Use

Assets limited as to use primarily consist of assets held by trustees under indenture agreements and designated assets set aside by the Board, over which the Board retains control and which it may at its discretion subsequently use for other purposes

Donor-Restricted Gifts

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

Property and Equipment

Property and equipment acquisitions are recorded at cost, or if contributed, at fair market value determined at the date of donation Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the asset's estimated useful life Such amortization is included in depreciation and amortization in the financial statements 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 revenue, gains, and other support over expenses and losses, 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-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

Bond Issuance Costs

Costs incurred in the bond financing are capitalized and amortized over the period during which the debt is outstanding on a straight-line basis Bond issuance costs are recorded net of accumulated amortization of $30,663 and $23,849 as of September 30, 2012 and 2011, respectively Total related amortization expense for fiscal years 2012 and 2011 amounted to $6,814

Interest Rate Swap

The Hospital uses an interest rate swap contract to mitigate the cash flow exposure of interest rate movements on variable-rate debt The Hospital has adopted FASB ASC 815, *Accounting for Derivative Instruments and Hedging Activities*, to account for its interest rate swap contract The interest rate swap contract has not been designated as a cash flow hedge and thus is included within nonoperating gains (losses)

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined These retroactive adjustments resulted in an increase in net patient service revenue of approximately $2,911,000 and $1,445,000 in 2012 and 2011, respectively

Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

Employee Fringe Benefits

The Hospital 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 Hospital accrues a liability for such paid leave as it is earned The earned time plan does not cover any contracted employees

Excess (Deficiency) of Revenues, Gains and Other Support Over Expenses and Nonoperating Gains (Losses)

The statements of operations include excess (deficiency) of revenues, gains, and other support over expenses and nonoperating gains (losses) Changes in unrestricted net assets, which are excluded from this measure consistent with industry practice, include 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 purpose of acquiring such assets)

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income

Functional Expenses

The Hospital provides general health care services to residents within its geographic location Expenses related to providing these services were as follows for the years ended

	2012	2011
Health care services	**$ 53,521,831**	$ 47,395,848
General and administrative	**11,686,876**	12,318,132
	$ 65,208,707	$ 59,713,980

New Accounting Pronouncement

In August 2010, the FASB issued ASU No 2010-24, *"Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries" (ASU 2010-24)*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries ASU 2010-24 is effective for the Hospital's year ended September 30, 2012 The adoption of ASU 2010-24 did not impact the Hospital's September 30, 2012 financial statements

Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the current year's presentation

Subsequent Events

For purposes of the preparation of these financial statements in conformity with GAAP, management has considered transactions or events occurring through December 5, 2012, the date the September 30, 2012 financial statements were issued

2. Community Benefit

The Hospital's charity care program is designed to assist those patients who are either uninsured, underinsured or have limited financial resources that impact their ability to fully pay for their hospital care Before completing an application for charity care, patients are first asked to investigate whether or not they may be eligible for Medicare, Medicaid, Veteran's Benefits or other governmental or public assistance programs

The Hospital's qualifications for charity care are as follows

- Charity care is limited to medically necessary services Patients receiving certain elective services, such as those considered cosmetic, investigational or experimental, are expected to make payment arrangements in advance, as these types of services are not covered by the charity care program

- Patient's family income must be at or below 300% of the current Federal Poverty Income Guidelines for their applicable family size

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 estimated cost of those services and supplies and equivalent service statistics The following information measures the level of the charity care provided during the years ended September 30

	2012	2011
Charges foregone, based on established rates	**$ 2,842,000**	$ 2,442,000
Estimated costs and expenses incurred to provide charity care[1]	**$ 1,561,000**	$ 1,379,000
Equivalent percentage of charity care services to all services	**2.39 %**	2 31 %
Number of patients receiving charity care	**4,760**	4,767

[1]The cost estimate is based on an overall cost to charge ratio applied to charges written-off as charity care

In addition, the Hospital incurs a payment shortfall in the treatment of Medicaid patients This government program reimburses for medical services at less than the costs incurred to provide those services In 2012 and 2011, respectively, the Hospital incurred a shortfall of approximately $5,860,000 and $5,047,000, related to treating Medicaid patients

The Hospital also provided other community benefits upon which no monetary value can be placed

3. Net Patient Accounts Receivable and Net Patient Service Revenue

Net Patient and Other Accounts Receivable

Patient and other accounts receivable is stated net of contractual allowances and allowance for doubtful accounts and is comprised of the following as of September 30

	2012	2011
Patient accounts receivable	**$15,125,360**	$ 13,152,024
Other accounts receivable	**583,736**	606,403
Contractual allowances	**(6,129,595)**	(5,348,785)
Allowance for doubtful accounts	**(3,744,937)**	(3,481,698)
Patient accounts receivable, net	**$ 5,834,564**	$ 4,927,944

Net Patient Service Revenue

Patient service revenue, contractual and other allowances consisted of the following as of September 30

	2012	2011
Patient services		
Inpatient services	**$ 27,490,295**	$ 25,795,465
Outpatient services	**91,197,007**	79,934,821
	118,687,302	105,730,286
Less		
Medicare and Medicaid allowances	**39,248,376**	37,513,200
State disproportionate share	**(1,191,867)**	(1,320,756)
Other contractual allowances	**7,944,772**	5,878,604
Charity care allowances	**2,841,600**	2,442,177
	48,842,881	44,513,225
Patient service revenue (net of contractual allowances and discounts)	**69,844,421**	61,217,061
Less provision for bad debts	**3,552,356**	3,104,068
Net patient service revenue	**$ 66,292,065**	$ 58,112,993

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates Revenue from the Medicare and Medicaid programs accounted for approximately 38% and 37% of the Hospital's net patient service revenue for the years ended September 30, 2012 and 2011, respectively Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

The Hospital recognizes patient service revenue associated with services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates (or on the basis of discounted rates, if negotiated or provided by policy) Based on historical trends, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services rendered Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are rendered Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during fiscal year ended September 30, 2012 totaled $69,844,421, of which $62,537,618 was revenue from third-party payors and $7,306,803 was revenue from self-pay patients and at September 30, 2011 totaled $61,217,061, of which $55,130,087 was revenue from third-party payors and $6,086,974 was revenue from self-pay patients

A summary of the payment arrangements with major third-party payors follows

Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2007

In 2012, the Hospital entered into an agreement with OneCare Vermont Accountable Care Organization, LLC (ACO), the Medicare Shared Savings Program, formed by Fletcher Allen Health Care and Dartmouth-Hitchcock Medical Center The ACO will not have any activity until January 1, 2013

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors and are not subject to retroactive adjustment The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through September 30, 2007

Blue Cross

Inpatient and outpatient services rendered to 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

Other Arrangements

The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates

4. Meaningful Use Revenues

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology The Medicare criteria for meaningful use will be staged in three steps from fiscal year 2012 through 2016 The meaningful use attestation is subject to audit by CMS in future years As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation

The Medicaid program will provide incentive payments to hospitals and eligible professionals as they adopt, implement, and upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years There will be no payment adjustments under the Medicaid EHR incentive program

During 2012, the Hospital attested to stage 1 meaningful use certification from the Centers of Medicare and Medicaid Services (CMS) and recorded meaningful use revenues of $1,107,950 and $430,704 from the Medicare EHR and Medicaid EHR programs, respectively The Hospital has demonstrated a minimum of 10% Medicaid encounters and is upgrading to a certified EHR

5. Supplies Inventory

The major classes of supplies inventory consisted of the following as of September 30

	2012	2011
Central storeroom	$ 123,385	$ 165,438
Operating room	866,917	833,090
Pharmacy	266,599	288,159
Other	254,031	245,549
	$ 1,510,932	$ 1,532,236

6. Investments

Investments consisted of the following as of September 30

	2012	2011
Assets limited as to use internally designated		
Cash and cash equivalents	$ 4,012,935	$ 7,407,783
Marketable securities	3,336,584	2,639,118
Mutual funds	3,237,688	1,851,177
Corporate bonds	2,110,206	1,607,248
U S Treasury securities and other government securities	16,310,912	12,091,670
	$ 29,008,325	$ 25,596,996

	2012	2011
Other temporarily restricted investments		
Cash and cash equivalents	$ 61,524	$ 56,735
U S Treasury securities and other government securities	26,283	36,019
	$ 87,807	$ 92,754
Assets limited as to use for debt service		
Cash and cash equivalents	$ 420,034	$ 405,014

Unrestricted investment income and gains (losses) on investments are comprised of the following

	2012	2011
Income		
Interest and dividend income	$ 194,857	$ 172,892
Net realized gains on investments	190,016	51,035
	$ 384,873	$ 223,927
Change in net unrealized gains (losses) on investments	$ 824,618	$ (110,225)

7. Property and Equipment

As of September 30, 2012 and 2011, the cost and accumulated depreciation of depreciable assets by major classes of assets were as follows

	2012	2011
Land	$ 45,499	$ 45,499
Land improvements	1,660,120	1,642,372
Building and improvements	31,527,127	31,039,988
Major moveable equipment	19,508,176	18,219,287
Construction-in-progress	2,049,580	480,128
	54,790,502	51,427,274
Less accumulated depreciation	31,952,828	28,678,239
	$ 22,837,674	$ 22,749,035

Depreciation expense for the years ended September 30, 2012 and 2011 was $3,543,708 and $3,574,291, respectively

At September 30, 2012, a construction related contract of approximately $7,700,000 existed for the renovation and expansion of the Hospital's emergency department and relocation of its MRI unit The project is expected to be completed in 2015 At September 30, 2012, the Hospital has approximately $932,000 of costs in construction in progress related to this project The project is intended to be financed internally The remaining amounts included in construction in progress at September 30, 2012 represent numerous ongoing projects with varying completion dates

8. Borrowings

On February 1, 2008, the Hospital entered into a loan agreement with VEHBFA issuing $11,180,000 in bonds (Brattleboro Memorial Hospital Project 2008 Series A) The proceeds were used to advance refund previously issued bonds Interest on the Bonds is based on available daily rates as determined by the remarketing agent based on prevailing market conditions, not to exceed 10% per annum The Hospital may, at any time, exercise an option to convert to an irrevocably fixed rate No conversion will be effective unless all Bonds have been remarketed and sold The Hospital may prepay certain of the bonds according to the terms of the loan and trust agreement The bonds are collateralized by the assets of the Hospital

There are various restrictive covenants, which include compliance with certain financial ratios and a detail of events constituting defaults The Hospital is in compliance with these requirements at September 30, 2012

Long-term debt consisted of the following as of September 30

	2012	2011
Unsecured note payable, due in monthly installments of $472 through April 2015, including interest calculated at 5%	$ 13,693	$ -
Series 2008 A Revenue Bonds with variable rate interest per daily remarketing (0 21% at September 30, 2012) handled by the remarketing agent, payable in annual installments ranging from $420,000 in 2013 to $770,000 in 2029	9,845,000	10,250,000
	9,858,693	10,250,000
Less current portion	425,092	405,000
Total long-term debt, excluding current portion	$ 9,433,601	$ 9,845,000

Maturities for long-term debt in subsequent fiscal years ending September 30 are as follows

2013 (included in current liabilities)	$ 425,092
2014	440,353
2015	458,248
2016	470,000
2017	490,000
Thereafter	7,575,000
	$ 9,858,693

Letter of Credit

While interest on the Bonds accrues on a daily variable rate, the Hospital is required to maintain a credit facility in an amount not less than the principal amount of the outstanding Bonds plus accrued interest for 35 days at the maximum interest rate To comply with this requirement, the Hospital obtained an irrevocable direct pay letter of credit from TD Bank (Bank) in the amount of $11,287,206 when the bonds were issued during 2008 The letter of credit expires on March 31, 2018 The Hospital is required to pay the Bank quarterly commitment fees at the rate of 0 45% of the available amount of the outstanding bonds as defined in the agreement Interest on drawings is paid at 0% to 1% per annum, plus the base rate depending on the number of days the drawing is outstanding The base rate is the Wall Street Journal's prime rate Upon issuance of the letter of credit, the Hospital was required to pay an issuance fee in the amount of $13,057 This fee is included in bond issuance costs in the balance sheet and is being amortized on the straight-line method over the term of the letter of credit agreement through a charge to interest expense

Interest Rate Swap

In connection with the issuance of the 2008 Hospital Revenue Bonds, the Hospital entered into an interest rate swap agreement for 15 years for $6,996,000, or 60% of the original bond issue, for the first 15 years of the bond issue to hedge the interest rate risk associated with the 2008 Hospital Revenue Bonds The interest rate swap agreement requires the Hospital to pay a bank, the swap counterparty, a fixed rate of 3 30% in exchange for the counterparty's payment to the Hospital of a variable rate based on 68% of the LIBOR rate

The Hospital is required to include the fair value of the swap in the balance sheet, and annual changes, if any, in the fair value of the swap in the statements of operations For example, during the term of the swap, the annually calculated value of the swap will be reported as an asset if interest rates increase above those in effect on the date the swap was entered into (as an unrealized gain in the statements of operations), which will generally be indicative that the net fixed rate the Hospital is paying is below market expectations of rates during the remaining term of the swap The swap will be reported as a liability (as an unrealized loss in the statements of operations) if interest rates decrease below those in effect on the date the swap was entered into, which will generally be indicative that the net fixed rate the Hospital is paying on the swap is above market expectations of rates during the remaining term of the swap These annual accounting adjustments of value changes in the swap transaction are non-cash recognition requirements, the net effect of which will be zero at the end of the swap's term The Hospital retains the sole right to terminate the swap agreements should the need arise The Hospital recorded the swap at its liability position of $1,033,554 and $975,968 at September 30, 2012 and 2011, respectively

Line of Credit

The Hospital 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 (3 25% at September 30, 2012) There were no outstanding balances on the line as of September 30, 2012 and 2011, respectively

9. Temporarily and Permanently Restricted Net Assets

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

	2012	2011
Auxiliary programs	$ 48,918	$ 54,278
Time restriction - Life Income Trust	38,889	38,475
Charity care	36,067	29,729
Other programs	54,180	54,679
Capital acquisition	1,628	1,359
	$ 179,682	$ 178,520

Permanently restricted net assets are made up of the following at September 30

	2012	2011
Income restricted for		
Medical library	$ 1,103	$ 1,028
Capital	20,002	18,720
Income unrestricted	257,840	257,840
	$ 278,945	$ 277,588

10. Concentrations of Credit Risk

The Hospital 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 at September 30, 2012 and 2011, was as follows

	2012	2011
Medicare	33 %	34 %
Other third-party payors	21	19
Patient	24	25
Blue Cross	12	11
Medicaid	10	11
	100 %	100 %

The Hospital maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits The Hospital has not experienced any losses in such accounts The Hospital believes it is not exposed to any significant risk on cash and cash equivalents

11. Health Care Improvement Tax

Effective July 1, 1991, a health care improvement tax was imposed on hospitals, nursing homes, and home health agencies as part of a program to upgrade services in Vermont The State of Vermont pays the Hospital with funds received from the health care improvement trust fund and federal matching funds Hospitals in Vermont are assessed a certain percentage of net patient service revenue which is determined annually by the General Assembly The following tax was paid and disproportionate share funds received as of September 30

	2012	2011
Disproportionate share	**$ 1,191,867**	$ 1,320,756
Medicaid assessment expensed	**3,646,926**	3,088,388
	$ (2,455,059)	$ (1,767,632)

12. Commitments and Contingencies

Self-Funded Insurance Plans - The Hospital is self-insured with respect to health care coverage This coverage is used to provide medical health benefits to its eligible employees and their eligible dependents Unpaid claims have been recorded as a liability and are included in other accrued expenses in the balance sheets

The Hospital is also partially self-funded for its workers' compensation policy The accompanying financial statements include an accrual for management's estimate for claims incurred, but not reported, in other accrued expenses in the balance sheets

Professional Liability Insurance - The Hospital is insured against malpractice loss contingencies under a claims-made insurance policy Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrence during its term, but reported subsequently, will be uninsured The Hospital has also created a tail coverage reserve in the event that insurance providers are changed This reserve was $1,338,954 and $1,110,513 for the years ended September 30, 2012 and 2011, respectively The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business Generally Accepted Accounting Principles requires the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries Expected recoveries are presented as a separate asset The Hospital has evaluated its exposure to losses arising from potential claims and determined that no such accrual is necessary for the year ended September 30, 2012

Physician Agreements - The Hospital has entered into financing agreements with various recruited physicians, which guarantee a minimum amount of cash flow per contract year for each physician The Hospital agrees to pay to the physician the amount, if any, by which the physician's personal service income earned in the contract is less than the cash flow defined in the agreement Certain agreements include forgiveness of debt based upon length of service requirements The Hospital has outstanding commitments on these guarantees with various physicians of approximately $500,000 as of September 30, 2012 and 2011 The net amount advanced and receivable on these guarantees as of September 30, 2012 and 2011 is $147,182 and $217,472, respectively, and is included in other accounts receivable in the financial statements

Litigation - In the normal course of business, the Hospital may be involved in litigation and annual third-party audits Management, as part of its on-going risk management, consults with its legal counsel to assess the impact of these matters on the Hospital

Emergency Department Physician Staffing - In June 2012, the Hospital entered into a three-year agreement with Dartmouth-Hitchcock Clinic to provide twenty-four hour per day physician staffing for its emergency department The projected first-year costs are approximately $2,186,000 Contract rates will be reviewed annually and adjusted, if required, by the mutual consent of both parties The agreement can be terminated by either party by 180-day prior written notification

13. Related Party Transactions

The Hospital contracts with SVHSC for management services The Hospital recorded $1,613,000 and $2,250,000 in management service expenses in 2012 and 2011, respectively As of September 30, 2012 and 2011, the Hospital had a receivable from SVHSC of $567,904 and $111,117, respectively, for management services and other expenses

In accordance with FASB ASC 958, the Hospital has recognized an interest in the net assets of SVHSC for assets donated to SVHSC with the Hospital designated as beneficiary

14. Fair Value Measurements

FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value The standard describes three levels of inputs that may be used to measure fair value

Level 1 Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability

Assets and liabilities measured at fair value on a recurring basis are summarized below

	Fair Value Measurements at September 30, 2012		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets			
Investments			
Cash and short-term investments	$ 4,012,935	$ 4,012,935	$ -
Corporate bonds	2,110,206	-	2,110,206
U S Treasury obligations and government securities	16,310,912	16,310,912	-
Marketable securities			
Materials	418,409	418,409	-
Industrials	206,182	206,182	-
Consumer discretionary	275,262	275,262	-
Consumer staples	370,640	370,640	-
Energy	123,100	123,100	-
Financials	410,976	410,976	-
Healthcare	232,976	232,976	-
Information technology	628,999	628,999	-
Foreign	565,813	565,813	-
Other	104,227	104,227	-
Total marketable securities	3,336,584	3,336,584	-
Mutual funds			
Equity	1,609,546	1,609,546	-
Fixed income	404,821	404,821	-
Index	1,223,321	1,223,321	-
Total mutual funds	3,237,688	3,237,688	-
Total assets	$ 29,008,325	$ 26,898,119	$ 2,110,206
Liabilities			
Interest rate swap	$ 1,033,554	$ -	$ 1,033,554
Total liabilities	$ 1,033,554	$ -	$ 1,033,554

	Fair Value Measurements at September 30, 2011		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets			
Investments			
Cash and short-term investments	$ 7,407,783	$ 7,407,783	$ -
Corporate bonds	1,607,248	-	1,607,248
U S Treasury obligations and government securities	12,091,670	12,091,670	-
Marketable securities			
Materials	342,954	342,954	-
Industrials	193,756	193,756	-
Consumer discretionary	196,350	196,350	-
Consumer staples	320,292	320,292	-
Financials	292,447	292,447	-
Healthcare	235,521	235,521	-
Information technology	503,449	503,449	-
Foreign	366,066	366,066	-
Other	188,283	188,283	-
Total marketable securities	2,639,118	2,639,118	-
Mutual funds			
Equity	515,901	515,901	-
Fixed income	396,277	396,277	-
Index	938,999	938,999	-
Total mutual funds	1,851,177	1,851,177	-
Total assets	$ 25,596,996	$ 23,989,748	$ 1,607,248
Liabilities			
Interest rate swap	$ 975,968	$ -	$ 975,968
Total liabilities	$ 975,968	$ -	$ 975,968

The fair value of Level 2 assets and liabilities is primarily based on quoted market prices of comparable securities, interest rates, and credit risk Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument

The Hospital's financial instruments consist of cash and cash equivalents, marketable securities, trade accounts receivable and payable, estimated third-party payor settlements, and long-term debt The fair values of all financial instruments approximate their carrying values at September 30, 2012

15. Retirement Plans

The Hospital has a defined contribution plan for active employees to which the Hospital contributes 5% of the annual salary of the participating employee Plan expense for the years ended September 30, 2012 and 2011 was $860,386 and $872,649, respectively

The Hospital also has a defined contribution plan for active employees to which the Hospital contributes a matching contribution In order to receive the match, employees must meet certain eligibility requirements The Hospital will match 100% of elective deferrals to a limit based on years of service Participants must be employed on the last day of the calendar year in order to receive the match The Hospital has recorded a liability for this matching contribution of $86,336 and $94,496 for the years ended September 30, 2012 and 2011, respectively