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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
GIFFORD MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
44 SOUTH MAIN STREET

City or town, state or country, and ZIP + 4
RANDOLPH, VT 05060

D Employer identification number
03-0179418

E Telephone number
(802)728-4441

G Gross receipts $ 65,322,829

F Name and address of principal officer
JOSEPH L WOODIN
44 SOUTH MAIN STREET
RANDOLPH, VT 05060

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW GIFFORDMED ORG

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

L Year of formation 1905

M State of legal domicile VT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
GIFFORD MEDICAL CENTER IS A NON-PROFIT ACUTE-CARE HOSPITAL PROVIDING HEALTHCARE ON AN INPATIENT AND OUTPATIENT BASIS

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

Activities & Governance	**3** Number of voting members of the governing body (Part VI, line 1a)	**3**	17
	4 Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	683
	6 Total number of volunteers (estimate if necessary)	**6**	130
	7a Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	208,958
	b Net unrelated business taxable income from Form 990-T, line 34	**7b**	-62,020

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	847,593	560,123
	9 Program service revenue (Part VIII, line 2g)	62,341,416	62,984,021
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,880,268	269,379
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,109,459	-78,727
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	66,178,736	63,734,796
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)	36,742,400	36,445,533
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶163,723		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	25,611,891	25,219,861
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	62,354,291	61,665,394
	19 Revenue less expenses Subtract line 18 from line 12	3,824,445	2,069,402

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	63,195,707	68,859,686
	21 Total liabilities (Part X, line 26)	32,199,986	33,028,430
	22 Net assets or fund balances Subtract line 21 from line 20	30,995,721	35,831,256

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

****** 2013-07-23
Signature of officer — Date

JOSEPH L WOODIN CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: Brian D Todd | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4: BKD LLP, 910 E ST LOUIS 200/PO BOX 1190, SPRINGFIELD, MO 658062523 | EIN ▶ | Phone no ▶ (417) 865-8701

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

AS A COMMUNITY HOSPITAL, GIFFORD MEDICAL CENTERS MISSION IS TO IMPROVE THE HEALTH OF THE PEOPLE WE SERVE BY PROVIDING AND ASSURING ACCESS TO AFFORDABLE AND HIGH-QUALITY HEALTH CARE, AND BY PROMOTING THE HEALTH AND WELL-BEING OF EVERYONE IN OUR SERVICE AREA

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 15,806,275 including grants of $) (Revenue $ 8,284,954)

GIFFORD MEDICAL CENTER OFFERS VARIOUS CLINICAL SERVICES THROUGH ITS MAIN CAMPUS AND OUTLYING FAMILY HEALTH CENTERS AND SPECIALTY CLINICS SPECIALTY CLINICS INCLUDE ANTICOAGULATION, DIABETES, PRE-OPERATIVE, TRAVEL, AND WOUND CARE CLINIC SERVICES AVAILABLE INCLUDE HEALTH EDUCATION, CHECK-UPS, SAFETY TIPS AND ADVICE, NUTRITION AND EXERCISE COUNSELING, MEDICAL CLEARANCE FOR PATIENTS HAVING SURGERY, DETERMINATION OF NECESSARY VACCINATIONS OR MEDICATIONS FOR TRAVELING, AND MONITORING WOUNDS AND COORDINATING HOME WOUND CARE

4b (Code) (Expenses $ 8,332,786 including grants of $) (Revenue $ 6,505,085)

GIFFORD MEDICAL CENTER OFFERS PEDIATRIC AND FAMILY MEDICINE SERVICES FROM A TEAM OF EXPERT PEDIATRIC PHYSICIANS AND STAFF IN A FAMILY-FRIENDLY SETTING AN EMPHASIS IS PLACED ON PREVENTION AND WELLNESS AS WELL AS TIMELY CARE FOR ACUTE ILLNESSES SERVICES AVAILABLE INCLUDE ANNUAL WELL-CHILD VISITS AND SPORTS PHYSICALS, CHILDHOOD IMMUNIZATIONS, ACUTE CARE, FAMILY EDUCATION ON HEALTHY BEHAVIORS AND CHILD DEVELOPMENT, MEDICATION MANAGEMENT, MANAGEMENT OF CHRONIC CONDITIONS, AND EYE AND HEARING SCREENINGS OBSTETRIC AND GYNECOLOGY SERVICES ARE ALSO AVAILABLE FOR WOMEN, FROM ANNUAL SCREENINGS TO ADVANCED SURGERIES

4c (Code) (Expenses $ 5,072,006 including grants of $) (Revenue $ 11,215,386)

GIFFORD MEDICAL CENTER OFFERS GENERAL SURGERY SERVICES BY A CARING AND KNOWLEDGEABLE TEAM, INCLUDING SKIN LESION AND CYST REMOVAL, COMPREHENSIVE BREAST CARE, DIAGNOSIS AND TREATMENT OF ALL FORMS OF CANCER, WOUND CARE, CARDIAC PACEMAKERS, PILL ENDOSCOPY, COLONOSCOPIES, AND APPENDIX REMOVAL, AMONG OTHERS GENERAL SURGEONS PROVIDE A WIDE RANGE OF PROCEDURES IN THE OFFICE AND IN THE OPERATING ROOM SETTINGS, PRIMARILY FOCUSING ON THE ABDOMINAL ORGANS AS WELL AS DISEASES OF THE SKIN, BREAST, SOFT TISSUE AND HERNIAS

4d Other program services (Describe in Schedule O)

(Expenses $ 27,191,604 including grants of $) (Revenue $ 36,769,638)

4e Total program service expenses ▶ $ 56,402,671

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	122		
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**	683		
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** Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b** Yes	
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	17		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b		No
	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 ▶

JEFFREY HEBERT
PO BOX 2000
RANDOLPH, VT 05060
(802) 728-2356

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) JOSEPH L WOODIN CEO	40 0	X		X				354,836	0	41,187
(2) BOB WRIGHT CHAIR THROUGH 02/2012/TRUSTEE	1 0	X		X				0	0	0
(3) SHARON DIMMICK VICE CHAIR/CHAIR BEG 03/2012	1 0	X		X				0	0	0
(4) GUS MEYER VICE CHAIR BEG 03/2012	1 0	X		X				0	0	0
(5) KAREN GILLESPIE KORROW SEC THROUGH 02/2012/TRUSTEE	1 0	X		X				0	0	0
(6) PAUL KENDALL SECRETARY BEG 03/2012	1 0	X		X				0	0	0
(7) BRUCE MACDONALD TREASURER THROUGH 02/2012	1 0	X		X				0	0	0
(8) LINCOLN CLARK TREASURER BEG 03/2012	1 0	X		X				0	0	0
(9) BARBARA HARVEY TRUSTEE THROUGH 02/2012	1 0	X						0	0	0
(10) DAVID AINSWORTH TRUSTEE	1 0	X						0	0	0
(11) WILLIAM BAUMANN TRUSTEE	1 0	X						0	0	0
(12) LINDA CHUGKOWSKI TRUSTEE	1 0	X						0	0	0
(13) JACK COWDREY TRUSTEE	1 0	X						0	0	0
(14) DR MARCUS COXON TRUSTEE/MED STAFF PRESIDENT	22 4	X						79,674	0	4,829
(15) RANDY GARNER TRUSTEE	1 0	X						0	0	0
(16) BARBARA ROCHAT TRUSTEE	1 0	X						0	0	0
(17) LEO CONNOLLY TRUSTEE BEG 03/2012	1 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) FRED NEWHALL TRUSTEE BEG 03/2012	1 0	X						0	0	0
(19) PETER NOWLAN TRUSTEE BEG 03/2012	1 0	X						0	0	0
(20) DAVID SANVILLE CFO	32 0			X				141,838	0	29,474
(21) STEPHANIE J LANDVATER MD PROVIDER	40 0					X		557,495	0	41,831
(22) BESS E BRACKETT MD PROVIDER	40 0					X		493,514	0	50,621
(23) RICHARD W GRAHAM MD PROVIDER	40 0					X		275,596	0	34,335
(24) STEVEN J FISHER MD PROVIDER	40 0					X		275,111	0	38,741
(25) JON-RICHARD KNOFF MD PROVIDER	40 0					X		273,772	0	40,703
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,451,836	0	281,721

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 ▶ 46

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CONNOR CONTRACTING INC	CONSTRUCTION	796,233
AMERICAN HEALTH CENTERS INC	EQUIPMENT LEASE	436,237
MORRISSWITZER ENVIRONMENTS	CONSTRUCTION	280,691
WEATHERBY LOCUMS INC	LOCUM SERVICES	267,222
LOCUM TENENS	LOCUM SERVICES	255,068

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 ▶ 14

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	57,759			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	125,873			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	376,491			
	g	Noncash contributions included in lines 1a-1f $ 1,977					
	h	**Total.** Add lines 1a-1f		560,123			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	624100	61,124,867	61,124,867		
	b	340B PHARMACY REVENUE	446110	479,401	479,401		
	c	DAYCARE REVENUE	812900	366,254	157,296	208,958	
	d	CAFETERIA REVENUE	722210	276,292	276,292		
	e	OTHER REVENUE	624100	737,207	737,207		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		62,984,021			
	3	Investment income (including dividends, interest and other similar amounts)		570,454			570,454
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	61,849				
	b	Less rental expenses	131,900				
	c	Rental income or (loss)	-70,051				
	d	Net rental income or (loss)		-70,051			-70,051
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	1,037,981	98,456			
	b	Less cost or other basis and sales expenses	1,404,503	33,009			
	c	Gain or (loss)	-366,522	65,447			
	d	Net gain or (loss)		-301,075			-301,075
Other Revenue	8a	Gross income from fundraising events (not including $ 57,759 of contributions reported on line 1c) See Part IV, line 18	a 4,376				
	b	Less direct expenses	b 14,371				
	c	Net income or (loss) from fundraising events		-9,995			-9,995
	9a	Gross income from gaming activities See Part IV, line 19	a 8,900				
	b	Less direct expenses	b 4,250				
	c	Net income or (loss) from gaming activities		4,650			4,650
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	EXTRAORDINARY LOSS	900099	-3,331			-3,331
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		-3,331			
	12	**Total revenue.** See Instructions		63,734,796	62,775,063	208,958	190,652

Part IX Statement of Functional Expenses

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

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	651,838	84,503	567,335	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	28,516,379	26,111,857	2,311,922	92,600
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,088,193	995,732	88,928	3,533
9	Other employee benefits	4,291,831	3,910,916	367,083	13,832
10	Payroll taxes	1,897,292	1,708,089	183,164	6,039
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	54,797		54,797	
c	Accounting	72,706		72,706	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	5,721		5,721	
g	Other	5,220,905	4,700,264	504,023	16,618
12	Advertising and promotion	62,408	56,184	6,025	199
13	Office expenses	1,993,919	1,793,225	194,290	6,404
14	Information technology	0			
15	Royalties . .	0			
16	Occupancy	853,848	768,700	82,430	2,718
17	Travel	478,855	431,103	46,228	1,524
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	237,075	213,433	22,887	755
20	Interest	1,002,417	902,453	96,773	3,191
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	2,988,750	2,690,705	288,532	9,513
23	Insurance	1,049,698	945,020	101,337	3,341
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT	3,065,153	3,065,153		
b	MEDICAL SUPPLIES & DRUGS	4,171,083	4,171,083		
c	LICENSES, DUES, SUBSCRIPTIONS	684,172	615,944	66,050	2,178
d	PROVIDER TAXES	2,876,767	2,876,767		
e					
f	All other expenses	401,587	361,540	38,769	1,278
25	**Total functional expenses.** Add lines 1 through 24f	61,665,394	56,402,671	5,099,000	163,723
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		237,590	1	137,396
	2	Savings and temporary cash investments		7,887,859	2	7,457,990
	3	Pledges and grants receivable, net		20,381	3	23,581
	4	Accounts receivable, net		8,188,233	4	7,328,813
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		20,000	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		1,170,763	8	1,130,171
	9	Prepaid expenses and deferred charges		1,300,846	9	1,415,765
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 55,490,036			
	b	Less accumulated depreciation	10b 29,604,591	25,417,612	10c	25,885,445
	11	Investments—publicly traded securities		18,562,914	11	25,072,254
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		27,856	14	24,124
	15	Other assets See Part IV, line 11		361,653	15	384,147
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		63,195,707	16	68,859,686
Liabilities	17	Accounts payable and accrued expenses		7,640,268	17	8,474,838
	18	Grants payable		0	18	0
	19	Deferred revenue		37,966	19	128,012
	20	Tax-exempt bond liabilities		20,009,096	20	19,599,466
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		90,288	23	165,806
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		4,422,368	25	4,660,308
	26	**Total liabilities.** Add lines 17 through 25		32,199,986	26	33,028,430
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		29,510,942	27	34,269,832
	28	Temporarily restricted net assets		1,015,040	28	1,091,685
	29	Permanently restricted net assets		469,739	29	469,739
		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		30,995,721	33	35,831,256
	34	Total liabilities and net assets/fund balances		63,195,707	34	68,859,686

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	63,734,796
2	Total expenses (must equal Part IX, column (A), line 25)	2	61,665,394
3	Revenue less expenses Subtract line 2 from line 1	3	2,069,402
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	30,995,721
5	Other changes in net assets or fund balances (explain in Schedule O)	5	2,766,133
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	35,831,256

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
GIFFORD MEDICAL CENTER INC	03-0179418

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		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		17,606
j	Total lines 1c through 1i			17,606
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
OTHER LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1(I)	GIFFORD MEDICAL CENTER, INC IS A MEMBER OF THE VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS, THE BI-STATE PRIMARY CARE ASSOCIATION, AND THE AMERICAN HOSPITAL ASSOCIATION A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS IS AVAILABLE FOR LOBBYING EXPENDITURES ON BEHALF OF GIFFORD MEDICAL CENTER AND THE OTHER MEMBER ORGANIZATIONS IN FURTHERANCE OF THEIR EXEMPT PURPOSES GIFFORD MEDICAL CENTER 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
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	3,753,013	3,836,630	28,100,136	27,594,808	
b Contributions	2,379		100,000	114,149	
c Investment earnings or losses	564,216	-83,617	224,040	469,829	
d Grants or scholarships					
e Other expenditures for facilities and programs			24,587,546	78,650	
f Administrative expenses					
g End of year balance	4,319,608	3,753,013	3,836,630	28,100,136	

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

- a Board designated or quasi-endowment ▶ 67 320 %
- b Permanent endowment ▶ 10 870 %
- c Term endowment ▶ 21 810 %

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)	Yes	
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	25,000	542,114		567,114
b Buildings		25,840,334	11,570,262	14,270,072
c Leasehold improvements		288,743	168,700	120,043
d Equipment		25,695,903	16,580,500	9,115,403
e Other		3,097,942	1,285,129	1,812,813
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				25,885,445

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
EST AMT DUE TO THIRD PARTY	690,965
INTEREST RATE SWAP AGREEMENT	3,969,343
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	4,660,308

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	63,734,796
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	61,665,394
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	2,069,402
4	Net unrealized gains (losses) on investments	4	3,013,300
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-247,167
9	Total adjustments (net) Add lines 4 - 8	9	2,766,133
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	4,835,535

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	63,448,676
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	3,013,300		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-3,318,041		
e	Add lines **2a** through **2d**			2e	-304,741
3	Subtract line **2e** from line **1**			3	63,753,417
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	-18,621		
c	Add lines **4a** and **4b**			4c	-18,621
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	63,734,796

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

1	Total expenses and losses per audited financial statements			1	58,613,141
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	18,621		
e	Add lines **2a** through **2d**			2e	18,621
3	Subtract line **2e** from line **1**			3	58,594,520
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	5,721		
b	Other (Describe in Part XIV)	4b	3,065,153		
c	Add lines **4a** and **4b**			4c	3,070,874
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	61,665,394

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
USE OF ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4	THE TEMPORARILY RESTRICTED ENDOWMENT NET ASSETS ARE USED FOR HEALTH CARE SERVICES AND CAPITAL THE PERMANENTLY RESTRICTED ENDOWMENT NET ASSETS ARE USED FOR INDIGENT CARE, COMMUNITY OUTREACH INITIATIVES, NURSING, BUILDINGS, MAINTENANCE AND OPERATIONS
UNCERTAIN TAX POSITIONS	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740 BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS
OTHER RECONCILING CHANGE IN NET ASSETS	SCHEDULE D, PART XI, LINE 8	$(247,167) CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT
OTHER REVENUE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XII, LINE 2D	$(3,065,153) BAD DEBT EXPENSE (247,167) CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT (5,721) INVESTMENT MANAGEMENT FEES ---------- $(3,318,041)
OTHER REVENUE INCLUDED ON FORM 990, PART VII, LINE 12, BUT NOT ON LINE 1	SCHEDULE D, PART XII, LINE 4B	$(18,621) FUNDRAISING EVENT/GAMING EXPENSES
OTHER EXPENSE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART IX, LINE 25	SCHEDULE D, PART XIII, LINE 2D	$ 18,621 FUNDRAISING EVENT/GAMING EXPENSES
OTHER EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XIII, LINE 4B	$ 3,065,153 BAD DEBT EXPENSE

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

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

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

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

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

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

		(a) Event #1 LAST MILE RIDE (event type)	(b) Event #2 (event type)	(c) Other Events 0 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	62,135			62,135
	2 Less Charitable contributions	57,759			57,759
	3 Gross income (line 1 minus line 2)	4,376			4,376
Direct Expenses	4 Cash prizes	235			235
	5 Non-cash prizes	1,977			1,977
	6 Rent/facility costs	2,598			2,598
	7 Food and beverages	1,215			1,215
	8 Entertainment				
	9 Other direct expenses	8,346			8,346
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(14,371)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-9,995

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ ----------

Address ▶ ----------

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

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

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

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

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

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other **225. %**	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other **%**	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			435,791		435,791	0 740 %
b Medicaid (from Worksheet 3, column a)			9,051,471	8,259,443	792,028	1 350 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			9,487,262	8,259,443	1,227,819	2 090 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			824,961	338,747	486,214	0 830 %
f Health professions education (from Worksheet 5)			52,585		52,585	0 090 %
g Subsidized health services (from Worksheet 6)			10,459,358	8,238,996	2,220,362	3 790 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total** Other Benefits			11,336,904	8,577,743	2,759,161	4 710 %
k **Total.** Add lines 7d and 7j			20,824,166	16,837,186	3,986,980	6 800 %

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			321		321	
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members			749		749	
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			235		235	
9	Other						
10	**Total**			1,305		1,305	

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	3,065,153		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	324,906		
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	17,137,100		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	16,572,792		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	564,308		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	GIFFORD MEDICAL CENTER INC PO BOX 2000 RANDOLPH, VT 05060	X	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)

GIFFORD MEDICAL CENTER INC

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 225 %			
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 %			
If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	**12**	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	**13**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 WAS REDUCED BY BAD DEBT EXPENSE

Identifier	ReturnReference	Explanation
SUBSIDIZED SERVICES	SCHEDULE H, PART I, LINE 7G	THE ORGANIZATION HAS INCLUDED COSTS ASSOCIATED WITH RURAL HEALTH CENTERS (RHC) IN THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G, WITH A NET SUBSIDY FROM RHCS OF $2,032,811 THESE SERVICES ARE PROVIDED IN RURAL AREAS WHERE THERE WOULD BE A SHORTAGE OF QUALITY MEDICAL CARE WITHOUT THE SERVICES GIFFORD MEDICAL CENTER CONTINUES TO PROVIDE THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT FINANCIAL SHORTFALLS WILL BE SUSTAINED

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY	SCHEDULE H, PART I, LINE 7G	THE COST TO CHARGE RATIO CALCULATED ON IRS WORKSHEET 2 WAS USED IN THE CALCULATION OF COST ON IRS WORKSHEETS 1 AND 6

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	INCLUDED IN PART II AS COMMUNITY BUILDING ACTIVITIES, ARE THE VERMONT LAW SCHOOL DIVERSITY DAY, HARTFORD HIGH SCHOOL CAREER CENTER, VERMONT WOMEN'S ECONOMIC OPPORTUNITY CONFERENCE, AND A CAREER DAY THESE ACTIVITIES PROVIDE OPPORTUNITIES TO ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS, INCLUDING POVERTY, HOMELESSNESS, AND UNEMPLOYMENT

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE THEY DO, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ORGANIZATION CALCULATED BAD DEBT USING THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS PER THE AUDITED FINANCIAL STATEMENTS BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, LINE 8	SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY

Identifier	ReturnReference	Explanation
COLLECTION POLICY	SCHEDULE H, PART III, SECTION C, LINE 9B	THE APPLICATION FOR AND APPROVAL OF FINANCIAL ASSISTANCE CAN OCCUR BEFORE, DURING OR AFTER TREATMENT SO LONG AS THE ACCOUNT HAS NOT BEEN WRITTEN OFF TO BAD DEBT PRIOR TO RECEIPT OF A COMPLETED APPLICATION AND THE NECESSARY DOCUMENTATION ACCOUNTS SENT TO BAD DEBT AFTER REQUIRED INFORMATION HAS BEEN RECEIVED CAN BE RETURNED FROM COLLECTIONS FOR PROCESSING WITHOUT PENALTY TO THE APPLICANT GIFFORD MEDICAL CENTER, INC , ENCOURAGES THE APPLICATION PROCESS TO BEGIN AS EARLY AS POSSIBLE

Identifier	ReturnReference	Explanation
MEASURES TO PUBLICIZE THE POLICY	SCHEDULE H, PART V, LINE 13	GIFFORD MEDICAL CENTER CONTACTS ANY UNINSURED PATIENTS THAT REGISTER WITH THE HOSPITAL TO SEE IF THEY ARE IN NEED OF FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT		IDENTIFYING AND MEETING THE COMMUNITY'S HEALTH CARE NEEDS WOULD NOT BE POSSIBLE WITHOUT INPUT FROM THE PUBLIC GIFFORD MEDICAL CENTER PROVIDES AMPLE OPPORTUNITIES FOR THE PUBLIC TO PROVIDE BOTH INPUT AND ACTIVELY PARTICIPATE IN MEDICAL CENTER ACTIVITIES THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS, ANNUAL HOSPITAL REPORT CARD MEETINGS, PATIENT SATISFACTION SURVEYS AND ONE-ON-ONE COMMENTS TO HOSPITAL STAFF AND BOARD MEMBERS HELP DIRECT STRATEGIC PLANNING AND OPERATIONAL DECISIONS EVERY THREE YEARS, GIFFORD ENGAGES IN AN EXTENSIVE STRATEGIC PLANNING PROCESS THAT RESULTS IN THE IDENTIFICATION AND IMPLEMENTATION OF A LIST OF INITIATIVES THE HOSPITAL STRIVES TO ACHIEVE OVER THE COMING THREE YEARS SUCCESS AT ACHIEVING THOSE INITIATIVES THROUGHOUT, AND BY THE CONCLUSION, OF THE THREE-YEAR PERIOD IS EXTENSIVELY MONITORED BY THE HOSPITAL'S LEADERS, INCLUDING ITS VOLUNTEER BOARD OF TRUSTEES

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		PATIENTS ARE ADVISED OF COMMUNITY OUTREACH AND ARE ENCOURAGED TO SET UP AN APPOINTMENT TO MEET WITH THE APPROPRIATE GIFFORD MEDICAL CENTER PERSONNEL THE PATIENTS ARE ALSO DIRECTED TO GMC'S WEBSITE FOR AN EXPLANATION OF THE FREE CARE POLICY PROCESS

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION		IN ADDITION TO THE CLINICAL OFFICES LOCATED ON THE ORGANIZATION'S MAIN CAMPUS IN RANDOLPH, VERMONT, THE ORGANIZATION OPERATES COMMUNITY HEALTH CARE CENTERS LOCATED IN BETHEL, CHELSEA, ROCHESTER, SHARON, BERLIN, RANDOLPH, AND WHITE RIVER JUNCTION, VERMONT THE RANDOLPH/BAINTREE AREA PROVIDES THE MOST VISITS AND IS LOCATED IN ORANGE COUNTY, VERMONT ORANGE COUNTY DEMOGRAPHICS SHOW APPROXIMATELY 16 2% OVER THE AGE OF 65 AND 20 1% UNDER 18 YEARS OVER 97% ARE WHITE, WITH 50 2% FEMALE THE AVERAGE HOUSEHOLD INCOME IS $52,407, WITH THE POVERTY LEVEL AT 10 6%, COMPARED TO THE STATE'S 11 3%

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH		AS A COMMUNITY HOSPITAL, GIFFORD MEDICAL CENTER'S MISSION IS TO IMPROVE THE HEALTH OF THE PEOPLE WE SERVE BY PROVIDING AND ASSURING ACCESS TO AFFORDABLE AND HIGH-QUALITY HEALTH CARE, AND BY PROMOTING THE HEALTH AND WELL-BEING OF EVERYONE IN OUR SERVICE AREA WE OFFER DIAGNOSTIC TECHNOLOGIES THAT INCLUDE A 64-SLICE CT SCANNER, A MOBILE MRI UNIT, A FILMLESS RADIOLOGY SYSTEM, DIGITAL MAMMOGRAPHY AND STEREOTACTIC BREAST BIOPSIES OUR 25-BED CRITICAL ACCESS HOSPITAL HAS A BIRTHING CENTER THAT IS RECOGNIZED AROUND THE STATE WE HAVE A 24-HOUR EMERGENCY DEPARTMENT, A 30-BED NURSING HOME WITH AN EXTENSIVE WAITING LIST AND NUMEROUS QUALITY AWARDS TO ITS CREDIT, A CHILDCARE CENTER, AN ADULT DAY PROGRAM AND SO MUCH MORE WE'RE EXTREMELY PROUD OF THOSE ADDITIONS, OUR PROGRESSIVE CAN-DO ATTITUDE, AND OUR FINANCIAL STABILITY THE FOLLOWING ARE THE ACTIVITIES FOR 2012 AS PART OF GIFFORD'S EXPANDED EFFORTS UNDER THE VERMONT BLUEPRINT FOR HEALTH, A CHRONIC ILLNESS SUPPORT GROUP - CHRONIC HEALTHSHARE CONSORTIUM - IS LAUNCHED AND BEGINS MEETING MONTHLY THE MENIG EXTENDED CARE FACILITY IS NAMED AMONG NATION'S TOP 39 NURSING HOMES BY U S NEWS AND WORLD REPORT, WHICH RELEASED A LIST OF "2012 HONOR ROLL" NURSING HOMES MENIG WAS THE ONLY NURSING HOME CHOSEN IN VERMONT AND NEIGHBORING NEW HAMPSHIRE A VERMONT HOUSE OF REPRESENTATIVES RESOLUTION RECOGNIZES "THE OUTSTANDING HEALTH CARE SERVICES PROVIDED BY GIFFORD MEDICAL CENTER THE RESOLUTION IS IN HONOR OF GIFFORD'S MORE THAN 100 YEARS OF SERVICE TO THE RANDOLPH AREA AND FOR ITS MANY RECENT AWARDS THE DIABETES EDUCATION EXPO FOCUSES ON TEETH AND FEET AND HOW DIABETICS CAN KEEP BOTH HEALTHY IT IS THE 7TH ANNUAL EXPOSITION ORGANIZED BY THE DIABETES CLINIC ESPECIALLY FOR THE GROWING DIABETES POPULATION THE BLUEPRINT TEAM GROWS TO INCLUDE A BEHAVIORAL HEALTH SPECIALIST (SOCIAL WORKER) AND A SECOND CARE COORDINATOR GOV PETER SHUMLIN VISITS THE MENIG EXTENDED CARE FACILITY TO OFFER THANKS TO THE STATE'S TOP NURSING HOME, CALLING IT A "TRIBUTE TO THE COMMUNITY "WE'RE PROUD OF YOU THANK YOU FROM THE BOTTOM OF OUR HEARTS," THE GOVERNER SAID TO RESIDENTS, FAMILIES AND STAFF MEMBERS THE GOVERNOR'S VISIT CAME IN THE WAKE OF THE U S NEWS REPORT "2012 HONOR ROLL" LISTING GIFFORD PROVIDES FREE ASSISTANCE WITH ADVANCE DIRECTIVES IN CONJUNCTION WITH NATIONAL HEALTHCARE DECISIONS DAY LONG-TIME PEDIATRICIAN DR LOU DINICOLA RECEIVES A NATIONAL AWARD FOR HIS WORK AROUND CHILDHOOD IMMUNIZATIONS DR DINICOLA IS RECOGNIZED BY THE CENTERS FOR DISEASE CONTROL AND PREVENTION'S NATIONAL CENTER FOR IMMUNIZATION AND RESPIRATORY DISEASES AND THE CDC FOUNDATION AS THE FIRST EVER "CDC CHILDHOOD IMMUNIZATION CHAMPION FOR THE STATE OF VERMONT FOR AN EIGHTH CONSECUTIVE YEAR, THE MENIG EXTENDED CARE FACILITY RECEIVES A NURSING HOME QUALITY RECOGNITION FROM THE VERMONT DEPARTMENT OF DISABILITIES, AGING AND INDEPENDENT LIVING A FREE TALK ON MEDICARE INSURANCE, WHY IT'S IMPORTANT WHY PARTICIPATING IN MEDICARE PART B IS BENEFICIAL AND WHAT ONE'S CHOICES ARE UNDER MEDICARE PART D IS OFFERED THE COMMISSION ON CANCER OF THE AMERICAN COLLEGE OF SURGEONS GRANTS ACCREDITATION WITH COMMENDATION TO THE CANCER PROGRAM AT GIFFORD GIFFORD'S CANCER PROGRAM, WHICH INCLUDES OUTPATIENT CHEMOTHERAPY, HAS BEEN ACCREDITED SINCE 1965 GIFFORD IS AWARDED A HOSPITAL OF CHOICE AWARD FROM THE AMERICAN ALLIANCE OF HEALTHCARE PROVIDERS FOR "COURTEOUS, COMPASSIONATE AND CARING SERVICES FOR PATIENTS, FAMILY AND THE COMMUNITY THE RANKING PLACES GIFFORD AMONG "AMERICA'S MOST CUSTOMER-FRIENDLY HOSPITALS " FREE CLASSES ARE OFFERED AND SOON A SUPPORT GROUP STARTS FOR THE STATE'S MANY HOME CAREGIVERS HEALTHIER LIVING WORKSHOPS - FREE SIX-WEEK CLASSES FOR THE CHRONICALLY ILL - ARE OFFERED THROUGH THE YEAR AT GIFFORD A NEW WORKSHOP FOCUSES ON CHRONIC PAIN FOOD CHOICES IN THE GIFFORD CAFETERIA GET EVEN HEALTHIER AS THE HOSPITAL TRANSITIONS TO A HEALTHY BREAKFAST BAR, HEALTHIER, LOWER SALT MEATS, LESS BUTTER AND HEAVY CREAM IN FOODS, AND MORE GRAINS AND LEGUMES AS STARCHES THE CT SCANNER IS UPGRADED FROM A 40-SLICE MODEL TO A 64-SLICE MODEL, OFFERING PATIENTS FASTER SERVICE, CLEARER IMAGING AND LESS RADIATION A NEW SYSTEM, A CAREPOINT WORKSTATION, FOR TRANSMITTING EKGS FROM AMBULANCES IN THE FIELD TO THE GIFFORD EMERGENCY DEPARTMENT IS BROUGHT ONLINE THE SYSTEM, GENEROUSLY PAID FOR BY THE GIFFORD AUXILIARY, IS FOR USE WITH HEART ATTACK PATIENTS TO DETERMINE IF THEY SHOULD BE BROUGHT TO GIFFORD OR DIRECTLY TO A CARDIAC CATHETERIZATION LAB AT DARTMOUTH-HITCHCOCK MEDICAL CENTER OR FLETCHER ALLEN HEALTH CARE ALL GIFFORD GROUNDS GO SMOKE-FREE IN CONCERT WITH THE GREAT AMERICAN SMOKE OUT ON NOV 15

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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
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		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) JOSEPH L WOODIN	(i)	295,000	22,580	37,256	10,846	30,341	396,023	0
	(ii)	0	0	0	0	0	0	0
(2) DAVID SANVILLE	(i)	131,451	0	10,387	7,372	22,102	171,312	0
	(ii)	0	0	0	0	0	0	0
(3) STEPHANIE J LANDVATER MD	(i)	499,547	11,900	46,048	12,250	29,581	599,326	0
	(ii)	0	0	0	0	0	0	0
(4) BESS E BRACKETT MD	(i)	482,225	0	11,289	12,250	38,371	544,135	0
	(ii)	0	0	0	0	0	0	0
(5) RICHARD W GRAHAM MD	(i)	274,766	0	830	0	34,335	309,931	0
	(ii)	0	0	0	0	0	0	0
(6) STEVEN J FISHER MD	(i)	213,112	61,080	919	11,635	27,106	313,852	0
	(ii)	0	0	0	0	0	0	0
(7) JON-RICHARD KNOFF MD	(i)	271,791	0	1,981	12,250	28,453	314,475	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
COMPENSATION CONTINGENT ON REVENUES	SCHEDULE J, PART I, LINE 5A	IN ADDITION TO THEIR SALARIES, PHYSICIANS EMPLOYED BY GIFFORD MEDICAL CENTER, INC RECEIVE A YEAR-END BONUS ON PRODUCTIVITY OR RVU'S

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

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Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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 & HEALTH BUILDING FINANCING AG	23-7154467	9241608B3	09-01-2010	20,430,000	TO FINANCE GIFFORD'S CAPITAL PROJE		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0			
2	Amount of bonds defeased	0			
3	Total proceeds of issue	20,430,000			
4	Gross proceeds in reserve funds	0			
5	Capitalized interest from proceeds	0			
6	Proceeds in refunding escrow	20,310,307			
7	Issuance costs from proceeds	119,693			
8	Credit enhancement from proceeds	0			
9	Working capital expenditures from proceeds	0			
10	Capital expenditures from proceeds	0			
11	Other spent proceeds	0			
12	Other unspent proceeds	0			
13	Year of substantial completion	2010			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X							
b	Name of provider	DEUTSCHE BANK							
c	Term of hedge	26							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule 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

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Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $				0						

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) RANDOLPH COAL OIL CO	SEE PART V	433,836	SEE PART V		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
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV, LINE 1	KAREN GILLESPIE KORROW, GMC BOARD MEMBER, IS THE OWNER OF RANDOLPH COAL & OIL CO , FROM WHICH GMC PURCHASED FUEL AT FMV DURING THE YEAR

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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
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

Identifier	Return Reference	Explanation
OTHER PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4D	GIFFORD MEDICAL CENTER OFFERS VARIOUS OTHER HEALTH CARE SERVICES TO THE CENTRAL VERMONT AREA OTHER SERVICES AVAILABLE INCLUDE ANESTHESIOLOGY, RADIOLOGY, LABORATORY, RESPIRATORY THERAPY, PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH PATHOLOGY, ELECTROCARDIOLOGY, CHEMOTHERAPY, EMERGENCY, SKILLED NURSING, LABOR AND DELIVERY, NURSERY, RADIOISOTOPE, AND ELECTROENCEPHALOGRAPHY
ORGANIZATION'S MEMBERS	FORM 990, PART VI, SECTION A, LINES 6, 7A, & 7B	THE MEMBERSHIP OF THE ORGANIZATION CONSISTS OF THOSE PERSONS SERVING AS CORPORATORS TO BE ELIGIBLE TO SERVE AS A CORPORATOR, AN INDIVIDUAL MUST SUPPORT THE MISSION AND PURPOSES OF THE ORGANIZATION CORPORATORS ARE NOMINATED BY THE NOMINATING COMMITTEE AND ELECTED BY MAJORITY VOTE OF THE CORPORATORS PRESENT AT THE ANNUAL MEETING OF THE CORPORATORS, AND SERVE A TERM OF THREE YEARS THE CORPORATORS SHALL ELECT TRUSTEES OF THE ORGANIZATION, WHO MANAGE AND CONDUCT THE AFFAIRS OF THE ORGANIZATION THE CORPORATORS MAKE NO OTHER GOVERNANCE DECISIONS FOR THE ORGANIZATION, NOR ARE THE DECISIONS OF THE BOARD OF TRUSTEES SUBJECT TO APPROVAL BY THE CORPORATORS
REVIEW OF THE FORM 990	FORM 990, PART VI, SECTION B, LINE 11B	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES FIRST REVIEWS THE FORM 990 THEN THE FULL BOARD OF TRUSTEES REVIEWS THE FORM 990 AT ONE OF THE BOARD MEETINGS BEFORE FILING
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	GIFFORD MEDICAL CENTER, INC REQUIRES BOARD MEMBERS TO COMPLETE A YEARLY CONFLICT OF INTEREST SURVEY ANY DUALITY OF INTEREST OR POSSIBLE CONFLICT OF INTEREST ON THE PART OF ANY TRUSTEE SHALL BE DISCLOSED TO THE OTHER BOARD MEMBERS ANY TRUSTEE HAVING DUALITY OF INTEREST OR POSSIBLE CONFLICT OF INTEREST ON ANY MATTER SHALL NOT VOTE OR USE HIS PERSONAL INFLUENCE ON THE MATTER, AND SHALL NOT BE PRESENT FOR DISCUSSION OF THE MATTER THE MINUTES OF THE MEETING SHALL REFLECT THAT A DISCLOSURE WAS MADE AND THAT THE TRUSTEE ABSTAINED FROM VOTING AND DISCUSSION
COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	GIFFORD USES A BOARD COMPENSATION COMMITTEE WITH INPUT AND DATA FROM AN INDEPENDENT SOURCE THE EVALUATION AND RECOMMENDATION IS THEN PRESENTED TO THE BOARD OF TRUSTEES FOR APPROVAL TO EVALUATE THE COMPENSATION OF THE ORGANIZATION'S OTHER OFFICERS AND KEY EMPLOYEES, THE COMPENSATION REVIEW IS ADMINISTERED BY HUMAN RESOURCES AND THE CEO THE HUMAN RESOURCES DEPARTMENT HAS SOME INTERNAL AND EXTERNAL SOURCES THAT ARE UTILIZED TO COMPARE COMPENSATION AMOUNTS
DOCUMENT DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS CONFLICT OF INTEREST POLICY AVAILABLE UPON REQUEST THE FINANCIAL STATEMENTS ARE AVAILABLE ON THE ORGANIZATION'S WEBSITE, ANOTHER'S WEBSITE AND UPON REQUEST
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 5	$ 3,013,300 NET UNREALIZED GAIN ON INVESTMENTS (247,167) CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT ---------- $ 2,766,133

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

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Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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) GIFFORD HEALTH CARE INC 44 SOUTH MAIN STREET RANDOLPH, VT 05060 46-0938716	PARENT	VT	APPLIED FOR				No

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

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

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.)

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

		Yes	No
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	No
c	Gift, grant, or capital contribution from related organization(s)	1c	No
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	No
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)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Gifford Medical Center, Inc.

Accountants' Report and Financial Statements

September 30, 2012 and 2011

Gifford Medical Center, Inc.

September 30, 2012 and 2011

Contents

BKD LLP
CPAs & Advisors

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Independent Accountants' Report

Board of Trustees
Gifford Medical Center, Inc
Randolph, Vermont

We have audited the accompanying balance sheet of Gifford Medical Center, Inc (Hospital) as of September 30, 2012, and the related statements of operations, changes in net assets and cash flows for the year 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 audit The financial statements of Gifford Medical Center, Inc as of and for the year ended September 30, 2011, were audited by other accountants whose report dated December 22, 2011, expressed an unqualified opinion on those statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audit provides a reasonable basis for our opinion

In our opinion, the 2012 financial statements referred to above present fairly, in all material respects, the financial position of Gifford Medical Center, Inc as of September 30, 2012, and the results of its operations, the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

As discussed in *Note 17*, in 2012 the Hospital changed its method of presentation and disclosure of patient service revenue, provision for uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update 2011-07

BKD, LLP

January 17, 2013

Gifford Medical Center, Inc.
Balance Sheets
September 30, 2012 and 2011

Assets

	2012	2011
Current Assets		
Cash and cash equivalents	$ 6,187,886	$ 6,830,594
Short-term investments	995,434	960,895
Patient accounts receivable, net of allowance, 2012 - $1,565,918, 2011 - $1,546,968	7,328,813	8,174,254
Other receivables	323,658	280,865
Supplies	1,130,171	1,170,763
Prepaid expenses and other	1,415,765	1,300,846
Total current assets	17,381,727	18,718,217
Assets Limited as to Use	19,062,076	16,563,412
Long-Term Investments	6,447,244	2,333,462
Property and Equipment, Net	25,860,445	25,417,612
Other Assets	108,194	129,025
Total assets	$ 68,859,686	$ 63,161,728

See Notes to Financial Statements

Liabilities and Net Assets

	2012	2011
Current Liabilities		
Current portion of long-term debt	$ 480,890	$ 492,340
Accounts payable	2,613,412	2,307,032
Accrued expenses	5,797,518	5,299,257
Estimated amounts due to third-party payers	690,965	404,191
Other	32,411	55,123
Total current liabilities	9,615,196	8,557,943
Long-Term Debt	19,284,382	19,607,044
Deferred Annuities	95,601	101,163
Interest Rate Swap Agreement	3,969,343	3,722,176
Deferred Compensation	63,908	177,681
Total liabilities	33,028,430	32,166,007
Net Assets		
Unrestricted	34,269,832	29,510,942
Temporarily restricted	1,091,685	1,015,040
Permanently restricted	469,739	469,739
Total net assets	35,831,256	30,995,721
Total liabilities and net assets	$ 68,859,686	$ 63,161,728

Gifford Medical Center, Inc.
Statements of Operations
Years Ended September 30, 2012 and 2011

	2012	2011 (Adjusted - *Note 17*)
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 61,124,867	$ 62,341,416
Provision for uncollectible accounts	3,065,153	3,029,201
Net patient service revenue less provision for uncollectible accounts	58,059,714	59,312,215
Other	2,035,533	1,371,089
Net assets released from restrictions used for operations	112,880	255,173
Total unrestricted revenues, gains and other support	60,208,127	60,938,477
Expenses and Losses		
Salaries and wages	29,092,727	28,121,260
Employee benefits	7,352,806	8,621,140
Purchased services and professional fees	5,285,602	6,206,343
Supplies and other	12,890,839	12,421,507
Depreciation and amortization	2,988,750	2,953,808
Interest	1,002,417	1,001,001
Total expenses and losses	58,613,141	59,325,059
Operating Income	1,594,986	1,613,418
Other Income		
Investment return	3,223,786	(440,988)
Change in fair value of interest rate swap agreement	(247,167)	(682,228)
Other income	125,548	117,999
Total other income	3,102,167	(1,005,217)
Excess of Revenues Over Expenses	4,697,153	608,201
Net assets released for acquisition of property and equipment	61,737	186,807
Increase in Unrestricted Net Assets	$ 4,758,890	$ 795,008

Gifford Medical Center, Inc.

Statements of Changes in Net Assets

September 30, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Excess of revenues over expenses	$ 4,697,153	$ 608,201
Net assets released for acquisition of property and equipment	61,737	186,807
Increase in unrestricted net assets	4,758,890	795,008
Temporarily Restricted Net Assets		
Contributions	251,262	506,148
Net assets released from restrictions	(174,617)	(441,980)
Increase in temporarily restricted net assets	76,645	64,168
Change in Net Assets	4,835,535	859,176
Net Assets, Beginning of Year	30,995,721	30,136,545
Net Assets, End of Year	$ 35,831,256	$ 30,995,721

Gifford Medical Center, Inc.

Statements of Cash Flows

Years Ended September 30, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	$ 4,835,535	$ 859,176
Items not requiring (providing) cash		
Depreciation and amortization	2,988,750	2,953,808
Gain on sale of property and equipment	-	(18,050)
Net (gain) loss on investments	(2,646,778)	799,933
Change in fair value of interest rate swap agreement	247,167	682,228
Restricted contributions and investment income received	(251,262)	(506,148)
Changes in		
Patient accounts receivable, net	845,441	(1,245,003)
Inventories	40,592	(135,481)
Estimated amounts due from and to third-party payers	286,774	361,986
Accounts payable and accrued expenses	431,679	611,453
Other assets and liabilities	(299,959)	(476,195)
Net cash provided by operating activities	6,477,939	3,887,707
Investing Activities		
Purchases of property and equipment	(2,850,472)	(1,692,182)
Proceeds from sale of investments	1,037,981	17,467,922
Purchases of investments	(5,038,188)	(17,709,949)
Net cash used in investing activities	(6,850,679)	(1,934,209)
Financing Activities		
Restricted contributions and investment income received	251,262	506,148
Principal payments on long-term debt	(521,230)	(582,551)
Net cash used in financing activities	(269,968)	(76,403)
Increase (Decrease) in Cash and Cash Equivalents	(642,708)	1,877,095
Cash and Cash Equivalents, Beginning of Year	6,830,594	4,953,499
Cash and Cash Equivalents, End of Year	$ 6,187,886	$ 6,830,594
Supplemental Cash Flows Information		
Interest paid	$ 1,002,417	$ 1,001,001
Capital lease obligations incurred for property and equipment	$ 187,118	$ -
Purchase of property and equipment in accounts payable	$ 372,962	$ -

Gifford Medical Center, Inc.

Notes to Financial Statements

September 30, 2012 and 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Gifford Medical Center, Inc is a not-for-profit organization incorporated under the laws of the State of Vermont for the purpose of providing health care services Gifford Medical Center, Inc is a 25-bed hospital, providing general and specialty services and has a hospital-based 30-bed nursing home unit In addition to the clinical offices located on the main campus in Randolph, Vermont, Gifford Medical Center, Inc operates community health care centers located in Bethel, Chelsea, Rochester, Sharon, Berlin and White River Junction, Vermont

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents At September 30, 2012 and 2011, cash equivalents consisted primarily of sweep products The Hospital utilizes repurchase and sweep products as part of their cash management policy, which are not FDIC insured, but may be covered by separate agreements with the financial institution

At September 30, 2012 and 2011, the Hospital held $5,808,056 and $7,050,945, respectively, in repurchase and sweep accounts

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to $250,000 Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010, through December 31, 2012, at all FDIC-insured institutions

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

Assets Limited As To Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements which the Board retains control and may at its discretion subsequently use for other purposes

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts Management regularly reviews data about these major payer sources of revenue 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 uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

The Hospital's allowance for doubtful accounts for self-pay patients decreased from 80% of self-pay accounts receivable at September 30, 2011, to 74% of self-pay accounts receivable at September 30, 2012 In addition, the Hospital's write-offs increased approximately $148,000 from approximately $2,898,000 for the year ended September 30, 2011, to approximately $3,046,000 for the year ended September 30, 2012 Allowance for uncollectible accounts activity for 2012 and 2011, is shown in the following table

	2012	2011
Balance, beginning of year	$ 1,546,968	$ 1,416,253
Provision for year	3,065,153	3,029,201
Accounts charged off during year	(3,046,203)	(2,898,486)
Balance, end of year	$ 1,565,918	$ 1,546,968

Supplies

The Hospital states supply inventories at the lower of cost, determined using the first-in, first-out method, or market

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor Monetary gifts that must be used to acquire property and equipment are reported as restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

Long-Lived Asset Impairment

The Hospital evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value No asset impairment was recognized during the years ended September 30, 2012 and 2011

Deferred Financing Costs

Deferred financing costs, which are included in other long-term assets, represent costs incurred in connection with the issuance of long-term debt Such costs are being amortized over the term of the respective debt using the straight-line method

Deferred Annuities

Annuity obligations represent the amount of various planned giving instruments where the Hospital has fiduciary responsibility for the safekeeping, investment management and distribution of such funds to designated individuals Annuity obligations are valued at the actuarial present value of the expected payments based upon the life expectancy for the annuitants The present value of the estimated future payments at September 30, 2012 and 2011, was $112,758 and $118,320, respectively At September 30, 2012 and 2011, the corresponding assets to satisfy the future payments were approximately $283,981 and $202,883, respectively Subsequent to September 30, 2012, the Hospital received $700,000 to support annual payments of $42,000 for the duration of the donor's life

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 payers that provide for payments to the Hospital at amounts different from their established rates Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known

Charity Care

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

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique The resulting discount is amortized using the level-yield method and is reported as contribution revenue

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor

Estimated Self-Insurance Costs

The Hospital records an estimated liability for self-insured employee health claims, which is included in accrued expenses, and includes an estimate of both reported claims and claims incurred but not reported

Estimated Malpractice Costs

An annual estimated provision is accrued for medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported

Income Taxes

The Hospital has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, the Hospital is subject to federal income tax on any unrelated business taxable income

Excess of Revenues Over Expenses

The statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, permanent transfers 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

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation These reclassifications had no effect on the change in net assets

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were available to be issued

Note 2: Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Hospital records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates These payment arrangements include

Medicare The Hospital is a 25-bed facility certified by Medicare as a critical access hospital (CAH) Medicare inpatient and outpatient reimbursement as a CAH is based on the defined allowable costs of services rendered This certification places several restrictions on a CAH's operations, including a 96-hour average annual acute-care length of stay restriction and a limit of 25 medical/surgical beds

The Hospital's Medicare Administrative Contractor has recently challenged the allowable nature of Vermont provider tax on past cost reports No provision for this had been made in the accompanying financial statements If amounts are disallowed, the impact will be material

The nursing home unit is not impacted by the CAH designation Providers of care to nursing facility residents eligible for "Part A" Medicare benefits are paid on a prospective basis, with no retrospective settlement The prospective payment is based on the scoring attributed to the acuity level of the resident at a rate determined by Federal guidelines

Medicaid Inpatient, outpatient and skilled nursing services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the year ended September 30, 2012, was approximately

Medicare	$ 21,508,508
Medicaid	8,729,807
Blue Cross	16,696,008
Other third-party payers	12,770,682
Patients	1,419,862
	$ 61,124,867

Note 3: Concentration of Credit Risk

The Hospital grants credit without collateral to their patients, most of whom are area residents and are insured under third-party payer agreements The mix of receivables from patients and third-party payers at September 30, 2012 and 2011, is

	2012	2011
Medicare	25%	28%
Medicaid	9%	10%
Blue Cross	26%	21%
Other third-party payers	32%	36%
Self pay	8%	5%
	100%	100%

Note 4: Investments and Investment Return

Short-Term Investments

Short-term investments include

	2012	2011
Short-term investments		
Cash and cash equivalents	$ 13,947	$ 13,554
U S Treasury	99,651	14,388
U S agency	41,049	-
Corporate and foreign obligations	218,687	94,988
Equity securities		
Consumer discretionary	72,680	62,091
Consumer staples	72,929	68,830
Energy	70,390	73,519
Financial	69,786	57,201
Health care	69,521	68,448
Industrials	57,307	64,417
Information technology	108,009	121,890
Materials	26,571	29,172
Telecommunications	30,252	15,151
Utilities	19,012	15,676
Equity mutual funds	643	261,570
Other	25,000	-
Total	$ 995,434	$ 960,895

Assets Limited As To Use

Assets limited as to use include

	2012	2011
Internally designated		
Cash and cash equivalents	$ 264,722	$ 224,615
Certificates of deposit	642,220	637,407
U S Treasury obligations	1,891,490	238,476
U S agency obligations	779,154	-
Corporate obligations	4,150,902	1,574,350
Equity securities		
Consumer discretionary	1,379,545	1,029,111
Consumer staples	1,384,277	1,140,805
Energy	1,336,083	1,218,517
Financial	1,324,614	948,057
Health care	1,319,584	1,134,464
Industrials	1,087,739	1,067,660
Information technology	2,050,120	2,020,224
Materials	504,340	483,499
Telecommunications	574,217	251,108
Utilities	360,862	259,821
Equity mutual funds	12,207	4,335,298
Total	$ 19,062,076	$ 16,563,412

Long-Term Investments

Long-term investments include

	2012	2011
Long-term investments		
Cash and cash equivalents	$ 85,980	$ 24,842
Certificates of deposit	400,631	394,437
U S Treasury obligations	614,349	26,374
U S agency obligations	253,067	-
Corporate obligations	1,348,199	174,116
Equity securities		
Consumer discretionary	448,071	113,815
Consumer staples	449,608	126,168
Energy	433,955	134,762
Financial	430,230	104,851
Health care	428,596	125,467
Industrials	353,294	118,078
Information technology	665,872	223,428
Materials	163,808	53,473
Telecommunications	186,504	27,771
Utilities	117,207	28,735
Equity mutual funds	67,873	657,145
Total	$ 6,447,244	$ 2,333,462

Total investment return is comprised of the following

	2012	2011
Interest and dividend income	$ 577,008	$ 358,945
Net realized gains (losses) on sales of securities	(366,522)	1,503,273
Net unrealized gains (losses) on trading securities	3,013,300	(2,303,206)
Total	$ 3,223,786	$ (440,988)

Note 5: Property and Equipment

Property and equipment consists of the following at September 30, 2012 and 2011

	2012	2011
Land and land improvements	$ 2,996,420	$ 2,979,833
Buildings and building improvements	26,129,077	25,491,196
Equipment	25,695,903	23,573,641
Construction in progress	643,636	249,275
	55,465,036	52,293,945
Less accumulated depreciation	29,604,591	26,876,333
Property and equipment, net	$ 25,860,445	$ 25,417,612

At September 30, 2012, construction in progress represents costs incurred in connection with the construction of various additions and alterations to the Hospital's facilities and equipment The primary project included is the construction of a stand-alone nursing home for which approximately $448,000 is included in construction in progress at September 30, 2012 It is expected to be completed during 2014 at a total cost of approximately $14,557,000, with funding through donor funds, internally designated funds and external financing

Note 6: Medical Malpractice Claims

The Hospital purchases medical malpractice insurance under a claims-made policy on a fixed premium basis Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents

In 2012, the Hospital adopted the provisions of Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, which eliminates the practice of netting claim liabilities with expected insurance recoveries for balance sheet presentation Claim liabilities are to be determined without consideration of insurance recoveries Expected recoveries are presented separately Prior to the adoption of ASU 2010-24, accounting principles generally accepted in the United States of America required a health care provider to accrue only an estimate of the malpractice claims costs for both reported claims and claims incurred but not reported where the risk of loss had not been transferred to a financially viable insurer There was no impact of the ASU adoption to the Hospital's financial statements It is possible that an event has occurred which will be the basis of a future material claim

Note 7: Long-Term Debt

	2012	2011
Series 2010 Bonds (A)	$ 19,599,466	$ 20,009,096
Capital lease obligations (B)	165,806	90,288
	19,765,272	20,099,384
Less current maturities	480,890	492,340
	$ 19,284,382	$ 19,607,044

(A) On September 1, 2010, the Vermont Educational and Health Buildings Financing Agency (the "Agency") issued $20,430,000 of tax-exempt revenue bonds to extinguish the existing 2006 Series A bonds and pay certain costs incurred in the authorization and issuance of the bonds The Bonds are payable monthly at a variable rate of 69% of the one-month LIBOR plus 2 86%, with a floor of 1 97% The rate as of September 30, 2012 and 2011, was 2 13% and 2 12%, respectively The Bonds mature in September 2030, but contain a 7-year put provision allowing a redemption option by the Agency in September 2017 and 2024

Pursuant to the debenture agreement, the Hospital has granted the Agency a security interest in gross receipts The Bonds contain certain covenants including maintaining a minimum amount of days cash on hand and debt service ratio

The Hospital has entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on this Bond, see *Note 8*

(B) At varying rates of imputed interest from 7 33% to 9 63%, due through 2016, collateralized by equipment

Aggregate annual maturities of long-term debt and principal payments on capital lease obligations at September 30, 2012, are

2013	$ 480,890
2014	499,941
2015	526,232
2016	495,238
2017	17,762,971
	$ 19,765,272

Note 8: Interest Rate Swap Agreement

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Hospital entered into an interest rate swap agreement for its Series 2010 Bond The notional amount is adjusted every October 1 to the amount outstanding for the Series 2010 Bonds (*Note 7*) The agreement provides for the Hospital to receive interest from the counterparty equivalent to the sum of 68% of 3-month LIBOR and pay interest to the counterparty at a fixed rate of 3 08% The swap expires on October 1, 2036

The table below presents certain information regarding the Hospital's interest rate swap agreement

	2012	2011
Other Liabilities		
Fair value of interest rate swap agreement	$ 3,969,343	$ 3,722,176
Interest Expense		
Loss reclassified from unrestricted net assets into excess of revenues over expenses	560,542	555,777
Other Income		
Change in interest rate swap agreement	(247,167)	(682,228)

Note 9: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purpose or periods

	2012	2011
Health care services and capital	$ 326,401	$ 241,983
Unexpended income from permanently restricted funds	765,284	773,057
	$ 1,091,685	$ 1,015,040

During 2012 and 2011, net asset were released from donor restrictions by incurring expenses, satisfying the operating restricted purposes in the amounts of $112,880 and $255,173, respectively During 2012 and 2011, net assets of $61,737 and $186,807, respectively, were released to purchase property and equipment

Permanently restricted net assets are restricted to

	2012	2011
Investments to be held in perpetuity, the income from which is expendable to support		
Indigent care	$ 227,585	$ 227,585
Community outreach initiatives	12,604	12,604
Nursing	35,025	35,025
Buildings and maintenance	40,996	40,996
Operations	53,529	53,529
Unrestricted	100,000	100,000
	$ 469,739	$ 469,739

Note 10: Endowment

The Hospital's endowment consists of various individual donor-restricted funds which were established for general operational and certain departmental purposes As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions

The Hospital's governing body has interpreted the Uniform Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the Hospital classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, and temporarily restricted net assets, the investment earnings of the gifts donated which have not met the donor stipulations for recognition in unrestricted net assets In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

1 Duration and preservation of the fund
2 Purposes of the Corporation and the fund
3 General economic conditions
4 Possible effect of inflation and deflation
5 Expected total return from investment income and appreciation or depreciation of investments
6 Other resources of the Corporation
7 Investment policies of the Corporation

Changes in endowment net assets for the years ended September 30, 2012 and 2011, were

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,510,217	$ 773,057	$ 469,739	$ 3,753,013
Investment return and contributions	397,693	168,902	-	566,595
Endowment net assets, end of year	$ 2,907,910	$ 941,959	$ 469,739	$ 4,319,608

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,564,090	$ 802,801	$ 469,739	$ 3,836,630
Investment return and contributions	(53,873)	(29,744)	-	(83,617)
Endowment net assets, end of year	$ 2,510,217	$ 773,057	$ 469,739	$ 3,753,013

Note 11: Charity Care

The estimated costs of charity provided under the Hospital's charity care policy were approximately $424,000 for 2012 and 2011. The cost of charity care is estimated by applying the ratio of cost to charges to the gross uncompensated care charges.

Note 12: Functional Expenses

The Hospital provides health care services primarily to residents within their geographic area. Expenses related to providing these services are as follows:

	2012	2011
Health care services	$ 52,768,099	$ 53,409,023
General and administrative	5,658,481	5,727,209
Fundraising	186,561	188,827
	$ 58,613,141	$ 59,325,059

Note 13: Pension Plan

The Hospital has a defined contribution pension plan covering all employees meeting age and service requirements. The plan provides for immediate vesting of all eligible employees. Contributions by the Hospital are funded at 4% of covered compensation plus an additional 1% matching contribution to eligible employees. Pension expense was $1,109,869 and $996,346 for 2012 and 2011, respectively.

Note 14: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies 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 in active markets for identical assets or liabilities

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

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy

Investments and Cash Equivalents

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy Level 1 securities include money market funds, corporate stocks, mutual funds and U S Treasury obligations If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows For these investments, the inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, bids, offers and reference data market research publications and are classified within Level 2 of the valuation hierarchy Level 2 securities include corporate debt obligations and U S agency obligations In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy The Hospital has no securities classified as Level 3

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2012 and 2011

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2012				
Cash equivalents - money market funds	$ 364,649	$ 364,649	$ -	$ -
Equity securities and mutual funds	15,675,706	15,675,706	-	-
Corporate obligations	5,717,788	5,717,788	-	-
U S Treasury obligations	2,605,490	2,605,490	-	-
U S agency obligations	1,073,270	-	1,073,270	
Interest rate swap agreement	3,969,343	-	3,969,343	-
September 30, 2011				
Cash equivalents - money market funds	$ 263,011	$ 263,011	$ -	$ -
Equity securities and mutual funds	16,440,222	16,440,222	-	-
Corporate obligations	1,843,454	1,843,454	-	-
U S Treasury obligations	279,238	279,238	-	-
Interest rate swap agreement	3,722,176	-	3,722,176	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value

Cash and Cash Equivalents

The carrying amount approximates fair value

Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to the Hospital for bank loans with similar terms and maturities

The following table presents estimated fair value of the Hospital's financial instruments at September 30, 2012 and 2011

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 6,187,886	$ 6,187,886	$ 6,830,594	$ 6,830,594
Short-term investments	995,434	995,434	960,895	960,895
Assets limited as to use	19,062,076	19,062,076	16,563,412	16,563,412
Long-term investments	6,447,244	6,447,244	2,333,462	2,333,462
Financial liabilities				
Long-term debt	19,765,272	19,765,272	20,099,384	20,099,384
Interest rate swap agreement	3,969,343	3,969,343	3,722,176	3,722,176

Note 15: Related Party Transactions

The Hospital purchases goods from a company for which a member of the Hospital's Board of Trustees has controlling interest During 2012 and 2011, expenses of approximately $435,000 and $362,000, respectively, were paid to the affiliated company At September 30, 2012 and 2011, approximately $27,000 and $28,000, respectively, was payable to the affiliate and included in accounts payable

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *6*

Self-Insurance

The Hospital is self-insured for employee health care benefits The Hospital accrues a liability for self-insured losses by charging the statement of operations for certain known claims and reasonable estimates for incurred but not reported claims based on claims experience and premiums paid The amount of actual losses incurred could differ materially from these estimates in the near term

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by the Hospital's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performances of contracts The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Investments

The Hospital invests in various investment securities Investment securities are exposed to various risks such as interest rate, market and credit risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheet

Current Economic Conditions

The current protracted economic decline continues to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing The financial statements have been prepared using values and information currently available to the Hospital

Current economic conditions, including the high unemployment rate, have made it difficult for certain of our patients to pay for services rendered As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program The impact from health care reform will be significant, but is highly uncertain at this point

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and contributions receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity

Note 17: Change in Accounting Principle

In 2012, the Hospital changed its method of presentation and disclosure of patient service revenue, provision of uncollectible accounts and the allowance for doubtful accounts in accordance with Accounting Standards Update (ASU) 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The major changes associated with ASU 2011-07 are to reclassify the provision for uncollectible accounts to a deduction from patient service revenue and to provide enhanced disclosures around the Hospital's policies related to uncollectible accounts. The change had no effect on excess of revenues over expenses or on prior year change in net assets.

The following financial statement line items for 2011 were affected by the change:

	As Adjusted	Previously Reported	Effect of Change
Total unrestricted revenues, gains and other support	$ 60,938,477	$ 63,967,678	(3,029,201)
Total expenses and losses	59,325,059	62,354,260	(3,029,201)