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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
Fletcher Allen Health Care Inc

Doing Business As

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

City or town, state or country, and ZIP + 4
BURLINGTON, VT 05401

D Employer identification number
03-0219309

E Telephone number
(802)847-5959

G Gross receipts $ 1,164,385,980

F Name and address of principal officer
Dr JOHN BRUMSTED
111 COLCHESTER AVENUE
BURLINGTON, VT 05401

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 FLETCHERALLEN ORG

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

L Year of formation 1968

M State of legal domicile VT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To improve the health of the people in the community we serve by integrating patient care, education, and research in a caring environment

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	7,073
6	Total number of volunteers (estimate if necessary)	**6**	870
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	7,201,996
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-448,647

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	5,440,698	10,506,767
9	Program service revenue (Part VIII, line 2g)	885,142,635	939,830,991
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	12,647,774	11,590,703
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	299,277	590,104
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	903,530,384	962,518,565
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	693,371	928,841
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)	542,397,400	567,720,593
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶1,755,157		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	319,909,322	343,923,450
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	863,000,093	912,572,884
19	Revenue less expenses Subtract line 18 from line 12	40,530,291	49,945,681
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	1,010,076,116	1,084,994,687
21	Total liabilities (Part X, line 26)	585,995,130	589,069,884
22	Net assets or fund balances Subtract line 21 from line 20	424,080,986	495,924,803

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2013-08-13

ROGER DESHAIES CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ PricewaterhouseCoopers LLP
125 High Street
Boston, MA 02110

EIN ▶

Phone no ▶ (617) 530-5000

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

SEE SCHEDULE O

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 $ 221,525,516 including grants of $ 254,707) (Revenue $ 257,720,972)

INPATIENT SERVICES FOR MORE INFORMATION, SEE SCHEDULE O

4b (Code) (Expenses $ 308,704,577 including grants of $ 379,679) (Revenue $ 384,171,395)

OUTPATIENT SERVICES FOR MORE INFORMATION, SEE SCHEDULE O

4c (Code) (Expenses $ 239,411,413 including grants of $ 294,455) (Revenue $ 297,938,624)

PROFESSIONAL SERVICES FOR MORE INFORMATION, SEE SCHEDULE O

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 769,641,506

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	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b	Yes	
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**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	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**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
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**	590		
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**	7,073			
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**	Yes	
b	If "Yes," enter the name of the foreign country ▶ BD 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**	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	Yes	
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	13		
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		Yes	
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		Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

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 ▶

ROGER DESHAIES
111 COLCHESTER AVENUE
BURLINGTON,VT 05401
(802)847-5959

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								5,785,624	277,587	465,072

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 ▶ 312

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MAYO COLLABORATIVE SERVICES INC PO BOX 9146 MINNEAPOLIS, MN 55480	LABORATORY	2,404,094
MEDIQUE USA 5900 AVENUE ANDOVER VILLE MONT-ROYAL, QUEBEC H4T 1H5 CA	LAUNDRY SERVICE	2,320,946
UVM TECHNICAL SERVICES PROGRAM 280 EAST AVENUE BURLINGTON, VT 054013462	TECHNICAL	2,244,473
HICKOK BOARDMAN INC PO BOX 1064 BURLINGTON, VT 05401	INSURANCE	1,347,704
FARRINGTON CONSTRUCTION CO 4788 SPEAR ST SHELBURNE, VT 05482	CONSTRUCTION	997,045

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 ▶ 118

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	362,748			
	d	Related organizations	1d	74,500			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	10,069,519			
	g	Noncash contributions included in lines 1a-1f $ 17,100					
	h	**Total.** Add lines 1a-1f		10,506,767			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICES	900099	902,085,637	896,178,862	5,906,775	
	b	PATIENT SERVICES - PHARMACY	446110	15,016,292	13,721,071	1,295,221	
	c	PREMIUM REVENUE	900099	5,551,294	5,551,294		
	d	CAFETERIA	722210	4,996,938	4,996,938		
	e	MEANINGFUL USE PRGRM	900099	4,095,370	4,095,370		
	f	All other program service revenue		8,085,460	8,085,460		
	g	**Total.** Add lines 2a–2f		939,830,991			
	3	Investment income (including dividends, interest and other similar amounts)		6,319,233			6,319,233
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	1,009,333				
	b	Less rental expenses	377,226				
	c	Rental income or (loss)	632,107				
	d	Net rental income or (loss)		632,107			632,107
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	207,515,786	4,533,827			
	b	Less cost or other basis and sales expenses	197,333,353	4,090,733			
	c	Gain or (loss)	10,182,433	443,094			
	d	Net gain or (loss)		5,271,470			5,271,470
Other Revenue	8a	Gross income from fundraising events (not including $ 362,748 of contributions reported on line 1c) See Part IV, line 18	a 24,100				
	b	Less direct expenses	b 66,103				
	c	Net income or (loss) from fundraising events		-42,003			-42,003
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		0			
	12	**Total revenue.** See Instructions		962,518,565	932,628,995	7,201,996	12,180,807

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	821,616	821,616		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	107,225	107,225		
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	3,421,721	0	3,421,721	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	348,707	348,707		
7	Other salaries and wages	445,951,928	385,169,129	60,087,452	695,347
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	30,923,793	27,782,946	3,106,982	33,865
9	Other employee benefits	57,925,449	50,651,596	7,134,485	139,368
10	Payroll taxes	29,148,995	25,936,876	3,177,669	34,450
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	1,546,406		1,546,406	
c	Accounting	501,328		501,328	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	33,208,275	22,374,202	10,471,366	362,707
12	Advertising and promotion	1,676,858	1,676,858		
13	Office expenses	140,320,986	138,841,311	1,435,843	43,832
14	Information technology	11,940,773	10,373,190	1,550,615	16,968
15	Royalties . .	0			
16	Occupancy	19,518,138	18,426,647	1,028,283	63,208
17	Travel	2,515,803	1,404,629	1,094,782	16,392
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	3,680,778	2,878,469	780,999	21,310
20	Interest	18,394,455	9,628,241	8,735,883	30,331
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	48,117,531	25,235,280	22,803,080	79,171
23	Insurance	14,545,715	13,169,754	1,361,095	14,866
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	CONTRACT MAINTENANCE	11,053,765	8,863,363	2,185,856	4,546
b	ACADEMIC SUPPORT	9,460,601	9,460,601		
c	RECRUITMENT	6,025,646	420,233	5,605,413	
d	LEASED EQUIPMENT	4,438,054	4,041,399	395,963	692
e					
f	All other expenses	16,978,338	12,029,234	4,751,000	198,104
25	**Total functional expenses.** Add lines 1 through 24f	912,572,884	769,641,506	141,176,221	1,755,157
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		3,058,397	1	5,467,535
	2	Savings and temporary cash investments		94,941,347	2	146,757,768
	3	Pledges and grants receivable, net		1,161,622	3	536,680
	4	Accounts receivable, net		114,042,371	4	110,551,680
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		7,528,440	7	8,195,878
	8	Inventories for sale or use		17,844,832	8	20,912,803
	9	Prepaid expenses and deferred charges		37,524,481	9	32,863,912
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 800,025,579			
	b	Less accumulated depreciation	10b 401,808,344	413,766,619	10c	398,217,235
	11	Investments—publicly traded securities		276,203,777	11	326,865,799
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		33,434,488	13	22,736,111
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		10,569,742	15	11,889,286
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,010,076,116	16	1,084,994,687
Liabilities	17	Accounts payable and accrued expenses		111,446,759	17	124,537,359
	18	Grants payable		7,690,821	18	8,430,153
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		400,431,001	20	331,187,487
	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		429,140	23	54,860,000
	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		65,997,409	25	70,054,885
	26	**Total liabilities.** Add lines 17 through 25		585,995,130	26	589,069,884
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		382,464,230	27	448,676,424
	28	Temporarily restricted net assets		16,625,791	28	21,185,014
	29	Permanently restricted net assets		24,990,965	29	26,063,365
		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		424,080,986	33	495,924,803
	34	Total liabilities and net assets/fund balances		1,010,076,116	34	1,084,994,687

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	962,518,565
2	Total expenses (must equal Part IX, column (A), line 25)	2	912,572,884
3	Revenue less expenses Subtract line 2 from line 1	3	49,945,681
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	424,080,986
5	Other changes in net assets or fund balances (explain in Schedule O)	5	21,898,136
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	495,924,803

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	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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
Fletcher Allen Health Care Inc	03-0219309

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		46,114
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		84,504
j	Total lines 1c through 1i			130,618
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
LOBBYING ACTIVITY	SCHEDULE C, PART II-B	FLETCHER ALLEN REGULARLY MONITORS THE WORK OF THE VERMONT STATE LEGISLATURE TO IDENTIFY ISSUES THAT DIRECTLY AFFECT THE ORGANIZATION AND PERIODICALLY WORKS DIRECTLY WITH STATE LEGISLATORS TO ADVOCATE ON PARTICULAR ISSUES STAFF EXPENDITURES ASSOCIATED WITH THESE ACTIVITIES ARE REPORTED TO THE STATE THREE TIMES A YEAR AS REQUIRED BY VERMONT LOBBYIST DISCLOSURE LAWS STAFF ALSO WORK DIRECTLY WITH OUR CONGRESSIONAL DELEGATION (TWO SENATORS AND ONE REPRESENTATIVE) ON SPECIFIC PIECES OF LEGISLATION THAT IMPACT THE ORGANIZATION THESE EXPENSES ARE REPORTED ON LINE G THE ORGANIZATION ALSO BELONGS TO MEMBER ORGANIZATIONS (INCLUDING THE AMERICAN HOSPITAL ASSOCIATION, THE ASSOCIATION OF AMERICAN MEDICAL COLLEGES, NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS, AND THE VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS) THAT IN TURN HAVE LOBBYING EXPENSES THE PORTION OF DUES ASSOCIATED WITH THOSE ACTIVITIES IS REPORTED ON LINE I

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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	24,729,696	24,040,705	22,798,137	22,578,923	
b	Contributions	131,962	117,726	81,914	142,738	
c	Investment earnings or losses	3,368,995	903,730	1,255,349	805,381	
d	Grants or scholarships	0	0	0	4,784	
e	Other expenditures for facilities and programs	350,395	332,465	94,695	724,121	
f	Administrative expenses	0	0	0	0	
g	End of year balance	27,880,258	24,729,696	24,040,705	22,798,137	

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 57 000 %
- c Term endowment ▶ 43 000 %

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		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		8,015,949		8,015,949
b Buildings		496,265,672	194,358,861	301,906,811
c Leasehold improvements		38,422,251	30,086,057	8,336,194
d Equipment		235,519,515	168,856,904	66,662,611
e Other		21,802,192	8,506,522	13,295,670
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				398,217,235

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
ESTIMATED 3RD PARTY SETTLEMENT	13,915,625
SWAP LIABILITY	16,817,614
PENSION OBLIGATION	35,920,513
ASSET RETIREMENT OBLIGATION	1,081,649
LT FICA TAX PAYABLE	2,319,484
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	70,054,885

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

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
ENDOWMENT FUNDS	SCHEDULE D, PART V, QUESTION 4	THE FUNDS, AND ALL NET EARNINGS IN ADDITION THERETO, ARE HELD TO BENEFIT CHARITY, EDUCATION, RESEARCH AND CHILDREN'S PROGRAMS
SCHEDULE D, PART X, FIN 48		FOR TAX YEARS BEGINNING AFTER DECEMBER 15, 2008, NONPUBLIC COMPANIES ADOPTED GUIDANCE UNDER ASC 740, INCOME TAXES, THAT PRESCRIBE A MODEL FOR THE RECOGNITION AND MEASUREMENT OF UNCERTAIN TAX BENEFITS THIS GUIDANCE DID NOT HAVE AN IMPACT ON FLETCHER ALLEN PARTNERS AND ITS SUBSIDIARIES

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ Yes ☐ No

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Part V if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
Central America and the Caribbean	0	0	Program Services	SELF-INSURANCE	4,205,502
Central America and the Caribbean	0	0	Investments		19,063,496
3a Sub-total	0	0			23,268,998
b Total from continuation sheets to Part I					
c **Totals** (add lines 3a and 3b)	0	0			23,268,998

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☐
Use Part V if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

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

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*	☑ Yes	☐ No
2	Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*	☐ Yes	☑ No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*	☑ Yes	☐ No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*	☐ Yes	☑ No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*	☐ Yes	☑ No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*	☐ Yes	☑ No

Additional Data

Software ID:
Software Version:
EIN: 03-0219309
Name: Fletcher Allen Health Care Inc

Part V **Supplemental Information**

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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

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

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

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

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

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

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

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

		(a) Event #1 BIG CHNG RND-UP (event type)	(b) Event #2 GOLF TOURNAMENT (event type)	(c) Other Events 2 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	225,583	104,701	56,564	386,848
	2 Less Charitable contributions	225,583	87,341	49,824	362,748
	3 Gross income (line 1 minus line 2)		17,360	6,740	24,100
Direct Expenses	4 Cash prizes		300		300
	5 Non-cash prizes		2,700		2,700
	6 Rent/facility costs		17,360		17,360
	7 Food and beverages	1,000	7,260	50	8,310
	8 Entertainment				
	9 Other direct expenses	22,699	7,341	7,393	37,433
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(66,103)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-42,003

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
SCHEDULE G, PART II, LINE 11		THE NET INCOME AMOUNT FROM FUNDRAISING EVENTS IS NET OF CHARITABLE CONTRIBUTIONS

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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 _____ %	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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			7,717,591		7,717,591	0 850 %
b Medicaid (from Worksheet 3, column a)		35,116	188,634,603	105,907,103	82,727,500	9 070 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		1,414	2,413,604	1,992,180	421,424	0 050 %
d **Total** Charity Care and Means-Tested Government Programs		36,530	198,765,798	107,899,283	90,866,515	9 970 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,727,705		2,727,705	0 300 %
f Health professions education (from Worksheet 5)			67,261,208	8,477,759	58,783,449	6 440 %
g Subsidized health services (from Worksheet 6)			11,967,577	6,071,310	5,896,267	0 650 %
h Research (from Worksheet 7)			336,875	380,389	-43,514	
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,222,082		1,222,082	0 130 %
j **Total** Other Benefits			83,515,447	14,929,458	68,585,989	7 520 %
k **Total.** Add lines 7d and 7j		36,530	282,281,245	122,828,741	159,452,504	17 490 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense 2 30,335,979			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy 3 3,264,713			
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	207,373,295
6	Enter Medicare allowable costs of care relating to payments on line 5	6	237,874,175
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-30,500,880
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	FLETCHER ALLEN HEALTH CARE INC 111 COLCHESTER AVE BURLINGTON,VT 05401	X	X	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)

FLETCHER ALLEN HEALTH CARE 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 200 %			
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 400 %			
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? **6**

	Name and address	Type of Facility (Describe)
1	CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON,VT 05403	DIALYSIS
2	RUTLAND DIALYSIS 160 ALLEN STREET RUTLAND,VT 05701	DIALYSIS
3	BERLIN DIALYSIS 130 FISHER ROAD BERLIN,VT 05602	DIALYSIS
4	UROLOGY - ST ALBANS DIALYSIS - STE 7&8 6 CREST ROAD ST ALBANS,VT 05478	MEDICAL OFFICE
5	MCHV DIALYSIS CENTER 111 COLCHESTER AVE BROWN 2 BURLINGTON,VT 05401	DIALYSIS
6	NORTH COUNTRY DIALYSIS 189 PROUTY DR NEWPORT,VT 05855	DIALYSIS
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
SCHEDULE H, PART I, LINE 7G		FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012 FLETCHER ALLEN HEALTH CARE INCLUDED PHYSICIAN CLINIC EXPENSES IN SUBSIDIZED HEALTH SERVICES FLETCHER ALLEN HEALTH CARE PHYSICIANS INCURRED $2,934,887 OF COSTS ASSOCIATED WITH PROVIDING PSYCHIATRY SERVICES

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7, COLUMN (F)		THE PROVISION FOR BAD DEBT INCLUDED ON FORM 990, PART IX, LINE 25 BUT SUBTRACTED FOR PURPOSE OF CALCULATING THE AMOUNT REPORTED ON LINE 7(F) IS $0 ALL BAD DEBT IS SHOWN AS A DEDUCTION FROM PATIENT REVENUE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		FLETCHER ALLEN UTILIZED THE ALLIANCE FOR DECISION SUPPORT COST ACCOUNTING SYSTEM TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE ON LINE 7 THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS, INCLUDING, BUT NOT LIMITED TO, INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED AND SELF PAY THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 WAS ALSO UTILIZED FOR SOME OF THE FIGURES REPORTED IN THE TABLE ON LINE 7 APPROXIMATELY $53M OF OUR MEDICAID EXPENSE IS FLETCHER ALLEN HEALTH CARE'S ANNUAL MEDICAID PROVIDER TAX, ASSESSED ON VERMONT ACUTE CARE HOSPITALS BY THE STATE OF VERMONT THE TAX ASSESSMENT IS CALCULATED AS 6% OF A HOSPITAL'S BASE YEAR NET PATIENT CARE REVENUE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 4		THE AMOUNT OF BAD DEBT REPORTED ON PART III, LINE 2 REPRESENTS THE TOTAL PROVISION FOR BAD DEBT ON THE INCOME STATEMENT DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE NETTED AGAINST THE TOTAL GROSS CHARGES WHEN DETERMINING BAD DEBT EXPENSE THE $3,264,713 REFLECTS THE ADJUSTED BAD DEBT EXPENSE FOR ALL PATIENTS WHO SUBMITTED AN INITIAL APPLICATION, HOWEVER, UPON FOLLOW-UP DID NOT RESPOND TO REQUESTS FOR ADDITIONAL INFORMATION OR SUPPORTING DOCUMENTATION FAHC HAS A DATABASE WHICH TRACKS ALL APPLICATIONS AND THEIR STATUS, A QUERY EXTRACTED ALL INCOMPLETE/NON RESPONSIVE ARCHIVED APPLICATIONS PROVIDING A LIST OF PATIENTS & DEPENDENTS SUBSEQUENTLY, A QUERY OF ASSOCIATED PATIENT SERVICES FROM 10/1/11 - 9/30/12 FOR "SELF PAY" AND COLLECTION ACCOUNTS WAS EXTRACTED FROM THE BILLING SYSTEM FLETCHER ALLEN HEALTH CARE'S FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE DESCRIBING BAD DEBT EXPENSE RECEIVABLES ARE REPORTED NET OF AN ALLOWANCE FOR DOUBTFUL ACCOUNTS THE PROVISION FOR BAD DEBTS IS REPORTED AS A DEDUCTION FROM GROSS REVENUE THIS EXPENSE IS DETERMINED AS A PERCENTAGE OF GROSS PATIENT SERVICE REVENUE BASED ON ACTUAL WRITE-OFF HISTORY, REVIEWED ON A QUARTERLY BASIS AND ADJUSTED ON A SEMI-ANNUAL BASIS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 8		THE AMOUNT REPORTED IN PART III, LINE 6, MEDICARE ALLOWABLE COSTS OF CARE, IS DERIVED FROM FLETCHER ALLEN HEALTH CARE'S FYE 9/30/12 MEDICARE COST REPORT, WORKSHEET D-1, COMPUTATION OF INPATIENT OPERATING COSTS, WORKSHEET E PART B, CALCULATION OF OUTPATIENT SETTLEMENT, AND WORKSHEET I-4, COMPUTATION OF AVERAGE COST PER TREATMENT FOR OUTPATIENT RENAL DIALYSIS WHILE FLETCHER ALLEN HAS HISTORICALLY FOLLOWED THE CATHOLIC HOSPITAL ASSOCIATION'S GUIDANCE AND NOT CONSIDERED ANY MEDICARE SHORTFALL (REPORTED IN PART III, LINE 7) AS A COMMUNITY BENEFIT, IT IS LIKELY THAT SOME PORTION OF MEDICARE PATIENTS WOULD HAVE QUALIFIED FOR CHARITY CARE UNDER OUR POLICIES IN THE ABSENCE OF MEDICARE COVERAGE, SUCH THAT SHORTFALLS ASSOCIATED WITH THOSE PATIENTS WOULD OTHERWISE HAVE BEEN INCLUDED IN OUR COMMUNITY BENEFITS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 9B		PURSUANT TO THE SELF-PAY COLLECTION PROCESS POLICY SHOULD A PATIENT EXPRESS FINANCIAL HARDSHIP AND/OR IF THE PATIENT'S ACCOUNT BALANCE WOULD LIKELY QUALIFY FOR CATASTROPHIC ASSISTANCE, THE CUSTOMER SERVICE ACCOUNT RESOLUTION REPRESENTATIVE WILL PROVIDE PATIENTS WITH INFORMATION REGARDING THE FAHC PATIENT ASSISTANCE PROGRAM PATIENTS EXPRESSING INTEREST IN THE PROGRAM WILL BE DIRECTED TO THE FAHC WEBSITE FOR A DOWNLOADABLE APPLICATION OR AN APPLICATION WILL BE SENT VIA THE US MAIL IN ADDITION, HIGH DOLLAR ACCOUNTS ARE MONITORED WEEKLY AND SCREENED FOR POSSIBLE PATIENT ASSISTANCE WHEN DIRECT CONTACT VIA THE PHONE CANNOT BE ESTABLISHED, THOSE ACCOUNTS WHERE BALANCES ARE HIGH, HAVE INTERMITTENT PAYMENT OR EMPLOYMENT HISTORY ARE FLAGGED AS POTENTIAL CATASTROPHIC QUALIFIERS THESE PATIENTS WILL BE SENT AN APPLICATION VIA CERTIFIED MAIL, INVITING THEM TO APPLY FOR ASSISTANCE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V		IN ADDITION TO THE FACILITIES OPERATED BY FLETCHER ALLEN HEALTH CARE (FAHC) LISTED IN SECTION A AND SECTION C, FAHC OPERATES 28 ADDITIONAL CLINIC SITES AROUND ITS SERVICE AREA EACH OF THESE SITES IS COVERED UNDER THE FAHC HOSPITAL LICENSE ALL LISTED OR NON-LISTED FACILITIES OPERATED BY FAHC OR ITS SUBSIDIARIES FOLLOW ALL OF THE SAME POLICIES AND PROCEDURES AS THE FAHC HOSPITAL SCHEDULE H, PART V, LINE 13G IN ADDITION TO POSTING GUIDELINES ONLINE, PATIENT BROCHURES ARE AVAILABLE IN WAITING ROOMS WHICH PROVIDE CONTACT INFORMATION ON HOW PATIENTS MAY RECEIVE ASSISTANCE WITH THEIR BILLS AS WELL AS AID IN THE APPLICATION PROCESS FROM REGISTRATION, PATIENTS ARE ROUTINELY REFERRED TO OUR FINANCIAL COUNSELING DEPARTMENT AND/OR FOR OUTPATIENT SERVICES, THE HEALTH ASSISTANCE PROGRAM AT OUR DEPARTMENT OF COMMUNITY HEALTH IMPROVEMENT BOTH AREAS PROVIDE KNOWLEDGE AND ASSISTANCE IN THE APPLICATION PROCESS FOR CHARITY AND OTHER APPLICABLE FUNDING SOURCES FINANCIAL COUNSELORS ACTIVELY EDUCATE ALL INPATIENT, OBSERVATION AND INVASIVE SERVICE OUTPATIENTS OF OUR PROGRAM, PRIOR TO OR CONCURRENT WITH THE PATIENTS STAY, SUBSEQUENTLY AIDING IN THE APPLICATION PROCESS FOR STATE AID AND FAHC'S FINANCIAL ASSISTANCE POLICY SCHEDULE H, PART V, LINE 19D THE PATIENT ASSISTANCE PROGRAM (CHARITY) HAS BOTH AN INCOME AND ASSETS BASED TEST UP TO 400% OF THE FEDERAL POVERTY GUIDELINES (FPG), ALONG WITH AN APPEALS PROGRAM FOR PATIENTS WHO TEST HIGHER THAN 400% OF THE FPG BASED UPON THE PATIENT'S FPG, A PATIENT MAY BE GRANTED FULL OR PARTIAL ASSISTANCE AT THE TIME OF APPLICATION APPROVAL FULL ASSISTANCE EQUALS A 100% WRITE-OFF OF CHARGES FOR A 6 MONTH TIMEFRAME PARTIAL ASSISTANCE EQUALS A SET DEDUCTIBLE FROM $250 00 - $1,000 00 MAXIMUM FOR THE 6 MONTH PERIOD FOR THOSE QUALIFYING WITHIN THE 400% LIMIT, FOLLOWED BY A 6 MONTH FULL CHARGE WRITE-OFF FOR MEDICALLY NECESSARY SERVICES IN ESSENCE, PATIENTS WHO QUALIFY FOR ASSISTANCE MAY PAY UP TO ONE TIME MAXIMUM OF $1,000 DURING A SIX MONTH PERIOD WITH ALL OTHER CHARGES WRITTEN-OFF THIS METHODOLOGY IS APPLIED REGARDLESS OF THE ACCOUNT BALANCE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 2	NEEDS ASSESSMENT	FLETCHER ALLEN HAS A LONG HISTORY OF CONDUCTING NEEDS ASSESSMENTS TO GAUGE THE HEALTH CARE AND RELATED NEEDS OF THE COMMUNITIES, INCLUDING THE CREATION OF A CHARTERED COMMUNITY BENEFIT COMMITTEE IN OCTOBER 2011, HALF OF WHOM ARE COMMUNITY MEMBERS THE COMMITTEE IS THE SUCCESSOR TO THE SEVERAL YEARS' OLD COMMUNITY BENEFIT ADVISORY GROUP COMPRISED EXCLUSIVELY OF FLETCHER ALLEN STAFF THE COMMITTEE INCLUDES SIX MEMBERS FROM ACROSS THE ORGANIZATION, SIX MEMBERS FROM THE COMMUNITY-BASED VERMONT HEALTH FOUNDATION, AND IS CHAIRED BY FLETCHER ALLEN'S CHIEF MEDICAL OFFICER IN FY13 FLETCHER ALLEN WILL FINALIZE THEIR COMMUNITY HEALTH NEEDS ASSESSMENT DURING FY12, THE ORGANIZATION COMPLETED INFORMATION GATHERING (EMPIRICAL DATA AUGMENTED BY KEY LEADER INTERVIEWS, FOCUS GROUPS AND AN ELECTRONIC/PAPER-BASED SURVEY) THE COMMITTEE WILL REVIEW THE SURVEY RESULTS AND OTHER RELEVANT INFORMATION AND WILL USE THIS INFORMATION ALONG WITH INPUT FROM OUR CLINICIANS AND OTHER STAFF TO COMPLETE THE ORGANIZATION'S CHNA AND IMPLEMENTATION STRATEGY FOR FINAL APPROVAL AND ADOPTION DURING FY13

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	FLETCHER ALLEN UTILIZES A VARIETY OF METHODS TO INFORM, EDUCATE AND ASSIST PATIENTS IN IDENTIFYING PAYMENT SOURCES, INCLUDING STATE / FEDERAL PROGRAMS AS WELL AS OUR PATIENT ASSISTANCE PROGRAM EDUCATE & INFORM -THE FAHC PATIENT ASSISTANCE (CHARITY) PROGRAM IS REFERENCED ON THE FAHC PUBLIC WEBSITE, ALONG WITH GUIDELINES, CRITERIA, FREQUENTLY ASKED QUESTIONS AND A DOWNLOADABLE APPLICATION ALL PATIENTS ARE INVITED TO APPLY PATIENTS WHO WOULD NOT NORMALLY QUALIFY MAY BE CONSIDERED DUE TO SPECIAL CIRCUMSTANCES -OUR PATIENT ASSISTANCE PROGRAM IS REFERENCED ON ALL OF OUR FAHC PATIENT STATEMENTS, ALONG WITH TELEPHONE NUMBERS FOR ASSISTANCE IN THE APPLICATION PROCESS -PAMPHLETS REGARDING OUR HEALTH ASSISTANCE PROGRAMS ARE AVAILABLE IN THE PUBLIC WAITING ROOMS AND REGISTRATION OFFICE WITH FOLLOW-UP DIRECTIONS TO OUR COMMUNITY OUTREACH CASE MANAGERS AND COORDINATORS - VERBAL COMMUNICATION REGARDING THE PROGRAMS IS PROVIDED TO PATIENTS DURING THE PRE-REGISTRATION PROCESS IF UNINSURED OR IF INSURED PATIENTS EXPRESS HARDSHIP, AT THE POINT OF ARRIVAL AND AT THE POINT OF DISCHARGE IN THE EMERGENCY DEPARTMENT APPLICATIONS FOR BOTH MEDICAID AND CHARITY ARE AVAILABLE TO EACH REGISTRAR AND ARE ROUTINELY PROVIDED TO PATIENTS DURING THE INTERVIEW AND/OR PATIENTS ARE DIRECTED TO OUR PATIENT FINANCIAL COUNSELORS AND CUSTOMER SERVICE REPRESENTATIVES FOR APPLICATION ASSISTANCE - WITHIN THE PHYSICIAN CLINICS, APPLICATIONS ARE AVAILABLE FOR PATIENTS AND FOLLOW-UP REFERRALS ARE PROVIDED DIRECTLY TO THE CUSTOMER SERVICE DEPARTMENT -PATIENT CALLS TO THE CUSTOMER SERVICE CENTER REGARDING BILLS, PAYMENTS, BUDGET PLANS, ETC WILL INCLUDE EDUCATION AND, WHEN NECESSARY, COUNSELING FOR PATIENTS REGARDING BOTH STATE AND FEDERAL OPTIONS AS WELL AS THE FAHC CHARITY PROGRAM APPLICATIONS FOR ASSISTANCE WITH ALL PROGRAMS ARE MAILED TO PATIENTS UPON REQUEST APPLICATION ASSISTANCE - ALL INPATIENTS AND OUTPATIENT PROCEDURES ARE FINANCIALLY SCREENED TO IDENTIFY THE UNDERINSURED OR UNINSURED PATIENT POPULATION PRIOR TO SERVICE, CONCURRENT WITH SERVICE AND POST SERVICE, OUR PATIENT FINANCIAL COUNSELORS WILL CALL AND/OR MEET WITH PATIENTS AND FAMILIES TO EDUCATE THEM ON THE AVAILABLE PROGRAMS AND WHERE APPLICABLE, ASSIST IN THE APPLICATION PROCESS THIS INCLUDES STATE AND FEDERAL AID APPLICATIONS AND THE FAHC CHARITY APPLICATION PROCESS -OUR COUNSELORS WILL ADDITIONALLY MEET WITH PATIENTS AT THE BEDSIDE TO HELP COMPLETE THE APPLICATIONS, PROVIDE DETAILS ON SUPPORTING DOCUMENTATION NEEDS & FACILITATE AND EXPEDITE THE REVIEW PROCESS UNTIL A NOTICE OF DECISION HAS BEEN RECEIVED -OUR COMMUNITY HEALTH IMPROVEMENT OFFICE PROVIDES EDUCATION AND APPLICATION ASSISTANCE FOR A VARIETY OF PROGRAMS, INCLUDING THE STATE AND FEDERAL MEDICAID APPLICATION PROCESS, THE PATIENT ASSISTANCE PROGRAM APPLICATION (CHARITY) AS WELL AS ASSIST WITH FINANCIAL ASSISTANCE TO PHARMACEUTICAL COMPANIES PROCESSES HAVE BEEN ESTABLISHED TO REFER URGENT CARE AND EMERGENCY DEPARTMENT PATIENTS TO THE PROGRAM, WHERE CASE MANAGERS ASSIST IN BOTH THE APPLICATION PROCESS AND COMMUNITY RESOURCE NEEDS IDENTIFICATION ADDITIONALLY, THE CASE MANAGERS RECEIVE AND REVIEW REPORTS FOR THE UNINSURED EMERGENCY PATIENTS WHO HAVE FREQUENTED THE EMERGENCY DEPARTMENT MORE THAN 1 TIME PER MONTH THE MANAGERS WILL THEN REACH OUT TO THE PATIENTS, SEEKING TO ASSIST PATIENTS IN IDENTIFYING FINANCIAL SPONSORSHIP

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION	FLETCHER ALLEN HEALTH CARE IS BOTH A COMMUNITY HOSPITAL AND, IN PARTNERSHIP WITH THE UNIVERSITY OF VERMONT, THE STATE'S ACADEMIC MEDICAL CENTER IN ITS COMMUNITY HOSPITAL ROLE, FLETCHER ALLEN SERVES APPROXIMATELY 160,000 RESIDENTS IN CHITTENDEN AND GRAND ISLE COUNTIES AND PROVIDES PRIMARY CARE SERVICES AT ELEVEN VERMONT SITES THE ORGANIZATION ALSO OFFERS FREE TO THE COMMUNITY A WIDE RANGE OF HEALTH, PREVENTION AND WELLNESS PROGRAMS, ALL OF WHICH HELP TO LIMIT THE NEED FOR MORE EXPENSIVE ACUTE CARE AS A REGIONAL REFERRAL CENTER, FLETCHER ALLEN PROVIDES ADVANCED-LEVEL CARE TO A POPULATION OF ONE MILLION PEOPLE THROUGHOUT VERMONT AND NORTHERN NEW YORK THE MEDICAL CENTER EXTENDS BEYOND ITS FOUR MAIN CAMPUSES IN THE BURLINGTON AREA TO INCLUDE MORE THAN 30 PATIENT CARE SITES AND 100 OUTREACH CLINICS, PROGRAMS AND SERVICES THROUGHOUT THE REGION

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	FLETCHER ALLEN IS GOVERNED BY A BOARD OF COMMUNITY VOLUNTEERS FROM OUR SERVICE AREA, INCLUDING OUR PRIMARY, SECONDARY AND TERTIARY REFERRAL REGION THE MAJORITY OF BOARD MEMBERS ARE INDEPENDENT AND NOT DIRECTLY AFFILIATED WITH THE ORGANIZATION FLETCHER ALLEN'S MEDICAL STAFF IS AN "OPEN STAFF" MODEL WITH MEMBERSHIP GOVERNED BY THE MEDICAL STAFF'S BY-LAWS, AND INCLUDES APPROXIMATELY 550 EMPLOYED PHYSICIANS AND 220 COMMUNITY-BASED PHYSICIANS AS A NON-PROFIT, ANY SURPLUS FUNDS GENERATED BY FLETCHER ALLEN ARE RE-INVESTED IN OUR ORGANIZATION TO SUPPORT OUR MISSION PLEASE SEE SCHEDULE O FOR A MORE DETAILED DESCRIPTION OF FLETCHER ALLEN'S ROLE IN OUR REGIONAL HEALTH CARE SYSTEM AND OUR COMMUNITY BENEFIT ACTIVITIES

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	AS OF OCTOBER 1, 2011, FLETCHER ALLEN HEALTH CARE, INC (FAHC) AND CENTRAL VERMONT MEDICAL CENTER, INC (CVMC), BECAME MEMBERS OF FLETCHER ALLEN PARTNERS, INC (FAP), AN INTEGRATED SYSTEM OF CARE SERVING THE COMMUNITIES OF VERMONT AND NORTHERN NEW YORK FLETCHER ALLEN PARTNERS IS CARRYING OUT CENTRALIZED ACTIVITIES FOR THE BENEFIT OF PATIENTS OF BOTH PARTNER ORGANIZATIONS, INCLUDING IMPROVING ACCESS TO LOCAL CARE, COST SAVINGS THROUGH GREATER JOINT PURCHASING POWER, ENHANCING INFORMATION TECHNOLOGY, INCREASING ACADEMIC OPPORTUNITIES FOR PHYSICIANS, ENGAGING IN REGIONAL STRATEGIC PLANNING, AND PARTICIPATING IN JOINT QUALITY AND CLINICAL INITIATIVES COLLABORATIVE EFFORTS - FLETCHER ALLEN REGULARLY PARTNERS WITH OTHER ORGANIZATIONS AND PROVIDERS TO HELP MEET THE NEEDS OF OUR COMMUNITY THIS INCLUDES WORKING WITH OTHER ORGANIZED SYSTEMS OF CARE (LIKE HOME HEALTH AGENCIES, OTHER VERMONT HOSPITALS, AND PHYSICIAN PRACTICES), AS WELL AS COMMUNITY-BASED ORGANIZATIONS WHOSE MISSIONS ARE SIMILAR TO OURS FOR EXAMPLE, FLETCHER ALLEN COLLABORATES WITH COMMUNITY PARTNERS TO REGULARLY ASSESS COMMUNITY AND HEALTH CARE NEEDS, WHICH HELPS GUIDE OUR ORGANIZATION'S PRIORITIES PLEASE READ FORM 990 PART III NARRATIVE IN SCHEDULE O FOR ADDITIONAL INFORMATION ON FLETCHER ALLEN HEALTH CARE'S INTERACTIONS IN AND WITH ITS COMMUNITY

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 20

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 0

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) Nursing Scholarships	23	79,750			
(2) Allied Health Scholarships	6	19,775			
(3) ENDOWMENT SCHOLARSHIPS	5	7,700			

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

Identifier	Return Reference	Explanation
SCHOLARSHIP MONITORING	SCHEDULE I, PART I, QUESTION 2	THE ORGANIZATION BELIEVES STRICT APPLICATION AND APPROVAL CRITERIA FOR SCHOLARSHIP RECIPIENTS HELPS MAINTAIN THE INTEGRITY OF EACH RESPECTIVE AWARD NURSING SCHOLARSHIPS NURSING SCHOOL ASSISTANCE IS AWARDED TO APPLICANTS IN ORDER FOR THEM TO OBTAIN A DEGREE IN NURSING FOR THE APPLICANT TO QUALIFY FOR THE SCHOLARSHIP, HE/SHE MUST AGREE THAT THEY WILL USE IT TO HELP FURTHER FLETCHER ALLEN HEALTH CARE'S CHARITABLE STATUS THIS IS DONE BY HAVING THE APPLICANT COMMIT TO TWO YEARS OF SERVICE AT THE ORGANIZATION AFTER SUCCESSFUL COMPLETION OF THE DEGREE PROGRAM IN ADDITION, A WRITTEN PROPOSAL STATING HOW ATTAINMENT OF THE DEGREE WILL BENEFIT NURSING AT THE ORGANIZATION IS REQUIRED ALLIED HEALTH SCHOLARSHIPS ALLIED HEALTH SCHOLARSHIPS ARE AWARDED TO SUPPORT THE CAREER DEVELOPMENT OF FLETCHER ALLEN HEALTH CARE (FAHC) EMPLOYEES IN POSITION CATEGORIES WHERE CURRENT AND PROJECTED SHORTAGES EXIST FOR THE APPLICANT TO QUALIFY FOR THE SCHOLARSHIP, HE OR SHE MUST BE AN EMPLOYEE OF FAHC FOR ONE YEAR OR MORE, COMPLETE AN APPLICATION AND WRITTEN ESSAY, HAVE A HISTORY OF SOLID JOB PERFORMANCE, BE ACCEPTED INTO AN APPROVED ACADEMIC PROGRAM, AND PROVIDE TWO LETTERS OF RECOMMENDATION ONCE THE SCHOLARSHIP IS AWARDED, RECIPIENTS MUST SIGN AN AGREEMENT TO WORK FOR FAHC FOR A MINIMUM OF THREE YEARS UPON GRADUATION, TAKE A MINIMUM OF SIX CREDIT HOURS EACH SEMESTER, MAINTAIN HIGH GRADES, AND WORK A MINIMUM OF 20 HOURS PER WEEK SCHOLARSHIPS FROM THE NURSING EDUCATION ENDOWMENT FUND AND THE MARY FLETCHER HOSPITAL SCHOOL OF NURSING ALUMNI FUND ASSISTANCE FROM THE NURSING EDUCATION ENDOWMENT FUND IS AWARDED TO ELIGIBLE APPLICANTS GOING INTO THE NURSING FIELD APPLICANTS MUST BE EMPLOYED AT LEAST TWO YEARS AT FAHC, WORK AT LEAST 40 HOURS PER PAY PERIOD, BE ENROLLED IN A NURSING CERTIFICATE, DEGREE OR DOCTORATE PROGRAM, AND BE IN GOOD STANDING WITH NO CURRENT DISCIPLINARY ACTION ON THEIR FILE DECISION TO APPROVE FUNDING IS BASED ON THE APPLICANT'S COMPLETED APPLICATION FORM, TWO LETTERS OF RECOMMENDATION, AND COMMITMENT TO TWO YEARS OF SERVICE AT FAHC AFTER SUCCESSFUL COMPLETION OF THE DEGREE ASSISTANCE FROM THE MARY FLETCHER HOSPITAL SCHOOL OF NURSING ALUMNI FUND IS ALSO AWARDED TO ELIGIBLE APPLICANTS GOING INTO THE NURSING FIELD APPLICANTS MUST BE ENROLLED IN EITHER A FORMAL OR CONTINUING EDUCATION PROGRAM RELATED TO SOME ASPECT OF HEALTH CARE (FOR EXAMPLE, HOLISTIC NURSING, CHILD-BIRTH EDUCATION, CHEMICAL DEPENDENCY, NURSE PRACTITIONER) IN ADDITION, APPLICANTS MUST MEET THE FOLLOWING REQUIREMENTS BE EMPLOYED BY FLETCHER ALLEN HEALTH CARE FOR AT LEAST ONE YEAR, AND PROVIDE A COMPLETED APPLICATION FORM, RESUME, WRITTEN ESSAY AND TWO LETTERS OF RECOMMENDATION

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 03-0219309
Name: Fletcher Allen Health Care Inc

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Community Health Center of Burlington617 Riverside Ave Burlington, VT 05401	23-7182584	115	175,000				COMMUNITY HLTH IMPRO
Burlington School District150 Colchester Ave Burlington, VT 05401	03-6000410	115	25,000				COMMUNITY HLTH IMPRO

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
United Way of Chittenden County 412 Farrell St Suite 200 S Burlington, VT 05403	03-0217229	501(C)(3)	70,000				COMMUNITY HLTH IMPRO
Vermont Ethics Network61 ELM STREET Montpelier, VT 056202951	03-0336174	501(c)(3)	14,000				COMMUNITY HLTH IMPROV

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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UVM-AHEC (UHC CAMPUS)1 S PROSPECT ST 1 SOUTH PROSPECT ST Burlington, VT 05405	03-0179440	501(c)(3)	15,000				community hlth impro
HOWARD CENTER 208 FLYNN AVE BURLINGTON, VT 05401	03-0179433	501(c)(3)	30,000				COMMUNITY HLTH IMPRO

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CATHEDRAL SQUARE412 FARRELL ST S BURLINGTON,VT 05403	03-0264362	501(C)(3)	100,000				COMMUNITY HLTH IMPO
KINGDOM COUNTY PRODUCTIONS106 MAIN STREET STE 2 BURLINGTON,VT 05401	03-0328686	501(C)(3)	25,000				COMMUNITY HLTH IMPRO

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CHAMPLAIN ISLAND PARENT CHILD CTR114 SOUTH ST 2 SOUTH HERO,VT 05486	22-2941630	501(C)(3)	7,552				COMMUNITY HLTH IMPRO
CHILDCARE RESOURCE181 COMMERCE ST WILLISTON,VT 05465	03-0301330	501(C)(3)	5,900				COMMUNITY HLTH IMPRO

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MILTON TOWN SCHOOL DISTRICT42 HERRICK AVE MILTON,VT 05468	03-6000571	115	10,000				COMMUNITY HLTH IMPRO
VERMONT WORKS FOR WOMEN INC 32A MALLETTS BAY AVE WINOOSKI,VT 05404	22-2894557	501(C)(3)	10,000				COMMUNITY HLTH IMPRO

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GREATER BURLINGTON YMCA 266 COLLEGE ST BURLINGTON,VT 05401	03-0185810	501(C)(3)	14,100				COMMUNITY HEALTH IMPRO
KIDSAFE COLLABORATIVE INC308 PINE STREET BURLINGTON,VT 05401	03-0303867	501(C)(3)	9,500				COMMUNITY HLTH IMPRO

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
KING STREET CENTER INCPO BOX 1615 BURLINGTON, VT 05401	23-7236312	501(C)(3)	8,000				COMMUNITY HLTH IMPRO
COLCHESTER SCHOOL DISTRICT 125 LAKER LN PO BOX 27 COLCHESTER, VT 05446	03-0269580	115	11,760				COMMUNITY HLTH IMPROV

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SMILIE MEMORIAL SCHOOL2712 TED ROOSEVELT HWY BOLTON,VT 05467	03-0336786	115	7,266				COMMUNITY HLTH IMPRO
VERMONT YOUTH CONSERVATION CORPS INC1949 E MAIN ST RICHMOND,VT 05477	03-0328834	501(C)(3)	10,000				COMMUNITY HLTH IMPRO

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
WINOOSKI COALITION FOR A SAFE & PEACEFUL COMM32 MALLETTS BAY AVE WINOOSKI,VT 05404	27-0962863	501(C)(3)	9,978				COMMUNITY HLTH IMPRO
DREAM PROGRAM INCPO BOX 361 WINOOSKI,VT 05404	26-0030908	501(C)(3)	8,060				COMMUNITY HLTH IMPRO

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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**		No
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**		No
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**	Yes	
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) DR MELINDA ESTES	(i)	559,322	0	276,354	22,050	16,086	873,812	0
	(ii)	0	0	0	0	0	0	0
(2) ROGER DESHAIES	(i)	444,602	151,470	74,499	22,050	22,413	715,034	0
	(ii)	0	0	0	0	0	0	0
(3) DR PAUL TAHERI	(i)	378,034	128,887	73,763	17,150	27,546	625,380	0
	(ii)	0	0	0	0	0	0	0
(4) SANDRA FELIS RN	(i)	344,676	93,637	59,434	22,050	13,643	533,440	0
	(ii)	0	0	0	0	0	0	0
(5) DR JOHN BRUMSTED	(i)	529,327	172,949	106,930	29,400	24,401	863,007	0
	(ii)	0	0	0	0	0	0	0
(6) SPENCER KNAPP	(i)	377,777	101,554	63,775	22,050	5,031	570,187	0
	(ii)	0	0	0	0	0	0	0
(7) DR MARK PHILLIPPE	(i)	0	0	0	0	0	0	0
	(ii)	223,302	54,285	0	20,682	2,192	300,461	0
(8) CHARLES PODESTA	(i)	295,806	80,968	49,659	17,150	24,731	468,314	0
	(ii)	0	0	0	0	0	0	0
(9) PAUL MACUGA	(i)	280,264	76,970	47,628	21,271	23,441	449,574	0
	(ii)	0	0	0	0	0	0	0
(10) THERESA ALBERGHINI DIPALMA	(i)	277,093	75,614	46,446	16,587	19,186	434,926	0
	(ii)	0	0	0	0	0	0	0
(11) TODD B MOORE	(i)	219,866	39,174	71,868	14,113	22,895	367,916	0
	(ii)	0	0	0	0	0	0	0
(12) LISA L GOODRICH	(i)	225,594	46,343	15,341	18,788	20,166	326,232	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
PERSONAL SERVICE COMPENSATION	SCHEDULE J, PART I, QUESTIONS 1A, 1B & 2	THE FOLLOWING INDIVIDUALS RECEIVED COMPENSATION OF $1,400 TO COVER TAX PREPARATION AND FINANCIAL ADVISORY SERVICES DR MELINDA ESTES ROGER DESHAIES DR PAUL TAHERI SANDRA FELIS, R N DR JOHN BRUMSTED SPENCER KNAPP CHARLES PODESTA PAUL MACUGA THERESA ALBERGHINI DIPALMA WHILE THERE IS NO ORGANIZATION-WIDE WRITTEN POLICY REGARDING PAYMENT OF THE EXPENSE DESCRIBED ABOVE, THE AMOUNT IS INCLUDED IN THE RESPECTIVE INDIVIDUAL'S EMPLOYMENT CONTRACT WHICH IS DETERMINED THROUGH ANNUAL REVIEW (AS DISCUSSED IN SCHEDULE O) PERSONAL SERVICE COMPENSATION IS A FLAT AMOUNT INCLUDED IN THE INDIVIDUAL'S RESPECTIVE W-2 AS TAXABLE INCOME NO REIMBURSEMENT IS MADE UNDER AN ACCOUNTABLE PLAN, THEREFORE, SUBSTANTIATION OF EXPENSE IS UNNECESSARY NON-FIXED PAYMENTS SCHEDULE J, PART I, QUESTION 7 FLETCHER ALLEN PAID A LUMP-SUM INCENTIVE AWARD TO UPPER MANAGEMENT (DIRECTORS, VICE PRESIDENTS, PHYSICIAN CHAIRS AND SENIOR EXECUTIVES) THROUGH ITS ANNUAL SHORT-TERM INCENTIVE (STI) PLAN AS THE PLAN'S ORGANIZATIONAL PERFORMANCE MEASURES WERE MET THE MEASURES WERE REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES THESE MEASURES INCLUDED FINANCIAL QUALITY, OPERATIONAL AND HUMAN RESOURCES RELATED METRICS IN CALENDAR YEAR 2011, THE MONTHS OF JANUARY THROUGH SEPTEMBER FALL IN OUR FISCAL YEAR 2011, WHILE THE MONTHS OF OCTOBER THROUGH DECEMBER FALL IN OUR FISCAL YEAR 2012 IN FISCAL YEAR 2011, THE TWO FINANCIAL MEASURES FOR ORGANIZATIONAL PERFORMANCE WERE OPERATING MARGIN AND COST PER ADJUSTED DISCHARGE EACH WAS WEIGHTED AT 20% IN FISCAL YEAR 2012, THE ONE FINANCIAL MEASURE FOR ORGANIZATIONAL PERFORMANCE WAS OPERATING MARGIN WEIGHTED AT 33%

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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	VEHBFA SERIES 2008A & 2004B	23-7154467	924166CJ8	05-21-2008	215,386,067	REFUND BONDS ISSUED 04/15/2004		X		X		X
B	VEHBFA SERIES 2007A	23-7154467	924166AQ4	01-25-2007	56,375,337	CONSTRUCT HEALTH CARE FACILITIES		X		X		X
C	VEHBFA SERIES 2004A	23-7154467	9241606Q2	04-15-2004	49,543,132	REFUND BOND ISSUED 1993		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	11,100,655	276,847	14,030,361	
2	Amount of bonds defeased	0	0	0	
3	Total proceeds of issue	215,386,067	56,375,337	49,543,132	
4	Gross proceeds in reserve funds	13,923,644	5,626,498	5,140,291	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrow	0	0	0	
7	Issuance costs from proceeds	1,708,089	895,983	451,483	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	0	52,387,649	0	
11	Other spent proceeds	198,332,744	0	44,196,507	
12	Other unspent proceeds	0	0	0	
13	Year of substantial completion	2005	2005		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X					
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X					
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		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		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X			X		X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		
b	Name of provider	CITIBANK		0		0			
c	Term of hedge		22 2						
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider	0		0		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		X		X		
6	Did the bond issue qualify for an exception to rebate?	X			X	X			

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
SEE SCHEDULE O FOR SUPPLEMENTAL INFORMATION	0	

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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 . . . . . ▶ $										

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) VERMONT GAS SYSTEMS	SEE PART V	1,897,638	NATURAL GAS		No
(2) R ALLEN MEAD	SON OF TRUSTEE MEAD	177,395	WAGES		No
(3) Maria McClellan	SEE PART V	146,075	WAGES		No
(4) Maurine R Gilbert	Daughter of TTEE Gilbert	25,237	WAGES		No
(5) VMC INDEMNITY COMPANY LTD	SEE PART V	4,205,502	INSURANCE PREMIUMS		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	(1) RELATIONSHIP DONALD GILBERT, TRUSTEE, IS THE PRESIDENT AND CEO OF VERMONT GAS SYSTEMS, WHICH IS THE ORGANIZATION'S NATURAL GAS PROVIDER (3) RELATIONSHIP MARIA MCCLELLAN IS THE SISTER-IN-LAW OF JOHN BRUMSTED, INTERIM PRESIDENT/CEO (5) RELATIONSHIP DR MELINDA ESTES, SANDRA FELIS, R N , DR PAUL TAHERI, AND DR JOHN BRUMSTED SERVE AS DIRECTORS OF VMC INDEMNITY COMPANY, FLETCHER ALLEN HEALTH CARE'S CAPTIVE INSURANCE COMPANY

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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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Identifier	Return Reference	Explanation
NUMBER OF VOLUNTEERS	FORM 990, PART I, QUESTION 6	THE TOTAL NUMBER OF VOLUNTEERS INCLUDES NON-COMPENSATED MEMBERS OF THE BOARD OF TRUSTEES IN ADDITION, VOLUNTEERS WORK IN OVER 50 DEPARTMENTS TO SUPPORT THE WORK OF EMPLOYEES TO MEET PATIENT NEEDS AND ENHANCE THE PATIENT EXPERIENCE AT FLETCHER ALLEN

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT REPORT	FORM 990, PART III	FLETCHER ALLEN HEALTH CARE IS BOTH A COMMUNITY HOSPITAL AND, IN PARTNERSHIP WITH THE UNIVE RSITY OF VERMONT, THE STATE'S ACADEMIC MEDICAL CENTER IT IS OUR MISSION TO IMPROVE THE HE ALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION AND RESEARCH IN A CARING ENVIRONMENT IN ITS COMMUNITY HOSPITAL ROLE, FLETCHER ALLEN SERVES AP PROXIMATELY 160,000 RESIDENTS IN CHITTENDEN AND GRAND ISLE COUNTIES AND PROVIDES PRIMARY C ARE SERVICES AT ELEVEN VERMONT SITES THE ORGANIZATION ALSO OFFERS FREE TO THE COMMUNITY A WIDE RANGE OF HEALTH, PREVENTION AND WELLNESS PROGRAMS, ALL OF WHICH HELP TO LIMIT THE NE ED FOR MORE EXPENSIVE ACUTE CARE THROUGH A VITAL PARTNERSHIP, FLETCHER ALLEN HEALTH CARE, THE UNIVERSITY OF VERMONT COLLEGE OF MEDICINE AND THE UNIVERSITY OF VERMONT COLLEGE OF NU RSING AND HEALTH SCIENCES FORM VERMONT'S ACADEMIC MEDICAL CENTER - ONE OF ONLY APPROXIMATE LY 130 SUCH CENTERS IN THE COUNTRY TOGETHER, THESE INSTITUTIONS ARE COMMITTED TO HELPING IMPROVE OUR REGION'S QUALITY OF LIFE WITH INNOVATIONS IN MEDICINE AND HEALTH CARE THAT ARI SE FROM NEW KNOWLEDGE AND DISCOVERY THROUGH ITS ALLIANCE WITH THE UNIVERSITY OF VERMONT, FLETCHER ALLEN IS ABLE TO PROVIDE THE BEST PATIENT CARE POSSIBLE BY BRINGING MEDICAL EDUCA TION AND RESEARCH TO THE BEDSIDE, THE DOCTOR'S OFFICE AND INTO THE COMMUNITY AS A REGIONA L REFERRAL CENTER, FLETCHER ALLEN PROVIDES ADVANCED-LEVEL CARE TO A POPULATION OF ONE MILL ION PEOPLE THROUGHOUT VERMONT AND NORTHERN NEW YORK THE MEDICAL CENTER EXTENDS BEYOND ITS FOUR MAIN CAMPUSES IN THE BURLINGTON AREA TO INCLUDE MORE THAN 30 PATIENT CARE SITES AND 100 OUTREACH CLINICS, PROGRAMS AND SERVICES THROUGHOUT THE REGION EACH OF THESE RESPONSIB ILITIES IS EQUALLY IMPORTANT IN FULFILLING FLETCHER ALLEN'S MISSION 1 PATIENT CARE - SER VING A POPULATION OF ONE MILLION THROUGHOUT VERMONT AND NORTHERN NEW YORK, FLETCHER ALLEN PROVIDES A FULL RANGE OF SERVICES COVERING EVERY MAJOR AREA OF MEDICINE THE MEDICAL CENTE R AVERAGES MORE THAN A MILLION PATIENT VISITS EACH YEAR, INCLUDING INPATIENT, OUTPATIENT, EMERGENCY DEPARTMENT AND PHYSICIAN OFFICE VISITS FLETCHER ALLEN IS AT THE LEADING EDGE OF HEALTH CARE INNOVATIONS, INCLUDING HAVING IMPLEMENTED A SYSTEM-WIDE ELECTRONIC HEALTH REC ORD THAT SUPPORTS IMPROVED HEALTH CARE FOR OUR COMMUNITIES AND SERVING AS ONE OF THE FIRST TWO PILOT SITES FOR THE VERMONT BLUEPRINT FOR HEALTH, A STATEWIDE PUBLIC/PRIVATE PARTNERS HIP FOCUSED ON ENSURING THAT ALL VERMONTERS HAVE ACCESS TO PRIMARY CARE SERVICES USING THE ''PATIENT-CENTERED MEDICAL HOME'' CARE DELIVERY MODEL IN LINE WITH THE BLUEPRINT, FLETCHER ALLEN HAS IMPLEMENTED A COMMUNITY HEALTH TEAM TO SERVE ALL OF OUR PRIMARY CARE PRACTICES, ALL OF WHICH HAVE BEEN RECOGNIZED BY THE NATIONAL COMMITTEE ON QUALITY ASSURANCE AS PATIE NT-CENTERED MEDICAL HOMES 2 EDUCATION - AS AN ACADEMIC MEDICAL CENTER, WE HAVE THE SPECI AL RESPONSIBILITY OF EDUCATING THE NEXT GENERATION OF DOCTORS, NURSES AND ALLIED HEALTH PR OFESSIONALS THE VAST MAJORITY OF FLETCHER ALLEN DOCTORS NOT ONLY TAKE CARE OF PATIENTS, T HEY ALSO TEACH MEDICAL STUDENTS THROUGH THEIR POSITIONS AS MEMBERS OF THE UNIVERSITY OF VE RMONT COLLEGE OF MEDICINE FACULTY A NUMBER OF FLETCHER ALLEN NURSES AND ALLIED HEALTH PRO FESSIONALS ALSO TEACH AT THE UNIVERSITY OF VERMONT COLLEGE OF NURSING AND HEALTH SCIENCES FLETCHER ALLEN HEALTH CARE SERVES AS THE CLINICAL TRAINING SITE FOR THE APPROXIMATELY 450 MEDICAL STUDENTS AND 1,000 NURSING AND ALLIED HEALTH STUDENTS WHO ATTEND THE UNIVERSITY O F VERMONT ADDITIONALLY, FLETCHER ALLEN IS THE TRAINING SITE FOR APPROXIMATELY 280 RESIDEN TS - PHYSICIANS WHO HAVE GRADUATED FROM MEDICAL SCHOOL AND ARE COMPLETING THE ADDITIONAL C LINICAL TRAINING REQUIRED FOR THEIR AREA OF CARE PATIENTS BENEFIT FROM HAVING RESIDENTS, MEDICAL STUDENTS AND NURSING AND ALLIED HEALTH STUDENTS AS PART OF THEIR CARE TEAM IN 201 1, FLETCHER ALLEN AND THE UNIVERSITY OF VERMONT COMPLETED THE DEVELOPMENT OF A SIMULATION CENTER THAT INCLUDES 9,000 SQUARE FEET OF TEACHING SPACE WITH FULLY-FUNCTIONING HOSPITAL R OOMS AND HIGH-TECH MANNEQUINS THAT SIMULATE ALL KINDS OF DISEASES AND INJURIES THE SIMULA TION CENTER ALSO HAS HANDS-ON LABS FOR SKILL-BUILDING AS WELL AS A VIRTUAL REALITY TRAINER THAT IMPROVES ON OLD TEACHING METHODS IN ADDITION TO BEING USED TO TRAIN FUTURE DOCTORS AND NURSES, THE NEW FACILITY IS OPEN TO ALL VERMONT MEDICAL PROFESSIONALS, INCLUDING EMERG ENCY MEDICAL TECHNICIANS AND VERMONT NATIONAL GUARD MEDICS 3 RESEARCH - A CORE MISSION O F THE ACADEMIC MEDICAL CENTER IS TO ADVANCE MEDICAL KNOWLEDGE THROUGH RESEARCH, SO IN ADDI TION TO TEACHING AND TRAINING, MANY OF OUR PHYSICIANS, NURSES AND OTHER PROVIDERS ENGAGE I N BIOMEDICAL RESEARCH, SEEKING NEW CURES AND MORE EFFECTIVE TREATMENTS THERE ARE OVER 1,0 00 ACTIVE CLINICAL TRIALS AT THE UNIVERSITY OF VERMONT AND FLETCHER ALLEN CLINICAL TRIALS ARE RESEARCH STUDIES CONDUCTED USING VOLUNTEERS EACH STUDY ANSWERS SCIENTIFIC QUESTIONS AND TRIES TO FIND BETTER WAYS TO PREVENT, SCREEN F

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT REPORT	FORM 990, PART III	OR, DIAGNOSE, OR TREAT A DISEASE. THIS ACTIVE RESEARCH PROGRAM HAS A DIRECT BENEFIT TO PAT IENTS AT FLETCHER ALLEN, WHO HAVE ACCESS TO THE LATEST TREATMENTS AND TECHNOLOGY AND WHO A RE CARED FOR BY SOME OF THE LEADING EXPERTS IN THEIR FIELD. THE ACADEMIC MEDICAL CENTER IS ALSO ACTIVELY ENGAGED IN POPULATION-BASED HEALTH RESEARCH, INCLUDING EVALUATING VERMONT B LUEPRINT FOR HEALTH PILOT PROJECTS INVOLVING THE DEVELOPMENT AND IMPACT OF PATIENT-CENTERE D MEDICAL HOMES WITHIN THE STATE. 4 COMMUNITY BENEFIT - IN ADDITION TO DELIVERING HEALTH CARE, EDUCATING HEALTH CARE PROFESSIONALS, AND RESEARCHING NEW KNOWLEDGE, FLETCHER ALLEN A LSO LIVES ITS MISSION - TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES IT SERVES - BY REACHING OUT TO HELP PEOPLE TAKE CARE OF THEIR HEALTH. THESE EFFORTS INCLUDE, BUT ARE NOT LIMITED TO COMMUNITY WELLNESS AND EDUCATION - FLETCHER ALLEN OFFERS NUMEROUS FREE HEA LTH EDUCATION CLASSES, IN WHICH HEALTH PROFESSIONALS PROVIDE INFORMATION ON A VARIETY OF T OPICS. MANY OTHER HEALTH AND WELLNESS PROGRAMS OFFERED THROUGHOUT THE YEAR SERVE AS A VALU ABLE RESOURCE TO OUR COMMUNITY, RANGING FROM CHILD PASSENGER CAR SEAT SAFETY CHECKS TO FRE E BLOOD PRESSURE SCREENINGS, TOBACCO CESSATION CLASSES, AND WORKSHOPS FOR SENIORS. FRY MOYE R COMMUNITY HEALTH RESOURCE CENTER - PATIENTS, FAMILIES AND THE PUBLIC ARE MORE INTERESTED THAN EVER IN GAINING ACCESS TO THE LATEST HEALTH INFORMATION AVAILABLE. THE FRY MOYER COMM UNITY HEALTH RESOURCE CENTER AT FLETCHER ALLEN OFFERS THE COMMUNITY EASY, FREE, GUIDED ACC ESS TO THE BEST INFORMATION ABOUT HEALTH AND MEDICINE. COLLABORATIVE EFFORTS - FLETCHER AL LEN REGULARLY PARTNERS WITH OTHER ORGANIZATIONS AND PROVIDERS TO HELP MEET THE NEEDS OF OU R COMMUNITY. THIS INCLUDES WORKING WITH OTHER ORGANIZED SYSTEMS OF CARE (LIKE HOME HEALTH AGENCIES, OTHER VERMONT HOSPITALS, AND PHYSICIAN PRACTICES), AS WELL AS COMMUNITY-BASED OR GANIZATIONS WHOSE MISSIONS ARE SIMILAR TO OURS. FOR EXAMPLE, FLETCHER ALLEN COLLABORATES W ITH COMMUNITY PARTNERS TO REGULARLY ASSESS COMMUNITY AND HEALTH CARE NEEDS, WHICH HELPS GU IDE OUR ORGANIZATION'S PRIORITIES

Identifier	Return Reference	Explanation
OUR COMMUNITY BENEFITS FALL INTO FOUR GENERAL CATEGORIES		*DIRECT FINANCIAL ASSISTANCE TO PATIENTS THIS REPRESENTS FREE CARE GIVEN TO PATIENTS WHO QUALIFY UNDER FLETCHER ALLEN'S "PATIENT ASSISTANCE PROGRAM" POLICY THAT POLICY OFFERS FREE CARE TO PATIENTS UNDER 200% OF THE FEDERAL POVERTY LEVEL (FPL), WITH PATIENTS BETWEEN 200% AND 400% FPL PAYING A SLIDING-SCALE DEDUCTIBLE ONLY FOR FY 2012, WE CALCULATED THIS AMOUNT AT APPROXIMATELY $7 7 MILLION IN ACTUAL COSTS (NOT CHARGES)(SEE SCHEDULE H, LINE 7A, COLUMN E) *SUBSIDIZED PROGRAMS THESE INCLUDE RESEARCH ACTIVITIES AND EDUCATION AND TRAINING PROGRAMS FOR HEALTH PROFESSIONALS THAT ARE NOT FULLY REIMBURSED THROUGH OTHER MEANS, AS WELL AS SUBSIDIES TO SUPPORT HEALTH SERVICES THAT BENEFIT OUR COMMUNITY, INCLUDING THE UNINSURED AND LOW-INCOME INDIVIDUALS THOSE SERVICES INCLUDE MENTAL HEALTH SERVICES, EMERGENCY SERVICES AND CRITICAL CARE TRANSPORTATION SERVICES FOR FY 2012, WE CALCULATED THESE SUBSIDIES AT APPROXIMATELY $5 9 MILLION IN COMMUNITY BENEFIT (SEE SCHEDULE H, LINE 7G, COLUMN E) *COMMUNITY PROGRAMS AND DIRECT GRANTS THESE INCLUDE, FOR EXAMPLE, COMMUNITY HEALTH SERVICES (HEALTH EDUCATION CLASSES, SUPPORT GROUPS, SCREENING SERVICES, FREE CLINICS, ETC), FINANCIAL CONTRIBUTIONS AND IN-KIND DONATIONS (CASH DONATIONS, GRANTS, IN-KIND SUPPORT SUCH AS MEETING ROOMS, PARKING VOUCHERS, ETC), COMMUNITY-BUILDING AND LEADERSHIP ACTIVITIES (INCLUDING ADVOCACY FOR COMMUNITY HEALTH IMPROVEMENT, ECONOMIC DEVELOPMENT, AND ENVIRONMENTAL IMPROVEMENTS), AND COMMUNITY BENEFIT OPERATIONS (INCLUDING COSTS ASSOCIATED WITH OUR OFFICE OF COMMUNITY HEALTH IMPROVEMENT, COMMUNITY NEEDS ASSESSMENTS, ETC) FOR FY 2012, WE CALCULATED THE VALUE OF THESE COMMUNITY PROGRAMS AND GRANTS AT $3 9 MILLION (SEE SCHEDULE H, LINE 7E AND 7I, COLUMN E) *MEDICAID AND OTHER PUBLIC PROGRAM UNDERPAYMENTS THESE INCLUDE UNDERPAYMENTS FROM VERMONT'S MEDICAID PROGRAM AS WELL AS SEVERAL SMALLER PUBLIC PROGRAMS (FOR EXAMPLE, LADIES FIRST) THESE DO NOT INCLUDE ANY UNDERPAYMENTS BY MEDICARE FOR FY 2012, WE CALCULATED THIS AMOUNT AT $82 7 MILLION (SEE SCHEDULE H, LINE 7B, COLUMN E) OUR TOTAL NET COMMUNITY BENEFIT SPENDING IN FY 2012 WAS $159 5 MILLION THIS REPRESENTS APPROXIMATELY 17 49% OF FLETCHER ALLEN'S TOTAL PROGRAM SERVICE EXPENSE IN FY 2012 (SEE SCHEDULE H, LINE 7k, COLUMN F) ORGANIZATION'S MISSION FORM 990, PART III, QUESTION 1 ACADEMIC MEDICAL CENTER AND COMMUNITY HOSPITAL MISSION TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION, AND RESEARCH IN A CARING ENVIRONMENT VISION FLETCHER ALLEN IS COMMITTED TO THE DEVELOPMENT OF AN INTEGRATED DELIVERY SYSTEM WHICH PROVIDES HIGH VALUE HEALTH CARE TO THE COMMUNITIES WE SERVE AND ENHANCES OUR ACADEMIC MISSION STATEMENT OF VALUES *WE RESPECT THE DIGNITY OF ALL INDIVIDUALS AND ARE RESPONSIVE TO THEIR PHYSICAL, EMOTIONAL, SPIRITUAL AND SOCIAL NEEDS AND CULTURAL DIVERSITY *WE ARE JUST AND PRUDENT STEWARDS OF LIMITED NATURAL AND FINANCIAL RESOURCES *WE FOSTER A CLIMATE WHICH ENCOURAGES BOTH THOSE RECEIVING AND PROVIDING CARE TO MAKE RESPONSIBLE CHOICES *WE STRIVE FOR EXCELLENCE IN QUALITY AND CARE AND SEEK TO CONTINUOUSLY LEARN AND IMPROVE *WE ACKNOWLEDGE A PARTNERSHIP WITH THE COMMUNITY TO ENSURE THE BEST POSSIBLE CARE AT THE RIGHT TIME, IN THE RIGHT PLACE, AND BY THE RIGHT PROVIDER *WE ARE CARING AND COMPASSIONATE TO EACH OTHER AND TO THOSE WE SERVE *WE COMMUNICATE OPENLY AND HONESTLY WITH THE COMMUNITY WE SERVE

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, QUESTION 4A-4D	FLETCHER ALLEN HEALTH CARE (FLETCHER ALLEN) IS A TERTIARY CARE TEACHING HOSPITAL THAT, IN AFFILIATION WITH THE UNIVERSITY OF VERMONT, SERVES AS VERMONT'S ACADEMIC MEDICAL CENTER AS ARTICULATED IN OUR MISSION STATEMENT, OUR FOCUS IS ON IMPROVING THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION, AND RESEARCH IN A CARING ENVIRONMENT THESE EFFORTS ARE RECOGNIZED IN OUR 501(C)(3) STATUS AS A CHARITABLE AND EDUCATIONAL ORGANIZATION AS A CHARITABLE ORGANIZATION, THE PROMOTION OF HEALTH THROUGH OUR ACADEMIC MISSION - HEALTH CARE DELIVERY, RESEARCH AND EDUCATION - IS OUR PRIMARY WORK IN ADDITION TO THE COMMUNITY BENEFITS WE PROVIDE, FLETCHER ALLEN OFFERS THE BROAD RANGE AND SCOPE OF SERVICES NECESSARY TO ACHIEVE THAT GOAL THIS INCLUDES A FULL-TIME EMERGENCY DEPARTMENT THAT IS CERTIFIED AS A LEVEL 1 TRAUMA CENTER BY THE AMERICAN COLLEGE OF SURGEONS, AS WELL AS NON-EMERGENCY SERVICES, ALL OF WHICH ARE AVAILABLE TO ALL PATIENTS REGARDLESS OF INSURANCE STATUS OR ABILITY TO PAY, AN OPEN MEDICAL STAFF THAT INCLUDES APPROXIMATELY 500 PHYSICIANS EMPLOYED BY FLETCHER ALLEN'S FACULTY PRACTICE (THE UNIVERSITY OF VERMONT MEDICAL GROUP), AS WELL AS ABOUT 250 COMMUNITY PHYSICIANS, AND AN INDEPENDENT BOARD OF TRUSTEES THAT REPRESENTS OUR COMMUNITY AS A WHOLE IN TERMS OF PROGRAM SERVICES, FLETCHER ALLEN'S THREE LARGEST PROGRAMS (BY EXPENSES AND REVENUES) ARE OUR ACTUAL HEALTH CARE DELIVERY SERVICES, AS FOLLOWS INPATIENT CARE SERVICES PROVIDED TO THOSE PATIENTS WHO REQUIRE ACUTE-CARE SERVICES IN A HOSPITAL SETTING THESE SERVICES INCLUDE, FOR EXAMPLE, OUR LABOR AND DELIVERY UNIT, NURSING UNITS FOR GENERAL MEDICAL AND SURGICAL ISSUES, AND OUR INTENSIVE CARE UNITS (INCLUDING A PEDIATRIC ICU, A NEONATAL ICU, A SURGICAL ICU AND A MEDICAL ICU) OUTPATIENT CARE SERVICES PROVIDED TO THOSE PATIENTS WHO REQUIRE CARE, ON A WALK-IN BASIS, EITHER IN THE HOSPITAL OR IN ONE OF OUR MANY CLINIC SETTINGS THESE INCLUDE ROUTINE PHYSICIAN VISITS, LABORATORY TESTS, CLINIC VISITS, EMERGENCY ROOM VISITS, AND MEDICAL EQUIPMENT AND SUPPLIES PROFESSIONAL SERVICES SERVICES DELIVERED BY MEMBERS OF THE UVM MEDICAL GROUP, OUR EMPLOYED GROUP OF PHYSICIANS IN ADDITION TO THESE ACCOMPLISHMENTS, PROGRAM SERVICE REVENUES ARE EARNED FROM AND PROGRAM SERVICE EXPENSES ARE SPENT ON VARIOUS OTHER IMPORTANT ACTIVITIES RELATED TO THE ORGANIZATION'S TAX EXEMPT PURPOSE

Identifier	Return Reference	Explanation
COMPENSATION FROM RELATED ORGANIZATIONS - BUSINESS RELATIONSHIPS	FORM 990, PART VI, QUESTION 2	DR JOHN BRUMSTED, PRESIDENT AND CEO OF FLETCHER ALLEN HEALTH CARE(FAHC), SERVES AS THE CHAIR OF THE BOARD OF DIRECTORS OF VERMONT MANAGED CARE INDEMNITY COMPANY (VMCIC), FAHC'S CAPTIVE INSURANCE COMPANY DOMICILED IN BERMUDA, AND PRESIDENT OF FLETCHER ALLEN HEALTH VENTURES (FAHV) ROGER DESHAIES, CFO AND TREASURER OF FAHC, ALSO SERVES AS THE TREASURER AND SECRETARY OF FAHV DR PAUL TAHERI, PRESIDENT AND CEO OF THE UVM MEDICAL GROUP, ALSO SERVES AS THE VICE PRESIDENT FOR FAHV AND AS DIRECTOR OF VMCIC SANDRA FELIS, SR VP OF PATIENT CARE SERVICES/CHIEF NURSING OFFICER, ALSO SERVES AS THE VP OF VMCIC DR FREDERICK C MORIN III, TRUSTEE OF FAHC, IS THE DEAN OF THE COLLEGE OF MEDICINE AT THE UNIVERSITY OF VERMONT (UVM) RUSSELL TRACY, PHD, TRUSTEE OF FAHC, AND DR JAN CARNEY, VICE CHAIR OF FAHC, ARE EMPLOYEES AT UVM SIGNIFICANT CHANGES AND MEMBERS FORM 990, PART VI, LINES 4, 6 & 7 EFFECTIVE OCTOBER 1, 2011 FLETCHER ALLEN HEALTH CARE, INC (FAHC) AMENDED ITS BYLAWS IN ACCORDANCE WITH AN AFFILIATION AGREEMENT, DATED DECEMBER 31, 2010, WITH CENTRAL VERMONT MEDICAL CENTER, INC (CVMC) THE AMENDMENTS NAMED FLETCHER ALLEN PARTNERS, INC (FAP) AS THE SOLE MEMBER AND PARENT CORPORATION OF FAHC AND GRANTED TO FAP POWERS TO ELECT FAHC'S BOARD OF TRUSTEES AND TO APPROVE SIGNIFICANT CORPORATE ACTIONS, INCLUDING ANNUAL OPERATING AND CAPITAL BUDGETS, STRATEGIC PLANS, THE APPOINTMENT OF THE CEO, THE INCURRENCE OF LONG-TERM INDEBTEDNESS, AND AMENDMENTS TO FAHC'S BYLAWS AND ARTICLES OF ORGANIZATION CVMC MADE SIMILAR AMENDMENTS TO ITS BYLAWS FAP IS A VERMONT NON-PROFIT CORPORATION WHICH HAS BEEN RECOGNIZED BY THE IRS AS A 501(C)(3) ORGANIZATION THAT IS NOT A PRIVATE FOUNDATION

Identifier	Return Reference	Explanation
FORM 990 REVIEW	FORM 990, PART VI, QUESTION 11B	FLETCHER ALLEN HEALTH CARE'S (FAHC) FORM 990 IS PREPARED BY A PAID PREPARER AND REVIEWED BY FAHC'S INTERNAL MANAGEMENT FOLLOWING THAT REVIEW, FAHC'S INTERNAL MANAGEMENT PRESENTS THE FORM 990 TO THE AUDIT COMMITTEE FOR REVIEW AND COMMENT THE COMPLETED FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD OF TRUSTEES PRIOR TO THE FORM BEING FILED WITH THE IRS

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, QUESTION 12	THE ORGANIZATION REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY IN ACCORDANCE WITH THE POLICY, TRUSTEES, OFFICERS, KEY EMPLOYEES AND PHYSICIANS ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE AND CERTIFICATION UPON HIRING, AT LEAST ANNUALLY, PRIOR TO PARTICIPATING IN ANY DECISION THAT MAY BE AFFECTED BY A PERSONAL INTEREST, AND WHENEVER A POTENTIALLY CONFLICTING INTEREST FIRST ARISES CONFLICT OF INTEREST DISCLOSURES AND CERTIFICATIONS MAY BE MADE ONLINE OR IN WRITING AND ARE REGULARLY REVIEWED BY THE GENERAL COUNSEL THE CONFLICT OF INTEREST POLICY IS ENFORCED BY THE OFFICE OF GENERAL COUNSEL AND OVERSEEN BY A FIVE-PERSON CONFLICT OF INTEREST COMMITTEE THE GENERAL COUNSEL REPORTS AT LEAST QUARTERLY ON CONFLICT OF INTEREST ISSUES TO THE AUDIT COMMITTEE OF THE BOARD OF TRUSTEES CONFLICTS OF INTEREST ARE MANAGED IN ACCORDANCE WITH THE POLICY, WHICH PROVIDES FOR A VARIETY OF REMEDIES TO ADDRESS CONFLICTS OF INTEREST IN ADDITION, "DISQUALIFIED PERSONS," CONSISTING OF TRUSTEES, OFFICERS AND KEY EMPLOYEES ARE SUBJECT TO SPECIAL PROCEDURES TO COMPLY WITH THE INTERMEDIATE SANCTION RULES, AS OUTLINED IN THE CONFLICT OF INTEREST POLICY

Identifier	Return Reference	Explanation
COMPENSATION DETERMINATION POLICY	FORM 990, PART VI, LINE 15A & 15B	*FLETCHER ALLEN'S COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES HIRES AN EXTERNAL INDEPENDENT CONSULTING FIRM, TOWERS WATSON, TO ASSIST THE COMMITTEE IN ESTABLISHING THE TOTAL COMPENSATION FOR THE CEO, OFFICERS AND SENIOR MEMBERS OF THE LEADERSHIP TEAM *THE COMPENSATION COMMITTEE, ALONG WITH THE AID OF TOWERS WATSON, HAS ESTABLISHED A COMPENSATION PHILOSOPHY FOR THE ORGANIZATION WHICH DEFINES A PEER GROUP OF ORGANIZATIONS ACROSS THE COUNTRY AND INCLUDES ORGANIZATIONS OF SIMILAR SIZE, SCOPE, AND MANAGEMENT CHALLENGE, IT HAS ALSO ESTABLISHED THE COMPETITIVE LEVEL AT WHICH THE COMMITTEE WANTS TO COMPENSATE FLETCHER ALLEN EXECUTIVES COMPARED TO THE PEER GROUP ORGANIZATIONS *THE TOTAL COMPENSATION PLAN FOR THE EXECUTIVE STAFF INCLUDES APPROPRIATE SALARY RANGES FOR BASE SALARY ADMINISTRATION, ANNUAL AND LONG-TERM, PERFORMANCE-BASED INCENTIVE PROGRAMS AND EXECUTIVE LEVEL BENEFITS *THE CEO'S TOTAL COMPENSATION IS REVIEWED ANNUALLY, IN CONJUNCTION WITH THE ANNUAL PERFORMANCE EVALUATION, BY THE COMPENSATION COMMITTEE WITH FINAL APPROVAL MADE BY THE BOARD OF TRUSTEES TOTAL COMPENSATION FOR OTHER MEMBERS OF THE EXECUTIVE STAFF IS ESTABLISHED BY THE CEO, WITHIN THE PLANS APPROVED BY THE COMMITTEE, AND REVIEWED BY THE COMPENSATION COMMITTEE ANNUALLY *THE COMMITTEE DETERMINES PERFORMANCE INDICATORS FOR THE INCENTIVE PLANS EACH YEAR IN ADDITION, THE COMMITTEE REVIEWS THE TOTAL COMPENSATION PLAN PERIODICALLY AND MAKES ANY RECOMMENDATIONS FOR CHANGE AS NEEDED ALL DECISIONS OF THE COMMITTEE ARE DOCUMENTED IN MINUTES APPROVED BY THE MEMBERS OF THE COMMITTEE *TOWERS WATSON BENCHMARKS AND ANALYZES THE TOTAL COMPENSATION FOR THESE EMPLOYEES USING PROPRIETARY HEALTH CARE EXECUTIVE COMPENSATION SURVEYS AND OTHER COMPARATIVE MARKET PAY DATA TO ENSURE THAT THIS COMPENSATION IS COMPETITIVE, EQUITABLE AND MEETS ALL REASONABLENESS STANDARDS *TOWERS WATSON CONDUCTS REASONABLENESS TESTING TO ENSURE THAT THE COMPENSATION PAID TO THESE EMPLOYEES IS CONSISTENT WITH BOARD POLICIES AND IRS REGULATIONS

Identifier	Return Reference	Explanation
DOCUMENT DISCLOSURE	FORM 990, PART VI, QUESTION 19	GOVERNANCE DOCUMENTS CONSIST OF THE ORGANIZATION'S ARTICLES OF INCORPORATION AND BYLAWS THE ARTICLES OF INCORPORATION ARE FILED WITH THE VERMONT SECRETARY OF STATE AND ARE PUBLICLY AVAILABLE THROUGH THAT OFFICE THE BYLAWS ARE NOT PUBLICLY POSTED, BUT WOULD BE FURNISHED TO ANY MEMBER OF THE PUBLIC WHO REQUESTED ONE THE CONFLICT OF INTEREST POLICY IS NOT PUBLICLY POSTED, BUT WOULD BE FURNISHED TO ANY MEMBER OF THE PUBLIC WHO REQUESTED ONE WITH THE ENACTMENT OF VERMONTS ACT 48 IN MAY 2011, THE GREEN MOUNTAIN CARE BOARD (GMCB) BECAME THE REGULATORY BODY OVERSEEING HOSPITALS IN THE STATE OF VERMONT AS A RESULT, THE BUDGET FOR FLETCHER ALLEN IS SUBJECT TO REVIEW BY THE GMCB ON AN ANNUAL BASIS ONGOING DISCLOSURE OF OPERATING RESULTS IS ALSO REQUIRED AND FLETCHER ALLEN SUBMITS ITS FINANCIAL STATEMENTS REGULARLY THROUGHOUT THE YEAR FLETCHER ALLEN ALSO REGULARLY DISCLOSES ITS FINANCIAL RESULTS ON ITS WEBSITE AND SUBMITS PRESS RELEASES RELATING TO PERFORMANCE ON A REGULAR BASIS TO LOCAL NEWS ORGANIZATIONS THE ANNUAL EXTERNAL AUDIT REPORT IS ALSO POSTED ON THE WEB SITE AND IS ATTACHED TO THE CURRENT YEAR'S FORM 990

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS		FORM 990, PART XI NET UNREALIZED GAIN 30,646,620 PENSION ADJUSTMENT (8,135,000) NET ASSETS RELEASED FROM RESTRICTIONS (1,438,850) CHANGE IN BENEFICIAL TRUST 940,973 ELIMINATION OF PRIOR YEAR SUBSIDIARY NET ASSETS (115,607) ---------- TOTAL OTHER CHANGES IN NET ASSETS 21,898,136

Identifier	Return Reference	Explanation
SCHEDULE K, PART I, LINES A AND B		THE VEHBFA SERIES 2007A BOND WAS ISSUED TO REIMBURSE FLETCHER ALLEN HEALTH CARE'S CONSTRUCTION COSTS INCURRED FOR THE AMBULATORY CARE CENTER WITHIN 18 MONTHS OF THE DATE OF ISSUE. THE VEHBFA SERIES 2008A BOND REISSUED THE VEHBFA SERIES 2004B BOND. SCHEDULE K, PART III, LINES 4-6 THE PRIVATE BUSINESS USE PERCENTAGE FOR FLETCHER ALLEN HEALTH CARE (FAHC) HAS BEEN PRESENTED AT 0%. THE TAX CERTIFICATE AND AGREEMENT FILED WITH FORMS 8038 FOR THE ISSUANCES LISTED IN COLUMNS A AND B INDICATES THAT AN EQUITY CONTRIBUTION WILL BE MADE AS A PORTION OF THE FUNDING FOR THE PROJECT. THE LANGUAGE DICTATES THAT THE EQUITY CONTRIBUTION WILL BE APPLIED TO PRIVATE USE PORTION OF THE PROJECT. THE FAHC EQUITY CONTRIBUTION REPRESENTS APPROXIMATELY 33% OF THE TOTAL CONSTRUCTION COST. THE ACTUAL PRIVATE USE PORTION OF THE PROJECT IS APPROXIMATELY 1% WHICH DOES NOT EXCEED THE EQUITY IN THE PROJECT RESULTING IN THE REPORTED PERCENTAGE OF 0%

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME:DR MARK PHILLIPPE TITLE:TRUSTEE (AS OF 01/2012) HOURS 48

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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
(1) FLETCHER ALLEN SKILLED NURSING 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	HOLDING CO	VT	701,000	4,914,000	FAHC
(2) FLETCHER ALLEN COORDINATED TRANSPORT 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	AMBULANCE SVC	VT	1,299,000	1,309,000	FAHC
(3) FLETCHER ALLEN EXECUTIVE SERVICES 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	EXEC STAFFING	VT	235,000	100,000	FAHC

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) UNIV OF VT MEDICAL GROUP 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0225105	PHYSICIAN SVC	VT	501(C)(3)	11A I	FAHC	Yes	
(2) FLETCHER ALLEN MEDICAL GROUP 183 PARK STREET MALONE, NY 12953 20-3905216	PHYSICIAN SVC	NY	501(C)(3)	3	FAHC	Yes	
(3) FLETCHER ALLEN HEALTH CARE FOUNDATION 111 COLCHESTER AVENUE BURLINGTON, VT 05401 26-3159849	FUNDRAISING	VT	501(C)(3)	11A I	FAHC	Yes	
(4) FLETCHER ALLEN HEALTH CARE AUXILIARY 111 COLCHESTER AVENUE BURLINGTON, VT 05401 20-8022004	SERVICE	VT	501(C)(3)	11D III-O	NA		No
(5) Fletcher Allen Partners 111 COLCHESTER AVENUE BURLINGTON, VT 05401 45-2880726	HOLDING CO	VT	501(C)(3)	11A I	NA		No
(6) Central Vermont Medical Center 130 Fisher Road BERLIN, VT 05602 22-2547186	HOSPITAL	VT	501(C)(3)	3	FAP	Yes	
(7) University Health Center 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0229931	HOSPITAL	VT	501(C)(3)	11C III-FI	NA		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
(1) FLETCHER ALLEN HEALTH VENTURES 111 COLCHESTER AVENUE BURLINGTON, VT 05401 04-3380045	HOLDING COMPA	VT	FAHC	C CORP	97,630,604	22,749,989	100 000 %
(2) VMC INDEMNITY COMPANY LTD PO BOX HM 3103 25 CHURCH STREET HAMILTON, HM FX FR	CAPTIVE INSUR	BD	FAHC	C CORP	10,499,952	53,268,031	100 000 %
(3) VERMONT MANAGED CARE 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0333056	MANAGED CARE	VT	FAHV	C CORP			
(4) CHARITABLE REMAINDER TRUST (1)	SUPPORT	VT	FAHC	TRUST			
(5) PERPETUAL TRUST (4)	SUPPORT	VT	FAHC	TRUST			
(6) CHARITABLE IRREVOCABLE TRUST (7)	SUPPORT	VT	NA	TRUST			

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

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

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

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

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

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

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

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
SCHEDULE R, PART V		FLETCHER ALLEN HEALTH CARE LEASES AND SHARES FACILITIES, EQUIPMENT, AND OTHER ASSETS WITH ITS RELATED ORGANIZATIONS THE VALUE OF THESE TRANSACTIONS IS INDETERMINABLE

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 03-0219309
Name: Fletcher Allen Health Care Inc

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
UNIV OF VT MEDICAL GROUP 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0225105	PHYSICIAN SVC	VT	501(C)(3)	11A I	FAHC	Yes	
FLETCHER ALLEN MEDICAL GROUP 183 PARK STREET MALONE, NY 12953 20-3905216	PHYSICIAN SVC	NY	501(C)(3)	3	FAHC	Yes	
FLETCHER ALLEN HEALTH CARE FOUNDATION 111 COLCHESTER AVENUE BURLINGTON, VT 05401 26-3159849	FUNDRAISING	VT	501(C)(3)	11A I	FAHC	Yes	
FLETCHER ALLEN HEALTH CARE AUXILIARY 111 COLCHESTER AVENUE BURLINGTON, VT 05401 20-8022004	SERVICE	VT	501(C)(3)	11D III-O	NA		No
Fletcher Allen Partners 111 COLCHESTER AVENUE BURLINGTON, VT 05401 45-2880726	HOLDING CO	VT	501(C)(3)	11A I	NA		No
Central Vermont Medical Center 130 Fisher Road BERLIN, VT 05602 22-2547186	HOSPITAL	VT	501(C)(3)	3	FAP	Yes	
University Health Center 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0229931	HOSPITAL	VT	501(C)(3)	11C III-FI	NA		No

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	CENTRAL VERMONT MEDICAL CENTER	A, Q	398,533	FMV
(2)	FLETCHER ALLEN MEDICAL GROUP	P	1,200,000	COST
(3)	FLETCHER ALLEN MEDICAL GROUP	K	100,000	COST
(4)	FLETCHER ALLEN MEDICAL GROUP	O	156,546	COST
(5)	UNIVERSITY OF VERMONT MEDICAL GROUP	O	119,582,360	FMV
(6)	VMC INDEMNITY COMPANY	K	45,000	COST
(7)	VMC INDEMNITY COMPANY	Q	4,205,502	FMV
(8)	VERMONT MANAGED CARE	K	412,800	COST
(9)	VERMONT MANAGED CARE	L	1,029,432	COST
(10)	VERMONT MANAGED CARE	R	1,773,225	COST

Fletcher Allen Partners, Inc. and Subsidiaries

Consolidated Financial Statements
September 30, 2012

Fletcher Allen Partners, Inc. and Subsidiaries
Index
September 30, 2012

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Report of Independent Auditors

To the Board of Trustees of
Fletcher Allen Partners, Inc

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

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The consolidating information listed in the Index, which includes pages 40–54, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and changes in net assets of the individual companies and is not a required part of the consolidated financial statements Accordingly, we do not express an opinion on the financial position, results of operations and changes in net assets of the individual companies

PricewaterhouseCoopers LLP

December 21, 2012

PricewaterhouseCoopers LLP, 125 High Street, Boston, MA 02110
T: (617) 530 5000, F: (617) 530 5001, www.pwc.com/us

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidated Balance Sheet
September 30, 2012

(in thousands)

Assets	
Current assets	
Cash and cash equivalents	$ 173,865
Patient and other trade accounts receivable - net of allowance for doubtful accounts of $26,572	132,939
Short-term investments	1,932
Inventories	23,861
Current portion of assets whose use is limited or restricted	13,132
Estimated receivables from third-party payers	6,140
Prepaid and other current assets	25,156
Total current assets	377,025
Assets whose use is limited or restricted	
Board-designated assets	294,100
Assets held by trustee under bond indenture agreements	31,228
Restricted assets	37,319
Donor-restricted assets for specific purposes	25,351
Donor-restricted assets for permanent endowment	29,165
Total assets whose use is limited or restricted	417,163
Property and equipment, net	471,064
Other assets	
Deferred financing costs, net	13,150
Notes receivable and other assets	10,073
Investment in affiliated companies	5,131
Pledges receivable, net of current portion	584
Total other assets	28,938
Total assets	$ 1,294,190
Liabilities and net assets	
Current liabilities	
Current installments of long-term debt	$ 13,489
Accounts payable	25,671
Accrued expenses and other liabilities	50,807
Accrued payroll and related benefits	72,253
Estimated third-party payer settlements	16,916
Estimated amounts for incurred but not reported claims	24,631
Total current liabilities	203,767
Long-term liabilities	
Long-term debt - net of current installments	401,833
Reserve for outstanding losses on malpractice and workers' compensation claims	28,982
Pension and other postretirement benefit obligations	81,582
Other long-term liabilities	21,248
Total long-term liabilities	533,645
Total liabilities	737,412
Commitments and contingent liabilities	
Net assets	
Unrestricted	500,374
Temporarily restricted	27,239
Permanently restricted	29,165
Total net assets	556,778
	$ 1,294,190

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

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidated Statement of Operations
Year Ended September 30, 2012

(in thousands)

Unrestricted revenue and other support	
Net patient service revenue	$ 1,037,259
Less Provision for bad debts	(35,856)
Net patient service revenue after provision for bad debts	1,001,403
Premium revenue	106,904
Other revenue	36,242
Total unrestricted revenue and other support	1,144,549
Expenses	
Salaries, payroll taxes, and fringe benefits	665,704
Supplies and other	264,803
Purchased services	45,660
Depreciation and amortization	57,104
Interest expense	19,951
Underwriting expenses	14,652
Medical claims	47,609
Total expenses	1,115,483
Income from operations	29,066
Nonoperating gains (losses)	
Investment income	21,668
Loss on interest rate swap agreements	(1,266)
Loss on the extinguishment of debt	(2,834)
Contribution revenue from acquisition	52,453
Other	5,885
Total nonoperating gains	75,906
Excess of revenue over expenses	104,972
Net change in unrealized gains on investments	30,945
Assets released from restrictions for capital purchases	334
Pension related adjustments	(18,343)
Increase in unrestricted net assets	$ 117,908

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

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidated Statement of Changes in Net Assets
Year Ended September 30, 2012

(in thousands)

Unrestricted net assets	
Excess of revenue over expenses	$ 104,972
Net change in unrealized gains on investments	30,945
Assets released from restrictions for capital purchases	334
Pension related adjustments	(18,343)
Increase in unrestricted net assets	117,908
Temporarily restricted net assets	
Gifts, grants, and bequests	2,908
Investment income	180
Net change in unrealized gains on investments	3,099
Net realized gains on investments	617
Net assets released from restrictions used in operations	(1,522)
Net assets released from restrictions used for nonoperating purposes	(306)
Net assets released from restrictions used for capital purchases	(334)
Transfer of net assets	(64)
Contribution of temporarily restricted net assets	6,035
Increase in temporarily restricted net assets	10,613
Permanently restricted net assets	
Gifts, grants, and bequests	67
Change in beneficial interest in perpetual trusts	941
Transfer of net assets	64
Contribution of permanently restricted net assets	3,101
Increase in permanently restricted net assets	4,173
Increase in net assets	132,694
Net assets	
Beginning of year	424,084
End of year	$ 556,778

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

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidated Statement of Cash Flows
Year Ended September 30, 2012

(in thousands)

Cash flows from operating activities		
Increase in net assets	$	132,694
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization		57,104
Contribution revenue from acquisition		(61,589)
Provision for bad debts		35,856
Contributions restricted for long-term use		(67)
Pension related adjustments		18,343
Loss on extinguishment of debt		2,834
Gain on disposal of property and equipment		(218)
Loss on interest rate swap agreements		1,266
Realized and unrealized gains on investments		(48,943)
Undistributed gains of affiliated companies		(226)
Change in beneficial interest in perpetual trusts		(941)
Changes in operating assets and liabilities		
Increase in patient and other accounts receivable		(28,747)
Increase in other current and noncurrent assets		(5,607)
Increase in estimated receivables from third-party payers		(901)
Increase in accounts payable and accrued expenses		16,843
Increase in accrued payroll and related expenses		7,743
Increase in other current and noncurrent liabilities		11,289
Decrease in estimated settlements with third-party settlements		(3,580)
Decrease in pension and other postretirement benefit obligations		(7,398)
Net cash provided by operating activities		125,755
Cash flows from investing activities		
Acquisitions of property and equipment		(39,488)
Purchase of investments		(213,760)
Proceeds from sale of investments		201,683
Proceeds from sale of affiliated company		397
Cash received through acquisition		7,336
Net cash used in investing activities		(43,832)
Cash flows from financing activities		
Contributions restricted for long-term use		67
Proceeds of debt issuance		67,559
Payment of long-term debt		(85,438)
Debt issuance costs		(547)
Net cash used in financing activities		(18,359)
Net increase in cash and cash equivalents		63,564
Cash and cash equivalents		
Beginning of year		110,301
End of year	$	173,865
Supplemental cash flow information		
Cash paid during the year for interest	$	19,459
Capital expenditures included in accounts payable		3,460
Increase in fair value of assets acquired		5,390
Assets acquired under capital lease		571

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

1. Organization

Fletcher Allen Partners, Inc (FAP), established as of October 1, 2011, is a nonprofit, tax-exempt Vermont corporation and the sole corporate member of Fletcher Allen Health Care, Inc , and Central Vermont Medical Center, Inc FAP's purpose is to establish an integrated regional health care system to engage in regional planning to develop a highly coordinated health care network that will improve the quality, increase the efficiencies, and lower the costs of health care delivery in the regions it serves

Fletcher Allen Health Care, Inc (FAHC) is a tertiary care teaching hospital that, in affiliation with The University of Vermont (UVM), serves as Vermont's Academic Medical Center As a regional referral center, FAHC provides advanced level care throughout Vermont and Northern New York, with a full time emergency department, also certified as a Level 1 Trauma Center It is FAHC's mission to improve the health of the people in the communities that it serves by integrating patient care, education, and research in a caring environment As a charitable organization, FAHC lives its mission through a number of community benefit programs, many done in collaborative partnership with other community based organizations These include but are not limited to community wellness programs, education, direct grants, free access to a community health resource center, direct financial assistance to patients, and other subsidized programs

FAHC is the sole member of the following subsidiaries Fletcher Allen Health Ventures, Inc (FAHV), University of Vermont Medical Group (UVM Medical Group), Fletcher Allen Coordinated Transport, LLC (FACT), Fletcher Allen Skilled Nursing Care, LLC (FASN), Fletcher Allen Health Care Foundation, Inc , Fletcher Allen Executive Services, LLC (FAES) and VMC Indemnity Company Ltd (VMCIC) Vermont Managed Care, Inc (VMC) is a wholly owned subsidiary of FAHV The following entities are partly owned or controlled by FAHC Medical Education Center Condominium Association, Inc, OB Net Services, LLC, Copley Woodlands, Inc , Fletcher Allen Medical Group, PLLC (FAMG), and OneCare Accountable Care Organization, LLC

Central Vermont Medical Center, Inc (CVMC) provides health care services under three distinct business units Central Vermont Hospital, Woodridge Rehabilitation and Nursing, and Central Vermont Medical Group Practice CVMC works collaboratively to meet the needs and improve the health of the residents of central Vermont CVMC's hospital provides 24-hour emergency care, with a full spectrum of inpatient and outpatient services

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of FAP and its wholly owned subsidiaries All significant intercompany balances and transactions have been eliminated in consolidation The assets of members of the consolidated group may not be available to meet the obligations of another member of the group

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 Estimates also affect the reported amounts of revenues and expenses during the reporting period Significant estimates include the allowances for doubtful accounts and contractual allowances, receivables and accruals for estimated settlements with third-party payers, contingencies, self-insurance program liabilities, accrued medical claims, pension and postretirement costs, and the valuation of investments and interest rate swaps Actual results could differ from those estimates

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments with maturities of three months or less when purchased, excluding amounts classified as assets whose use is limited or restricted

Most of FAP's banking activity, including cash and cash equivalents, is maintained with several national banks and from time to time cash deposits exceed federal insurance limits It is FAP's policy to monitor these banks' financial strength on an ongoing basis

Inventories
Inventories are stated using the lesser of average cost or market value

Prepaid and Other Current Assets
Prepaid and other current assets include miscellaneous nonpatient receivables and prepaid expenses primarily related to software maintenance and other contracts The carrying value of prepaid and other current assets is reviewed if the facts and circumstances suggest that it may be impaired

Contributions
Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows The present value of estimated future cash flows has been measured at the time of the contribution using rates indicative of the market and credit risk associated with the contribution Conditional promises to give are not included as support until the conditions are substantially met

Investments and Investment Income
Investments in equity securities, mutual funds, and common collective trusts with readily determinable fair market values and all investments in debt securities are recorded at fair value Investment income or loss (including realized gains and losses on investments, interest, and dividends), to the extent not capitalized, is included in nonoperating gains (losses), unless the income or gain (loss) is restricted by donor or law Realized gains or losses on the sale of investments are determined by use of average costs Unrealized gains and losses on investments carried at fair value are excluded from the excess of revenue over expenses and reported as an increase or decrease in net assets Declines in fair value that are judged to be other-than-temporary are reported as realized losses

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

FAP reviews its investments to identify those for which fair value is below cost FAP then makes a determination as to whether the investment should be considered other-than-temporarily impaired FAP recognized $778,000 in losses related to declines in value that were other-than-temporary in nature in the year ended September 30, 2012

Investment in Affiliates
Investments in noncontrolled affiliates are accounted for using the equity method of accounting and reported within investment in affiliated companies on the consolidated balance sheet These include Starr Farm Partnership, OB NET Services, LLC, and OneCare Vermont Accountable Care Organization, LLC

Assets Whose Use is Limited or Restricted
Assets whose use is limited or restricted primarily include board-designated assets, assets held by trustees under indenture agreements, donor-restricted assets, and restricted assets which are held for insurance-related liabilities Board-designated assets may be used at the Board's discretion

Property and Equipment
Property and equipment acquisitions are recorded at cost or, in the case of gifts, at fair market value at the date of the gift Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the consolidated financial statements

Depreciation is calculated using the following estimated useful lives

Land improvements	15 – 25 years
Building and improvements	7 – 40 years
Fixed equipment	5 – 20 years
Major moveable equipment	2 – 20 years

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

Impairment of Long-Lived Assets
Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell

Costs of Borrowing
Interest cost incurred on borrowed funds during the period of construction of capital assets, net of investment income on borrowed assets held by trustees, is capitalized as a component of the cost of acquiring those assets Approximately $339,000 of interest was capitalized during the year ended September 30, 2012 Net deferred financing costs totaled $13,150,000 at September 30, 2012 Such amounts are reported within other assets and are amortized over the period the related obligations are outstanding using the effective interest method Accumulated amortization of deferred financing costs totaled $9,746,000 at September 30, 2012

Temporarily and Permanently Restricted Net Assets
Temporarily restricted net assets are those whose use by FAP has been limited by donors or law to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by FAP in perpetuity

Consolidated Statement of Operations
For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as unrestricted revenue and other support and expenses Peripheral or incidental transactions are reported as nonoperating gains

Excess of Revenue Over Expenses
The consolidated statement of operations includes excess of revenue over expenses Changes in unrestricted net assets which are excluded from the excess of revenue over expenses, consistent with industry practice, primarily include unrealized gains and losses on investments (other than those on which other-than-temporary losses are recognized), contributions of long-lived assets (including assets acquired using contributions restricted by donors for acquiring such assets), and pension related adjustments

Net Patient Service Revenue
Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursement are subject to negotiation, audit, and/or final determination by the third-party payers In addition, laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Differences between amounts previously estimated for retroactive adjustments and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known Changes in prior-year estimates increased net patient service revenue by approximately $12,723,000 in the year ended September 30, 2012

FAP has agreements with third-party payers that provide for payments to FAP at amounts different from its established rates A summary of the payment arrangements with major third-party payers follows

Medicare
Inpatient acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient rehabilitation services are paid based on a prospective per discharge methodology These rates vary according to a patient classification system based upon services provided, the patient's level of functionality and other factors

Outpatient services are paid based upon a prospective standard rate for procedures performed or services rendered FAP is reimbursed for cost-reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by FAP and audits thereof by the Medicare Audit Contractor (MAC) Medicare reimbursement for professional billings is determined by a standard fee schedule that is determined by the Centers for Medicare and Medicaid Services of the U S Department of Health and Human Services The percentage of net patient service revenue derived from the Medicare program was approximately 28% in the year ended September 30, 2012

Medicaid
Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge As with Medicare, reimbursement is based on a diagnosis-related group (DRG) system that is based on clinical, diagnostic, and other factors For inpatient rehabilitation and neonatal cases, additional reimbursement is paid through a per diem add-on For inpatient psychiatric cases, reimbursement is based on a per diem rate calculation, including adjustments for diagnostic factors and length of stay Outpatient services rendered to Medicaid beneficiaries are paid based upon a prospective standard rate Certain laboratory, mammography, therapy, and dialysis services are paid on a fee schedule Medicaid reimbursement for professional services is determined by a standard fee schedule that is determined by the State of Vermont The Vermont Medicaid program accounts for approximately 11% of FAP's net revenue in the year ended September 30, 2012

Managed Care and Commercial Insurers
Services rendered to patients with commercial insurance are generally reimbursed at standard charges, less a negotiated discount or according to DRG or negotiated fee schedules Approximately 46% of FAP's net revenues were derived from contracted insurers in the year ended September 30, 2012 Approximately 9% of FAP's net revenues were derived from noncontracted insurers in the year ended September 30, 2012

VMC negotiates contracts with insurers and other payers for the provision of health care services through participating providers associated with its network As a result, VMC is currently managing and/or has entered into contracts with managed care plans on behalf of FAP and its network providers Under the terms of these agreements, VMC provides managed care services to subscribers of the managed care plans who select VMC as their primary health plan provider Payments to FAP from VMC for services on behalf of respective managed care plan subscribers are based on a discounted fee for service or a predetermined fee schedule

VMC has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants Under these agreements, VMC receives monthly capitation payments based on the number of each HMO's participants regardless of services actually performed These revenues are subsequently disbursed to participating providers based on both discounted fee for service schedules and predetermined payment rates Participating providers share a limited degree of risk through a set withhold that is only paid if cost and utilization targets are met

Other Revenue
Other revenue consists primarily of research revenue, sales of pharmaceuticals and related products, cafeteria sales, meaningful use revenue under governmental Electronic Health Records Incentive programs, parking garage income, net assets released from restrictions used for operations, and rental income

Research Grants and Contracts
Revenue related to research grants and contracts is recognized as the related costs are incurred Indirect costs relating to certain government grants and contracts are reimbursed at fixed rates negotiated with the government agencies Research grants and contracts are accounted for as exchange transactions Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and are included within accrued expenses Amounts expended in advance of the receipt of funding are included within patient and other trade accounts receivable

Reserves for Outstanding Losses and Loss-Related Expenses for Malpractice Claims
The liabilities for outstanding losses and loss-related expenses and the related provision for losses and loss-related expenses include estimates for malpractice losses incurred but not reported, as well as losses pending settlement Such liabilities are necessarily based on estimates and, while management believes the amounts provided are adequate, the ultimate liability may be in excess of or less than the amounts provided As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The methods for making such estimates and the resulting liability are actuarially reviewed on an annual basis and any adjustments required are reflected in current operations

Income Taxes
FAP, FAHC, CVMC, UVM Medical Group, and FAMG are incorporated and recognized by the Internal Revenue Service (IRS) as tax-exempt under Section 501(c) (3) of the Internal Revenue Code (the "Code") Accordingly, the IRS has determined that FAP, FAHC, CVMC, UVM Medical Group, and FAMG are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code FACT, FAES and FASN are single-member limited liability corporations As such, for tax purposes, FACT, FAES, and FASN are treated as divisions of FAHC No provision for federal income taxes has been recorded in the accompanying consolidated financial statements for these organizations

FAHV and VMC are for-profit subsidiaries subject to federal and state taxation The tax provisions and related tax assets and liabilities for these entities are not material to the consolidated financial statements

For tax years beginning after December 15, 2008, nonpublic companies adopted guidance under ASC 740, *Income Taxes*, that prescribe a model for the recognition and measurement of uncertain tax benefits This guidance did not have an impact on FAP and its subsidiaries

VMCIC is currently not a taxable entity under the provisions of the territory of Bermuda and, accordingly, no provision for taxes has been recorded by VMCIC In the event that such taxes are levied, VMCIC has received an undertaking from the Bermuda Government exempting it from all such taxes until 2016

Asset Retirement Obligations
FAP recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation is factored into the measurement of the liability when sufficient information exists The types of asset retirement obligations that FAP considers are those for which it has a legal obligation to perform an asset retirement activity, however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within its control The fair value of a liability for the legal obligation associated with an asset retirement is recorded in the period in which the obligation is incurred When the liability is initially recorded, the cost of the asset retirement is capitalized

The estimated future undiscounted value of the asset retirement obligation is approximately $1,272,000 at September 30, 2012, substantially all of which relates to the estimated costs to remove asbestos that is contained within FAP's facilities The initial asset retirement obligation was calculated using a discount rate of 4 5% The recorded asset retirement obligation at September 30, 2012 was approximately $1,082,000

Defined Benefit Pension and Other Postretirement Benefit Plans
FAP recognizes the overfunded or underfunded status of its defined benefit pension and other postretirement benefit plans (collectively, "postretirement benefit plans") in the balance sheet Changes in the funded status of the plans are reported in the year in which the changes occur as a change in unrestricted net assets presented below the excess of revenue over expenses in the consolidated statements of operations and changes in net assets

Adoption of New Accounting Guidance
In August 2010, the Financial Accounting Standards Board issued Accounting Standards Update 2010-23 (ASU 2010-23), *Health Care Entities: Measuring Charity Care for Disclosure* The standard provides for consistency in practice within charity care disclosures Under the new guidance, charity care disclosures must be based on estimated costs of providing the services The estimated costs must include direct and indirect costs, a description of the measurement approach used, and the amount of any funds received to offset or subsidize charity care services provided ASU 2010-23 is effective for fiscal years beginning after December 15, 2010 Charity care disclosures for FAP adhere to this new guidance

Additionally in August 2010, the Financial Accounting Standards Board issued Accounting Standards Update 2010-24 (ASU 2010-24), *Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries* The standard provides for consistency in accounting for malpractice claims and similar liabilities by health care entities Under the new guidance, medical malpractice claims liabilities must be reported at gross and not offset by anticipated insurance recoveries ASU 2010-24 is effective for fiscal years beginning after December 15, 2010 The adoption of the standard had no impact on excess of revenues over expenses Included within prepaid and other current assets are $3,376,000 of reinsurance receivables as of September 30, 2012

3. Formation of Fletcher Allen Partners, Inc.

On October 1, 2011 Fletcher Allen Health Care, Inc (FAHC) and Central Vermont Medical Center, Inc , (CVMC) contributed their net assets to form Fletcher Allen Partners, Inc (FAP) In accordance with applicable accounting guidance on not-for-profit mergers and acquisitions, FAP recorded contribution income of $61,589,000 reflecting the fair value of the contributed net assets of CVMC on the transaction date Of this amount, $52,453,000 represents unrestricted net assets and is included as a nonoperating gain in the accompanying consolidated statement of operations Temporarily restricted net assets and permanently restricted net assets of $6,035,000 and $3,101,000, respectively, were recorded as restricted contribution income in the accompanying consolidated statement of changes in net assets

The consolidated statement of operations reflects the activity of FAHC and CVMC from the date of the transaction (October 1, 2011) to September 30, 2012 No consideration was exchanged for the net assets contributed The fair value of assets, liabilities, and net assets contributed by CVMC at October 1, 2011 were as follows

(in thousands)

Assets		
Cash and cash equivalents	$	7,336
Assets limited as to use and investments		40,120
Patient accounts receivable, net		16,352
Property plant and equipment		74,742
Other assets		8,571
Total assets acquired	$	147,121
Liabilities		
Accounts payable and accrued expenses	$	11,616
Estimated amounts due to third party payers		2,264
Long-term debt		31,463
Accrued pension and post-retirement benefits		39,158
Other liabilities		1,031
Total liabilities assumed		85,532
Net assets		
Unrestricted		52,453
Temporary restricted		6,035
Permanently restricted		3,101
Total net assets		61,589
	$	147,121

A summary of the financial results of CVMC included in the consolidated statement of operations and changes in net assets for the year ended September 30, 2012 is as follows

(in thousands)

Total operating revenues	$	150,983
Total operating expenses		146,036
Operating income		4,947
Nonoperating gains		1,152
Excess of revenues over expenses		6,099
Net assets released from restriction used for capital purchases		190
Net unrealized gain on investments		1,788
Pension adjustment		(10,208)
Transfer of net assets		52,453
Increase in unrestricted net assets	$	50,322

4. Charity Care and Community Service

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

The amount of charges foregone for services and supplies furnished under FAP's charity care policy aggregated approximately $27,685,000

Of FAP's total expenses reported of $1,115,483,000, an estimated $11,640,000 arose from providing services to charity patients The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients The ratio of cost to charges is calculated based on FAP's total expenses divided by gross patient service revenue For the year ended September 30, 2012, FAP used $285,000 in charitable endowment earnings to help defray the costs of indigent care

5. Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted at September 30, 2012 consisted of the following

(in thousands)

Equities	$	1,247
Mutual funds		98,922
Money market funds		22,006
Bonds and notes		41,865
Common collective trusts		253,633
Beneficial interest in perpetual trusts		10,093
Hedge Funds		2,229
Real estate		300
		430,295
Less Current portion		(13,132)
	$	417,163

Investment income and gains for the years ended September 30, 2012 consisted of the following

(in thousands)

Nonoperating revenue and expenses		
Investment income	$	7,386
Net realized gains		14,282
		21,668
Net change in unrealized gains on investments		30,945
Changes in temporarily restricted net assets		
Investment income		180
Net change in unrealized gains on investments		3,099
Net realized gains on investments		617
		3,896
Changes in permanently restricted net assets		
Change in beneficial interest in perpetual trusts		941
	$	57,450

As a result of the recognition of $778,000 in losses related to declines in value that were other-than-temporary in nature during the year ended September 30, 2012, there were no investments that had a fair value less than cost at September 30, 2012

The cost and estimated fair value of securities classified as available-for-sale by the organization, which excludes beneficial interest in perpetual trusts of $10,093,000, and includes short-term investments of $1,932,000 as of September 30, 2012, is as follows

(in thousands)	Cost	Gross Unrealized Gains	Estimated Fair Value
Mutual funds	$ 91,027	$ 9,827	$ 100,854
Equities	1,073	174	1,247
Real estate	165	135	300
Hedge funds	2,143	86	2,229
Money market funds	22,006	-	22,006
Bonds and notes	41,439	426	41,865
Common collective trusts	218,061	35,572	253,633
	$ 375,914	$ 46,220	$ 422,134

6. Property and Equipment

A summary of property and equipment at September 30, 2012 is as follows

(in thousands)	
Land	$ 13,526
Land improvements	14,119
Leasehold improvements	40,236
Buildings	568,057
Equipment, furniture, and fixtures	295,786
	931,724
Less Accumulated depreciation	(472,163)
	459,561
Construction–in–progress	11,503
	$ 471,064

FAP wrote off approximately $3,683,000 in assets in the year ended September 30, 2012 In conjunction with these write offs, a gain on disposal of property and equipment of $218,000 was recorded, and is included in supplies and other expense At September 30, 2012, FAP had commitments to purchase approximately $3,460,000 of property and equipment

FAP recorded depreciation expense of $56,436,000 for the year ended September 30, 2012

7. Investment in Affiliated Companies

Investment in affiliated companies at September 30, 2012 consisted of the following

(in thousands)

Starr Farm Partnership	$	4,914
OB Net Services, LLC		192
OneCare Vermont Accountable Care Organization, LLC		25
	$	5,131

Distributions from these affiliated organizations totaled $500,000 for the year ended September 30, 2012 FAP's share of the income of these affiliates is reported as other nonoperating gains and totaled approximately $701,000 for the year ended September 30, 2012

Starr Farm Partnership's beginning net assets as of September 30, 2011, were $9,425,000 Summarized financial information from the unaudited financial statements of the Starr Farm Partnership as of and for the year ended September 30, 2012 was as follows

(in thousands)	Ownership Percentage	Total Assets	Net Assets	Change in Net Assets
Starr Farm Partnership	50 %	$ 10,880	$ 9,827	$ 402

8. Long-Term Debt

Long-term debt at September 30, 2012 consisted of the following

(in thousands)

Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds		
Series 2009A loan, fixed rate (5 08% to 7 23%), payable through 2024	$	12,642
Series 2009B loan, fixed rate (3 72% at September 30, 2012), payable through 2014		1,771
Series 2008A Bonds, variable rate (0 17% at September 30, 2012), payable through 2030		54,705
Series 2007A Bonds, fixed rate (4 00% to 4 75%), payable through 2037 (including unamortized premium of $93)		56,098
Series 2004B Bonds, fixed rate (4 00% to 5 50%), payable through 2035 (including unamortized premium of $130)		149,580
Series 2004A Bonds, fixed rate (3 00% to 5 00%), payable through 2025 (including unamortized premium of $1,098)		35,513
Series 2000A Bonds, fixed rate (5 50% to 6 13%), payable through 2028 (including unamortized discount of $174)		32,376
Series 1996 loan, fixed rate (4 23% at September 30, 2012), payable through 2021		11,052
Select Auction Variable-Rate Securities (SAVRS) 1994 Bonds, variable rate (4 93% at September 30, 2012), payable through 2013 (including unamortized discount of $35)		2,915
Other long-term debt		
KeyBank loan, fixed rate (3 49% at September 30, 2012), payable through 2023		53,110
KeyBank loan, fixed rate (2 90% at September 30, 2012), payable through 2022		1,750
People's United Bank loan, fixed rate (4 19% at September 30, 2012), payable through 2017		2,710
People's United Bank Revolving Line of Credit, variable rate (3 25% at September 30, 2012), payable through 2013		1,100
		415,322
Less Current portion		(13,489)
Long–term debt	$	401,833

Fletcher Allen Obligated Group
Fletcher Allen Health Care and Central Vermont Medical Center presently are the sole members of the Fletcher Allen Obligated Group (Obligated Group)

On November 1, 2011, CVMC withdrew from the D-H Obligated Group, and was admitted as a member to the Obligated Group pursuant to the Obligated Group Master Trust Indenture In connection with CVMC's admission to the Obligated Group, the Series 1996, 2009A and 2009B Bonds, totaling $27,875,000, issued by the D-H Obligated Group for benefit of CVMC was refinanced or modified such that it has become an obligation of the Obligated Group The Master Trust Indenture contains provisions permitting the addition, withdrawal or consolidation of members of the Obligated Group under certain conditions The Master Trust Indenture constitutes joint and several obligations of the members of Obligated Group

For presentation purposes, the financial statements of the Obligated Group are presented from the date of affiliation (October 1, 2011) and not from the date of CVMC's admission into the Obligated Group The inclusion of the one month (October 2011) is deemed immaterial for presentation purposes

Revenue Bonds
On May 21, 2008, FAHC converted the Series 2004B auction rate bonds from 35-day variable-rate bonds to fixed-rate bonds through a mandatory tender of the bonds as provided for under the original bond agreement The tender was financed through the reissuance of $160,525,000 of Series 2004B bonds as tax-exempt fixed-rate bonds, and a payment of $2,700,000 from FAHC's debt service reserve funds The Series 2004B bonds require FAHC to maintain a debt service reserve fund As of September 30, 2012, the reserve fund balance was approximately $13,924,000

Also on May 21, 2008, FAHC in connection with the Vermont Educational and Health Buildings Financing Agency (the "Agency"), issued $54,705,000 of tax-exempt variable-rate hospital revenue bonds ("Series 2008A"), the proceeds of which were used to refund its Series 2000B bonds in the amount of $50,000,000, pay an early termination payment in the amount of $3,128,000 on a related interest rate swap, and pay issuance costs in the amount of $1,577,000 The Series 2008A bonds are collateralized by an irrevocable letter of credit from a bank in the amount of $55,334,000 (covers principal of $54,705,000 and interest of $629,000), which expires in 2016 The interest rate on the Series 2008A bonds is set weekly Series 2008A bondholders have the option to put the bonds back to FAHC Such bonds would be subject to remarketing efforts by FAHC's remarketing agent To the extent that such remarketing efforts were unsuccessful, the nonmarketable bonds would be purchased from the proceeds of the letter of credit Monthly payments of principal on the letter of credit borrowings would commence on the first calendar day of the first month that commences more than one year after the borrowing Repayment in full of the letter of credit would be required by the earlier of four years from the date of the borrowing under the letter of credit or the stated expiration date, currently, April 30, 2016

In conjunction with these transactions, the notional amount of the original swap agreement covering the 2004B bonds was reduced from $135,000,000 to $55,190,000 and transferred to 2008A bonds in exchange for the payment of $3,128,000

FAHC and certain of its subsidiaries are obligated under various other revenue bonds, capital leases, and notes payable Various trustee-held funds are required under the terms of the loan agreements Under one of the loan agreements, a reserve fund is required only upon the failure to meet certain financial ratios As of September 30, 2012, no funding has been required under this agreement

FAHC has granted a mortgage on substantially all of its property and an interest in its gross receipts, as defined in connection with the issuance of its long-term debt

Series 1996 Bond Refinancing
In November 2011, the Series 1996 Bonds were redeemed with the proceeds of a term loan made to CVMC by People's United Bank in the amount of $11,600,000 The term loan has a fixed rate of interest of 4 23% and matures November 1, 2021 Interest payments are made monthly and principal payments in the amount of $582,000 are made semi-annually each May and November, beginning May 1, 2012 and ending on November 1, 2021 The term loan is collateralized with assets, mortgage, and all other collateral securing repayment of the Obligation as defined in the Master Trust Indenture of the Obligated Group This refinancing resulted in a loss on extinguishment of debt of $529,000

Series 2000A Bond Partial Refunding
In December 2011, the Series 2000A Bonds with maturities from 2012 through 2023 were refunded and replaced with a taxable private placement loan in the aggregate principal amount of $54,175,000 with a final maturity date in December 2023 In addition, a portion of the Series 2000A Bonds maturing on December 1, 2027 was redeemed in the aggregate principal amount of $6,745,000 The remaining balance of the initial aggregate principal amount of the Series 2000A Bonds is $32,550,000 with maturities between December 2025 and December 2027 Bond issuance costs of $547,000 are recorded in deferred financing costs, net and will be amortized over the life of the loan The Series 2000A Bonds were issued with an original issue discount totaling $917,044 which is recorded in long-term debt The discount will be amortized using the effective interest method over the life of the respective Bonds The partial refunding resulted in a loss on extinguishment of debt of $2,305,000

Scheduled Maturities of Long-Term Debt
As of September 30, 2012, scheduled maturities of long-term debt, not including a net unamortized premium of $1,112,000, for the next five years and thereafter are as follows

(in thousands)

Years Ending September 30	
2013	$ 13,489
2014	12,429
2015	12,553
2016	12,972
2017	13,404
Thereafter	349,363
	$ 414,210

Loan Covenants
Under the terms of a master indenture, FAHC and CVMC are required to meet certain covenant requirements In addition, the indenture provides for restrictions on, among other things, additional indebtedness and dispositions of property

Line of Credit
A bank line of credit exists with a maximum borrowing of $2,000,000 The line matures on May 30, 2013, and bears interest at the Wall Street Journal prime rate adjusted daily with a floor of 3 25%, with advances secured by a portion of board designated funds The outstanding advance at September 30, 2012 was $1,100,000

Letter of Credit
The 2008A letter of credit was not drawn upon as of September 30, 2012, and the scheduled maturities of long-term debt assumes the Series 2008A bonds are not put back to FAP If the letter of credit was drawn upon, the repayment would begin one year and one day from the date of the letter of credit being drawn upon The repayment schedule would occur over the remaining three years of the letter of credit term The repayment of principal would be as follows $21,176,000 in year two, $21,176,000 in year three and $12,353,000 in the final year

9. Interest Rate Swap Agreements

FAHC utilizes interest rate swap agreements to manage interest rate risk related to the variable rate Series 2008A Bonds and variable rate SAVRS 1994 Bonds These agreements had aggregate notional amounts of $55,190,000 and $5,750,000, respectively, as of September 30, 2012 Pursuant to each agreement, FAHC is obligated to pay the applicable swap counterparty amounts based on a fixed interest rate and is to receive payment from such swap counterparty based on variable interest rates

FAHC and the counterparties in the interest rate swap agreements are exposed to credit risk in the event of nonperformance or early termination of the agreements Under certain circumstances, FAHC may be required to post collateral to secure its obligations under the 1994 interest rate swap agreement In addition, each agreement may be terminated following the occurrence of certain events, at which time FAHC may be required to make a termination payment to the applicable swap counterparty

In connection with the issuance of the Series 2008A bonds, FAHC entered into two interest rate swap agreements in the notional principal amount of $27,595,000 each Under these agreements, FAHC will pay a fixed rate of 3 76% on a notional amount equal to the outstanding amount of the Series 2008A bonds for the term of the Series 2008A bonds and receive an alternative floating rate derived from a LIBOR based formula, which may or may not equal the rate on the Series 2008A bonds The termination date of these swap contracts is December 1, 2034

FAHC and its counterparty under the 1994 swap agreement entered into a bilateral pledge agreement whereby, on a monthly basis, the counterparty calculates the aggregate exposure amount based on current market value of replacing the interest rate swap agreement with a like financial instrument should either party default The replacement of fair value of the interest rate swap agreement with a like instrument would cause FAHC to pay approximately $128,000 at September 30, 2012, to the counterparty The counterparty to the 1994 swap agreement has declared bankruptcy and FAHC has made payments to the trustee in the bankruptcy during the year ended September 30, 2012 FAHC's payment is based on a 4 93% interest rate, however, FAHC pays net the 35 day floating amount due from Lehman Brothers Special Finance, Inc FAHC receives no payment from Lehman Brothers Special Finance, Inc for this transaction The termination date of the 1994 swap agreement is September 12, 2013

The fair value of interest rate swap agreements at September 30 is as of follows

(in thousands)	**Balance Sheet Location**	**Fair Value**
1994 Swap	Other long-term liabilities	$ (128)
2008A Swap	Other long-term liabilities	$ (14,214)

The effect of interest rate swap agreements on the consolidated statement of operations and changes in net assets for 2012 are as follows

(in thousands)	Location of Gain/Loss Recognized in Statement of Operations	Amount of Gain/Loss Recognized in Statement of Operations
1994 Swap	Gain/Loss on interest rate swap contracts	$ 234
2008A Swap	Gain/Loss on interest rate swap contracts	(1,500)
		$ (1,266)

10. Operating Leases

FAP has entered into certain operating lease agreements for the rental of building space and equipment Rental expense, inclusive of common area maintenance charges amounted to $12,654,000 for the year ended September 30, 2012

Minimum future lease payments required under noncancelable operating leases at September 30, 2012, were as follows

(in thousands)

Years Ending September 30	
2013	$ 7,578
2014	6,613
2015	6,045
2016	5,120
2017	2,473
Thereafter	3,960
	$ 31,789

11. Net Assets

Temporarily Restricted Net Assets
At September 30, 2012, temporarily restricted net assets are available for the following purposes

(in thousands)

Indigent care	$ 1,005
Education and research	10,951
Children's programs	2,437
Capital projects	710
Other health case services	10,501
Long-term care services at Woodridge	1,635
	$ 27,239

At September 30, 2012, temporarily restricted net assets include approximately $16,126,000 of accumulated gains on permanently restricted net assets, which are subject to board appropriation in accordance with state law

Permanently Restricted Net Assets
At September 30, 2012, income earned on permanently restricted net assets are restricted to

(in thousands)

Indigent care	$	4,143
Education and research		6,902
Other health care services		17,391
Long-term care services		729
	$	29,165

Endowment Funds
FAP's endowment consists of approximately 79 funds established for a variety of purposes FAP does not currently have any unrestricted funds designated by the Board of Trustees (the "Board") to function as endowment Accordingly, for the purposes of this disclosure, endowment funds include only donor-restricted endowment funds As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law
FAP has interpreted state law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended State law allows the Board to appropriate the net appreciation of permanently restricted net assets as is prudent considering FAP's long and short-term needs, present and anticipated financial requirements, and expected total return on its investments, price level trends, and general economic conditions In the year ended September 30, 2012, $751,000 was appropriated

As a result of this interpretation, FAP classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of subsequent gifts to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present The remaining portion of the donor-restricted endowment fund is comprised of accumulated gains not required to be maintained in perpetuity These amounts are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations FAP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds duration and preservation of the fund, purposes of the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, and the expected total return from income and the appreciation of investments, other resources of FAP, and the investment policies of FAP

Endowment Net Asset Composition and Changes in Endowment Net Assets
The following is a summary of the endowment net asset composition by type of fund at September 30, 2012, and the changes therein for the year then ended

Endowment net asset composition by type of fund

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
September 30, 2012				
Donor-restricted endowment funds	$ -	$ 16,126	$ 19,072	$ 35,198
Adjustments for funds with deficiencies	(44)	44	-	-
Total	$ (44)	$ 16,170	$ 19,072	$ 35,198

Changes in endowment net assets

(in thousands)	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2011	$ -	$ 8,891	$ 15,839	$ 24,730
Acquired endowment net assets at October 1, 2011	(163)	4,408	3,101	7,346
Investment return				
Investment income	-	251	-	251
Net appreciation	-	3,555	-	3,555
Total investment return	-	3,806	-	3,806
Appropriations of endowment assets for expenditure	-	(751)	-	(751)
Adjustment for funds with deficiencies	119	(119)	-	-
Other	-	(65)	132	67
Endowment net assets at September 30, 2012	$ (44)	$ 16,170	$ 19,072	$ 35,198

Beneficial Interest in Perpetual Trusts

The above amounts exclude FAP's beneficial interest in perpetual trusts, which are not within management's investment control Such beneficial interests totaled $10,093,000 at September 30, 2012

Charitable Remainder Trust

FAP has received an irrevocable charitable remainder trust, for which FAP does not serve as trustee For this trust, FAP recorded its beneficial interest in those assets as contributions revenue and pledges receivable at the present value of the expected future cash inflows Trusts are recorded at the date FAP has been notified of the trust's existence and sufficient information regarding the trust has been accumulated to form the basis for an accrual Changes in the value of these assets are recorded in either temporarily or permanently restricted net assets

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires FAP to retain as a fund of perpetual duration The deficiencies at September 30, 2012 were $44,000, associated with one permanently restricted endowment fund which is managed by a trustee outside of the control of FAP management

Investment Return Objectives and Spending Policy

FAP has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) Under this policy, the endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index To satisfy its return objective, FAP targets a diversified asset allocation that provides for a balanced portfolio

12. Malpractice and Other Contingencies

Malpractice and Workers' Compensation

FAP is insured against malpractice losses under a claims-made insurance policy with VMCIC, its wholly owned subsidiary VMCIC has reinsurance with commercial carriers for coverage above a self-insured retainage amount of $5,000,000 per claim with a $20,000,000 aggregate, with limits on such reinsurance VMCIC provides claims-made coverage to certain affiliates of FAHC for periods prior to the merger that created FAHC CVMC purchased comprehensive general and professional liability coverage on an occurrence basis and claims made basis, respectively, from a commercial insurance carrier during fiscal year 2012, however, as of September 30, 2012, tail coverage for CVMC is provided by VMCIC

FAP is also self-insured for workers' compensation claims, and maintains an excess insurance policy to limit its exposure on claims up to $750,000 per occurrence in the year ended September 30, 2012, with a $25,000,000 aggregate

The reserves for outstanding losses have been discounted at a rate of 3% at September 30, 2012, resulting in a reduction in the reserve of approximately $1,810,000 in the year ended September 30, 2012, for professional liability and a reduction in the reserve of approximately $310,000 at September 30, 2012, for worker's compensation

As a result of changes in estimates of incurred events in prior years, primarily professional liability, the estimate of incurred losses increased by approximately $7,852,000 for the year ended September 30, 2012

Employee Health and Dental Insurance

FAP maintains a self-insurance plan for employee health and dental insurance Under the terms of the plan, employees and their dependents are eligible for participation and, as such, FAP is responsible for the administration of the plan and any resultant liability incurred FAP maintained a stop-loss insurance policy to limit its exposure on cumulative claims between $100,000 and $150,000 per member per year in the year ended September 30, 2012, with a per-year benefit maximum equal to the amount of premiums paid under the policy In addition to the self-insurance plan, FAP maintained a commercial policy to limit its exposure on cumulative claims exceeding $225,000 per member per year for the year ended September 30, 2012

Other Contingencies

FAP and its subsidiaries are parties in various legal proceedings and potential claims arising in the ordinary course of business In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations is subject to government review and interpretation, as well as regulatory actions, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services Management does not believe that these matters will have a material adverse effect on FAP's consolidated financial position or results of operations

Collective Bargaining Agreements
FAHC is subject to a collective bargaining agreement with respect to its Registered Nurse ("RN") and Licensed Practical Nurse ("LPN") nursing staff The current agreement runs through July 9, 2015, and covers approximately 1,697 staff at September 30, 2012 FAHC is also subject to a collective bargaining agreement with the technical bargaining unit The current agreement runs from March 19, 2010 through March 1, 2013 and covers approximately 295 staff in various technical positions at September 30, 2012

13. Statutory Capital and Surplus

VMCIC is registered under the Bermuda Insurance Act of 1978 and related regulations (the "Act") and is obligated to comply with various provisions of the Act regarding minimum levels of solvency and liquidity Statutory capital and surplus at September 30, 2012, was $17,181,535 The required minimum statutory capital at September 30, 2012 was $3,263,597 The required minimum surplus as of September 30, 2012 was $2,263,597 In addition, a minimum liquidity ratio must be maintained whereby liquid assets, as defined by the Act, must exceed 75% of defined liabilities The minimum required level of liquid assets was $24,617,240 at September 30, 2012 The measurement of this at September 30, 2012, is $50,004,522 FAP reports all of VMCIC's investments in marketable securities as restricted assets in the accompanying consolidated balance sheets

14. Pension Plans and Other Postretirement Benefits

Fletcher Allen Healthcare Defined Benefit Pension and Postretirement Health Care Plans
Employees of the former Medical Center Hospital of Vermont (MCHV) are covered by a pension plan (the "FAHC Plan"), formerly the Pension Plan for Employees of Vermont Health Foundation, Inc The FAHC Plan is a defined benefit final average pay plan, and the benefit accruals provided for a small group of grandfathered employees are based on a percentage of five year average pay It is FAHC's policy to fund at least the required minimum contribution under Internal Revenue Code, Section 412

The FAHC Plan was amended effective January 1, 1995, to provide for the continued participation in the FAHC Plan of any eligible employee who was a member on December 31, 1994, and who was an employee on January 1, 1995 The amendment also provided that no person could become a member on and after January 1, 1995 Effective July 1, 1996, the FAHC Plan was further amended to account for a curtailment of benefits for certain other employees

In addition to providing pension benefits, FAHC sponsors a defined benefit postretirement health care plan for retired employees Substantially all of FAHC's employees who are at least age 55 with 15 years of service and all employees who are eligible for retirement may become eligible for such benefits The postretirement health care plan is contributory with retiree contributions adjusted annually The marginal cost method is used for accounting purposes for postretirement healthcare benefits

The premiums paid by retirees participating in the FAHC postretirement health care plan exceed the cost covered by FAHC Therefore, the projected benefit obligation has been reduced to zero A reconciliation of the changes in the FAHC defined benefit plan projected benefit obligations and the fair value of assets for the year ended September 30, 2012 is as follows

(in thousands)	FAHC Defined Benefit Plan
Changes in benefit obligations	
Projected benefit obligations - beginning of year	$ (137,305)
Service cost	(527)
Interest cost	(7,194)
Benefits paid	6,908
Actuarial loss	(23,044)
Administrative expenses paid	442
Projected benefit obligation - end of year	(160,720)
Accumulated benefit obligation	(160,104)
Changes in plan assets	
Fair value of plan assets - beginning of year	105,826
Actual gain on plan assets	20,348
Contributions	5,975
Benefits paid	(6,908)
Administrative expenses paid	(442)
Fair value of plan assets - end of year	124,799
Funded status of the plan (long-term)	$ (35,921)

Unrestricted net assets at September 30, 2012 include unrecognized actuarial losses of $67,679,000 related to the defined benefit plan Of this amount, $2,265,000 was recognized in net periodic pension costs in the year ended September 30, 2012 The reconciliation of the unrecognized actuarial losses for the year ended September 30, 2012, is as follows

(in thousands)	
Unrecognized actuarial losses - beginning of year	$ 59,527
Net loss amortized during year	(1,821)
Net loss during year	9,973
Unrecognized actuarial losses - end of year	$ 67,679

The cost components of the net periodic benefit cost for the year ended September 30, 2012 are as follows

(in thousands)	FAHC Defined Benefit Plan
Service cost	$ 527
Interest cost	7,194
Expected return on plan assets	(7,277)
Amortization of unrecognized net loss	1,821
Net periodic benefit cost	$ 2,265

The assumptions used in accounting for the defined benefit pension plan are as follows

	FAHC Defined Benefit Plan
Weighted-average assumptions used to determine the benefit liability	
Discount rates	4 03 %
Rates of increase in future compensation levels	3 50
Weighted-average assumptions used to determine expense	
Discount rates	5 39
Rates of increase in future compensation levels	3 50
Expected long-term rate of return on plan assets	7 00

The expected long-term rate of return for the FAHC Plans' total assets is based on the expected return of each of its asset categories, weighted based on the median of the allocation for each class Equity securities are expected to return 9% to 11% over the long-term, while cash and fixed income is expected to return between 5% and 6% Based on historical experience, FAHC expects that the plans' asset managers will provide a modest (0 5% to 1 0% per annum) premium to their respective market benchmark indices

Plan Assets
FAHC's pension plan weighted-average asset allocations as of September 30, 2012, by asset category, are as follows

Asset Category	
Money market	1 %
Mutual funds	12
Common collective trusts	87
	100 %

The following table presents information, as of September 30, 2012, about FAHC's pension assets that are measured at fair value on a recurring basis

(in thousands)	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
2012				
Money market	$ 1,063	$ -	$ -	$ 1,063
Mutual funds	14,818	-	-	14,818
Common collective trusts	-	108,918	-	108,918
Total	$ 15,881	$ 108,918	$ -	$ 124,799

The investment strategy established by FAP's Finance Committee for pension plan assets is to meet present and future benefit obligations to all participants and beneficiaries, cover reasonable expenses incurred to provide such benefits, and provide a total return that maximizes the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk

There was no Level 3 activity for the year ended September 30, 2012

Cash Flows - Contributions
FAHC expects to contribute $6,000,000 to its pension plan in the year ending September 30, 2013

Cash Flows - Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service as appropriate, are expected to be paid

(in thousands)

Years Ending September 30	
2013	$ 8,212
2014	8,702
2015	9,110
2016	9,490
2017	9,819
2018–2022	51,589

Central Vermont Medical Center Defined Benefit Pension Plan
Most employees of CVMC who meet certain age and service requirements are covered by a defined benefit pension plan The benefits are based on years of service and the employee's average compensation Contributions are intended to provide not only the benefits attributed to the service to date, but also for those expected to be earned in the future It is CVMC's intent to fund at least the required minimum contribution under Internal Revenue Code, Section 412

CVMC froze the defined benefit pension plan for employees under the age of 50, effective January 1, 2012 The defined benefit pension plan will continue to accrue and vest for future services for employees who are participants of the plan and are 50 years and older before January 1, 2012 For employees who are participants of the defined benefit plan and are under 50 years of age before January 1, 2012, accruing and vesting of services under this plan were frozen as of January 1, 2012 The employees along with newly hired employees are covered under a CVMC sponsored ERISA defined contribution pension plan The defined contribution plan is an IRS Section 403(b) retirement plan in which CVMC contributes and matches discretionary and nondiscretionary funds in accordance with plan participation guidelines

The following table sets forth the change in the projected benefit obligation and in fair value of the CVMC defined benefit pension plan assets based on the measurement date as of September 30, 2012

(in thousands)	**CVMC Defined Benefit Plan**
Changes in benefit obligations	
Projected benefit obligations - beginning of year	$ (94,645)
Service cost	(3,930)
Interest cost	(4,942)
Benefits paid	2,788
Actuarial loss	(17,746)
Administrative expenses paid	272
Projected benefit obligation - end of year	(118,203)
Accumulated benefit obligation	(110,052)
Changes in plan assets	
Fair value of plan assets - beginning of year	55,487
Actual gain on plan assets	10,074
Contributions	10,041
Benefits paid	(2,788)
Administrative expenses paid	(272)
Fair value of plan assets - end of year	72,542
Funded status of the plan (long-term)	$ (45,661)

Unrestricted net assets at September 30, 2012 include unrecognized actuarial losses of $37,592,000 related to the defined benefit plan Of this amount, $6,190,000 is recognized in net periodic pension costs in the year ending September 30, 2012 The reconciliation of the unrecognized actuarial losses for the year ended September 30, 2012, is as follows

(in thousands)	
Unrecognized actuarial losses - beginning of year	$ 27,237
Net loss amortized during year	(1,671)
Net prior service cost amortized during year	(107)
Net loss during year	12,133
Unrecognized actuarial losses - end of year	$ 37,592

The cost components of the net periodic benefit cost for the years ended September 30, 2012 are as follows

(in thousands)	CVMC Defined Benefit Plan
Service cost	$ 3,930
Interest cost	4,942
Expected return on plan assets	(4,460)
Amortization of unrecognized net loss	1,671
Amortization of prior service cost	107
Net periodic benefit cost	$ 6,190

The assumptions used in accounting for the defined benefit pension plan are as follows

	CVMC Defined Benefit Plan
Weighted-average assumptions used to determine the benefit liability	
Discount rates	4 15 %
Rates of increase in future compensation levels	3 75
Weighted-average assumptions used to determine expense	
Discount rates	5 30
Rates of increase in future compensation levels	3 75
Expected long-term rate of return on plan assets	8 00

The expected long-term rate of return for the Plan's total assets is based on the expected return of each of its asset categories, weighted based on the median of the allocation for each class Equity securities are expected to return 9% to 11 % over the long-term, while cash and fixed income is expected to return between 4% and 6% Based on historical experience, CVMC expects that the plan's asset managers will provide a modest (0 5% to 1 0% per annum) premium to their respective market benchmark indices

Plan Assets
CVMC's pension plan weighted-average asset allocations as of September 30, 2012, by asset category, are as follows

Assets Category	
Bonds	40 %
Equities	39
Real estate	8
Mutual funds	13
	100 %

The following table presents information as of September 30, 2012, about CVMC's pension assets that are measured at fair value on a recurring basis

(in thousands)	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
Bonds	$ 17,502	$ 11,770	$ -	$ 29,272
Equities	23,436	4,687	-	28,123
Real estate	5,750	-	-	5,750
Mutual funds	9,397	-	-	9,397
Total	$ 56,085	$ 16,457	$ -	$ 72,542

The investment strategy established by FAP's Finance Committee for pension plan assets is to meet present and future benefit obligations to all participants and beneficiaries, cover reasonable expenses incurred to provide such benefits, and provide a total return that maximizes the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk

There was no Level 3 activity for the years ended September 30, 2012

Cash Flows - Contributions
CVMC expects to contribute $5,200,000 to its pension plan in the year ending September 30, 2013

Cash Flows - Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service as appropriate, are expected to be paid

(in thousands)

Years Ending September 30	
2013	$ 3,175
2014	3,575
2015	3,900
2016	4,475
2017	5,275
2018–2022	35,775

Other FAP Retirement Plans
The plans that follow are other retirement plans that are not defined benefit plans These plans are described in the remainder of the footnote, followed by required disclosures of total retirement benefit costs

Medical Center of Vermont (MCHV) - Retirement Plan
A tax-sheltered annuity benefit plan is maintained covering substantially all of the employees of the former MCHV who have at least one year of continuous service Contributions are determined based on a percentage of employees' salaries up to 1 5% of pay

Fanny Allen Hospital (FAH) - Pension Plan
Substantially all of the employees of the former FAH were covered by a defined contribution retirement plan Eligibility begins after one year of service A contribution of 4% of each eligible employee's compensation is made to the plan A tax-deferred annuity plan covering substantially all employees is also provided Matching contribution is discretionary

The plan was amended on January 1, 1996, to discontinue all contributions effective July 1, 1996 All participants became 100% vested as of that date The amendment also provided that no person may become a member on and after January 1, 1996

University Health Center (UHC) - Retirement Plan
A tax-sheltered annuity benefit plan is maintained covering substantially all of the employees of the former UHC who have at least two years of continuous service Contributions are determined based on a percentage of employees' salaries

Fletcher Allen Healthcare, Inc. - Retirement Plan
In accordance with ERISA guidelines, FAHC provided a new retirement plan for employees of the former MCHV, FAH, and UHC, effective July 1, 1996 FAHC maintains a tax-sheltered annuity benefit plan covering substantially all of its employees who have at least six months of continuous service Contributions are determined based on a percentage of employees' salaries up to 10% of pay

Central Vermont Medical Center Retirement Plan
In accordance with ERISA guidelines, CVMC provided a new retirement plan effective January 1, 2012 CVMC maintains a tax sheltered annuity benefit plan for its employees Employees who were not grandfathered into the Defined Benefit Plan, and who have met eligibility requirements, receive discretionary and nondiscretionary contributions based on a percentage of their salaries up to 6% of pay

Benefit Plan Costs
FAP generally funds the benefit costs related to the above retirement plans, including defined contribution plans and postretirement benefit plans, as incurred Benefit plan costs amounted to $37,992,000 for the year ended September 30, 2012

15. Concentrations of Credit Risk

FAP grants credit without collateral to its patients, most of whom are local residents and are insured under third-party agreements The mix of gross receivables from patients and third-party payers at September 30, 2012 is as follows

Medicare	23 %
Medicaid	10
Blue cross	15
Other third-party payers	31
Patients	21
	100 %

16. Transactions With UVM

FAHC has an Affiliation Agreement with UVM that was most recently renewed as of August 1, 2010, for a five year term The Agreement automatically renews for subsequent five-year terms unless either party gives written notice of nonrenewal at least one year prior to the end of a five-year term The Affiliation Agreement expresses the shared goals of UVM and FAHC for teaching, clinical care and research, documents the many points of close collaboration between the two organizations, provides the underpinnings for FAHC's status as an academic medical center, and obligates FAHC to provide substantial, annual financial support to UVM

Under the Affiliation Agreement, UVM recognizes UVM Medical Group, a FAHC subsidiary, as the clinical practice group for physician faculty of UVM's College of Medicine, and FAHC agrees to meet its physician-employee staffing needs primarily through physicians who are employed by UVM Medical Group and are eligible for faculty appointments to the College of Medicine The Agreement provides that the chairs of academic departments in the College of Medicine will be appointed by FAHC as the clinical leaders of the corresponding clinical services

The current Affiliation Agreement provides for four components of financial support to UVM (1) monthly payments by FAHC, known as the "commitment," to fund a portion of the salary, benefits and related expenses paid through UVM to physician-faculty who are jointly employed by both UVM and UVM Medical Group, (2) an academic support payment paid by FAHC, (3) a Dean's Tax paid by UVM Medical Group, and (4) reimbursement by FAHC of certain UVM expenses for joint functions

The commitment is an annual undertaking by FAHC to fund a portion of the salary, benefits and related expenses of physician-faculty paid through UVM's payroll process The minimum commitment payment for each full-time faculty member is $30,000 for salary plus the cost of UVM benefits The total amount of the commitment is subject to variation each year based upon the needs of FAHC and UVM for physician staffing, the availability of funding sources apart from FAHC to pay for such personnel, and the allocation of the time and effort of physician-faculty among clinical, teaching, research and administrative activities The amounts of the commitment for physician-faculty salaries and fringe benefits approximated $20,235,000 in the year ended September 30, 2012 In addition, FAHC reimburses UVM for equipment rental, research, and certain other administrative expenses through the commitment

In addition to the commitment, FAHC also makes academic support payments The academic support payment is paid to UVM in monthly installments The amount of the academic support payment was $4,837,000 in the year ended September 30, 2012 This payment increases to $4,927,000 for the year ending September 30, 2013 and includes a $434,000 payment to support UVM's Dana Medical Library The payment increases on each anniversary date of the Agreement by a percentage published by the Centers for Medicare and Medicaid Services, if available, or by the percentage increase in FAHC's Medicare inpatient hospital reimbursement

Under the Affiliation Agreement, the Dean's Tax is paid to UVM by FAHC in an amount equal to the greater of two percent (2 0%) of the Medical Group's net patient service revenues for that fiscal year or $4,600,000 The amount of the Dean's Tax was $4,624,000 in the year ended September 30, 2012 Approximately 50% of the Dean's Tax may be expended, with the approval of the Dean, on research and education initiatives of FAHC's health care services as long as the research and education initiatives are consistent with the shared goals within the Affiliation Agreement For the year ended September 30, 2012, approximately $32,000 of the $4,624,000 Dean's Tax was appropriated to research and education initiatives within FAHC

In addition to providing financial support of UVM's Dana Medical Library, FAHC also pays UVM's Institutional Review Board a fee, currently $2,500 per review, for review of clinical trials and reimburses UVM for its expenses in the administration of FAHC-conducted clinical trials

17. Functional Expenses

FAP provides general health care services to residents within its geographic location Expenses related to providing these services for the year ended September 30, 2012, are as follows

(in thousands)

Education and research	$ 1,788
Health care services	763,112
Management and general	352,209
Total functional expenses	1,117,109
Less Nonoperating expenses	1,626
Total operating expenses	$ 1,115,483

18. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as an "exit price") A fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability In determining fair value, the use of various valuation approaches, including market, income, and cost approaches, is permitted

GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy)

FAP uses the following fair value hierarchy to present its fair value disclosures

Level 1 - Quoted (unadjusted) prices for identical assets or liabilities in active markets Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis

Level 2 - Other observable inputs, either directly or indirectly, including

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonnative markets (few transactions, limited information, noncurrent prices, high variability over time)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 - Unobservable inputs that cannot be corroborated by observable market data

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value

Mutual Funds
The fair values of mutual funds are based on quoted market prices for identical assets in active markets

Money Market Funds
The fair values of money market funds are based on quoted market prices

Bonds and Notes
The estimated fair values of debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices The marketable debt securities classified as Level 2 were classified as such due to the usage of observable market prices for similar securities that are traded in less active markets or when observable market prices for identical securities are not available Marketable debt instruments are priced using nonbinding market consensus prices that are corroborated with observable market data, quoted market prices for similar instruments, or pricing models, such as a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data These Level 2 debt securities primarily include corporate bonds, notes and other debt securities

Common Collective Trusts and Hedge Funds
The estimated fair values of common collective trusts and hedge funds are determined based upon the net asset value ("NAV") provided by the fund managers and assessed for reasonableness by management Such information is generally based on the pro-rata interest in the net assets of the underlying investments There are no unfunded commitments or liquidity restrictions related to these common collective trusts at September 30, 2012 FAP is able to redeem its investment in hedge funds on a calendar quarter basis after providing 90 days notice

Beneficial Interest in Perpetual Trusts
The estimated fair values of FAP's beneficial interests in perpetual trusts are determined based upon information provided by the trustees and assessed for reasonableness by management Such information is generally based on the pro-rata interest in the net assets of the underlying investments, which approximates fair value

Interest Rate Swap Agreements
Interest rate swap agreements are valued at the present value of the estimated series of cash flows resulting from the exchange of fixed rate payments for floating rate payments from the counterparty over the remaining life of the contract from the balance sheet date Each floating rate payment is calculated based on forward market rates at the valuation date for each respective payment date The valuation based on the estimated series of cash flows is obtained from third parties and assessed by management for reasonableness Because the inputs used to value the contract can generally be corroborated by market data, the fair value is categorized as Level 2

Long-Term Debt
The estimated fair values of FAP's long-term debt is based on current traded value or a discounted cash flow private placement debt Such amounts at September 30, 2012, are approximately $355,212,000

The following table presents information as of September 30, 2012, about FAP's financial assets and liabilities that are measured at fair value on a recurring basis

(in thousands)	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
Mutual funds	$ 72,319	$ 28,535	$ -	$ 100,854
Equities	1,247	-	-	1,247
Money market funds	22,006	-	-	22,006
Hedge funds	-	-	2,229	2,229
Bonds and notes	7,731	34,134	-	41,865
Common collective trusts	-	253,633	-	253,633
Beneficial interest in perpetual trusts	-	-	10,093	10,093
Real estate	-	300	-	300
	$ 103,303	$ 316,602	$ 12,322	$ 432,227
Interest rate swap agreements	$ -	$ 14,342	$ -	$ 14,342

A roll forward of Level 3 (defined above) for the year ended September 30, 2012, is as follows

(in thousands)	Beneficial Interest in Perpetual Trusts	Hedge Funds	Total Level 3 Assets
Beginning of year	$ 9,152	$ -	$ 9,152
Purchases	-	2,254	2,254
Sales	-	(111)	(111)
Unrealized gains	952	86	1,038
Unrealized losses	(11)	-	(11)
End of the year	$ 10,093	$ 2,229	$ 12,322
Increase in fair value of Level 3 investments held at September 30, included in the statement of changes in net assets	$ 941	$ 86	$ 1,027

19. Pledges Receivable

Pledges receivable represent unconditional promises to give and are net of allowances for uncollectible amounts Pledges are recorded at the present value of their estimated future cash flows, which has been measured at the time of the contribution using rates indicative of the market and credit risk associated with the pledge Pledges collectible within one year are classified as other current assets and total $940,000 as of September 30, 2012 Estimated cash flows due after one year are discounted using a risk adjusted rate for the year ended September 30, 2012

Pledges are expected to be collected as follows

(in thousands)

Amounts due		
Within one year	$	986
In one to five years		342
In more than five years		648
		1,976
Less Unamortized discount		359
		1,617
Less Allowance for uncollectables		93
Net pledges receivables	$	1,524

20. Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, FAP analyzes its past history and identifies trends for each of its major categories of revenue (inpatient, outpatient, and professional) to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major categories of revenue in evaluating the sufficiency of the allowance for doubtful accounts Throughout the year, FAP, after all reasonable collection efforts have been exhausted, will write off the difference between the standard rates (or discounted rates if negotiated) and the amounts actually collected against the allowance for doubtful accounts In addition to the review of the categories of revenue, management monitors the write offs against established allowances as of a point in time to determine the appropriateness of the underlying assumptions used in estimating the allowance for doubtful accounts

Accounts receivable, prior to adjustment for doubtful accounts, is summarized as follows at September 30, 2012

(in thousands)

Receivables		
Patients	$	34,034
Third-party payers		125,477
	$	159,511

The allowance for doubtful accounts is summarized as follows at September 30, 2012

(in thousands)

Allowance for doubtful accounts		
Patients	$	9,749
Third-party payers		16,823
	$	26,572

Bad debt expense for nonpatient related accounts receivable is reflected in total operating expenses on the statement of operations Patient related bad debt is reflected as a reduction in patient service revenues on the statement of operations

Net patient service revenue before the provision for bad debts for the years ended September 30, 2012, is summarized as follows

(in thousands)

Net patient service revenue	
Patients	$ 38,817
Third-party payers	998,442
	$ 1,037,259

21. Subsequent Events

FAP has evaluated subsequent events through December 21, 2012, which is the date the financial statements were issued and has concluded that aside from the following item, there were no such events that require adjustments to the consolidated financial statements or disclosure in the notes to the consolidated financial statements

On July 1, 2012, FAP approved an affiliation agreement between FAP and Community Providers, Inc ("CPI") Under the terms of this agreement, FAP will become the sole corporate member of CPI, continuing to serve its purpose of establishing an integrated regional health care system This agreement was subject to due diligence and regulatory approval which was completed in the quarter ending December 31, 2012 CPI is the parent organization of Champlain Valley Physicians Hospital Medical Center (CVPH) in Plattsburgh, NY and Elizabethtown Community Hospital (ECH) in Elizabethtown, NY With approval pending from the New York State Department of Health, the anticipated effective date of affiliation is January 1, 2013

Supplemental Schedules

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Balance Sheet
September 30, 2012

(in thousands)	FAHC Consolidated	CVMC	Fletcher Allen Partners	Eliminations	Total After Eliminations FAP
Assets					
Current assets					
Cash and cash equivalents	$ 164,520	$ 9,345	$ -	$ -	$ 173,865
Patient accounts receivable, net	117,439	15,500	-	-	132,939
Due from related parties	-	560	-	(560)	-
Short-term investments	1,932	-	-	-	1,932
Inventory (at lower of cost or market)	20,913	2,948	-	-	23,861
Current portion of restricted assets	13,132	-	-	-	13,132
Estimated receivables from third party payors	5,344	796	-	-	6,140
Prepaids and other current assets	20,839	4,317	-	-	25,156
Total current assets	344,119	33,466	-	(560)	377,025
Assets whose use is limited or restricted					
Board designated assets	259,725	34,375	-	-	294,100
Funds held by trustee	31,228	-	-	-	31,228
Restricted assets	37,319	-	-	-	37,319
Donor restricted assets for specific purposes	19,326	6,025	-	-	25,351
Donor restricted assets for permanent endowment	26,064	3,101	-	-	29,165
Total assets whose use is limited or restricted	373,662	43,501	-	-	417,163
Property and equipment, net	398,376	72,688	-		471,064
Other assets					
Intangible assets	13,150	-	-	-	13,150
Long-term investments	-	-	-	-	-
Notes and other receivables	8,796	1,277	-	-	10,073
Investment in affiliated companies	5,131	-	-	-	5,131
Pledges receivable (net)	537	47	-		584
Total other assets	27,614	1,324	-	-	28,938
Total assets	$ 1,143,771	$ 150,979	$ -	$ (560)	$ 1,294,190

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Balance Sheet
September 30, 2012

(in thousands)	FAHC Consolidated	CVMC	Fletcher Allen Partners	Eliminations	Total After Eliminations FAP
Liabilities and net assets					
Current liabilities					
Current installment of long-term debt	$ 8,885	$ 4,604	$ -	$ -	$ 13,489
Accounts payable	24,093	1,578	-	-	25,671
Accrued expenses	49,301	2,066	-	(560)	50,807
Accrued payroll and related benefits	64,457	7,796	-	-	72,253
Estimated third party payor settlements	13,916	3,000	-	-	16,916
Estimated incurred but unreported medical claims	23,283	1,348	-	-	24,631
Total current liabilities	183,935	20,392	-	(560)	203,767
Long-term debt, excluding current installments	377,163	24,670	-	-	401,833
Reserve for outstanding losses on malpractice claims	28,982				28,982
Pension and other postretirement benefit obligations	35,921	45,661	-	-	81,582
Other long-term liabilities	20,469	779	-	-	21,248
Total liabilities	646,470	91,502	-	(560)	737,412
Commitments and contingent liabilities					
Net assets					
Unrestricted	450,052	50,322	-	-	500,374
Temporarily restricted	21,185	6,054	-	-	27,239
Permanently restricted	26,064	3,101	-	-	29,165
Retained earnings	-	-	-	-	-
Total net assets	497,301	59,477	-	-	556,778
Total liabilities and net assets	$ 1,143,771	$ 150,979	$ -	$ (560)	$ 1,294,190

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Statement of Operations
Year Ended September 30, 2012

(in thousands)	FAHC Consolidated	CVMC	Fletcher Allen Partners	Eliminations	Total After Eliminations FAP
Unrestricted revenue and other support					
Net patient service revenue	$ 889,829	$ 147,430	$ -	$ -	$ 1,037,259
Less Provision for bad debt	(29,973)	(5,883)	-	-	(35,856)
Net patient service revenue after provision for bad debts	859,856	141,547	-	-	1,001,403
Premium revenue and payer incentives	104,029	2,875	-	-	106,904
Other revenue	29,681	6,561	-	-	36,242
Total unrestricted revenue and other	993,566	150,983	-	-	1,144,549
Expenses					
Salary, payroll taxes and fringes	568,094	97,610	-	-	665,704
Supplies and other	233,950	30,853	-	-	264,803
Purchased services	38,590	7,070	-	-	45,660
Depreciation	48,158	8,946	-	-	57,104
Interest expense	18,394	1,557	-	-	19,951
Claims expenses	62,261	-	-	-	62,261
Total expenses	969,447	146,036	-	-	1,115,483
Net income from operations	24,119	4,947	-	-	29,066
Nonoperating revenue (expenses)					
Investment income and losses on investment	20,806	862	-	-	21,668
Unreal gain in interest rate swap contract	(1,266)	-	-	-	(1,266)
Other	5,066	819	-	-	5,885
Loss on extinguishment of debt	(2,305)	(529)	-	-	(2,834)
Contribution revenue from acquisition	-	-	52,453	-	52,453
Total nonoperating revenue	22,301	1,152	52,453	-	75,906
Excess of revenues over expenses	46,420	6,099	52,453	-	104,972
Net unrealized gain on investments	29,157	1,788	-	-	30,945
Assets released from restrictions - capital	144	190	-	-	334
Adjustment minimum pension liability	(8,135)	(10,208)	-	-	(18,343)
Transfer of net assets	-	52,453	(52,453)	-	-
Increase in unrestricted net assets	$ 67,586	$ 50,322	$ -	$ -	$ 117,908

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Balance Sheet - FAHC Consolidated
September 30, 2012

(in thousands)	Fletcher Allen Health Care, Inc	Fletcher Allen Health Ventures, Inc	Fletcher Allen Medical Group, LLC	Fletcher Allen Skilled Nursing, LLC	Vermont Managed Care Indemnity Company Ltd	Fletcher Allen Executive Services	Fletcher Allen Coordinated Transport	Eliminations	Total September 30, 2012
Assets									
Current assets									
Cash and cash equivalents	$ 149 463	$ 14 127	$ 80	$ -	$ 21	$ 100	$ 729	$ -	$ 164 520
Patient accounts receivable net	116 106	1 123	66	-	-	-	144	-	117 439
Due from related parties	-	-	-	-	(117)	-	-	117	-
Short-term investments	1 932	-	-	-	-	-	-	-	1 932
Inventory (at lower of cost or market)	20 913	-	-	-	-	-	-	-	20 913
Current portion of restricted assets	-	-	-	-	13 132	-	-	-	13 132
Estimated receivables from third party payors	5 344	-	-	-	-	-	-	-	5 344
Prepaids and other current assets	10 022	7 092	197	-	3 528	-	-	-	20 839
Total current assets	303 780	22 342	343	-	16 564	100	873	117	344 119
Assets whose use is limited or restricted									
Board designated assets	259 725	-	-	-	-	-	-	-	259 725
Funds held by trustee	31 228	-	-	-	-	-	-	-	31 228
Restricted assets	615	-	-	-	36 704	-	-	-	37 319
Donor restricted assets for specific purposes	19 326	-	-	-	-	-	-	-	19 326
Donor restricted assets for permanent endowment	26 064	-	-	-	-	-	-	-	26 064
Total assets whose use is limited or restricted	336 958	-	-	-	36 704	-	-	-	373 662
Property and equipment net	397 781	159	-	-		-	436		398 376
Other assets									
Intangible assets	13 150	-	-	-	-	-	-	-	13 150
Notes and other receivables	8 546	250	-	-	-	-	-	-	8 796
Investment in affiliated companies	25 355	-	-	4 914	-	-	-	(25 138)	5 131
Pledges receivable (net)	537	-	-	-	-	-	-	-	537
Total other assets	47 588	250	-	4 914	-	-	-	(25 138)	27 614
Total assets	$ 1 086 107	$ 22 751	$ 343	$ 4 914	$ 53 268	$ 100	$ 1 309	$ (25 021)	$ 1 143 771

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Balance Sheet - FAHC Consolidated
September 30, 2012

(in thousands)	Fletcher Allen Health Care, Inc	Fletcher Allen Health Ventures, Inc	Fletcher Allen Medical Group, LLC	Fletcher Allen Skilled Nursing, LLC	Vermont Managed Care Indemnity Company Ltd	Fletcher Allen Executive Services	Fletcher Allen Coordinated Transport	Eliminations	Total September 30, 2012
Liabilities and Net Assets									
Current liabilities									
Current installment of long-term debt	$ 8 885	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8 885
Accounts payable	24 004	7	5	-	70	-	7	-	24 093
Accrued expenses	30 144	6 385	43	-	-	-	13	12 716	49 301
Accrued payroll and related benefits	64 395	202	30	-	-	-	-	(170)	64 457
Estimated third party payor settlements	13 916	-	-	-	-	-	-	-	13 916
Due to related parties	2 396	9 563	260	-	-	210	-	(12 429)	-
Estimated incurred but unreported medical claims	11 702	6 429	-	-	5 152	-	-	-	23 283
Total current liabilities	155 442	22 586	338	-	5 222	210	20	117	183 935
Long-term debt excluding current installments	377 163	-	-	-	-	-	-	-	377 163
Reserve for outstanding losses on malpractice claims	-	-	-	-	28 982	-	-	-	28 982
Pension and other postretirement benefit obligations	35 921	-	-	-	-	-	-	-	35 921
Other long-term liabilities	20 219	250	-	-	-	-	-	-	20 469
Total liabilities	588 745	22 836	338	-	34 204	210	20	117	646 470
Commitments and contingent liabilities									
Net assets									
Unrestricted	450 113	-	5	4 914	-	(110)	1 289	(6 159)	450 052
Temporarily restricted	21 185	-	-	-	-	-	-	-	21 185
Permanently restricted	26 064	-	-	-	-	-	-	-	26 064
Retained earnings	-	(85)	-	-	19 064	-	-	(18 979)	-
Total net assets	497 362	(85)	5	4 914	19 064	(110)	1 289	(25 138)	497 301
Total liabilities and net assets	$ 1 086 107	$ 22 751	$ 343	$ 4 914	$ 53 268	$ 100	$ 1 309	$ (25 021)	$ 1 143 771

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Statement of Operations - FAHC Consolidated
Year Ended September 30, 2012

	Fletcher Allen Health Care, Inc	Fletcher Allen Health Ventures, Inc	Fletcher Allen Medical Group, LLC	Fletcher Allen Skilled Nursing, LLC	Vermont Managed Care Indemnity Company Ltd	Fletcher Allen Executive Services	Fletcher Allen Coordinated Transport	Eliminations	Total September 30, 2012
Unrestricted revenue and other support									
Net patient service revenue	$ 930 622	$ -	$ 639	$ -	$ -	$ -	$ 1 378	$ (42 810)	$ 889 829
Less Provision for bad debt	(29 834)	-	(58)	-	-	-	(81)	-	(29 973)
Net patient service revenue after provision for bad debts	900 788	-	581	-	-	-	1 297	(42 810)	859 856
Premium revenue and payer incentives	9 646	97 598	1	-	-	-	-	(3 216)	104 029
Other revenue	27 517	-	1 203	-	8 038	235	2	(7 314)	29 681
Total unrestricted revenue and other	937 951	97 598	1 785	-	8 038	235	1 299	(53 340)	993 566
Expenses									
Salary payroll taxes and fringes	562 235	4 724	1 372	-	-	338	2 418	(2 993)	568 094
Supplies and other	240 764	944	112	-	81	3	345	(8 299)	233 950
Purchased services	34 907	1 491	301	-	876	-	131	884	38 590
Depreciation	48 015	40	-	-	-	-	103	-	48 158
Interest expense	18 394	-	-	-	-	-	-	-	18 394
Claims expenses	-	90 542	-	-	14 652	-	-	(42 933)	62 261
Total expenses	904 315	97 741	1 785	-	15 609	341	2 997	(53 341)	969 447
Net income (loss) from operations	33 636	(143)	-	-	(7 571)	(106)	(1 698)	1	24 119
Nonoperating revenue (expenses)									-
Investment income and losses on investment	18 310	33	1	-	2 462	-	-	-	20 806
Unreal gain in interest rate swap contract	(1 266)	-	-	-	-	-	-	-	(1 266)
Loss on extinguishment of debt	(2 305)	-	-	-	-	-	-	-	(2 305)
Other	(1 896)	(32)	-	701	-	-	-	6 293	5 066
Total nonoperating revenue (expense)	12 843	1	1	701	2 462	-	-	6 293	22 301
Excess (deficiency) of revenues over expenses	46 479	(142)	1	701	(5 109)	(106)	(1 698)	6 294	46 420
Net unrealized gain (loss) on investments	29 157	-	-	-	1 521	-	-	(1 521)	29 157
Assets released from restrictions - capital	144	-	-	-	-	-	-	-	144
Adjustment minimum pension liability	(8 135)	-	-	-	-	-	-	-	(8 135)
Transfer of net assets	-	-	-	(500)	-	-	1 812	(1 312)	-
Increase (decrease) in unrestricted net assets	$ 67 645	$ (142)	$ 1	$ 201	$ (3 588)	$ (106)	$ 114	$ 3 461	$ 67 586

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Balance Sheet - CVMC
Year Ended September 30, 2012

(in thousands)	Central Vermont Hospital and Medical Group Practice	Woodridge Rehabilitation and Nursing	Total
Assets			
Current assets			
Cash and cash equivalents	$ 7,660	$ 1,685	$ 9,345
Patient and other trade accounts receivable-net	14,205	1,295	15,500
Due from (due to) related parties	12,208	(11,648)	560
Short-term investments	-	-	-
Inventories	2,948	-	2,948
Current portion of restricted assets	-	-	-
Estimated receivable from third - party payers	796	-	796
Prepaid and other current assets	4,317	-	4,317
Total current assets	42,134	(8,668)	33,466
Assets whose use is limited or restricted			
Board-designated assets	28,778	5,597	34,375
Assets held by trustee under bond indenture agreements	-	-	-
Restricted assets	-	-	-
Donor restricted assets for specific purposes	6,025	-	6,025
Donor restricted assets for permanent endowment	3,101	-	3,101
Total assets whose use is limited or restricted	37,904	5,597	43,501
Property and equipment-net	68,977	3,711	72,688
Other assets			
Deferred financing costs-net	-	-	-
Notes receivable and other assets	1,277	-	1,277
Investment in affiliated companies	-	-	-
Pledges receivable	47	-	47
Total other assets	1,324	-	1,324
	$ 150,339	$ 640	$ 150,979

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Balance Sheet - CVMC
Year Ended September 30, 2012

(in thousands)	Central Vermont Hospital and Medical Group Practice	Woodridge Rehabilitation and Nursing	Total
Liabilities and Net Assets			
Current liabilities			
Current installments of long-term debt	$ 4,101	$ 503	$ 4,604
Accounts payable	1,566	12	1,578
Accrued expenses and other liabilities	2,068	(2)	2,066
Accrued payroll and related benefits	7,176	620	7,796
Estimated third-party payer settlements	3,000	-	3,000
Estimated amounts for incurred but not reported claims	903	445	1,348
Total current liabilities	18,814	1,578	20,392
Long-term liabilities			
Long-term debt-excluding current installments	20,392	4,278	24,670
Reserve for outstanding losses on malpractice and workers' compensation claims	-	-	-
Pension and other postretirement benefit obligations	45,661	-	45,661
Other long-term liabilities	779	-	779
Total long-term liabilities	66,832	4,278	71,110
Total liabilities	85,646	5,856	91,502
Net assets			
Unrestricted	55,538	(5,216)	50,322
Temporarily restricted	6,054	-	6,054
Permanently restricted	3,101	-	3,101
Retained earnings	-	-	-
Total net assets	64,693	(5,216)	59,477
	$ 150,339	$ 640	$ 150,979

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidating Statement of Operations - CVMC
Year Ended September 30, 2012

(in thousands)	Central Vermont Hospital and Medical Group Practice	Woodridge Rehabilitation and Nursing	Total
Unrestricted revenue and other support			
Net patient service revenue	$ 133,921	$ 13,509	$ 147,430
Less Provision for bad debts	(5,799)	(84)	(5,883)
Net patient service revenue after provision for bad debt	128,122	13,425	141,547
Premium revenue	2,875	-	2,875
Other revenue	6,411	150	6,561
Total unrestricted revenue and other support	137,408	13,575	150,983
Expenses			
Salary, payroll taxes and fringe benefits	87,231	10,379	97,610
Supplies and other	27,870	2,983	30,853
Purchased services	6,611	459	7,070
Depreciation and amortization	8,315	631	8,946
Interest expense	1,347	210	1,557
Total expenses	131,374	14,662	146,036
Income (loss) from operations	6,034	(1,087)	4,947
Nonoperating gains (losses)			
Investment income	778	84	862
Loss on extinguishment of debt	(529)	-	(529)
Other	763	56	819
Total nonoperating gains	1,012	140	1,152
Excess (deficiency) of revenue over expenses	7,046	(947)	6,099
Net change in unrealized gain (losses) on investments	1,695	93	1,788
Assets released from restrictions for capital purchases	190	-	190
Pension related adjustments	(10,208)	-	(10,208)
Transfer of net assets	52,453	-	52,453
Increase (decrease) in unrestricted net assets	$ 51,176	$ (854)	$ 50,322

Fletcher Allen Obligated Group
Obligated Group Balance Sheet
September 30, 2012

(in thousands)

Assets	
Current assets	
Cash and cash equivalents	$ 158,808
Patient and other trade accounts receivable-net	131,606
Due from related parties	560
Short-term investments	1,932
Inventories	23,861
Estimated receivable from third - party payers	6,140
Prepaid and other current assets	14,339
Total current assets	337,246
Assets whose use is limited or restricted	
Board-designated assets	294,100
Assets held by trustee under bond indenture agreements	31,228
Restricted assets	615
Donor restricted assets for specific purposes	25,351
Donor restricted assets for permanent endowment	29,165
Total assets whose use is limited or restricted	380,459
Property and equipment-net	470,469
Other assets	
Deferred financing costs-net	13,150
Notes receivable and other assets	9,823
Investment in affiliated companies	25,355
Pledges receivable	584
Total other assets	48,912
	$ 1,237,086
Liabilities and net assets	
Current liabilities	
Current installments of long-term debt	$ 13,489
Accounts payable	25,582
Accrued expenses and other liabilities	32,210
Accrued payroll and related benefits	72,191
Estimated third-party payer settlements	16,916
Due to related parties	2,396
Estimated amounts for incurred but not reported claims	13,050
Total current liabilities	175,834
Long-term liabilities	
Long-term debt-excluding current installments	401,833
Pension and other postretirement benefit obligations	81,582
Other long-term liabilities	20,998
Total long-term liabilities	504,413
Total liabilities	680,247
Commitments and contingent liabilities	
Net assets	
Unrestricted	500,435
Temporarily restricted	27,239
Permanently restricted	29,165
Total net assets	556,839
Total liabilities and net assets	$ 1,237,086

Fletcher Allen Obligated Group
Obligated Group Statement of Operations
Year Ended September 30, 2012

(in thousands)

Unrestricted revenue and other support	
Net patient service revenue	$ 1,078,052
Less Provision for bad debts	(35,717)
Net Patient service revenue after provision for bad debt	1,042,335
Premium revenue	12,521
Other revenue	34,078
Total unrestricted revenue and other support	1,088,934
Expenses	
Salaries, payroll taxes, and fringe benefits	659,845
Supplies and other	271,617
Purchased services	41,977
Depreciation and amortization	56,961
Interest expense	19,951
Total expenses	1,050,351
Income from operations	38,583
Nonoperating gains (losses)	
Investment income	19,172
Loss on interest rate swap contracts	(1,266)
Loss on extinguishment of debt	(2,834)
Other	(1,077)
Total nonoperating gains	13,995
Excess of revenue over expenses	52,578
Net change in unrealized losses on investments	30,945
Assets released from restrictions for capital purchases	334
Pension related adjustments	(18,343)
Transfer of net assets	52,453
Increase in unrestricted net assets	$ 117,967

Fletcher Allen Obligated Group
Obligated Group Statement of Changes in Net Assets
Year Ended September 30, 2012

(in thousands)

Unrestricted net assets		
Excess of revenues over expenses	$	52,578
Net change in unrealized losses on investments		30,945
Assets released from restrictions for capital purchases		334
Pension-related adjustments		(18,343)
Transfer of net assets		52,453
Increase in unrestricted net assets		117,967
Temporarily restricted net assets		
Gifts, grants, and bequests		2,908
Investment income		180
Net unrealized gains (losses) on investments		3,099
Net realized gains on investments		617
Net assets released from restrictions used in operations		(1,522)
Net assets released from restrictions used for nonoperating purposes		(306)
Net assets released from restrictions used for capital purchases		(334)
Transfer of net assets		(64)
Acquisition of temporarily restricted net assets		6,035
Increase in temporarily restricted net assets		10,613
Permanently restricted net assets		
Gifts, grants, and bequests		67
Change in beneficial interest in perpetual trusts		941
Transfer of net assets		64
Acquisition of permanently restricted net assets		3,101
Increase (decrease) in permanently restricted net assets		4,173
Increase in net assets		132,753
Net assets		
Beginning of year		424,086
End of year	$	556,839

Fletcher Allen Obligated Group
Obligated Group Balance Sheet
September 30, 2012

(in thousands)	FAHC (Hospital)	CVMC	Total
Assets			
Current assets			
Cash and cash equivalents	$ 149,463	$ 9,345	$ 158,808
Patient accounts receivable, net	116,106	15,500	131,606
Due from related parties	-	560	560
Short-term investments	1,932	-	1,932
Inventory (at lower of cost or market)	20,913	2,948	23,861
Estimated receivables from third party payors	5,344	796	6,140
Prepaids and other current assets	10,022	4,317	14,339
Total current assets	303,780	33,466	337,246
Assets whose use is limited or restricted			
Board designated assets	259,725	34,375	294,100
Funds held by trustee	31,228	-	31,228
Restricted assets	615	-	615
Donor restricted assets for specific purposes	19,326	6,025	25,351
Donor restricted assets for permanent endowment	26,064	3,101	29,165
Total assets whose use is limited or restricted	336,958	43,501	380,459
Property and equipment, net	397,781	72,688	470,469
Other assets			
Intangible assets	13,150	-	13,150
Long-term investments	-	-	-
Notes and other receivables	8,546	1,277	9,823
Investment in affiliated companies	25,355	-	25,355
Pledges receivable (net)	537	47	584
Total other assets	47,588	1,324	48,912
	$ 1,086,107	$ 150,979	$ 1,237,086

Fletcher Allen Obligated Group
Obligated Group Balance Sheet
September 30, 2012

(in thousands)	FAHC (Hospital)	CVMC	Total
Liabilities and net assets			
Current liabilities			
Current installment of long-term debt	$ 8,885	$ 4,604	$ 13,489
Accounts payable	24,004	1,578	25,582
Accrued expenses	30,144	2,066	32,210
Accrued payroll and related benefits	64,395	7,796	72,191
Estimated third party payor settlements	13,916	3,000	16,916
Due to related parties	2,396	-	2,396
Estimated incurred but unreported medical claims	11,702	1,348	13,050
Total current liabilities	155,442	20,392	175,834
Long-term debt, excluding current installments	377,163	24,670	401,833
Pension and other postretirement benefit obligations	35,921	45,661	81,582
Other long-term liabilities	20,219	779	20,998
Total liabilities	588,745	91,502	680,247
Commitments and contingent liabilities			
Net assets			
Unrestricted	450,113	50,322	500,435
Temporarily restricted	21,185	6,054	27,239
Permanently restricted	26,064	3,101	29,165
Retained earnings	-	-	-
Total net assets	497,362	59,477	556,839
Total liabilities and net assets	$ 1,086,107	$ 150,979	$ 1,237,086

Fletcher Allen Obligated Group
Obligated Group Statement of Operations
Year Ended September 30, 2012

(in thousands)	FAHC (Hospital)	CVMC	Total
Unrestricted revenue and other support			
Net patient service revenue	$ 930,622	$ 147,430	$ 1,078,052
Less Provision for bad debt	(29,834)	(5,883)	(35,717)
Net patient service revenue after provision for bad debts	900,788	141,547	1,042,335
Premium revenue and payer incentives	9,646	2,875	12,521
Other revenue	27,517	6,561	34,078
Total unrestricted revenue and other	937,951	150,983	1,088,934
Expenses			
Salary, payroll taxes and fringes	562,235	97,610	659,845
Supplies and other	240,764	30,853	271,617
Purchased services	34,907	7,070	41,977
Depreciation	48,015	8,946	56,961
Interest expense	18,394	1,557	19,951
Total expenses	904,315	146,036	1,050,351
Net income from operations	33,636	4,947	38,583
Nonoperating revenue (expenses)			
Investment income and losses on investment	18,310	862	19,172
Unreal gain in interest rate swap contract	(1,266)	-	(1,266)
Other	(1,896)	819	(1,077)
Loss on extinguishment of debt	(2,305)	(529)	(2,834)
Contribution revenue from acquisition	-	-	-
Total nonoperating revenue	12,843	1,152	13,995
Excess of revenues over expenses	46,479	6,099	52,578
Net unrealized gain on investments	29,157	1,788	30,945
Assets released from restrictions - capital	144	190	334
Adjustment asset retirement obligation	-	-	-
Adjustment minimum pension liability	(8,135)	(10,208)	(18,343)
Transfer of net assets	-	52,453	52,453
Increase in unrestricted net assets	$ 67,645	$ 50,322	$ 117,967

Additional Data

Software ID:
Software Version:
EIN: 03-0219309
Name: Fletcher Allen Health Care Inc

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DR JOHN BRUMSTED PRESIDENT & CEO	50 0	X		X				809,206	0	53,801
MARC MONHEIMER SECRETARY (UNTIL 12/2011)	2 0	X						0		
DR RUTH UPHOLD TRUSTEE	2 0	X						0		
ROGER STONE CHAIR	2 0	X		X				0		
DR JAN CARNEY VICE CHAIR (UNTIL 12/2011)	2 0	X		X				0		
SARAH CARPENTER TRUSTEE (UNTIL 12/2011)	2 0	X						0		
DR PAUL DANIELSON TRUSTEE	2 0	X						0		
ELIZABETH DAVIS TRUSTEE (UNTIL 12/2011)	2 0	X						0		
A DONALD GILBERT TRUSTEE	2 0	X						0		
STEPHEN MARSH TRUSTEE	2 0	X						0		
DR PHILIP MEAD TRUSTEE	2 0	X						0		
DR FREDERICK C MORIN III TRUSTEE	2 0	X						0		
JOHN NEUHAUSER PHD TRUSTEE	2 0	X						0		
JOHN POWELL TRUSTEE	2 0	X						0		
PATRICIA PRELOCK PHD TRUSTEE	2 0	X						0		
RUSSELL TRACY PHD SECRETARY (AS OF 01/2012)	2 0	X		X				0		
GRETCHEN MORSE VICE CHAIR (AS OF 01/2012)	2 0	X		X				0		
TIMOTHY DAVIS TRUSTEE	2 0	X						0		
BARBARA RACHELSON TRUSTEE (UNTIL 9/17/2012)	2 0	X						0		
DR MARK PHILLIPPE TRUSTEE (AS OF 01/2012)	2 0	X						0	277,587	22,874
KATHLEEN GINN TRUSTEE (AS OF 01/2012)	2 0	X						0		
LAWRENCE DESHAW TRUSTEE (AS OF 01/2012)	2 0	X						0		
ROGER DESHAIES TREASURER & CFO	50 0			X				670,571	0	44,463
DR PAUL TAHERI PRESIDENT & CEO of UVMMG	50 0				X			580,684	0	44,696
SANDRA FELIS RN PTNT CARE SVCS - CHIEF NURSING	50 0				X			497,747	0	35,693

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
SPENCER KNAPP GENERAL COUNSEL	50 0				X			543,106	0	27,081
CHARLES PODESTA CIO	50 0					X		426,433	0	41,881
PAUL MACUGA CHIEF HR OFFICER	50 0					X		404,862	0	44,712
THERESA ALBERGHINI DIPALMA SVP OF MRKTING & EXT RELATION	50 0					X		399,153	0	35,773
TODD B MOORE SVP ACCOUNTABLE CARE & REV STG	50 0					X		330,908	0	37,008
LISA L GOODRICH VP OF MEDICAL GROUP OPP	50 0					X		287,278	0	38,954
DR MELINDA ESTES FORMER PRESIDENT & CEO	0 0						X	835,676	0	38,136