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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
NORTHEAST HOSPITAL CORPORATION

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
85 HERRICK ST

City or town, state or country, and ZIP + 4
BEVERLY, MA 01915

**D Employer identification number**
04-2121317

**E Telephone number**
(978)922-3000

**G** Gross receipts $ 344,987,920

**F** Name and address of principal officer
TIMOTHY O'CONNOR
85 HERRICK ST
BEVERLY, MA 01915

**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 BEVERLYHOSPITAL ORG

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

**L** Year of formation 1893

**M** State of legal domicile MA

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
PART I, LINE 1 & PART III, LINE 1 COMMITTED TO PROVIDING THE HIGHEST QUALITY MEDICAL CARE TO ALL INDIVIDUALS WHO CAN BENEFIT FROM OUR CONTINUUM OF CARE OUR CONCEPT OF CARE BROADLY EMBRACES THE HEALTH, WELL-BEING AND DIGNITY OF THE PATIENTS WE SERVE, REGARDLESS OF ABILITY TO PAY

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

Activities & Governance

| | | | |
|---|---|---|---|
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 25 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 22 |
| **5** | Total number of individuals employed in calendar year 2011 (Part V, line 2a) | **5** | 2,864 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 350 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 4,524,766 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | |

| | | Prior Year | Current Year |
|---|---|---|---|
| **Revenue** | | | |
| **8** | Contributions and grants (Part VIII, line 1h) | 1,075,912 | 1,759,752 |
| **9** | Program service revenue (Part VIII, line 2g) | 306,876,005 | 307,324,621 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 2,608,025 | 3,047,156 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 7,468,927 | 12,012,298 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 318,028,869 | 324,143,827 |
| **Expenses** | | | |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 28,000 | 19,150 |
| **14** | Benefits paid to or for members (Part IX, column (A), line 4) | | 0 |
| **15** | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) | 187,953,794 | 178,500,368 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶985,838 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 123,878,772 | 132,830,171 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 311,860,566 | 311,349,689 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 6,168,303 | 12,794,138 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **Net Assets or Fund Balances** | | | |
| **20** | Total assets (Part X, line 16) | 330,792,542 | 355,394,000 |
| **21** | Total liabilities (Part X, line 26) | 229,120,289 | 221,845,401 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 101,672,253 | 133,548,599 |

## Part II Signature Block

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

**Sign Here**

▶ Signature of officer — 2013-08-12 Date

▶ TIMOTHY O'CONNOR TREASURER/EVP/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 ▶ | | | EIN ▶ |
| | | | Phone no ▶ |

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

PART I, LINE 1 & PART III, LINE 1 COMMITTED TO PROVIDING THE HIGHEST QUALITY MEDICAL CARE TO ALL INDIVIDUALS WHO CAN BENEFIT FROM OUR CONTINUUM OF CARE OUR CONCEPT OF CARE BROADLY EMBRACES THE HEALTH, WELL-BEING AND DIGNITY OF THE PATIENTS WE SERVE, REGARDLESS OF ABILITY TO PAY

**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 $ 124,332,819 including grants of $ 19,150 ) (Revenue $ 163,504,674 )

INPATIENT SERVICES - NORTHEAST HOSPITAL CORPORATION (THE HOSPITAL) IS A NON-PROFIT COMMUNITY HOSPITAL PROVIDING HIGH QUALITY CARE TO THE SICK AND INJURED, REGARDLESS OF THE ABILITY TO PAY INPATIENT CARE IS AVAILABLE IN THE AREAS OF CRITICAL CARE, GENERAL MEDICINE, SURGERY, MATERNITY/OBSTETRICS, NEWBORN SPECIAL CARE, PEDIATRICS AND PHYSCHIATRY IN FY2012, THE HOSPITAL HAD APPROXIMATELY 23,000 INPATIENT ADMISSIONS THE HOSPITAL HAS FOUR LOCATIONS, BEVERLY HOSPITAL, ADDISON GILBERT HOSPITAL, BEVERLY HOSPITAL AT DANVERS AND BAYRIDGE HOSPITAL

**4b** (Code ) (Expenses $ 99,886,548 including grants of $ ) (Revenue $ 129,473,197 )

OUTPATIENT SERVICES - THE HOSPITAL PROVIDES A COMPREHENSIVE RANGE OF OUTPATIENT SERVICES, PROVIDING HIGH QUALITY CARE TO THE SICK AND INJURED, REGARDLESS OF THE ABILITY TO PAY, INCLUDING (BUT NOT LIMITED TO) CARDIOLOGY, ONCOLOGY, RADIOLOGY, GERIATRICS, WOMEN'S HEALTH, REHABILITATION, ENDOSCOPY, MAMMOGRAPHY AND CARDIOPULMONARY SERVICES IN FY2012 THE HOSPITAL HAD APPROXIMATELY 413,000 OUTPATIENT ENCOUNTERS

**4c** (Code ) (Expenses $ 20,557,014 including grants of $ ) (Revenue $ 24,891,130 )

EMERGENCY ROOM - THE HOSPITAL (BEVERLY AND ADDISON) HAS A 24 HOUR EMERGENCY ROOM, PROVIDING HIGH QUALITY CARE TO THE SICK AND INJURED, REGARDLESS OF THE ABILITY TO PAY IN FY2012, THE HOSPITAL HAD APPROXIMATELY 64,000 EMERGENCY ROOM VISITS THE EMERGENCY ROOM HAS BOARD CERTIFIED EMERGENCY MEDICINE PHYSICIANS AND SPECIALTY TRAINED EMERGENCY NURSES PATIENTS SEEKING CARE AT THE HOSPITAL HAVE ACCESS TO ADVANCED LIFE SUPPORT, INTENSIVE CARE CAPABILITIES AND SPECIALLY TRAINED DOCTORS IN PEDIATRICS, CARDIOLOGY AND ANESTHESIA

**4d** Other program services (Describe in Schedule O )

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

**4e** **Total program service expenses** ▶ $ 244,776,381

## 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 | Yes | |
| 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 | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.* | 11f | | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII* | 12a | | 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** | | No |
| **22** | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | **22** | 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** | | No |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV* | **28c** | | No |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | No |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | **34** | Yes | |
| **35a** | Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)? | **35a** | Yes | |
| **b** | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* | **35b** | 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** | 307 | | |
| **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** | 2,864 | | | |
| **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<br>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?<br>**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 | 25 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b | 22 | | |
| 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 | Yes | |
| b | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . . . | 10b | Yes | |
| 11a | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | 11a | Yes | |
| b | Describe in Schedule O the process, if any, used by the organization to review the Form 990 . . . . . | | | |
| 12a | Did the organization have a written conflict of interest policy? *If "No," go to line 13* . . . . . | 12a | Yes | |
| b | Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . | 12b | Yes | |
| c | Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . . | 12c | Yes | |
| 13 | Did the organization have a written whistleblower policy? . . . . . | 13 | Yes | |
| 14 | Did the organization have a written document retention and destruction policy? . . . . . | 14 | Yes | |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | | |
| a | The organization's CEO, Executive Director, or top management official . . . . . | 15a | Yes | |
| b | Other officers or key employees of the organization . . . . . | 15b | Yes | |
| | If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions) | | | |
| 16a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . . | 16a | 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 ▶ MA

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 ▶

NORTHEAST HOSPITAL CORP
85 HERRICK ST
BEVERLY, MA 01915
(978) 922-3000

## 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 | | | | | | | | | | |
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**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 | | | | | | | | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** ▶ | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** ▶ | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** ▶ | | | | | | | | 5,158,129 | | 478,228 |

**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 ▶ 214

| | | | 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 |
|---|---|---|
| NORTHEAST EMERGENCY ASSOCIATIONS<br>1342 BELMONT ST SUITE 205<br>BROCKTON, MA 02301 | ER DOCTORS | 8,404,720 |
| IPC HOSITALISTS OF NEW ENGLAND<br>PO BOX 92284<br>LOS ANGELES, CA 90009 | HOSPITALISTS | 913,424 |
| NAVIN HAFFTY & ASSOCIATES<br>1900 WEST PARK DRIVE<br>WESTBOROUGH, MA 01581 | ADVERTISING | 850,881 |
| FULL CONTACT ADVERTISING<br>186 LINCOLN ST SUITE 801<br>BOSTON, MA 02111 | ADVERTISING | 845,479 |
| ESSEX COUNTY OB<br>83 HERRICK ST SUITE 3002<br>BEVERLY, MA 01915 | OB HOSPITALISTS | 698,060 |

**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 ▶ 23

## 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 108,675 | | | | |
| | d | Related organizations . . . 1d | | | | |
| | e | Government grants (contributions) 1e 149,250 | | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above 1f 1,501,827 | | | | |
| | g | Noncash contributions included in lines 1a-1f $ 21,465 | | | | |
| | h | **Total.** Add lines 1a-1f . . . . . ▶ | 1,759,752 | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a | NET PATIENT SERVICE REVENUE | 307,324,621 | 307,324,621 | | |
| | b | | | | | |
| | c | | | | | |
| | d | | | | | |
| | e | | | | | |
| | f | All other program service revenue | | | | |
| | g | **Total.** Add lines 2a–2f . . . . . ▶ | 307,324,621 | | | |
| | 3 | Investment income (including dividends, interest and other similar amounts) . . . . . ▶ | 91,421 | 91,421 | | |
| | 4 | Income from investment of tax-exempt bond proceeds . . ▶ | 1,418,574 | 1,418,574 | | |
| | 5 | Royalties . . . . . ▶ | | | | |
| | | (i) Real / (ii) Personal | | | | |
| | 6a | Gross rents 2,918,226 | | | | |
| | b | Less rental expenses 561,680 | | | | |
| | c | Rental income or (loss) 2,356,546 | | | | |
| | d | Net rental income or (loss) . . . . . ▶ | 2,356,546 | 2,356,546 | | |
| | | (i) Securities / (ii) Other | | | | |
| | 7a | Gross amount from sales of assets other than inventory 21,752,993 / 4,309 | | | | |
| | b | Less cost or other basis and sales expenses 20,023,325 / 196,816 | | | | |
| | c | Gain or (loss) 1,729,668 / -192,507 | | | | |
| | d | Net gain or (loss) . . . . . ▶ | 1,537,161 | 1,537,161 | | |
| Other Revenue | 8a | Gross income from fundraising events (not including $ 108,675 of contributions reported on line 1c) See Part IV, line 18 . . . a 52,580 | | | | |
| | b | Less direct expenses . . . b 62,272 | | | | |
| | c | Net income or (loss) from fundraising events . . ▶ | -9,692 | | | |
| | 9a | Gross income from gaming activities See Part IV, line 19 . . . a | | | | |
| | b | Less direct expenses . . . b | | | | |
| | c | Net income or (loss) from gaming activities . . ▶ | | | | |
| | 10a | Gross sales of inventory, less returns and allowances . a | | | | |
| | b | Less cost of goods sold . . b | | | | |
| | c | Net income or (loss) from sales of inventory . . ▶ | | | | |
| | | Miscellaneous Revenue / Business Code | | | | |
| | 11a | LAB SSI INCOME 900099 | 4,515,825 | | 4,515,825 | |
| | b | MEANINGFUL USE INCOME | 3,600,000 | 3,600,000 | | |
| | c | CAFETERIA SALES | 1,590,927 | 1,590,927 | | |
| | d | All other revenue . . . . | -41,308 | -50,249 | 8,941 | |
| | e | **Total.** Add lines 11a–11d . . . . . ▶ | 9,665,444 | | | |
| | 12 | **Total revenue.** See Instructions . . . ▶ | 324,143,827 | 317,869,001 | 4,524,766 | |

## Part IX Statement of Functional Expenses

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

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|---|---|---|---|---|---|
| 1 | Grants and other assistance to governments and organizations in the United States See Part IV, line 21 | | | | |
| 2 | Grants and other assistance to individuals in the United States See Part IV, line 22 | 19,150 | 19,150 | | |
| 3 | Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 | Benefits paid to or for members | | | | |
| 5 | Compensation of current officers, directors, trustees, and key employees . . . . | 3,229,015 | | 3,229,015 | |
| 6 | Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | 219,026 | | 219,026 | |
| 7 | Other salaries and wages | 141,612,990 | 111,866,011 | 29,094,237 | 652,742 |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . | 8,400,546 | 6,646,686 | 1,728,678 | 25,182 |
| 9 | Other employee benefits . . . . . | 14,875,372 | 11,765,122 | 3,059,886 | 50,364 |
| 10 | Payroll taxes . . . . . | 10,163,419 | 8,038,751 | 2,090,727 | 33,941 |
| 11 | Fees for services (non-employees) | | | | |
| a | Management . . . . . | | | | |
| b | Legal . . . . . | 407,228 | | 407,228 | |
| c | Accounting . . . . . | 188,202 | | 188,202 | |
| d | Lobbying . . . . . | 28,784 | 17,300 | 11,484 | |
| e | Professional fundraising *See Part IV, line 17* . . | | | | |
| f | Investment management fees . . . . . | 130,780 | | 130,780 | |
| g | Other . . . . . | 21,122,629 | 12,561,193 | 8,337,827 | 223,609 |
| 12 | Advertising and promotion . . . . | 2,158,572 | 1,297,393 | 861,179 | |
| 13 | Office expenses . . . . . | 6,523,908 | 3,921,144 | 2,602,764 | |
| 14 | Information technology . . . . . | 3,164,728 | 1,902,135 | 1,262,593 | |
| 15 | Royalties . . | | | | |
| 16 | Occupancy . . . . . | 8,996,089 | 5,407,029 | 3,589,060 | |
| 17 | Travel . . . . . | 434,384 | 261,083 | 173,301 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | | | | |
| 19 | Conferences, conventions, and meetings . . . . | | | | |
| 20 | Interest . . . . . | 2,045,824 | 1,932,918 | 112,906 | |
| 21 | Payments to affiliates . . . . . | | | | |
| 22 | Depreciation, depletion, and amortization . . . . . | 17,823,052 | 10,872,062 | 6,950,990 | |
| 23 | Insurance . . . . . | 3,942,530 | 2,404,943 | 1,537,587 | |
| 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 | HOSPITAL MEDICAL SUPPLIES | 44,478,508 | 44,478,508 | | |
| b | NON-EMPLOY HLTHCARE WRKER | 17,912,389 | 17,912,389 | | |
| c | UNCOMPENSATED CARE | 2,463,024 | 2,463,024 | | |
| d | ALL OTHER EXPENSES | 1,009,540 | 1,009,540 | | |
| e | | | | | |
| f | All other expenses | | | | |
| 25 | **Total functional expenses.** Add lines 1 through 24f | 311,349,689 | 244,776,381 | 65,587,470 | 985,838 |
| 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 | | 1 | |
| | 2 | Savings and temporary cash investments | 16,308,586 | 2 | 15,805,004 |
| | 3 | Pledges and grants receivable, net | | 3 | |
| | 4 | Accounts receivable, net | 30,899,488 | 4 | 36,081,175 |
| | 5 | Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | 5 | |
| | 6 | Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L | | 6 | |
| | 7 | Notes and loans receivable, net | | 7 | |
| | 8 | Inventories for sale or use | 5,885,327 | 8 | 5,731,388 |
| | 9 | Prepaid expenses and deferred charges | 5,545,326 | 9 | 4,150,691 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 385,902,048 | | | |
| | b | Less accumulated depreciation — 10b: 244,817,448 | 145,143,826 | 10c | 141,084,600 |
| | 11 | Investments—publicly traded securities | 111,462,363 | 11 | 131,472,011 |
| | 12 | Investments—other securities See Part IV, line 11 | | 12 | |
| | 13 | Investments—program-related See Part IV, line 11 | | 13 | |
| | 14 | Intangible assets | | 14 | |
| | 15 | Other assets See Part IV, line 11 | 15,547,626 | 15 | 21,069,131 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | 330,792,542 | 16 | 355,394,000 |
| Liabilities | 17 | Accounts payable and accrued expenses | 29,639,204 | 17 | 30,882,777 |
| | 18 | Grants payable | | 18 | |
| | 19 | Deferred revenue | | 19 | |
| | 20 | Tax-exempt bond liabilities | 102,332,998 | 20 | 89,216,492 |
| | 21 | Escrow or custodial account liability *Complete Part IV of Schedule D* | | 21 | |
| | 22 | Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L* | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | 339,758 | 23 | 289,607 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | 96,808,329 | 25 | 101,456,525 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | 229,120,289 | 26 | 221,845,401 |
| 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 | 85,253,000 | 27 | 115,267,990 |
| | 28 | Temporarily restricted net assets | 6,528,093 | 28 | 7,949,199 |
| | 29 | Permanently restricted net assets | 9,891,160 | 29 | 10,331,410 |
| | | **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 | 101,672,253 | 33 | 133,548,599 |
| | 34 | Total liabilities and net assets/fund balances | 330,792,542 | 34 | 355,394,000 |

## 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 | 324,143,827 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) . . . . . | 2 | 311,349,689 |
| 3 | Revenue less expenses Subtract line 2 from line 1 . . . . | 3 | 12,794,138 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . | 4 | 101,672,253 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) . . . . | 5 | 19,082,208 |
| 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 | 133,548,599 |

## Part XII Financial Statements and Reporting

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

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

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 04-2121317
**Name:** NORTHEAST HOSPITAL CORPORATION

**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 | | | |
| KENNETH HANOVER PRESIDENT/TR | 57 00 | X | | X | | | | 900,666 | 0 | 38,087 |
| DAVID DICHIARA MD TRUSTEE | 2 00 | X | | | | | | 15,900 | 0 | 0 |
| NANCY PALMER CHAIRWOMAN | 2 00 | X | | X | | | | 0 | 0 | 0 |
| GREGORY BAZYLEWICZ MD TRUSTEE/THRU | 2 00 | X | | | | | | 0 | 0 | 0 |
| CHARLES FURLONG TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| ROBERT IRWIN TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| PAUL MCCONNELL TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| MARC MEICHES TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| HEATON ROBERTSON TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| KATE BARRAND TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| JEFF BISTRONG TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| CHARLES FAVAZZO TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| JOSEPH HALEY TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| PAUL MUNIZ TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| JAGRUTI PATEL TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| MICHAEL SHEA TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| KURT MELDEN TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| GEORGE BURKE TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| TOM GRANT TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| VINCENT MARTELLI TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| HUGH O'FLYNN MD TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| AUGUSTINE O'KEEFFE MD TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| ROBERT RIVES TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| DAVID ST LAURENT TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |
| MICHAEL RUANE TRUSTEE | 2 00 | X | | | | | | 0 | 0 | 0 |

**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 | | | |
| STEVEN DEFOSSEZ<br>TRUSTEE/EX O | 2 00 | X | | | | | | 0 | 0 | 0 |
| DENIS CONROY<br>CFO/TRS THRU | 42 00 | | | X | | | | 387,007 | 0 | 27,851 |
| WILLIAM DONALDSON<br>CLERK THRU 6 | 41 00 | | | X | | | | 292,695 | 0 | 30,268 |
| JOSEPH PORCELLO<br>AST TRS THRU | 17 00 | | | X | | | | 176,009 | 0 | 35,893 |
| MARYELLEN LEAR<br>ASSISTANT CL | 40 00 | | | X | | | | 87,903 | 0 | 9,425 |
| DAVID SPACKMAN<br>CLERK/APPT 6 | 11 00 | | | X | | | | 0 | 0 | 0 |
| TIMOTHY O'CONNOR<br>TRSR/APPT 6/ | 11 00 | | | X | | | | 0 | 0 | 0 |
| PETER SHORT<br>VP OF MED AF | 60 00 | | | | X | | | 372,694 | 0 | 26,020 |
| PAULINE PIKE<br>EXECUTIVE VP | 60 00 | | | | X | | | 365,997 | 0 | 20,075 |
| GREGORY BIRD<br>VP PATIENT C | 60 00 | | | | X | | | 306,646 | 0 | 37,684 |
| JOHANNA RODGERS<br>VP PHYSICIAN | 40 00 | | | | X | | | 245,296 | 0 | 26,407 |
| GARY MARLOW<br>VP OF FINANC | 60 00 | | | | X | | | 225,023 | 0 | 28,196 |
| ALTHEA LYONS<br>VP OF HR | 60 00 | | | | X | | | 223,574 | 0 | 37,774 |
| CYNTHIA DONALDSON<br>VP OF ANCILL | 60 00 | | | | X | | | 202,562 | 0 | 16,117 |
| STEVEN GILLESPIE<br>MD | 40 00 | | | | | X | | 305,897 | 0 | 35,084 |
| BARRY GINSBERG<br>MEDICAL DIRE | 40 00 | | | | | X | | 302,795 | 0 | 40,011 |
| SHAGUFTA SHAHEEN<br>HOSPITALIST | 40 00 | | | | | X | | 211,863 | 0 | 15,188 |
| REBECCA GADON<br>DIR OF MATER | 40 00 | | | | | X | | 178,292 | 0 | 26,659 |
| JAN MADDERN<br>MNA NURSE | 40 00 | | | | | X | | 163,816 | 0 | 1,014 |
| CHARLES PAYSON<br>FORMER VP | 0 00 | | | | | | X | 102,276 | 0 | 17,118 |
| JAMES PURDY<br>FORMER VP | 0 00 | | | | | | X | 91,218 | 0 | 9,357 |

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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
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

**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 |
|---|---|
| NORTHEAST HOSPITAL CORPORATION | 04-2121317 |

## 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 | | 28,784 |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? If "Yes," describe in Part IV | | No | |
| j | Total lines 1c through 1i | | | 28,784 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | No | |

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

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

## 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 |
|---|---|---|
| ADDITIONAL INFORMATION | SCHEDULE C, PART IV | THE HOSPITAL IS IN CONTACT WITH FEDERAL AND STATE LEGISLATORS REGARDING HEALTH CARE REFORM ISSUES THAT WOULD POTENTIALLY HAVE AN IMPACT ON THE ORGANIZATION AND ITS RELATED ORGANIZATIONS. THE HOSPITAL ALSO PAID MEMBER DUES TO THE AMERICAN HOSPITAL ASSOCIATION (AHA), THE THE MASSACHUSETTS HOSPITAL ASSOCIATION (MHA) AND TO SEVERAL OTHER SMALLER ORGANIZATIONS, OF WHICH A PERCENTAGE OF THE DUES WAS ATTRIBUTED TO LOBBYING EFFORTS |

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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**
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

## 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 ▶ $ 1,800,000

## 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 | 16,419,163 | 17,765,603 | 13,090,008 | | |
| b Contributions | 1,169,967 | 990,656 | 4,378,469 | | |
| c Investment earnings or losses | 2,204,342 | -839,966 | 1,545,146 | | |
| d Grants or scholarships | 94,295 | 87,321 | 105,855 | | |
| e Other expenditures for facilities and programs | 1,418,568 | 1,409,809 | 1,142,165 | | |
| f Administrative expenses | | | | | |
| g End of year balance | 18,280,609 | 16,419,163 | 17,765,603 | | |

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

- a Board designated or quasi-endowment ▶
- 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) | Yes | |
| (ii) related organizations | 3a(ii) | | No |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | | No |

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

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

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | 943,315 | 17,538,716 | | 18,482,031 |
| b Buildings | 6,576,326 | 196,579,524 | 108,111,857 | 95,043,993 |
| c Leasehold improvements | | | | |
| d Equipment | 504,798 | 163,759,369 | 136,705,591 | 27,558,576 |
| e Other | | | | |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 141,084,600 |

**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 |
|---|---|---|
| | | |
| | | |
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| | | |
| **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 |
|---|---|
| (1) DUE FROM AFFILIATES (SHORT TERM) | 7,324,690 |
| (2) PROFESSIONAL INSURANCE RECEIVABLE | 5,511,427 |
| (3) UNAMORTIZED FINANCING COSTS | 2,921,595 |
| (4) OTHER NON-CURRENT ASSETS | 2,367,795 |
| (5) DUE FROM AFFILIATES (LONG TERM) | 1,748,379 |
| (6) SPLIT DOLLAR LIFE INSURANCE | 1,195,245 |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 21,069,131 |

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | 184,223 |
| ACCRUED PENSION LIABILITY | 50,939,432 |
| SERIES G,H,I LIABILITY SWAPS | 16,230,854 |
| TAXABLE BOND - SERIES I | 8,550,000 |
| CURRENT INSTALLMENT OF LT DEBT | 7,709,060 |
| ESTIMATED 3RD PARTY SETTLEMENT | 7,382,472 |
| PROFESSIONAL LIABILITY RESERVE | 7,099,000 |
| POST RETIREMENT MEDICAL BENEFITS | 1,892,484 |
| OTHER NON CURRENT LIABILITIES | 1,224,090 |
| CURRENT POST RETIREMENT MED BENEFITS | 244,910 |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 101,456,525 |

**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 |
|---|---|---|
| SUPPLEMENTAL FINANCIAL INFORMATION | SCHEDULE D, PAGE 4, PART XIV | PART III, LINE 4 COLLECTIONS AND RELATION TO EXEMPT PURPOSE THE ARTWORK "OLD FORT AND TEN POUND ISLAND" BY FITZ HUGH LANE, C 1850 IS BY A LOCAL ARTIST, WHICH SERVES TO STRENGTHEN THE LINK WITH COMMUNITY RESIDENTS WHO UTILIZE THE HOSPITAL PART V, LINE 4, INTENDED USES FOR ENDOWMENT FUNDS ENDOWMENT FUNDS ARE USED AS EARMARKED BY DONORS TO COVER COSTS OF ONGOING PROGRAMS OF THE HOSPITAL |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 04-2121317
**Name:** NORTHEAST HOSPITAL CORPORATION

### Form 990, Schedule D, Part X, - Other Liabilities

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| ACCRUED PENSION LIABILITY | 50,939,432 |
| SERIES G,H,I LIABILITY SWAPS | 16,230,854 |
| TAXABLE BOND - SERIES I | 8,550,000 |
| CURRENT INSTALLMENT OF LT DEBT | 7,709,060 |
| ESTIMATED 3RD PARTY SETTLEMENT | 7,382,472 |
| PROFESSIONAL LIABILITY RESERVE | 7,099,000 |
| POST RETIREMENT MEDICAL BENEFITS | 1,892,484 |
| OTHER NON CURRENT LIABILITIES | 1,224,090 |
| CURRENT POST RETIREMENT MED BENEFITS | 244,910 |

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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
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

**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 |
|---|---|---|---|---|---|
| CARIBBEAN | | | INVESTMENTS | INVESTMENT MGMT | 16,501,000 |
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| 3a Sub-total | | | | | 16,501,000 |
| b Total from continuation sheets to Part I | | | | | |
| c **Totals** (add lines 3a and 3b) | | | | | 16,501,000 |

**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) |
|---|---|---|---|---|---|---|---|---|
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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) |
|---|---|---|---|---|---|---|---|
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## 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 |

**Part V** **Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | CARIBBEAN 16,501,000 0 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ADDITIONAL INFORMATION | SCHEDULE F, PAGE 5, PART V | PART I, LINE 1, COLUMNS (B) AND (C) ARE 0 |

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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
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

**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** | | | |
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| **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 BH GOLF TOURNAM (event type) | (b) Event #2 AGH GOLF TOURNA (event type) | (c) Other Events _____ (total number) | (d) Total Events (Add col (a) through col (c)) |
|---|---|---|---|---|---|
| Revenue | 1 Gross receipts | 96,655 | 64,600 | | 161,255 |
| | 2 Less Charitable contributions | 55,095 | 53,580 | | 108,675 |
| | 3 Gross income (line 1 minus line 2) | 41,560 | 11,020 | | 52,580 |
| Direct Expenses | 4 Cash prizes | | | | |
| | 5 Non-cash prizes | 1,600 | 1,600 | | 3,200 |
| | 6 Rent/facility costs | 21,512 | 11,130 | | 32,642 |
| | 7 Food and beverages | 14,430 | 5,239 | | 19,669 |
| | 8 Entertainment | | | | |
| | 9 Other direct expenses | 2,329 | 4,432 | | 6,761 |
| | 10 Direct expense summary Add lines 4 through 9 in column (d) ▶ | | | | (62,272) |
| | 11 Net income summary Combine lines 3 and 10 in column (d) ▶ | | | | -9,692 |

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

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

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

**13** Indicate the percentage of gaming activity operated in

| | | | |
|---|---|---|---|
| **a** | The organization's facility . . . . . | **13a** | |
| **b** | An outside facility . . . . . | **13b** | |

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

Name ▶ ----------

Address ▶ ----------

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

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

**c** If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

**16** Gaming manager information

Name ▶ ----------

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

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

☐ Director/officer ☐ Employee ☐ Independent contractor

**17** Mandatory distributions

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

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

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

| Identifier | ReturnReference | Explanation |
|---|---|---|

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

**Name of the organization**
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

## 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<br>☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ 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<br>☐ 100% ☐ 150% ☐ 200% ☑ Other 4.00000 % | 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<br>☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other % | 3b | | No |
| c | If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care | | | |
| 4 | Did the organization's policy provide free or discounted care to the "medically indigent"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's charity care expenses exceed the budgeted amount? | 5b | | No |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | |
| 6a | Did the organization prepare a community benefit reportduring the tax year? | 6a | 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) | | 2,714 | 4,920,449 | 1,683,936 | 3,236,513 | 1 040 % |
| b Medicaid (from Worksheet 3, column a) | | 28,372 | 23,533,704 | 17,334,010 | 6,199,694 | 1 990 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | 40,481 | 22,449,794 | 19,199,090 | 3,250,704 | 1 040 % |
| d **Total** Charity Care and Means-Tested Government Programs | | 71,567 | 50,903,947 | 38,217,036 | 12,686,911 | 4 070 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | 554 | | 2,221,331 | 10,939 | 2,210,392 | 0 710 % |
| f Health professions education (from Worksheet 5) | | | 73,538 | 26,497 | 47,041 | 0 020 % |
| g Subsidized health services (from Worksheet 6) | | 4,204 | 20,487,106 | 16,684,909 | 3,802,197 | 1 220 % |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | 107 | | 55,250 | | 55,250 | 0 020 % |
| j **Total** Other Benefits | 661 | 4,204 | 22,837,225 | 16,722,345 | 6,114,880 | 1 960 % |
| k **Total.** Add lines 7d and 7j | 661 | 75,771 | 73,741,172 | 54,939,381 | 18,801,791 | 6 040 % |

## 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 | 1 | | 35,000 | | 35,000 | 0 010 % |
| 3 | Community support | 1 | | 54,536 | | 54,536 | 0 020 % |
| 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** | 2 | | 89,536 | | 89,536 | 0 030 % |

## 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 | | | No |
| 2 | Enter the amount of the organization's bad debt expense | 2 | 2,525,515 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3 | 466,043 | | |
| 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 | 99,619,660 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 103,699,529 |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -4,079,869 |
| 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 | | | No |

## 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 | | | | | |
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| 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 | NORTHEAST HOSPITAL CORPORATION<br>85 HERRICK ST<br>BEVERLY, MA 01915 | X | X | | | | | X | | |
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## 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)

NORTHEAST HOSPITAL CORPORATION

**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** | Yes | |
| If "Yes," indicate what the Needs Assessment describes (check all that apply) | | | |
| **a** ☑ A definition of the community served by the hospital facility | | | |
| **b** ☑ Demographics of the community | | | |
| **c** ☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community | | | |
| **d** ☑ How data was obtained | | | |
| **e** ☑ The health needs of the community | | | |
| **f** ☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | | |
| **g** ☑ The process for identifying and prioritizing community health needs and services to meet those needs | | | |
| **h** ☑ The process for consulting with persons representing the community's interests | | | |
| **i** ☑ Information gaps that limit the hospital facility's ability to assess the community's health needs | | | |
| **j** ☑ Other (describe in Part VI) | | | |
| **2** Indicate the tax year the hospital facility last conducted a Needs Assessment 20 12 | | | |
| **3** In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted | **3** | Yes | |
| **4** Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI | **4** | Yes | |
| **5** Did the hospital facility make its Needs Assessment widely available to the public? | **5** | Yes | |
| If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) | | | |
| **a** ☑ Hospital facility's website | | | |
| **b** ☑ Available upon request from the hospital facility | | | |
| **c** ☐ Other (describe in Part VI) | | | |
| **6** If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) | | | |
| **a** ☑ Adoption of an implementation strategy to address the health needs of the hospital facility's community | | | |
| **b** ☑ Execution of the implementation strategy | | | |
| **c** ☑ Development of a community-wide community benefit plan for the facility | | | |
| **d** ☑ Participation in community-wide community benefit plan | | | |
| **e** ☐ Inclusion of a community benefit section in operational plans | | | |
| **f** ☑ Adoption of a budget for provision of services that address the needs identified in the CHNA | | | |
| **g** ☑ Prioritization of health needs in the community | | | |
| **h** ☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community | | | |
| **i** ☐ Other (describe in Part VI) | | | |
| **7** Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs | **7** | Yes | |
| **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 400 0% | | | |
| 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 | | No |
| | If "Yes," indicate the FPG family income limit for eligibility for discounted care __% | | | |
| | If "No," explain in Part VI the criteria the hospital facility used | | | |
| 11 | Explained the basis for calculating amounts charged to patients? | 11 | Yes | |
| | If "Yes," indicate the factors used in determining such amounts (check all that apply) | | | |
| | **a** ☐ Income level | | | |
| | **b** ☐ Asset level | | | |
| | **c** ☐ Medical indigency | | | |
| | **d** ☐ Insurance status | | | |
| | **e** ☑ Uninsured discount | | | |
| | **f** ☐ Medicaid/Medicare | | | |
| | **g** ☐ State regulation | | | |
| | **h** ☑ Other (describe in Part VI) | | | |
| 12 | Explained the method for applying for financial assistance? | 12 | Yes | |
| 13 | Included measures to publicize the policy within the community served by the hospital facility? | 13 | Yes | |
| | If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | | | |
| | **a** ☑ The policy was posted at all times on the hospital facility's web site | | | |
| | **b** ☑ The policy was attached to all billing invoices | | | |
| | **c** ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms | | | |
| | **d** ☑ The policy was posted in the hospital facility's admissions offices | | | |
| | **e** ☑ The policy was provided, in writing, to patients upon admission to the hospital facility | | | |
| | **f** ☑ The policy was available upon request | | | |
| | **g** ☑ Other (describe in Part VI) | | | |

**Billing and Collections**

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

## Part V Facility Information *(continued)*

### Policy Relating to Emergency Medical Care

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

### Individuals Eligible for Financial Assistance

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

**Part V Facility Information** *(continued)*

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

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

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

## Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| OTHER TESTING METHODS FOR FREE OR DISCOUNTED CARE | PART I LINE 3C | THE HOSPITAL DID NOT USE FPG TO DETERMINE ELIGIBILITY FOR PROVIDING DISCOUNTED CARE TO LOW INCOME INDIVIDUALS THERE ARE TWO CIRCUMSTANCES WHERE THE HOSPITAL WILL OFFER DISCOUNTED CARE TO LOW INCOME INDIVIDUALS 1PATIENTS WHO DO NOT QUALIFY FOR ENROLLMENT IN A MASSACHUSETTS STATE PUBLIC ASSISTANCE PROGRAM SUCH AS OUTOFSTATE RESIDENTS BUT WHO MAY OTHERWISE MEET THE GENERAL FINANCIAL ELIGIBILITY CATEGORIES OF A STATE PUBLIC ASSISTANCE PROGRAM MAY RECEIVE A DISCOUNTED BILL THE HOSPITAL WILL PROVIDE AN APPROPRIATE DISCOUNT ON THE BILL ONCE THE DETERMINATION IS MADE 2WHEN A PATIENT REQUESTS A DISCOUNT ON AN UNPAID BILL THE HOSPITAL WILL REVIEW THE PATIENTS DOCUMENTED FINANCIAL SITUATION AND PAYMENT ACTIVITY THIS REVIEW IS CONSIDERED A SEPARATE FINANCIAL PROGRAM OFFERED BY THE HOSPITAL AND IS APPLIED ON A UNIFORM BASIS TO ALL PATIENTS ANY DISCOUNT THE HOSPITAL PROVIDES IS CONSISTENT WITH FEDERAL AND STATE TAX REQUIREMENTS AND DOES NOT INFLUENCE A PATIENT TO RECEIVE SERVICES FROM THE HOSPITAL |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| RELATED ORGANIZATION INFORMATION | PART I LINE 6A | NORTHEAST HEALTH SYSTEM PARENT HOLDING COMPANY OF NORTHEAST HOSPITAL CORPORATION PREPARES THE COMMUNITY BENEFIT REPORT |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| SUBSIDIZED HEALTH SERVICES EXPLANATION | PART I LINE 7G | THE SUBSIDIZED HEALTH SERVICES NET COMMUNITY BENEFIT EXPENSE OF 38 MILLION IS A RESULT OF PROVIDING BEHAVIORALMENTAL HEALTH INPATIENT AND OUTPATIENT CARE TO THE COMMUNITY DESPITE A FINANCIAL LOSS TO THE ORGANIZATION MEDICAID AND OTHER MEANS TESTED GOVERMENT PROGRAMS WERE NOT INCLUDED IN THIS EXPENSE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| COSTING METHODOLOGY EXPLANATION | PART I LINE 7 | LINE 7A WAS CALCULATED USING WORKSHEET 1 LINE 7B WAS CALCULATED USING AN INTERNAL COST ACCOUNTING SYSTEM THE INTERNAL COST ACCOUNTING SYSTEM PROVIDES MANAGEMENT FINANCIAL INFORMATION ACROSS ALL PAYERS AND SERVICES OF THE ORGANIZATION A COST TO CHARGE RATIO WAS USED TO CALCULATE 7A AND 7B AND WAS DERIVED FROM WORKSHEET 2 LINES 7E 7F AND 7I WERE CALCULATED BY TAKING COMMUNITY AND CHARITY CARE PROGRAM REVENUES AND EXPENSES FROM THE GENERAL LEDGER PLUS RELATED DIRECT AND INDIRECT COSTS THESE COSTS WERE CALCULATED BY TAKING THE NUMBER OF EMPLOYEE HOURS SPENT ON EACH PROGRAM MULTIPLIED BY A STANDARD RATE PLUS A FRINGE FACTOR TO CALCULATE BENEFIT COSTS LINE 7G WAS CALCULATED BY TAKING QUALIFYING SUBISIZED HEALTH SERVICES NET REVENUE LESS RELATED DIRECT AND INDIRECT COSTS EXCLUDING ANY AMOUNTS RELATED TO BAD DEBT FINANCIAL ASSISTANCE MEDICAID AND OTHER MEANSTESTED GOVERNMENT PROGRAMS FROM AN INTERNAL FINANCIAL REPORTING SYSTEM WHICH WE RECONCILE TO THE GENERAL LEDGER |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| COMMUNITY BUILDING ACTIVITIES | PART II | LINE 2 ECONOMIC DEVELOPMENT BEVERLY MAIN STREETS DOWNTOWN 2020 INITIATIVE DOWNTOWN 2020 IS BEVERLY MAIN STREETS VISION FOR WHAT DOWNTOWN BEVERLY CAN AND SHOULD BECOME A VIBRANT COMMUNITY THAT CELEBRATES THE ARTS AND CREATIVITY WITH COOL PLACES TO LIVE WORK SHOP PLAY AND EXPERIENCE THE VISION REPRESENTS MORE THAN 1000 VOICES FROM THE COMMUNITY AND IT CENTERS AROUND 3 GOALS 1DOWNTOWN BEVERLY WILL BE RECOGNIZED AS A REGIONAL CENTER FOR THE ARTS CULTURE CREATIVE INDUSTRY AND INNOVATION 2DOWNTOWN BEVERLY WILL BE THE LOCATION OF CHOICE FOR RETAIL AND CREATIVE BUSINESSES THAT APPEAL TO RESIDENTS STUDENTS AND VISITORS 3DEVELOPMENT IN DOWNTOWN BEVERLY WILL FOLLOW A CLEAR DIRECTION THAT LEVERAGES THE UNIQUE ASSETS OF EACH CORRIDOR LINE 3 COMMUNITY SUPPORT NHC GRANT PROGRAM ADDISON GILBERT BEVERLY HOSPITALS COMMUNITY COLLABORATIVE GRANT ADDRESSES SIGNIFICANT HEALTH ISSUES IN OUR NORTH SHORE CAPE ANN COMMUNITIES THE GRANT PROGRAM WILL BE A KEY ASPECT OF THE NORTHEAST HOSPITAL CORPORATION COMMUNITY BENEFIT PROGRAM AND IS A DIRECT RESULT OF OUR MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT THROUGH THE GRANT NHC WILL AWARD 40000 IN FUNDING FOR INNOVATIVE COMMUNITYBASED INITIATIVES IN ONE OF THREE KEY AREAS THOSE THAT PROMOTE MENTAL AND BEHAVIORAL HEALTH EDUCATION PREVENTION AND EARLY INTERVENTION THOSE THAT PROMOTE HEALTHY LIFESTYLES AND IMPROVE CHRONIC DISEASE PREVENTION INCLUDING DIABETES STROKE CANCER AND HEART DISEASE AND THOSE THAT IMPROVE ACCESS TO HEALTH SERVICES AND RESOURCES IN THE COMMUNITY AMERICAN RED CROSS GIFT THE AMERICAN RED CROSS OF NORTHEAST MASSACHUSETTS HAS HELD ITS CHARTER SINCE MAY 20 1933 THE CHAPTER SERVES A POPULATION OF OVER 749000 PEOPLE IN THE COUNTY OF ESSEX IN 2012 THEY RESPONDED TO 64 LOCAL DISASTERS PROVIDING ASSISTANCE TO 120 FAMILIES THE CHAPTER ALSO ASSISTED FIRST AID STATIONS THROUGHOUT THE COMMUNITY WITH 130 VOLUNTEERS AND WORKED WITH LOCAL HEALTH DEPARTMENTS STAFFING FLU CLINICS WHERE OVER 4000 PEOPLE WERE SERVED A 5000 GIFT WAS GIVEN TO BECOME THE OFFICIAL HEALTH CARE PARTNER OF THE AMERICAN RED CROSS OF NORTHEAST MA THIS ALLOWS FOR GREATER COMMUNITY TRAINING IMPROVEMENT PROGRAMS AND FUNDING FOR SUSTAINABLE DISASTER RESPONSE AND RELIEF EFFORTS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| BAD DEBT EXPENSE EXPLANATION | PART III LINE 4 | PART III LINE 2 BAD DEBT EXPENSE AT COSTBAD DEBT EXPENSE WAS CALCULATED BY TAKING BAD DEBT WRITEOFFS PER THE GENERAL LEDGER BRINGING THIS DOWN TO COST THEN NETTING THIS TOTAL BY ACTUAL BAD DEBT RECOVERIES PART III LINE 3 BAD DEBT PATIENTS ELIGIBLE FOR CHARITY CARE WAS DETERMINED BY REVIEWING SPECIFIC PATIENT BALANCES THIS AMOUNT CONSISTS OF PATIENTS WITH A BALANCE FROM A PRIOR VISIT WHO DID NOT QUALIFY FOR FREE CARE AT THAT TIME WHO LATER CAME TO THE HOSPITAL FOR A VISIT AND NOW QUALIFIES FOR FREE CARE CHARGES RELATED TO THIS PREVIOUS VISIT ARE WRITTEN OFF AS BAD DEBT SINCE THEY WERE NOT ELIGIBLE FOR FREE CARE AT THAT TIME PART III LINE 4 THE HOSPITAL INCLUDES ITS BAD DEBT EXPENSE AS A LINE ITEM PROVISION FOR BAD DEBTS NET IN THE AUDITED STATEMENT OF OPERATIONS THIS AMOUNT REPRESENTS A COMMUNITY BENEFIT BECAUSE SERVICES WERE PROVIDED TO PATIENTS THAT ULTIMATELY QUALIFIED FOR CHARITY CARE PROVISION FOR BAD DEBTS FOOTNOTE IN JULY 2011 THE FINANCIAL ACCOUNTING STANDARDS BOARD ISSUED ACCOUNTING STANDARDS UPDATE 20117 ASU 20117 HEALTH CARE ENTITIES PRESENTATION AND DISCLOSURE OF NET REVENUE PROVISION FOR BAD DEBTS AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS UNDER THE NEW GUIDANCE BAD DEBTS RELATING TO PATIENT SERVICE REVENUE WILL BE SEPARATELY DISCLOSED IN THE STATEMENT OF OPERATIONS AND REPORTED AS A COMPONENT OF NET PATIENT SERVICE REVENUE BAD DEBTS ASSOCIATED WITH ACTIVITIES OTHER THAN PATIENT SERVICE REVENUE WILL CONTINUE TO BE REPORTED AS AN OPERATING EXPENSE THE HOSPITAL ADOPTED ASU 20117 IN FISCAL YEAR 2012 THE HOSPITAL ELECTED TO EARLY ADOPT ASU 20117 FOR 2012 AND CHANGED ITS REPORTING OF THE PROVISION FOR BAD DEBTS ACCORDINGLY CERTAIN AMOUNTS IN THE 2011 FINANCIAL STATEMENTS HAVE BEEN RECLASSIFIED TO CONFORM WITH THE 2012 PRESENTATION THE PREVIOUSLY REPORTED PROVISION FOR BAD DEBTS OF 9510 HAS BEEN RECLASSIFIED AS A REDUCTION TO NET PATIENT SERVICE REVENUE THE RECLASSIFICATION HAD NO IMPACT ON THE PREVIOUSLY REPORTED EXCESS OF REVENUES OVER EXPENSES FOR 2011 THESE AMOUNTS REPRESENT COMMUNITY BENEFITS BECAUSE THEY WERE PROVIDED TO PATIENTS THAT ULTIMATELY QUALIFIED FOR CHARITY CARE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| MEDICARE EXPLANATION | PART III LINE 8 | PART III LINE 8 THESE COSTS REPRESENT A COMMUNITY BENEFIT BECAUSE THE PAYMENT FROM MEDICARE IS LESS THAN THE COST TO PROVIDE CARE AND THAT SHORTFALL IS ABSORBED BY THE HOSPITAL IN ADDITION THE HOSPITAL PROVIDES CARE TO A SUBSTANTIAL POPULATION OF MEDICAID PATIENTS AT PAYMENT LEVELS WELL BELOW COST |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| COLLECTION PRACTICES EXPLANATION | PART III LINE 9B | PART III LINE 9B THE HOSPITALS CREDIT AND COLLECTION POLICIES ARE DEVELOPED TO ENSURE COMPLIANCE WITH APPLICABLE CRITERIA REQUIRED UNDER 1 THE MASSACHUSETTS HEALTH SAFETY NET ELIGIBILITY REGULATION 1146 CMR 1300 2 THE CENTERS FOR MEDICARE AND MEDICAID SERVICES MEDICARE BAD DEBT REQUIREMENTS 42 CFR 41389 AND 3 THE MEDICARE PROVIDER REIMBURSEMENT MANUAL PART I CHAPTER 3 THIS POLICY IS AVAILABLE TO ALL PATIENTS UPON REQUEST FOR ANY PATIENTS WHO ARE UNINSURED OR UNDERINSURED THE HOSPITALS FINANCIAL COUNSELORS WILL WORK WITH THESE PATIENTS AND ASSIST THEM WITH FINDING A FINANCIAL ASSISTANCE PROGRAM THAT MAY COVER SOME OR ALL OF UNPAID BILLS ONCE THE HOSPITAL KNOWS PATIENTS QUALIFY FOR CHARITY CARE ALL COLLECTION PROCEDURES END AND THE FULL BALANCE OR THE AMOUNT THAT QUALIFIES UNDER FREE CARE IS WRITTEN OFF FINANCIAL ASSISTANCE IS INTENDED TO HELP LOWINCOME PATIENTS WHO DO NOT OTHERWISE HAVE THE ABILITY TO PAY FOR THEIR HEALTH CARE SERVICES FINANCIAL ASSISTANCE PROGRAMS INCLUDE BUT ARE NOT LIMITED TO MASSHEALTH COMMONWEALTH CARE CHILDRENS MEDICAL SECURITY PLAN HEALTHY START AND HEALTHY SAFETY NET PATIENTS UNDER THESE PROGRAMS WILL RECEIVE AN INITIAL BILL BUT ARE EXEMPT FROM ANY FURTHER COLLECTION OR BILLING PROCEDURES PURSUANT TO MASSACHUSETTS STATE REGULATIONS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| NEEDS ASSESSMENT | PART VI | 2 NEEDS ASSESSMENT THE COMMUNITY BENEFITS PROGRAM AT NORTHEAST HOSPITAL CORPORATION NHC IS A PROGRAM ESTABLISHED TO PARTNER WITH COMMUNITY LEADERS AND ORGANIZATIONS TO ASSESS THE HEALTH CARE NEEDS OF THE COMMUNITY NHC IS PART OF LAHEY HEALTH SYSTEM LHS A VERTICALLY AND HORIZONTALLY INTEGRATED NETWORK OF HOSPITALS LONGTERM CARE FACILITIES ASSISTED LIVING FACILITIES HEALTH AND SOCIAL SERVICE AGENCIES AND COMMUNITY BASED PRIMARY CARE AND SPECIALTY CARE NHC INCORPORATES THE COMMUNITY HEALTH CONCEPTS OF WELLNESS ADAPTATION SELFCARE AND HEALTH PROMOTION STRATEGIES USED IN COMMUNITY BENEFITS HEALTH ACTIVITIES INCLUDE PREVENTION EARLY DETECTION EARLY INTERVENTION LONGTERM MANAGEMENT AND COLLABORATIVE EFFORTS WITH THE AFFILIATE ORGANIZATIONS THAT MAKE UP LHS HEALTH ISSUES ADDRESSED ENCOMPASS SAFETY CHRONIC DISEASE INFECTIOUS DISEASE SUBSTANCE ABUSE AND BEHAVIORAL HEALTH THE IMPORTANCE OF THE COMMUNITY HEALTH NEEDS ASSESSMENT AND THE HOSPITALS COLLECTIVE EFFORTS TO ADDRESS THE HEALTHCARE NEEDS OF THE NORTH SHORE HAVE NEVER BEEN GREATER THE ECONOMIC DOWNTURN HAS HAD A TREMENDOUS IMPACT ON THOUSANDS OF INDIVIDUALS AND FAMILIES THROUGHOUT THE REGION NHC CONTINUES TO WORK IN PARTNERSHIP WITH THE COMMUNITIES IT SERVES AND WITH HEALTHRELATED ORGANIZATIONS THROUGHOUT THE NORTH SHORE TO MEET THE AREAS HEALTHCARE NEEDS AND IMPROVE THE OVERALL HEALTH STATUS OF THE COMMUNITY THE COMMUNITY BENEFITS COMMITTEE AT NHC ENSURES THAT THE ORGANIZATION CONDUCTS HEALTH NEEDS ASSESSMENTS FOR ITS 16 TOWNCITY PRIMARY SERVICE AREA AS MANDATED BY THE MASSACHUSETTS ATTORNEY GENERAL NHC WITH THE HELP OF NORTHEAST HEALTH SYSTEM AFFILIATES WILL FOCUS THE COMMUNITY BENEFITS PLAN AROUND THE FOUR STATEWIDE PRIORITIES SET FORTH BY THE ATTORNEY GENERALS OFFICE WHICH INCLUDE CHRONIC DISEASE MANAGEMENT FOR DISADVANTAGED POPULATIONS REDUCING HEALTH DISPARITIES PROMOTING WELLNESS OF VULNERABLE POPULATIONS AND SUPPORTING HEALTH CARE REFORM NHCS MOST RECENT HEALTH NEEDS ASSESSMENT WAS CONDUCTED FROM 20102012 WHICH WAS FINALIZED IN 2013 THE HOSPITALS INTERNAL COMMITTEE NHC INTERNAL STEERING COMMITTEE OVERSEES THE ASSESSMENT ALONG WITH AN OUTSIDE CONTRACTOR JOHN SNOW INC JSI JSI AND NHC INTERNAL STEERING COMMITTEE DEVELOPED A FINAL APPROACH AND SET OF METHODS INCLUDING DATA COLLECTION COMMUNITY INVOLVEMENT STRATEGIC PLANNING AND REPORTING ACTIVITIES THAT WILL MEET IRS AND STATE COMMUNITY BENEFIT REQUIREMENTS AND THAT ARE CUSTOMIZED TO THE SERVICE AREA AND THE NEEDS OF THE HOSPITAL THE ASSESSMENT INITIATIVE WAS CONDUCTED IN TWO PHASES PHASE 1 CONDUCTED A PRELIMINARY NEEDS ASSESSMENT RELYING HEAVILY ON SECONDARY HEALTH RELATED DATA FROM THE MASSACHUSETTS DEPARTMENT OF HEALTH MASSACHUSETTS COMMUNITY HEALTH INFORMATION PROFILE MASSCHIP SYSTEM AND OTHER NATIONAL STATE AND LOCAL SOURCES JSI ASSESSED HEALTH STATUS HOSPITAL EMERGENCY DEPARTMENT AND INPATIENT TRENDS IDENTIFIED HEALTH ISSUES AND BARRIERS TO CARE AND IDENTIFIED WHAT POPULATION WAS MOST AT RISK THE INFORMATION COLLECTED RELATED TO DEMOGRAPHIC AND SOCIOECONOMIC CHARACTERISTICS SOCIAL DETERMINANTS OF HEALTH HEALTH STATUS AND ACCESS TO CARE AND SERVICE UTILIZATION THE PROJECT TEAM ALSO INTERVIEWED OVER 50 HOSPITAL AND COMMUNITY BASED HEALTH SERVICE PROVIDERS AND OTHER KEY COMMUNITY STAKEHOLDERS THE PURPOSES OF THE INTERVIEWS WERE TO REFINE TOPICS FOR DATA COLLECTION AND ANALYSIS AND TO SET THE STAGE FOR THE DEVELOPMENT OF A COMPREHENSIVE COMMUNITY SURVEY DURING PHASE II JSI COLLECTED DATA THROUGH THE DISTRIBUTION OF COMMUNITY SURVEYS THAT WERE SENT OUT THROUGH THE MAIL TO RANDOMLY SELECTED LOCAL COMMUNITIES TOPICS ON THE TWENTY PAGE SURVEY INCLUDED ACCESS AND BARRIERS TO CARE HEALTH BEHAVIORS AND LIFESTYLE CHRONIC DISEASE AND PREVENTION SELFREPORTED HEALTH STATUS DISABILITIES AND CARE GIVING ELDER HEALTH AND PERCEIVED CONCERNS AND COMMUNITY PRIORITIES OUT OF THE 2300 SURVEYS SENT OUT 1179 WERE RECEIVED BACK KEY FINDINGS FROM THE ASSESSMENT SHOWED THAT THE NORTH SHORE AND CAPE ANN REGION OF MASSACHUSETTS ARE HEALTHIER AND HAVE BETTER ACCESS TO HEALTHCARE THAN THOSE LIVING IN ESSEX COUNTY COMMONWEALTH OF MA AND THE NATION THERE WERE DISPARITIES IN ACCESS TO HEALTH THOUGH PARTICULARLY OLDER ADULTS AND THOSE IN LOWER INCOME BRACKETS KEY FINDINGS FROM THE SECONDARY DATA REVIEW AND SURVEYS FELL INTO SEVEN CATEGORIES INCLUDING ACCESS TO CARE CHRONIC DISEASE HEALTH RISK FACTORS MENTAL HEALTH SUBSTANCE ABUSE ORAL HEALTH AND MATERNAL AND CHILD HEALTH SEE ATTACHED COMMUNITY HEALTH NEEDS ASSESSMENT REPORT FOR FURTHER INFORMATION ON THESE FINDINGS LHS AND THE STAFF AT NHC ARE COMMITTED TO DEVELOPING HOSPITAL SERVICES AND OTHER COMMUNITY BASED PROGRAMS THAT ARE ALTERED TO MEET THE NEEDS OF THE COMMUNITIES THEY SERVE THE HOSPITALS WORK COLLABORATIVELY WITH COMMUNITY PARTNERS TO DEVELOP PROGRAMS AND SERVICES THAT PROVIDE HEALTH EDUCATION EXPANDING ACCESS TO CARE ELIMINATING BARRIERS TO CARE AND IMPROVING OVERALL HEALTH STATUS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE | PART VI | 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE THE HOSPITAL PROVIDES PATIENTS WITH INFORMATION ABOUT THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS THAT ARE AVAILABLE THROUGH THE STATE OF MASSACHUSETTS OR THROUGH THE HOSPITALS OWN FINANCIAL ASSISTANCE PROGRAM WHICH MAY COVER ALL OR SOME OF THEIR UNPAID BILL FOR EVERY PATIENT THAT REQUIRES ANY KIND OF FINANCIAL ASSISTANCE THE HOSPITAL HAS FINANCIAL COUNSELORS AVAILABLE TO ASSIST LOWINCOME PATIENTS WHO DO NOT HAVE THE ABILITY TO PAY FOR THEIR HEALTH CARE SERVICES SUCH ASSISTANCE TAKES INTO ACCOUNT EACH INDIVIDUALS ABILITY TO CONTRIBUTE TO THE COST OF HIS OR HER CARE FINANCIAL ASSISTANCE PROGRAMS INCLUDE BUT ARE NOT LIMITED TO MASSHEALTH COMMONWEALTH CARE CHILDRENS MEDICAL SECURITY PLAN HEALTHY START AND HEALTHY SAFETY NET EACH PATIENT REQUIRING ASSISTANCE COMPLETES AN APPLICATION THROUGH THE VIRTUAL GATEWAY AN INTERNET PORTAL DESIGNED BY THE MASSACHUSETTS EXECUTIVE OFFICE OF HEALTH HUMAN SERVICES TO PROVIDE THE GENERAL PUBLIC MEDICAL PROVIDERS AND COMMUNITY BASED ORGANIZATIONS WITH AN ONLINE APPLICATION FOR THE PROGRAMS OFFERED BY THE STATE OR THROUGH A STANDARD PAPER APPLICATION THAT ALSO GETS SENT TO THE MASSACHUSETTS EXECUTIVE OFFICE THIS OFFICE SOLELY MANAGES THE APPLICATION PROCESS FOR THE PROGRAMS LISTED ABOVE THE HOSPITAL ALSO INFORMS AND EDUCATES PATIENTS ABOUT STATE AND FEDERAL INSURANCE ASSISTANCE PROGRAMS BY MAKING THIS INFORMATION AVAILABLE ON PATIENT HOSPITAL BILLS ON NOTICES POSTED AT EVERY REGISTRATION SITE IN BROCHURES AT REGISTRATION DESKS AND WAITING ROOMS VIA PHONE PATIENT PHONE CALLS THROUGH COMMUNITY EVENTS AND HEALTH FAIRS AND BY ESTABLISHING RELATIONSHIPS WITH COMMUNITY AGENCIES SUCH AS SENIOR CITIZEN CENTERS SHELTERS FOOD PANTRIES BOARD OF HEALTH AND SCHOOL NURSES |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| COMMUNITY INFORMATION | PART VI | 4 COMMUNITY INFORMATION THE HOSPITAL SERVES THE NORTH SHORE COMMUNITY IN MASSACHUSETTS WHICH HAS A POPULATION OF APPROXIMATELY 300000 THIS AREA INCLUDES BEVERLY DANVERS PEABODY SAUGUS LYNN MARBLEHEAD SALEM HAMILTON IPSWICH ESSEX MANCHESTER GLOUCESTER AND ROCKPORT BUT ANYONE WHO COMES TO ONE OF THE FACILITIES AND REQUIRES CARE WILL RECEIVE IT REGARDLESS OF WHETHER THEY LIVE IN THIS COMMUNITY EIGHTY PERCENT OF THE COMMUNITY IS WHITE 813 HAVE ENGLISH HAS A FIRST LANGUAGE AND 90 HAVE GRADUATED FROM HIGH SCHOOL AS REPORTED IN OUR PUBLIC HEALTH ASSESSMENT REPORT 87 OF THE ADULTS IN THE HOSPITALS SERVICE AREA HAVE A PERSONAL HEALTH CARE PROVIDER AND 80 HAVE HEALTH INSURANCE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE | PART VI | 5 PROMOTION OF COMMUNITY HEALTH IN ADDITION TO THE HOSPITALS COMMUNITY BENEFITS PROGRAMS INITIATIVES AND ACTIVITIES AS NOTED THROUGHOUT SCHEDULE H NHC HAS FURTHER PROMOTED THE HEALTH OF THE COMMUNITY BY ENCOURAGING ITS MANAGERS AND STAFF TO ACTIVELY PARTICIPATE IN OTHER NOTFORPROFIT COMMUNITY ORGANIZATIONS EITHER AS BOARD MEMBERS OR SUPPORTERS THE HOSPITAL RESPONSIBLY MANAGES FACILITY UPDATES AND TECHNOLOGICAL IMPROVEMENT THAT ENABLES NHC TO PROVIDE THE NORTH SHORE WITH CONVENIENT SAFE AND EFFECTIVE HEALTHCARE THE HOSPITAL HAS A COMMUNITY BOARD WITH MEMBERS FROM THE NORTH SHORE AND SURROUNDING AREAS AS WELL AS AN OPEN MEDICAL STAFF WHICH ALLOWS PHYSICIANS TO APPLY AND RECEIVE HOSPITAL PRIVILEGES THE BOARD OF TRUSTEES REVIEWS AND APPROVES THE HOSPITALS ANNUAL BUDGET AND DETERMINES ESTIMATED SURPLUS FUNDS TO BE INVESTED BACK IN THE COMMUNITY TOWARDS COMMUNITY NEEDS ASSESSMENTS HOSPITAL PROGRAMS HEALTH INITIATIVES ETC NORTHEAST HOSPITAL CORPORATION HAS SEVERAL COMMUNITY BENEFIT SERVICES THAT PROMOTE THE HEALTH OF THE COMMUNITIES THE ORGANIZATION SERVES THESE INCLUDE HEALTH SCREENINGS CLINICS AND SEMINARS DEVELOPED FOR BREAST CANCER SKIN CANCER DEPRESSION DIABETES BONE DENSITY BLOOD PRESSURE FLU AND CPR IN ADDITION RISK ASSESSMENTS ARE DEVELOPED FOR CARDIOVASCULAR OSTEOPOROSIS DIABETES BODY MASS INDEX AND BREAST CANCER A NUMBER OF DISEASE MANAGEMENT INITIATIVES HAVE BEEN INSTITUTED INCLUDING CARDIAC REHABILITATION HEART FAILURE MANAGEMENT PULMONARY REHABILITATION OSTEOPOROSIS MANAGEMENT VASCULAR HEALTH AND WOMENS HEALTH SCREENINGS THE HOSPITAL ALSO HOLDS FREE SUPPORT GROUPS TO THE COMMUNITY FOR RESIDENTS WITH BREAST CANCER MELANOMA PROSTATE CANCER ALZHEIMERS EARLY STATE OF MEMORY LOSS POSTPARTUM DEPRESSION EPILEPSY DIABETES OR HAVE EXPERIENCED A STROKE INFANT LOSS AND LOSS OF A FAMILY MEMBER IN 2003 NHC CREATED THE LIFESTYLE MANAGEMENT INSTITUTE LMI THE LMI PROVIDES PROGRAMS AND EDUCATION ON HOW TO LIVE A HEALTHY LIFESTYLE AND PROACTIVELY IDENTIFIES POPULATIONS WITH OR AT RISK OF ESTABLISHED MEDICAL CONDITIONS THE LMI OFFERS A FULL RANGE OF SERVICES TO THE COMMUNITY INCLUDING RISK ASSESSMENT PREVENTION EDUCATION DIAGNOSTIC TESTING COORDINATED MEDICAL TREATMENT AND CONTINUOUS MONITORING EFFECTIVE DISEASE MANAGEMENT USING APPROPRIATE MEDICAL PROTOCOLS REDUCES THE NUMBER OF HOSPITAL ADMISSIONS AND EMERGENCY ROOM VISITS SHORTENS THE LENGTH OF HOSPITAL STAYS AND IMPROVES THE OVERALL HEALTH AND QUALITY OF LIFE FOR PEOPLE WITH CHRONIC ILLNESS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| AFFILIATED HEALTH CARE INFORMATION | PART VI | 6 AFFILIATED HEALTH CARE SYSTEM NORTHEAST HEALTH SYSTEM INC NHS IS AN INTEGRATED HEALTHCARE SYSTEM COMPRISED OF A NETWORK OF HOSPITALS BEHAVIORAL HEALTH LONGTERM CARE AND HUMAN SERVICE AFFILIATES OFFERING NORTH SHORE RESIDENTS GENERAL AND SPECIALIZED MEDICAL CARE NHS HAS A COMMITMENT TO BOTH PATIENTS AND THEIR FAMILIES TO PROVIDE HIGHQUALITY CARE IN A COMFORTING SETTING THE ORGANIZATIONS THAT MAKE UP THIS NETWORK INCLUDE NHC ORGANIZED FOR THE PURPOSE OF OPERATING A HOSPITAL NORTHEAST MEDICAL PRACTICE ORGANIZED TO MANAGE AND OPERATE ACCESSIBLE PHYSICIAN PRACTICES SEACOAST NURSING AND REHABILITATION CENTER ORGANIZED FOR PURPOSE OF OPERATING A NURSING HOME NORTHEAST SENIOR HEALTH CORPORATION ORGANIZED FOR THE PURPOSE OF PROVIDING ELDERLY AND ASSISTED LIVING HOUSING NORTHEAST BEHAVIORAL HEALTH ORGANIZED TO PROVIDE OUTPATIENT SERVICES CROSSCULTURAL PROGRAMS COMMUNITY SUPPORT SERVICES YOUTH RESIDENTIAL SERVICES SUBSTANCE ABUSE SERVICES PREVENTION SERVICES TRAUMA SERVICES EARLY CHILDHOOD SERVICES AND MEDICAL SERVICES IN THE GREATER NORTHSHORE AND CAB HEALTH RECOVERY ORGANIZED FOR THE PURPOSE OF PROVIDING TREATMENT FOR SUBSTANCE ABUSE THROUGH THIS CONTINUUM OF SERVICES NHS PROVIDES FOR A WIDE RANGE OF THE HEALTH NEEDS OF THE RESIDENTS OF THE NORTH SHORE IN A COORDINATED EFFICIENT AND COMPREHENSIVE MANNER LAHEY HEALTH SYSTEM INC PARENT WAS ORGANIZED IN ANTICIPATION OF THE AFFILIATION OF LAHEY CLINIC FOUNDATION INC FOUNDATION AND NORTHEAST HEALTH SYSTEM INC NHS THE TAXEXEMPT PARENT ENTITIES OF TWO PREVIOUSLY UNRELATED TAXEXEMPT HEALTH CARE SYSTEMS AS OF MAY 1 2012 PURSUANT TO THE AFFILIATION THE PARENT IS THE SOLE CORPORATE MEMBER OF THE FOUNDATION AND NHS THE PARENT WAS FORMED TO ACT AS THE PARENT ORGANIZATION OF AN INTEGRATED HEALTH CARE SYSTEM NHS IS THE SOLE MEMBER OF NORTHEAST HOSPITAL CORPORATION NHC AND FUNCTIONS AS THE PARENT HOLDING COMPANY FOR NORTHEAST HOSPITAL CORPORATION AND OTHER AFFILIATED ORGANIZATIONS SEE SCHEDULE R FOR FULL LIST OF AFFILIATIESRELATED ORGANIZATIONS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| LIST OF STATES WHERE COMMUNITY BENEFIT REPORT IS FILED | PART VI | MASSACHUSETTS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| NORTHEAST HOSPITAL CORPORATION LINE NUMBER 1 PART V LINE 3 | PART V LINE 3 | SEE PART VI 2 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| NORTHEAST HOSPITAL CORPORATION LINE NUMBER 1 PART V LINE 4 | PART V LINE 4 | ADDISON GILBERT BEVERLY HOSPITAL AT DANVERS |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| NORTHEAST HOSPITAL CORPORATION LINE NUMBER 1 PART V LINE 11H | PART V LINE 11H | PART V 10 SEE PART I LINE 3C FOR HOW THE HOSPITAL DETERMINED ELIGIBILITY FOR DISCOUNTED CARE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| NORTHEAST HOSPITAL CORPORATION LINE NUMBER 1 PART V LINE 13G | PART V LINE 13G | THE HOSPITAL HAS FINANCIAL COUNSELORS AVAILABLE FOR ANY PATIENT WHO REQUIRES HELP FILING FOR FINANCIAL ASSISTANCE THE COUNSELORS PERFORM FINANCIAL SCREENING AND HELP PATIENTS WITH MASSHEALTH COMMONWEALTH CARE HEALTH SAFETY NET MEDICAL HARDSHIP DISABILITY AND LONG TERM CARE APPLICATIONS THE HOSPITAL IS ALSO INVOLVED WITH COMMUNITY LIASON OUTREACH ACTIVITIES IN ADDITION TO HELPING PATIENTS WHO ARE ADMITTED TO THE HOSPITAL FINANCIAL COUNSELORS HELP SCREEN AND ENROLL PATIENTS IN THE COMMUNITY WHEN THEY ARE REFERRED TO THE HOSPITAL AGENCIES THE HOSPITAL HAS ESTABLISHED RELATIONSHIPS WITH INCLUDE COUNCILS ON AGING SHINE SERVING HEALTH INSURANCE NEEDS OF ELDERS CHEC COMMUNITY HEALTH EDUCATION CENTER PUBLIC SCHOOLS HOMELESS SHELTERS FOOD PANTRIES BOARD OF HEALTH IN GLOUCESTER AND BEVERLY POLICE DEPT IN GLOUCESTER AND BEVERLY AND LOCAL PHYSICIAN OFFICES |

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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
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

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

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

**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) E TORREY JOHNSON SCHLSHP | 20 | 15,150 | | | |
| (2) MEDICAL STAFF SCHOLARSHIP | 2 | 4,000 | | | |
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**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 |
|---|---|---|
| PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS INSIDE THE UNITED STATES | SCHEDULE I, PAGE 1, PART I, LINE 2 | THE ELIZABETH TORREY JOHNSON SCHOLARSHIP FUND IS MAINTAINED BY THE FRIENDS OF BEVERLY HOSPITAL (A GROUP WHO CREATES AND SUPPORTS PROGRAMS AND ACTIVITIES THAT ENRICH BEVERLY HOSPITAL) THE FUND WAS ESTABLISHED IN 1964 AND SINCE THEN HAS PROVIDED ANNUAL SCHOLARSHIPS TO NUMEROUS APPLICANTS ALL ELIGIBLE APPLICANTS MUST SUBMIT AN APPLICATION THAT INCLUDES THE COST OF TUITION, ROOM & BOARD, FEES AND ALL AVAILABLE FINANCIAL RESOURCES THEY HAVE BEEN AWARDED RECIPIENTS ARE HIGH SCHOOL STUDENTS WHO HAVE VOLUNTEERED A MINIMUM OF 100 HOURS AT THE HOSPITAL AND PLAN TO HAVE CAREERS IN HEALTH CARE CONFIRMATION OF ENROLLMENT IN COLLEGE IS REQUIRED THE MEDICAL STAFF SCHOLARSHIPS AWARDS 2,000 TO SEVERAL STUDENTS IN THE HOSPITAL'S PRIMARY CARE SERVICE AREA AFTER STUDENTS APPLY FOR THE SCHOLARSHIPS THEIR APPLICATIONS ARE REVIEWED AND THE RECIPIENTS ARE CHOSEN BY A COMMITTEE OF THE MEDICAL STAFF |

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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**
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

## 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<br>☐ First-class or charter travel ☐ Housing allowance or residence for personal use<br>☐ Travel for companions ☐ Payments for business use of personal residence<br>☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees<br>☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef) | | | |
| **b** | If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain | **1b** | | |
| **2** | Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? | **2** | | |
| **3** | Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply<br>☑ Compensation committee ☐ Written employment contract<br>☑ Independent compensation consultant ☑ Compensation survey or study<br>☑ 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** | Yes | |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | Yes | |
| **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 | | | | |
| See Additional Data Table | | | | | | | | |
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## 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 |
|---|---|---|
| SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS | SCHEDULE J, PAGE 1, PART I, LINE 4 | WILLIAM DONALDSON 0 16,500 0 GARY MARLOW 0 16,500 0 CYNTHIA DONALDSON 0 16,500 0 CHARLES PAYSON 82,600 0 0 JAMES PURDY 74,718 0 0 |
| NON-FIXED PAYMENTS PROVIDED | SCHEDULE J, PAGE 1, PART I, LINE 7 | THE NON-FIXED PAYMENT BONUSES REPORTED IN SCHEDULE J, PART II, COLUMN (B)(II) ARE DETERMINED BY AN INDEPENDENT COMPENSATION COMMITTEE, WHICH INCLUDES A GROUP OF TRUSTEES IN A SUBJECTIVE MANNER, THE COMMITTEE TAKES INTO ACCOUNT THE ACHIEVEMENTS OF BOTH THE ORGANIZATION AND THE INDIVIDUAL TO DETERMINE THE APPROPRIATE AMOUNT OF SUCH BONUSES, WHICH INCLUDE, BUT ARE NOT LIMITED TO, THE ORGANIZATION MEETING ITS CORPORATE GOALS, (INCLUDING NET INCOME) AND QUALITY MEASURES, (SUCH AS PATIENT SATISFACTION AND QUALITY OF CARE) |
| OTHER ADDITIONAL INFORMATION | SCHEDULE J, PART III | SCHEDULE J, LINE 4,NON-QUALIFIED DEFERRED COMPENSATION PLAN THE HOSPITAL MAINTAINS A 457B NONQUALIFIED DEFERRED COMPENSATION PLAN FOR CERTAIN EXECUTIVE MANAGEMENT EMPLOYEES EMPLOYEES CONTRIBUTE A PORTION OF THEIR SALARIES (THROUGH PAYROLL DEDUCTION) TO THE PLAN THERE ARE NO EMPLOYER CONTRIBUTIONS TO THIS PLAN |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 04-2121317
**Name:** NORTHEAST HOSPITAL CORPORATION

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) 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 compensation | | | | |
| KENNETH HANOVER | (I)<br>(II) | 671,368 | 151,958 | 77,340 | 10,119 | 27,968 | 938,753 | |
| DENIS CONROY | (I)<br>(II) | 380,440 | | 6,567 | 10,119 | 17,732 | 414,858 | |
| WILLIAM DONALDSON | (I)<br>(II) | 257,516 | 30,642 | 4,537 | 10,119 | 20,149 | 322,963 | |
| JOSEPH PORCELLO | (I)<br>(II) | 166,730 | | 9,279 | 7,148 | 28,745 | 211,902 | |
| PETER SHORT | (I)<br>(II) | 329,829 | 37,273 | 5,592 | 10,119 | 15,901 | 398,714 | |
| PAULINE PIKE | (I)<br>(II) | 340,997 | 25,000 | | 10,119 | 9,956 | 386,072 | |
| GREGORY BIRD | (I)<br>(II) | 279,456 | 27,190 | | 10,119 | 27,565 | 344,330 | |
| JOHANNA RODGERS | (I)<br>(II) | 221,044 | 24,252 | | 10,119 | 16,288 | 271,703 | |
| GARY MARLOW | (I)<br>(II) | 225,023 | | | 9,383 | 18,813 | 253,219 | |
| ALTHEA LYONS | (I)<br>(II) | 199,320 | 24,254 | | 8,851 | 28,923 | 261,348 | |
| CYNTHIA DONALDSON | (I)<br>(II) | 184,187 | 18,375 | | 7,340 | 8,777 | 218,679 | |
| STEVEN GILLESPIE | (I)<br>(II) | 199,477 | | 106,420 | 10,119 | 24,965 | 340,981 | |
| BARRY GINSBERG | (I)<br>(II) | 235,540 | | 67,255 | 10,119 | 29,892 | 342,806 | |
| SHAGUFTA SHAHEEN | (I)<br>(II) | 185,131 | 26,732 | | 8,835 | 6,353 | 227,051 | |
| REBECCA GADON | (I)<br>(II) | 178,292 | | | 7,435 | 19,224 | 204,951 | |
| JAN MADDERN | (I)<br>(II) | 163,816 | | | | 1,014 | 164,830 | |
| CHARLES PAYSON | (I)<br>(II) | | 19,676 | 82,600 | | 17,118 | 119,394 | |
| JAMES PURDY | (I)<br>(II) | | 16,500 | 74,718 | 3,665 | 5,692 | 100,575 | |

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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
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

## 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 | MASS HLTH & EDU FAC'S AUTH SERIES H | 04-2456011 | 57586CQJ7 | 08-03-2006 | 23,000,000 | CONSTR AMBUL FAC | | X | | X | | X |
| B | MASS HLTH & EDU FAC'S AUTH SERIES G | 04-2456011 | 57586CDV4 | 10-27-2004 | 55,000,000 | CONS/RENO BH ER/GAR | | X | | X | | X |
| C | MASS HLTH & EDU FAC'S AUTH SRS M-2 | 04-2456011 | 57585KA57 | 05-30-2003 | 13,410,000 | RENOV BH ENDO, PACU | | X | | X | X | |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | | 7,900,000 | 1,673,413 | |
| 2 | Amount of bonds defeased | | | | |
| 3 | Total proceeds of issue | 23,000,000 | 55,000,000 | 13,410,009 | |
| 4 | Gross proceeds in reserve funds | | 4,064,143 | 1,341,000 | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrow | | 9,375,639 | | |
| 7 | Issuance costs from proceeds | 354,550 | 814,592 | 67,050 | |
| 8 | Credit enhancement from proceeds | 51,461 | 2,375,606 | | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | 22,593,989 | 38,370,020 | 12,001,950 | |
| 11 | Other spent proceeds | | | | |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2007 | 2007 | 2004 | |

| | | 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 | | X | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | X | | 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 | | 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 | | X | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | | X | | 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? | X | | X | | X | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶ | | | | | | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶ | | | | | | | | |
| 6 | Total of lines 4 and 5 | | | | | | | | |
| 7 | Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? | X | | 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 | BANK OF AMERICA | | MERRILL LYNCH | | | | | |
| c | Term of hedge | | 30 0 | | 29 8 | | | | |
| d | Was the hedge superintegrated? | | X | | X | | | | |
| e | Was a hedge terminated? | | X | | X | | | | |
| 4a | Were gross proceeds invested in a GIC? | | X | | X | | X | | |
| b | Name of provider | | | | | | | | |
| c | Term of GIC | | | | | | | | |
| d | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? | | | | | | | | |
| 5 | Were any gross proceeds invested beyond an available temporary period? | | X | | 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 |
|---|---|---|

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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
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

| Identifier | Return Reference | Explanation |
|---|---|---|
| ORGANIZATION'S MISSION | FORM 990 - ORGANIZATION'S MISSION | PART I, LINE 1 & PART III, LINE 1 COMMITTED TO PROVIDING THE HIGHEST QUALITY MEDICAL CARE TO ALL INDIVIDUALS WHO CAN BENEFIT FROM OUR CONTINUUM OF CARE. OUR CONCEPT OF CARE BROADLY EMBRACES THE HEALTH, WELL-BEING AND DIGNITY OF THE PATIENTS WE SERVE, REGARDLESS OF ABILITY TO PAY |

| Identifier | Return Reference | Explanation |
|---|---|---|
| EXPLANATION ON VOLUNTEERS AND TYPES OF SERVICES OR BENEFITS | FORM 990, PAGE 1, PART I, LINE 6 | VOLUNTEERS SUPPORT THE SERVICES OF THE HOSPITAL'S STAFF THEY ARE TRAINED AND SUPERVISED BY EMPLOYEES OF THE DEPARMENT TO WHICH THEY ARE ASSIGNED INDIVIDUAL VOLUNTEER SCHEDULES MAY VARY DEPENDING ON DEPARTMENT NEEDS AND MAY INCLUDE EVENING AND WEEKEND HOURS VOLUNTEERS RECEIVE TRAINING SPECIFIC TO THEIR DUTIES PRIOR TO PERFORMING THEIR JOB AND ARE OFTEN PAIRED WITH A VETERAN VOLUNTEER OR STAFF MEMBER UNTIL THEY ARE COMFORTABLE WORKING ON THEIR OWN VOLUNTEERS ATTEND HOSPITAL ORIENTATION TO LEARN SAFETY, INFECTION CONTROL, AND PATIENT CONFIDENTIALITY INCLUDING HIPAA REQUIREMENTS PRIOR TO BEING PLACED THEY ARE ALSO GIVEN HEALTH SCREENINGS AND RECEIVE YEARLY SAFETY UPDATES |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FINANCIAL ACCOUNTS IN FOREIGN COUNTRIES | FORM 990, PART V, LINE 4B | BERMUDA, CAYMAN ISLANDS, BRITISH VIRGIN ISLANDS |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| MATERIAL DIFFERENCES IN VOTING RIGHTS EXPLANATION | FORM 990, PAGE 6, PART VI | NHC HAS AN EXECUTIVE COMMITTEE OF THE BOARD WITH BROAD DELEGATED POWERS |

| Identifier | Return Reference | Explanation |
|---|---|---|
| RELATED PARTY INFORMATION AMONG OFFICERS | FORM 990, PAGE 6, PART VI, LINE 2 | WILLIAM DONALDSON CYNTHIA DONALDSON VP VP FAMILY RELATIONSHIP KENNETH HANOVER NHC/NORTHEAST PROPRIETARY CORP TRST/PRES OFFICERS FOR BOTH CORPORATIONS WILLIAM DONALDSON NHC/NORTHEAST PROPRIETARY CORP CLERK OFFICERS FOR BOTH CORPORATIONS DENIS CONROY NHC/NORTHEAST PROPRIETARY CORP TRSR OFFICERS FOR BOTH CORPORATIONS TIMOTHY O'CONNOR NHC/NORTHEAST PROPRIETARY CORP TRSR OFFICERS FOR BOTH CORPORATIONS DAVID SPACKMAN NHC/NORTHEAST PROPRIETARY CORP CLERK OFFICERS FOR BOTH CORPORATIONS |

| Identifier | Return Reference | Explanation |
|---|---|---|
| SIGNIFICANT CHANGES TO ORGANIZATIONAL DOCUMENTS | FORM 990, PAGE 6, PART VI, LINE 4 | EFFECTIVE MAY 1, 2012, LAHEY CLINIC FOUNDATION, INC AND NORTHEAST HEALTH SYSTEM, INC COMPLETED AN AFFILIATION WITH EACH OTHER AND ESTABLISHED A NEW ORGANIZATION, LAHEY HEALTH SYSTEM, INC (''LHS''), TO SERVE AS THE PARENT OF THE COMBINED HEALTH SYSTEM LHS IS NOW THE SOLE CORPORATE MEMBER OF LAHEY CLINIC FOUNDATION, INC AND NORTHEAST HEALTH SYSTEM, INC THE SOLE CORPORATE MEMBER OF THE REPORTING ORGANIZATION IS NORTHEAST HEALTH SYSTEM, INC THE REPORTING ORGANIZATION'S MEMBER HAS, WITH RESPECT TO THE REPORTING ORGANIZATION, THE RIGHT TO EXERCISE ALL POWERS CONFERRED ON MEMBERS OF NON-PROFIT CORPORATIONS UNDER MASSACHUSETTS GENERAL LAWS CHAPTER 180, INCLUDING, WITHOUT LIMITATION, POWERS WITH THE RESPECT TO THE FOLLOWING (A) APPOINTMENT AND REMOVAL OF MEMBERS OF THE BOARD OF TRUSTEES (SUBJECT TO CERTAIN TRANSITION RULES IN PLACE THROUGH MAY 1, 2016), (B) AMENDMENT OF THE ARTICLES OF ORGANIZATION, (C) AMENDMENTS OF THE BY-LAWS, (D) THE SALE, LEASE, EXCHANGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE CORPORATION'S ASSETS AND (E) THE MERGER OR CONSOLIDATION OF THE CORPORATION WITH ANOTHER CORPORATION ADDITIONAL, THE RIGHT OF THE REPORTING ORGANIZATION'S MEMBER, NORTHEAST HEALTH SYSTEM, INC , TO EXERCISE ITS AUTHORITY AS A MEMBER OF THE REPORTING ORGANIZATION IS SUBJECT TO THE APPROVAL OF LCF/NHS'S CORPORATE MEMBER, LHS, WHICH MAY ALSO EXERCISE SUCH POWERS DIRECTLY THE ARTICLES OF INCORPORATION AND BY-LAWS OF THE REPORTING ORGANIZATION WERE AMENDED ON SEPTEMBER 21, 2012 TO REFLECT THE AFOREMENTIONED CHANGES |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| CLASSES OF MEMBERS OR STOCKHOLDERS | FORM 990, PAGE 6, PART VI, LINE 6 | SEE LINE 4 |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| ELECTION OF MEMBERS AND THEIR RIGHTS | FORM 990, PAGE 6, PART VI, LINE 7A | SEE LINE 4 |

| Identifier | Return Reference | Explanation |
| --- | --- | --- |
| DECISIONS SUBJECT TO APPROVAL OF MEMBERS | FORM 990, PAGE 6, PART VI, LINE 7B | SEE LINE 4 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ORGANIZATION'S PROCESS USED TO REVIEW FORM 990 | FORM 990, PAGE 6, PART VI, LINE 11B | THE HOSPITAL'S MANAGEMENT PREPARED THE IRS FORM 990 AND WAS REVIEWED BY INDEPENDENT TAX CONSULTANTS (THE CONSULTANTS DID NOT SIGN AS PAID PREPARER) THE FINAL FORM 990 WAS PROVIDED TO THE ENTIRE BOARD OF TRUSTEES BEFORE THE FILING DATE VIA A SECURE WEBSITE. NHC'S EXECUTIVE MANAGEMENT REVIEWED AND PRESENTED THE FINAL DRAFT OF FORM 990 TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE LAHEY HEALTH SYSTEM, INC BOARD OF TRUSTEES PRIOR TO THE FILING DATE. |

| Identifier | Return Reference | Explanation |
|---|---|---|
| ENFORCEMENT OF CONFLICTS POLICY | FORM 990, PAGE 6, PART VI, LINE 12C | EACH YEAR THE MEMBERS OF THE BOARD ARE PROVIDED WITH A COPY OF THE CONFLICT OF INTEREST POLICY AND ASKED TO LIST ANY POTENTIAL CONFLICTS THIS SIGNED FORM IS KEPT ON FILE WITH THE CORPORATE RECORDS AND THE CHAIR AND CEO ARE MADE AWARE OF ANY POTENTIONAL CONFLICTS IF ANY CONFLICTS EXIST, THE TRUSTEE IS EXCUSED FROM THE DISCUSSIONS AND THE VOTE |

| Identifier | Return Reference | Explanation |
|---|---|---|
| COMPENSATION PROCESS FOR TOP OFFICIAL | FORM 990, PAGE 6, PART VI, LINE 15A | THE COMPENSATION COMMITTEE, COMPRISED OF INDEPENDENT TRUSTEES, MEETS ANNUALLY TO REVIEW EXECUTIVE GOALS, SALARIES, INCENTIVES, PAYMENT PROGRAMS AND BENEFITS FOR THE CEO AND EXECUTIVE MANAGEMENT THE COMMITTEE USES COMPARATIVE DATA FROM SULLIVAN & COTTER & LAWRENCE ASSOCIATES (EXTERNAL COMPENSATION CONSULTANTS) TO ENSURE EXECUTIVE COMPENSATION AND BENEFITS ARE IN LINE WITH THE REST OF THE INDUSTRY OUTSIDE LEGAL COUNSEL ADVISES THE COMMITTEE AND RECORDS MINUTES FROM THE MEETINGS THE HOSPITAL'S VP OF HUMAN RESOURCES PROVIDES THE COMMITTEE WITH ANY REQUESTED INFORMATION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| COMPENSATION PROCESS FOR OFFICERS | FORM 990, PAGE 6, PART VI, LINE 15B | THE COMPENSATION COMMITTEE, COMPRISED OF INDEPENDENT TRUSTEES, MEETS ANNUALLY TO REVIEW EXECUTIVE GOALS, SALARIES, INCENTIVES, PAYMENT PROGRAMS AND BENEFITS FOR THE CEO, EXECUTIVE MANAGEMENT (KEY EMPLOYEES) THE COMMITTEE USES COMPARATIVE DATA FROM SULLIVAN & COTTER & LAWRENCE ASSOCIATES (EXTERNAL COMPENSATION CONSULTANTS) TO ENSURE EXECUTIVE COMPENSATION AND BENEFITS ARE IN LINE WITH THE REST OF THE INDUSTRY OUTSIDE LEGAL COUNSEL ADVISES THE COMMITTEE AND RECORDS MINUTES FROM THE MEETINGS THE HOSPITAL'S VP OF HUMAN RESOURCES PROVIDES THE COMMITTEE WITH ANY REQUESTED INFORMATION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| GOVERNING DOCUMENTS DISCLOSURE EXPLANATION | FORM 990, PAGE 6, PART VI, LINE 19 | THE ARTICLES OF ORGANIZATION IS A PUBLIC DOCUMENT FILED WITH THE SECRETARY OF STATE OF THE COMMONWEALTH OF MASSACHUSETTS THE ARTICLES OF ORGANIZATION, BY-LAWS AND CONFLICT OF INTEREST POLICY ARE AVAILABLE TO THE PUBLIC UPON REQUEST THE ORGANIZATION PUBLISHES AN ANNUAL REPORT, WHICH CONTAINS AUDITED FINANCIAL STATEMENTS AND LISTINGS OF BOARD MEMBERS THE IRS FORM 990 AND MASSACHUSETTS FORM PC ARE AVAILABLE UPON REQUEST IN ADDITION, THE ORGANIZATION PRESENTS FINANCIAL STATEMENTS TO THE PUBLIC AS AN ATTACHMENT TO ITS FORM PC |

| Identifier | Return Reference | Explanation |
|---|---|---|
| RELATED ORGANIZATIONS | FORM 990, PAGE 7, PART VII | PART VII, HOURS DEVOTED TO RELATED ORGANIZATIONS NAME/TITLE/HOURS KENNETH HANOVER - PRESIDENT, TRUSTEE - 3 HOURS DAVID SPACKMAN - CLERK, APPOINTED 6/28/12 - 54 HOURS TIMOTHY O'CONNOR - TREASURER, APPOINTED 6/28/12 - 54 HOURS DENIS CONROY - CFO/TREASURER, UNTIL 6/28/12 - 18 HOURS JOSEPH PORCELLO - CONTROLLER/ASST TREASURER UNTIL 6/28/12 - 43 HOURS WILLIAM DONALDSON - VP GEN COUNSEL/CLERK, UNTIL 6/28/12 - 19 HOURS JOHANNA RODGERS - VP OF PHYSICIAN SERVICES - 20 HOURS PART VII, GENERAL DISCLOSURE TIMOTHY O'CONNOR, TREASURER, APPOINTED 6/28/12, RECEIVED COMPENSATION FROM LAHEY CLINIC FOUNDATION (RELATED ORGANIZATION) IN CY11 SINCE LCF WAS NOT A RELATED ORGANIZATION DURING CY11, WE HAVE NOT DISCLOSED MR O'CONNOR'S COMPENSATION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| OTHER CHANGES IN NET ASSETS EXPLANATION | FORM 990, PART XI, LINE 5 | OTHER CHANGES IN NET ASSETS INCLUDE MINIMUM PENSION & POST RETIREMENT ADJUSTMENT 6,355,593 UNREALIZED GAINS ON INVESTMENTS 11,880,940 RESTRICTED INVESTMENT GAINS 296,629 CHANGE IN INTEREST IN BENEFICIAL TRUSTS 440,062 NONCASH RESTRICTED CONTRIBUTION, EXCLUDED FROM PART VIII 100,000 OTHER MISC ADJUSTMENT 8,981 |

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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**
NORTHEAST HOSPITAL CORPORATION

**Employer identification number**
04-2121317

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

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

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| | | | | | | Yes | No |
| See Additional Data Table | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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

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

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership |
|---|---|---|---|---|---|---|---|
| See Additional Data Table | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

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

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

| | | Yes | No |
|---|---|---|---|
| **1** During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV? | | | |
| **a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity | 1a | Yes | |
| **b** Gift, grant, or capital contribution to related organization(s) | 1b | | No |
| **c** Gift, grant, or capital contribution from related organization(s) | 1c | | No |
| **d** Loans or loan guarantees to or for related organization(s) | 1d | Yes | |
| **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 | | No |
| **l** Performance of services or membership or fundraising solicitations by related organization(s) | 1l | Yes | |
| **m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) | 1m | Yes | |
| **n** Sharing of paid employees with related organization(s) | 1n | Yes | |
| **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 | |
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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 |
|---|---|---|
| ADDITIONAL INFORMATION | SCHEDULE R | SCHEDULE R PART IV PERPETUAL TRUSTS 7 LAHEY CLINIC FOUNDATION AND NORTHEAST HOSPITAL CORPORATION HAVE FOUR AND THREE PERPETUAL TRUSTS RESPECTIVELY THE PERPETUAL TRUSTS ARE DOMICILED IN MASSACHUSETTS AND PENNSYLVANIA SCHEDULE R PART IV REMAINDER TRUSTS 17 LAHEY CLINIC FOUNDATION HAS SEVENTEEN REMAINDER TRUSTS THE REMAINDER TRUSTS ARE DOMICILED IN MASSACHUSETTS AND NEW HAMPSHIRE SCHEDULE R PART IV POOLED INCOME FUNDS 4 LAHEY CLINIC FOUNDATION AND NORTHEAST HOSPITAL CORPORATION HAVE THREE AND ONE POOLED INCOME FUNDS RESPECTIVELY SCHEDULE R PART II PUBLIC CHARITY STATUS NORTHEAST HEALTH SYSTEM INC 11C IIIFI LAHEY HEALTH SYSTEM INC 11C IIIFI SCHEDULE R PART V LINE M ALL ENTITIES WITHIN THE LAHEY HEALTH SYSTEM SHARE FACILITIES EQUIPMENT MAILING LISTS AND OTHER ASSETS FOR A LIST OF ALL ENTITIES SEE SCHEDULE R PART II SCHEDULE R PART V LINES NR NORTHEAST HOSPITAL CORPORATION NORTHEAST MEDICAL PRACTICE NORTHEAST HEALTH SYSTEM NORTHEAST SENIOR HEALTH NORTHEAST BEHAVIORAL HEALTH AND SEACOAST NURSING REHAB PROVIDE VARIOUS CORPORATE AND OTHER SERVICES TO EACH OTHER THESE CORPORATIONS REIMBURSE ONE ANOTHER FOR EXPENSES INCURRED SUCH AS EMPLOYEES SALARIES MATERIALS SUPPLIES UTILITIES ETC CASH IS ALSO TRANSFERRED BETWEEN THESE CORPORATIONS FOR THESE EXPENSES |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 04-2121317
**Name:** NORTHEAST HOSPITAL CORPORATION

**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 | |
|---|---|---|---|---|---|---|---|
| LAHEY CLINIC INC<br>41 MALL RD<br>BURLINGTON, MA 01805<br>04-2704683 | HEALTHCARE | MA | 501C3 | 9 | LCF<br>1 | Yes | |
| LAHEY CLINIC FOUNDATION<br>41 MALL RD<br>BURLINGTON, MA 01805<br>04-2323457 | SUPPORT | MA | 501C3 | 7 | LHS<br>2 | Yes | |
| LAHEY CLINIC AFFILATED SERVICES<br>41 MALL RD<br>BURLINGTON, MA 01805<br>04-3178972 | HEALTHCARE | MA | 501C3 | 9 | LCF<br>3 | Yes | |
| NORTHEAST HEALTH SYSTEM<br>85 HERRICK ST<br>BEVERLY, MA 01915<br>04-3240453 | SUPPORT | MA | 501C3 | 11C | LHS<br>4 | Yes | |
| NORTHEAST MEDICAL PRACTICE<br>85 HERRICK ST<br>BEVERLY, MA 01915<br>04-3201853 | HEALTHCARE | MA | 501C3 | 9 | NHC<br>5 | Yes | |
| SEACOAST NURSING & REHAB<br>300 WASHINGTON ST<br>GLOUCESTER, MA 01930<br>04-1305001 | HEALTHCARE | MA | 501C3 | 9 | NHS<br>6 | Yes | |
| NE PROFESSIONAL REG OF NURSES<br>800 CUMMINGS CTR<br>BEVERLY, MA 01915<br>20-1287349 | HEALTHCARE | MA | 501C3 | 9 | NSH<br>7 | Yes | |
| NORTHEAST SENIOR HEALTH<br>85 HERRICK ST<br>BEVERLY, MA 01915<br>04-2731137 | HEALTHCARE | MA | 501C3 | 9 | NHS<br>8 | Yes | |
| NORTHEAST BEHAVIORAL HEALTH<br>131 RANTOUL ST<br>BEVERLY, MA 01915<br>04-2777145 | MENTAL ILL | MA | 501C3 | 7 | NHS<br>9 | Yes | |
| CAB HEALTH & RECOVERY<br>111 MIDDLETON RD<br>DANVERS, MA 01923<br>04-2400270 | SUBS ABUSE | MA | 501C3 | 9 | NBH<br>10 | Yes | |
| HEALTH & EDUCATION HOUSING SRVS<br>0 CENTENNIAL DRIVE<br>PEABODY, MA 01960<br>22-3232914 | HD HOUSING | MA | 501C3 | 9 | NBH<br>11 | Yes | |
| LAHEY HEALTH SYSTEM<br>41 MALL RD<br>BURLINGTON, MA 01805<br>61-1665701 | SUPPORT | MA | 501C3 | 11C | NA<br>12 | | No |
| LAHEY CLINIC HOSPITAL INC<br>41 MALL RD<br>BURLINGTON, MA 01805<br>04-2704686 | HEALTHCARE | MA | 501C3 | 3 | LCF<br>13 | Yes | |

**Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust**

| (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 |
|---|---|---|---|---|---|---|---|
| NORTHEAST PROPRIETARY CORP<br>85 HERRICK ST<br>BEVERLY, MA 01915<br>04-2855191 | MED SRVS | MA | NHS | C CORP | | | |
| PERPETUAL TRUSTS (7)<br>NA<br>NA, MA 01915 | SUPPORT | MA | SEE VII | TRUST | | | |
| REMAINDER TRUST (17)<br>NA<br>NA, MA 01915 | SUPPORT | MA | SEE VII | TRUST | | | |
| POOLED INCOME FUNDS (4)<br>NA<br>NA, MA 01915 | SUPPORT | MA | SEE VII | TRUST | | | |
| NORTHEAST MASSACHUSETTS INDEMNITY<br>GOVERNORS SQ 23 LIME TREE BAY AVE<br>CJ<br>98-0440187 | INSURANCE | CJ | NHS | C CORP | | | |
| NORTHEAST PROPRIETARY CORP<br>85 HERRICK ST<br>BEVERLY, MA 01915<br>04-2855191 | MED SRVS | MA | NHS | C CORP | | | |
| PERPETUAL TRUSTS (7)<br>NA<br>NA, MA 01915 | SUPPORT | MA | SEE VII | TRUST | | | |
| REMAINDER TRUST (17)<br>NA<br>NA, MA 01915 | SUPPORT | MA | SEE VII | TRUST | | | |
| POOLED INCOME FUNDS (4)<br>NA<br>NA, MA 01915 | SUPPORT | MA | SEE VII | TRUST | | | |
| NORTHEAST MASSACHUSETTS INDEMNITY<br>GOVERNORS SQ 23 LIME TREE BAY AVE<br>CJ<br>98-0440187 | INSURANCE | CJ | NHS | C CORP | | | |

**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) | NORTHEAST MEDICAL PRACTICE | A | 300,938 | COST |
| (2) | NORTHEAST SENIOR HEALTH | A | 116,084 | COST |
| (3) | NORTHEAST SENIOR HEALTH | D | 6,090,000 | COST |
| (4) | NORTHEAST BEHAVIORAL HEALTH | D | 5,245,000 | COST |
| (5) | SEACOAST NURSING & REHAB | D | 5,687,000 | COST |
| (6) | NORTHEAST HEALTH SYSTEM | L | 985,838 | COST |
| (7) | NORTHEAST BEHAVIORAL HEALTH | L | 16,332,476 | COST |
| (8) | NORTHEAST MEDICAL PRACTICE | N | 100,000 | COST |
| (9) | PERPETUAL TRUST | R | 3,734,874 | CASH |
| (10) | LAHEY CLINIC HOSPITAL INC | L | 890,515 | COST |
| (11) | NORTHEAST MEDICAL PRACTICE | A | 300,938 | COST |
| (12) | NORTHEAST SENIOR HEALTH | A | 116,084 | COST |
| (13) | NORTHEAST SENIOR HEALTH | D | 6,090,000 | COST |
| (14) | NORTHEAST BEHAVIORAL HEALTH | D | 5,245,000 | COST |
| (15) | SEACOAST NURSING & REHAB | D | 5,687,000 | COST |
| (16) | NORTHEAST HEALTH SYSTEM | L | 985,838 | COST |
| (17) | NORTHEAST BEHAVIORAL HEALTH | L | 16,332,476 | COST |
| (18) | NORTHEAST MEDICAL PRACTICE | N | 100,000 | COST |
| (19) | PERPETUAL TRUST | R | 3,734,874 | CASH |
| (20) | LAHEY CLINIC HOSPITAL INC | L | 890,515 | COST |

# Northeast Hospital Corporation and Affiliate

## Consolidated Financial Statements and Supplemental Information
## September 30, 2012 and 2011

# Northeast Hospital Corporation and Affiliate
## Index
## September 30, 2012 and 2011

pwc

**Report of Independent Auditors**

To the Board of Trustees of
Northeast Hospital Corporation and Affiliate

In our opinion, the accompanying consolidated balance sheet and the related consolidated statement of operations, changes in net assets, and cash flows present fairly, in all material respects, the financial position of Northeast Hospital Corporation and Affiliate (the "Corporation") at September 30, 2012, and the results of their operations, changes in their 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 financial statements are the responsibility of the Corporation's management Our responsibility is to express an opinion on these 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 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 The financial statements of the Corporation as of September 30, 2011 and for the year then ended were audited by other auditors whose report dated January 23, 2012 expressed an unqualified opinion on those statements

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The consolidating information and other supplementary schedules on pages 34 through 40 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole The consolidating information is presented for purposes of additional analysis of the consolidated financial statements Accordingly, we do not express an opinion on the financial position and results of operations of the individual entities

January 18, 2013

PricewaterhouseCoopers LLP

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

# Northeast Hospital Corporation and Affiliate
## Consolidated Balance Sheets
## September 30, 2012 and 2011

| | 2012 | 2011 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash and cash equivalents | $ 16,103 | $ 16,322 |
| Patient accounts receivables, less allowance for uncollectible accounts of $11,788 in 2012 and $8,984 in 2011 | 37,186 | 31,864 |
| Inventories of supplies | 5,764 | 5,943 |
| Prepaid expenses and deposits | 4,254 | 4,377 |
| Current portion of assets whose use is limited or restricted | 820 | 785 |
| Other receivables | 1,855 | 2,172 |
| Due from affiliates | 1,992 | 2,421 |
| Total current assets | 67,974 | 63,884 |
| Assets whose use is limited or restricted by board designation for | | |
| Assets held by trustee under bond indenture agreements | 5,977 | 4,185 |
| Investments, other | 813 | 611 |
| Donor-restricted assets for specific purposes | 7,949 | 6,528 |
| Donor-restricted assets for permanent endowment | 6,597 | 6,596 |
| Total assets whose use is limited or restricted | 21,336 | 17,920 |
| Property, plant and equipment, net | 141,165 | 145,980 |
| Deferred debt issue costs | 2,922 | 3,088 |
| Other assets | 3,805 | 4,139 |
| Professional insurance receivable | 9,979 | - |
| Beneficial interest in perpetual and lead trusts | 3,735 | 3,295 |
| Long-term investments | 105,582 | 90,073 |
| Due from affiliates | 621 | 805 |
| Total assets | $ 357,119 | $ 329,184 |
| **Liabilities & Net Assets** | | |
| Current | | |
| Accounts payable and accrued expenses | $ 14,666 | $ 15,151 |
| Accrued payroll and employee benefits | 17,458 | 16,714 |
| Accrued interest payable | 169 | 42 |
| Current portion of long-term debt | 7,709 | 9,160 |
| Accrued postretirement benefits | 245 | 252 |
| Estimated third-party settlements, net | 7,382 | 5,890 |
| Due to affiliates | 102 | 93 |
| Total current liabilities | 47,731 | 47,302 |
| Long term debt, less current portion | 98,056 | 102,333 |
| Accrued pension benefits | 51,458 | 59,318 |
| Accrued postretirement benefits | 1,892 | 1,980 |
| Professional liability reserves | 11,561 | 1,619 |
| Other noncurrent liabilities | 17,299 | 16,011 |
| Total long term liabilities | 180,266 | 181,261 |
| Total liabilities | 227,997 | 228,563 |
| Commitments and Contingencies (Note 14) | | |
| Net Assets | | |
| Unrestricted | 110,842 | 84,202 |
| Temporarily restricted | 7,949 | 6,528 |
| Permanently restricted | 10,331 | 9,891 |
| Total net assets | 129,122 | 100,621 |
| Total liabilities and net assets | $ 357,119 | $ 329,184 |

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

# Northeast Hospital Corporation and Affiliate
## Consolidated Statements of Operations
## Years Ended September 30, 2012 and 2011

| | 2012 | 2011 |
|---|---|---|
| **Unrestricted net assets** | | |
| Revenues | | |
| Net patient service revenue | $ 333,051 | $ 324,770 |
| Provision for bad debts | (9,869) | (9,510) |
| Net patient service revenue after provision for bad debts | 323,182 | 315,260 |
| Other revenues | 9,114 | 4,132 |
| Net assets released from restrictions | 820 | 931 |
| Total revenues | 333,116 | 320,323 |
| **Expenses** | | |
| Salaries and wages, nonphysicians | 147,537 | 140,748 |
| Salaries and wages, physicians | 7,061 | 10,194 |
| Employee benefits | 35,519 | 34,119 |
| Supplies and other | 113,723 | 111,334 |
| Depreciation and amortization | 17,989 | 17,379 |
| Interest | 2,046 | 2,359 |
| Health Safety Net assessment | 2,463 | 2,466 |
| Total expenses | 326,338 | 318,599 |
| Income from operations | 6,778 | 1,724 |
| **Nonoperating gains (losses), net** | | |
| Investment income and changes in the value of split interest agreements | 1,534 | 1,635 |
| Fundraising costs | (296) | (274) |
| Other income | 1,162 | 480 |
| Total nonoperating gains | 2,400 | 1,841 |
| Excess of revenues over expenses | 9,178 | 3,565 |
| Change in net unrealized gains and losses on investments | 10,413 | (4,979) |
| Net assets released from restrictions used for purchase of property, plant and equipment | 693 | 566 |
| | 20,284 | (848) |
| Pension and postretirement related changes other than net periodic cost | 6,356 | (16,328) |
| Increase (decrease) in unrestricted net assets | $ 26,640 | $ (17,176) |

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

# Northeast Hospital Corporation and Affiliate
## Consolidated Statements of Changes in Net Assets
## Years Ended September 30, 2012 and 2011

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **Balances at September 30, 2010** | $ 101,378 | $ 7,638 | $ 10,127 | $ 119,143 |
| Excess of revenues over expenses | 3,565 | - | - | 3,565 |
| Restricted contributions | - | 927 | - | 927 |
| Restricted investment income and gains | - | 186 | - | 186 |
| Contributions and changes in the value of perpetual trusts and split interest agreements | - | - | (236) | (236) |
| Net assets released from restrictions | | | | |
| Used for operations | - | (931) | - | (931) |
| Used for property, plant and equipment | 566 | (566) | - | - |
| Change in net unrealized gains and losses on investments | (4,979) | (726) | - | (5,705) |
| Pension and postretirement related changes other than net periodic cost | (16,328) | - | - | (16,328) |
| Change in net assets | (17,176) | (1,110) | (236) | (18,522) |
| **Balances at September 30, 2011** | 84,202 | 6,528 | 9,891 | 100,621 |
| Excess of revenues over expenses | 9,178 | - | - | 9,178 |
| Restricted contributions | - | 1,170 | - | 1,170 |
| Restricted investment income and gains | - | 296 | - | 296 |
| Contributions and changes in the value of perpetual trusts and split interest agreements | - | - | 440 | 440 |
| Net assets released from restrictions | | | | |
| Used for operations | - | (820) | - | (820) |
| Used for property, plant and equipment | 693 | (693) | - | - |
| Change in net unrealized gains and losses on investments | 10,413 | 1,468 | - | 11,881 |
| Pension and postretirement related changes other than net periodic cost | 6,356 | - | - | 6,356 |
| Change in net assets | 26,640 | 1,421 | 440 | 28,501 |
| **Balances at September 30, 2012** | $ 110,842 | $ 7,949 | $ 10,331 | $ 129,122 |

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

# Northeast Hospital Corporation and Affiliate
## Consolidated Statements of Cash Flows
## Years Ended September 30, 2012 and 2011

| | 2012 | 2011 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | $ 28,501 | $ (18,522) |
| Adjustments to reconcile change in net assets | | |
| to net cash provided by operating activities | | |
| Net realized and unrealized (gains) losses on investments | (14,335) | 4,531 |
| Change in beneficial interest in irrevocable trusts | (440) | 300 |
| Change in value of investments accounted for under | | |
| the equity method of accounting | (1,015) | (32) |
| Change in value of interest rate swaps | 1,278 | 541 |
| Depreciation and amortization | 18,169 | 17,565 |
| Provision for bad debts | 9,869 | 9,510 |
| Pension and postretirement related changes other than net periodic cost | (6,356) | 16,328 |
| Loss on sale of property, plant and equipment | 507 | 128 |
| Net earnings of affiliated organizations | 5 | (34) |
| Distributions from affiliated organizations | 80 | 120 |
| Restricted contributions | (1,170) | (1,176) |
| (Decrease) increase in cash resulting from changes in | | |
| Patient accounts receivables | (15,191) | (6,740) |
| Other assets | 868 | 1,138 |
| Due from affiliates | 621 | (1,834) |
| Accounts payable, accrued expenses, and other liabilities | (2,494) | 3,321 |
| Estimated third-party settlements | 1,494 | (2,407) |
| Net cash provided by operating activities | 20,391 | 22,737 |
| **Cash flows from investing activities** | | |
| Additions to property, plant, and equipment | (12,298) | (13,112) |
| Proceeds from sale of property, plant and equipment | 4 | 41 |
| Cash paid for acquisitions | (350) | (541) |
| Purchase of assets whose use is limited or restricted and long-term investments | (31,589) | (13,709) |
| Proceeds from sale of assets whose use is limited or | | |
| restricted and long-term investments | 28,181 | 12,219 |
| Net cash used in investing activities | (16,052) | (15,102) |
| **Cash flows from financing activities** | | |
| Repayment of long-term debt | (5,728) | (5,543) |
| Proceeds from restricted contributions | 1,170 | 1,176 |
| Net cash used in financing activities | (4,558) | (4,367) |
| (Decrease) increase in cash and cash equivalents | (219) | 3,268 |
| **Cash and cash equivalents** | | |
| Beginning of year | 16,322 | 13,054 |
| End of year | $ 16,103 | $ 16,322 |
| **Supplemental disclosure of cash flow information** | | |
| Cash paid for interest | $ 1,941 | $ 2,455 |
| Fixed asset additions included in accounts payable | 1,900 | 500 |

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

*(in thousands of dollars)*

## 1. Organization

Lahey Health System, Inc ("Parent") was organized in anticipation of the affiliation of Lahey Clinic Foundation, Inc ("Foundation") and Northeast Health System, Inc ("Northeast"), the tax-exempt parent entities of two previously unrelated tax-exempt health care systems As of May 1, 2012, pursuant to the affiliation, the Parent is the sole corporate member of the Foundation and Corporation The parent was formed to act as the parent organization of an integrated health care system

Northeast is the sole member of Northeast Hospital Corporation (NHC) and functions as the parent holding company for Northeast Hospital Corporation and other affiliated organizations NHC is the sole member of Northeast Medical Practice, Inc (NMP), a corporation organized to manage and operate physician practices NHC has acute care facilities in northeastern Massachusetts and provides inpatient, outpatient, and emergency care services Admitting physicians are primarily practitioners in the local area

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America

### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of NHC and NMP (collectively, the "Hospital") NHC accounts for its interest in its controlled affiliate using the cost method of accounting Intercompany balances and transactions are eliminated in consolidation The assets of a member 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period The more significant areas requiring the use of management estimates relate to third-party payor settlements, allowances for contractual adjustments and uncollectible receivables, actuarial assumptions associated with pension and postretirement benefits and incurred but not reported (IBNR) liabilities for healthcare insurance, workers' compensation insurance, medical malpractice insurance, and investments without readily determinable market values Actual results could differ from those estimates

### Classification of Net Assets

Unrestricted net assets represent net assets which have no external donor imposed restrictions as to use or purpose as well as assets whose use is limited through board designation or under the terms of the revenue bond agreements Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose, or by law Permanently restricted net assets consist of endowment fund assets and trusts to be held in perpetuity

*(in thousands of dollars)*

**Statement of Operations**
For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care and related services are reported as revenue and expenses Peripheral or incidental transactions are reported as nonoperating gains and losses

The consolidated statements of operations include excess of revenue over expenses Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include changes in net unrealized gains and losses on investments, contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets), and certain pension and postretirement-related adjustments

**Revenue Recognition**
The Hospital has entered into payment agreements with Medicare, BlueCross BlueShield, Medicaid, and various commercial insurance carriers, managed care organizations, and preferred provider organizations The basis for payment under these agreements includes prospectively determined rates per discharge or per visit, discounts from established charges, cost (subject to limits), fee schedules, prospectively determined per diem rates, capitation fees earned on a per-member, per-month basis, and pay-per-performance incentives Certain pay for performance contracts also provide for payments that are contingent upon meeting certain agreed upon quality and efficiency measures

**Net Patient Service Revenue**
Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors 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 payors As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Variances between preliminary estimates of net patient service revenue and final third-party settlements are included in the year in which the settlement or change in estimate occurs Net favorable adjustments of approximately $4,135 and $3,907 were recorded in 2012 and 2011, respectively These changes in estimates resulted from settlements of net liabilities at an amount less than previously estimated receivables and liabilities

**Contributions and Gifts**
Unconditional promises to give cash and other assets that are expected to be collected within one year are recorded at net realizable value Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows Unconditional promises to give are discounted at an appropriate market rate in accordance with fair value standards Amortization of the discounts are included in contribution revenue Conditional promises to give and indications of intentions to give are reported at fair value when the conditions are substantially met

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that either temporarily or permanently limit the use of the donated assets When a stipulated time restriction ends or purpose restrictions are accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions

*(in thousands of dollars)*

Gifts, grants and pledges restricted by donors for additions to property, plant and equipment are recorded as temporarily restricted net assets until the stipulation is fulfilled and the assets are placed in service, at which time they are recorded as net assets released from restrictions in the statement of operations Gifts of property are recorded as unrestricted support at the fair market value on the date received, unless explicit donor stipulations specify how the donated assets must be used

The Hospital is the beneficiary of several trust funds administered by trustees or other third parties Trusts wherein the Hospital has the irrevocable right to receive the income earned on the trust assets in perpetuity are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt The assets held in trust consist primarily of cash equivalents and marketable securities The fair values of perpetual trusts are measured using the fair value of the assets contributed to the trusts Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor Changes in the fair value of the trusts are recorded as increases or decreases to permanently restricted net assets

**Cash and Cash Equivalents**
Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less at time of purchase Cash and cash equivalents held in the investment portfolio are included in assets whose use is limited and long term investments

The Hospital invests its cash and cash equivalents in money market funds at financial institutions in excess of insured limits

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

**Investments and Investment Income**
Investments in equity securities with readily determinable fair values and all investments in debt securities and common collective trust funds are recorded at fair value Investment income on proceeds of borrowings that are held by a trustee, to the extent not capitalized, is reported as other revenue All other investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in nonoperating gains and 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 are excluded from the excess of revenue and gains over expenses and losses, and reported as an increase or decrease in net assets, except that declines in fair value that are determined to be other-than-temporary are reported as realized losses

Hedge funds are reported using the equity method of accounting, except that hedge funds held by the pension plan are accounted for at fair value Realized and unrealized gains and losses associated with investments accounted for using the equity method are included in nonoperating gains and losses in the consolidated statements of operations Investments accounted for using the equity method of accounting, for which no quoted market prices are readily available, are carried at fair value determined based upon information provided by the investment managers The investment managers' estimates and assumptions of fair values of nonmarketable investments may differ significantly from the values that would have been used had a ready market existed, and may also differ significantly from the values at which such investments may be sold, and the differences could be material

*(in thousands of dollars)*

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 sheets and statements of operations

The Hospital periodically reviews its investments to identify those for which market value is below cost The Hospital then makes a determination as to whether the investment should be considered other-than-temporarily impaired

At September 30, 2012, the Hospital held no investments in mutual funds and common collective trusts that had a fair value less than cost At September 30, 2011, the Hospital held investments in mutual funds and common collective trusts that had a fair value of approximately $1,749 less than cost There were no investments where the cost exceeded the fair value for in excess of one year Since the Hospital has the intent and ability to hold these investments until a recovery of fair value, the Hospital does not consider these investments to be other-than-temporarily impaired at September 30, 2011

**Assets Whose Use is Limited or Restricted**
Assets whose use is limited or restricted consist of assets held by trustees under indenture agreements and donor-restricted assets

**Property, Plant, and Equipment**
Property, plant, and equipment are recorded at cost or, in the case of gifts, at fair market value at the date of the gift, less accumulated depreciation Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets Expenditures for maintenance and repairs are charged to operations as incurred

Depreciation is calculated using the following estimated useful lives

| | |
|---|---|
| Land improvements | 3 to 25 years |
| Buildings and improvements | 5 to 40 years |
| Fixed equipment | 5 to 20 years |
| Major moveable equipment | 3 to 20 years |

Construction in progress represents amounts expended towards property and equipment projects which have not been completed No provision for depreciation has been recorded for these items

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

*(in thousands of dollars)*

**Asset Retirement and Environmental Obligations**
The Hospital recognizes the liability for conditional asset retirement obligations when the Hospital has a legal obligation to perform asset retirement activities Substantially all of the asset retirement obligations relate to estimated costs to remove asbestos that is contained within the Hospital's facilities The adjustments to the carrying amount of the asset retirement obligation in 2012 and 2011 were primarily attributable to accretion expense

**Assessment of Long-Lived Assets**
The Hospital periodically reviews the carrying value of its long-lived assets (primarily property, plant and equipment and intangible assets) to assess the recoverability of these assets Any impairment is recognized in operating results if the reduction in value is considered not to be recoverable

**Original Issue Premium/Discount and Deferred Debt Issue Costs**
Original issue premiums/discounts and deferred debt issue costs are amortized over the period the debt is outstanding using the effective interest method

**Capitalized Interest**
Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets There was no capitalized interest for the years ended September 30, 2012 and 2011

**Other Assets**
Other noncurrent assets include the Hospital's investments in affiliated organizations Investments in affiliated organizations owned 20% or more are accounted for using the equity method Investments in organizations owned less than 20% are carried at cost Also included in other noncurrent assets is the cash surrender value of life insurance and goodwill

**Income Tax Status**
NHC and its affiliate NMP have been recognized as tax-exempt nonprofit organizations pursuant to Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements

**Accounting for Defined Benefit Pension and Other Postretirement Plans**
The Hospital recognizes the overfunded or underfunded status of its defined benefit and postretirement plans as an asset or liability in its consolidated balance sheet Changes in the funded status of the plans are reported as a change in unrestricted net assets presented below the excess of revenues over expenses in its consolidated statements of operations and changes in net assets in the year in which the changes occur

**Fair Value of Financial Instruments**
The fair value of financial instruments approximates the carrying amount reported in the consolidated balance sheet for cash, accounts receivable, and accounts payable The fair value of investments, excluding those that are accounted for under the cost or equity method, is disclosed in Note 5 The fair value of long-term debt is disclosed in Note 13

**Reclassifications**
Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation

*(in thousands of dollars)*

**Recent Accounting Pronouncements**

***Fair Value Measurements and Disclosures***

In January 2010, new guidance was issued that requires the reconciliation of recurring Level 3 measurements (those using significant unobservable inputs) to contain disclosure of purchases, sales, issuances and settlements on a gross basis The Hospital adopted this guidance in fiscal year 2010

***Provision for Bad Debts***

In July 2011, the Financial Accounting Standards Board issued Accounting Standards Update 2011-7 (ASU 2011-7), *Health Care Entities: Presentation and Disclosure of Net Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts* Under the new guidance, bad debts relating to patient service revenue will be separately disclosed in the statement of operations and reported as a component of net patient service revenue Bad debts associated with activities other than patient service revenue will continue to be reported as an operating expense The Hospital adopted ASU 2011-7 in fiscal year 2012

The Hospital elected to early adopt ASU 2011-7 for 2012 and changed its reporting of the provision for bad debts Accordingly, certain amounts in the 2011 financial statements have been reclassified to conform with the 2012 presentation The previously reported provision for bad debts of $9,510 has been reclassified as a reduction to net patient service revenue The reclassification had no impact on the previously reported excess of revenues over expenses for 2011

***Presentation of Insurance Claims and Related Insurance Recoveries***

In August 2010, new guidance was issued for the presentation of insurance claims and associated insurance recoveries for healthcare organizations Under the new guidance, health care entities are required to reflect their "gross" exposure to claims liabilities with a corresponding receivable for insurance recoveries in order to be consistent with other industries The Hospital adopted this guidance in fiscal year 2012

***Charity Care***

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

## 3. Third-Party Reimbursement

**Health Safety Net Fund**

The Commonwealth of Massachusetts (the "Commonwealth") operates the Health Safety Net Fund (HSN) HSN allocates the cost of uncompensated care among the hospitals in the Commonwealth The hospitals have been assessed a uniform allowance based on estimates of the statewide cost of uncompensated care and have been reimbursed for a portion of the cost of uncompensated care, subject to certain limitations Reimbursable uncompensated care includes net charity care and certain bad debts related to emergency services The hospitals' recoveries from the HSN are based on a payment method that is claims-based and uses Medicare principles Reimbursement from the HSN for uncompensated care is recorded in net patient service revenue in the consolidated statements of operations

*(in thousands of dollars)*

**Medicare**
Reimbursement for services provided to patients covered by the federal government's Medicare program who have elected not to enter a Medicare health maintenance organization (HMO) is determined under the Medicare prospective payment system (PPS) Reimbursement for services varies according to a patient classification system that is based on clinical, diagnostic, and other factors Medicare reimbursement received is subject to retroactive adjustment based on audits of an annual cost report As of September 30, 2012, settlements have been reached with the Medicare program for Medicare cost reports through 2006

## 4. Allowance for Uncollectible Accounts

Accounts receivable are reduced by an allowance for uncollectible accounts In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major categories of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts Management regularly reviews data about these major categories of revenue in evaluating the sufficiency of the allowance for uncollectible accounts Throughout the year, the Hospital 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 uncollectible 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 uncollectible accounts

Accounts receivable, prior to adjustment for doubtful accounts, is summarized as follows at September 30, 2012 and 2011

| | 2012 | 2011 |
|---|---|---|
| **Receivables** | | |
| Third-party payors | $ 39,733 | $ 33,591 |
| Self-pay payors | 9,241 | 7,257 |
| | $ 48,974 | $ 40,848 |

The allowance for uncollectible accounts is summarized as follows at September 30, 2012 and 2011

| | 2012 | 2011 |
|---|---|---|
| **Allowance for doubtful accounts** | | |
| Third-party payors | $ 4,406 | $ 3,979 |
| Self-pay payors | 7,382 | 5,005 |
| | $ 11,788 | $ 8,984 |

Patient related bad debt is reflected as a reduction in patient service revenues on the statements of operations

*(in thousands of dollars)*

**Charity Care**
The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Hospital does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue During 2012 and 2011, the Hospital provided approximately $5,150 and $7,591, respectively, in charity care The equivalent percentage of charity care to all gross patient service revenue was approximately 1% in 2012 and 1 2% in 2011 Such amounts and percentages are determined using charges foregone based on established rates

## 5. Related Party Transactions

Certain salaries, supplies, and other expenditures are incurred by the Hospital for corporate-related services and are allocated to Northeast and its affiliates Such amounts aggregated $18,639 and $15,787 in 2012 and 2011, respectively, and are reflected as a reduction of expenses in the accompanying consolidated statements of operations

At September 30, 2012 and 2011, due from (to) affiliates consisted of the following

| | 2012 | 2011 |
|---|---|---|
| **Due from affiliates - total** | | |
| Due from Northeast Behavioral Health | $ 299 | $ 780 |
| Due from Northeast Physician Practice, Inc | 448 | 445 |
| Due from Northeast Health System | - | 269 |
| Due from other affiliates | 1,866 | 1,732 |
| Total due from affiliates | 2,613 | 3,226 |
| Less Current portion | 1,992 | 2,421 |
| Accounts receivable - affiliates | $ 621 | $ 805 |
| **Due to affiliates - total** | | |
| Due to Northeast Health System, Inc | $ 9 | $ - |
| Due to other affiliates | 93 | 93 |
| Total due to affiliates | $ 102 | $ 93 |

Certain salaries and supplies are incurred by Northeast Behavioral Health (an affiliate of Northeast) in connection with providing behavioral health services to the Hospital Such amounts aggregated $17,134 in 2012 and $16,150 in 2011 and are reflected as expenses in the accompanying consolidated statements of operations

*(in thousands of dollars)*

## 6. Investments

At September 30, 2012 and 2011, investments consisted of the following

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Market Value | Cost Basis | Market Value | Cost Basis |
| Cash and money market funds | $ 4,658 | $ 4,658 | $ 4,307 | $ 4,307 |
| Debt securities | 3,995 | 4,000 | 1,968 | 1,960 |
| Mutual funds | 63,492 | 56,131 | 54,393 | 54,075 |
| Common collective trusts | 33,634 | 27,814 | 27,310 | 26,824 |
| Hedge funds | 20,107 | 16,501 | 18,948 | 15,851 |
| Other | 1,852 | 1,852 | 1,852 | 1,852 |
| | $ 127,738 | $ 110,956 | $ 108,778 | 104,869 |

Other investments at September 30, 2012 and 2011, include donated art, which the Hospital is carrying at fair value at the date of gift

The above are reported in the accompanying consolidated balance sheets at September 30, 2012 and 2011, as follows

| | 2012 | 2011 |
|---|---|---|
| Current assets - assets whole use is limited or restricted | $ 820 | $ 785 |
| Assets held by trustee under bond indenture agreements | 5,977 | 4,185 |
| Donor-restricted assets | | |
| Specific purposes | 7,949 | 6,528 |
| Permanent endowment | 6,597 | 6,596 |
| Investments, other | 813 | 611 |
| Long-term investments | 105,582 | 90,073 |
| | $ 127,738 | $ 108,778 |

*(in thousands of dollars)*

The composition of investment return for the years ended September 30, 2012 and 2011 was as follows

| | 2012 | 2011 |
|---|---|---|
| Interest and dividend income | | |
| Other revenue | $ 128 | $ 148 |
| Nonoperating gains | 1,534 | 1,581 |
| Temporarily restricted | 33 | 39 |
| Net realized gains on investments | | |
| Unrestricted - nonoperating gains | 2,191 | 1,027 |
| Temporarily restricted | 263 | 147 |
| Change in value of investments accounted for under the equity method of accounting | 1,015 | 32 |
| Change in net unrealized gains and losses on investments | | |
| Unrestricted | 10,413 | (4,979) |
| Temporarily restricted | 1,468 | (726) |
| Change in fair value of irrevocable trusts | 440 | (300) |
| | $ 17,485 | $ (3,031) |

## 7. Property, Plant, and Equipment

At September 30, 2012 and 2011, property, plant, and equipment consisted of the following

| | 2012 | 2011 |
|---|---|---|
| Land and improvements | $ 18,482 | $ 18,290 |
| Buildings and improvements | 199,509 | 196,780 |
| Fixed equipment | 27,733 | 27,888 |
| Major movable equipment | 137,611 | 131,728 |
| Total property, plant, and equipment | 383,335 | 374,686 |
| Less Accumulated depreciation | 246,325 | 230,315 |
| | 137,010 | 144,371 |
| Construction in progress | 4,155 | 1,609 |
| Property, plant, and equipment, net | $ 141,165 | $ 145,980 |

*(in thousands of dollars)*

## 8. Other Noncurrent Assets

At September 30, 2012 and 2011, other noncurrent assets consisted of the following

| | 2012 | 2011 |
|---|---|---|
| Investment in North Shore PET Imaging Center, LLC | $ 198 | $ 202 |
| Notes receivable (interest rates from 6% to 10 75% with maturities through 2016) | 494 | 636 |
| Goodwill | 1,225 | 1,225 |
| Other | 1,888 | 2,076 |
| | $ 3,805 | $ 4,139 |

*(in thousands of dollars)*

## 9. Long-Term Debt

At September 30, 2012 and 2011, long-term debt consisted of the following

| | 2012 | 2011 |
|---|---|---|
| Massachusetts Health and Educational Facilities Authority (MHEFA or the "Authority") Revenue Bonds | | |
| Northeast Hospital Issue, Series H, payable through 2036 (variable interest rate, 22% and 35% at September 30, 2012 and 2011, respectively, letter of credit through Bank of America expires in August 2013) | $ 23,000 | $ 23,000 |
| Northeast Hospital Issue, Series I (taxable), payable through 2036 (variable interest rate, 30% and 35% at September 30, 2012 and 2011, respectively, letter of credit through Bank of America expires in August 2013) | 9,500 | 9,500 |
| Northeast Hospital Issue, Series G, payable through 2034 (variable interest rate, 18% and 17% at September 30, 2012 and 2011, respectively, letter of credit through JP Morgan Chase expires in December 2015) | 46,475 | 47,100 |
| Beverly Hospital Issue, Series F, payable through 2020 (interest rates ranging from 4 95% to 5 70%) | 14,600 | 16,300 |
| Northeast Hospital Issue, Pool M, payable through 2029 (varying rates, 25% at September 30, 2012 and 2011 letter of credit through Bank of America expires in May 2013) | 10,177 | 10,517 |
| Beverly Hospital Issue, Series D, payable through 2013 (interest rates ranging from 6 50% to 7 30%) | 1,125 | 2,175 |
| Northeast Hospital Issue, equipment acquisition loan, payable through 2013 (fixed interest rate of 3 95%) | 548 | 2,514 |
| Mortgage note payable through 2012 (interest rate of 6 00%) | 340 | 387 |
| | 105,765 | 111,493 |
| Less Current portion | 7,709 | 9,160 |
| | $ 98,056 | $ 102,333 |

The Series H 2006 Bonds and the Series I 2006 Bonds were issued in the Variable Rate Demand Bond mode backed by a letter of credit from Bank of America which expires in 2013 The interest rate resets weekly

*(in thousands of dollars)*

Series H and Series I bondholders have the option to put the bonds back to the Hospital Such bonds would be subject to remarketing efforts by the Hospital's remarketing agent To the extent that such remarketing efforts were unsuccessful, the nonmarketable bonds would be purchased from the proceeds of advances under the letter of credit Payments of the principal on the letter of credit advances would commence on the first calendar day of the month that commences more than six months after the borrowing Repayment of the full letter of credit would be required by the earlier of five years from the date of the advance under the letter of credit or that stated maturity date As a result, the Hospital has recorded $3,250 in current installments of long-term debt The Series H and Series I bonds have been presented in accordance with their scheduled maturities in the table of scheduled maturities of long-term debt

The Hospital entered into an agreement with the MHEFA to issue tax-exempt MHEFA variable rate revenue bonds, Northeast Hospital Corporation Issue, Series G (2004) (the "Series 2004 Bonds") in the aggregate amount of $55,000 due 2034 The Series 2004 Bonds were issued in the R-Float mode with rates reset weekly In June 2008, the Hospital entered into a remarketing agreement to refinance the Series 2004 Bonds The remarketing changed the mode of the bonds from an R-Float mode to a Variable Rate Demand Bond backed by a letter of credit which expires in 2015 The interest rate on the Series 2004 Bonds is set weekly Series 2004 bondholders have the option to put the bonds back to the Hospital Such bonds would be subject to remarketing efforts by the Hospital'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 Payments of the principal on the letter of credit advances would commence on the first calendar day of the month that commences more than one year after the advance Repayment of the letter of credit would be required by the earlier of five years from the date of the advance under the letter of credit or that stated maturity date The Series 2004 bonds have been classified in accordance with the stated maturity in the accompanying consolidated balance sheets and in the table of scheduled maturities of long-term debt

The MHEFA bonds are collateralized by substantially all property, plant, and equipment of the Hospital and a lien on its gross receipts The debt agreements require the Hospital to escrow funds with a trustee for current installments and arbitrage rebate liabilities, if any Additionally, the debt agreements place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance and comply with certain other covenants

Effective October 1, 2010, MHEFA merged into the Massachusetts Development Finance Agency

In conjunction with the issuance of the Series H 2006 Bonds, Series I 2006 Bonds, and Series G 2004 Bonds, the Hospital entered into the following interest rate swap agreements to manage its interest rate risk on the variable rate debt

| | Fixed Payment Rate | Variable Rate Received | Initial Notional Amount | Termination Date | Counterparty |
|---|---|---|---|---|---|
| Series H Swap | 3 799 % | 67% LIBOR | $ 23,000 | July 1, 2036 | Bank of America |
| Series I (taxable) Swap | 5 624 | 100% LIBOR | 7,000 | July 1, 2036 | Bank of America |
| Series G Swap | 3 373 | 67% LIBOR | 37,000 | July 1, 2034 | Bank of America |
| Series G Swap | 3 030 | 67% LIBOR | 5,000 | July 1, 2014 | Bank of America |

*(in thousands of dollars)*

The fair value of the Hospital's swaps at September 30, 2012 and 2011, were liabilities of $16,231 and $14,953, respectively, which are included in other noncurrent accrued liabilities on the consolidated balance sheets The change in net unrealized losses of $1,278 and $541 in 2012 and 2011, respectively, are recorded as nonoperating losses in the accompanying consolidated statements of operations Net cash payments under the swaps were $2,284 and $2,311 for the years ended September 30, 2012 and 2011, respectively, which are included in other revenue in the accompanying consolidated financial statements

The mortgage and notes payable are collateralized by buildings, equipment, and other assets with net book values totaling approximately $401 at September 30, 2012

The costs of issuance were approximately $597 for the Series H 2006 Bonds and Series I 2006 Bonds and $3,303 for the Series 2004 Bonds These costs included underwriters' discount, legal, consulting, and printing fees, bond insurance premium, swap insurance premium, and other associated issuance costs related to the bonds

Scheduled principal payments on long-term debt are as follows

| **Years Ending September 30,** | |
|---|---|
| 2013 | $ 4,459 |
| 2014 | 2,836 |
| 2015 | 2,937 |
| 2016 | 3,115 |
| 2017 | 3,344 |
| Thereafter | 89,074 |
| | $ 105,765 |

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

## 10. Operating Leases and Other Commitments

**Operating Leases**
The Hospital leases certain property and equipment under noncancelable operating leases with various terms through the year 2018 At September 30, 2012, the Hospital's obligations under noncancelable operating leases are as follows

| **Years Ending September 30,** | |
|---|---|
| 2013 | $ 1,834 |
| 2014 | 1,313 |
| 2015 | 912 |
| 2016 | 508 |
| 2017 | 173 |
| Thereafter | 25 |
| | $ 4,765 |

*(in thousands of dollars)*

Rent expense was approximately $2,173 and $2,233 for 2012 and 2011, respectively

**Other Commitments**
At September 30, 2012, the Hospital has guaranteed the following debt

| | Balance Outstanding |
|---|---|
| Northeast Senior Health (formerly Northeast Long-Term Care Corporation) | $ 6,090 |
| Northeast Behavioral Health (formerly Health and Education Services, Inc ) | 5,245 |
| Seacoast Nursing Home and Rehabilitation Center, Inc ("Seacoast") | 5,687 |

Northeast Senior Health, Northeast Behavioral Health and Seacoast are affiliates of the Hospital Northeast Behavioral Health's outstanding balance above is as of June 30, 2012

## 11. Benefit Plans

The Hospital has a noncontributory pension plan which covers substantially all of the Hospital's employees (the "Plan") The Plan, which may be terminated at any time by the Board, provides benefits to employees upon retirement

The benefits under the Plan are based on years of service and the participants' compensation levels The Hospital's policy is to fund the Plan in excess of the minimum required contribution in order to cover the present and future obligations of the Plan Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future

The Hospital also provides assistance with the cost of health insurance to eligible employees who retire with a hospital pension In 1991, the postretirement health plan was amended such that employees are no longer earning postretirement medical benefits

*(in thousands of dollars)*

The following table provides a reconciliation of benefit obligations, plan assets, and the funded status of the Hospital's benefit plans and the related amounts that are recognized in the accompanying consolidated balance sheets at September 30, 2012 and 2011

| | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Change in benefit obligation** | | | | |
| Benefit obligation at October 1 | $ 154,405 | $ 137,884 | $ 2,233 | $ 2,357 |
| Service cost | 4,720 | 5,042 | 3 | 4 |
| Interest cost | 6,777 | 6,661 | 94 | 108 |
| Employee contributions | 320 | - | - | - |
| Plan amendment | (386) | - | - | - |
| Actuarial loss | 6,019 | 9,026 | 54 | 23 |
| Benefits paid | (4,596) | (4,208) | (247) | (259) |
| Benefit obligation at September 30 | $ 167,259 | $ 154,405 | $ 2,137 | $ 2,233 |
| Accumulated benefit obligation | $ 156,298 | $ 143,580 | $ - | $ - |
| **Change in plan assets** | | | | |
| Fair value of plan assets at October 1 | $ 95,087 | $ 94,160 | $ - | $ - |
| Actual return on plan assets | 15,340 | (2,925) | - | - |
| Employer contributions | 9,650 | 8,060 | 247 | 259 |
| Employee contributions | 320 | - | - | - |
| Benefits paid from plan assets | (4,596) | (4,208) | (247) | (259) |
| Fair value of plan assets at September 30 | $ 115,801 | $ 95,087 | $ - | $ - |
| Funded status/accrued benefit liability | $ (51,458) | $ (59,318) | $ (2,137) | $ (2,233) |

Unrestricted net assets at September 30, 2012 and 2011, include unrecognized actuarial losses of $66,426 and $72,841, respectively, and unrecognized prior service costs of $618 and $315, respectively, for the Plan and recognized losses of $1,166 and $1,215, respectively, and recognized prior service costs of $914 and $1,322, respectively, for the postretirement health plan The amount in unrestricted net assets expected to be recognized in net periodic benefit costs over the next fiscal year is $3,602

The components of net periodic benefit costs were as follows for the years ended September 30, 2012 and 2011

| | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| Service cost | $ 4,720 | $ 5,042 | $ 3 | $ 4 |
| Interest cost | 6,777 | 6,661 | 95 | 107 |
| Expected return on plan assets | (7,284) | (7,189) | - | - |
| Amortization of prior service cost | (83) | (60) | (407) | (418) |
| Recognized actuarial loss | 4,378 | 3,213 | 102 | 101 |
| Net periodic benefit cost | $ 8,508 | $ 7,667 | $ (207) | $ (206) |

*(in thousands of dollars)*

Other changes in plan assets and benefit obligations recognized in unrestricted net assets

| | Pension Benefits | | Postretirement Benefits | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| New net actuarial (gain) loss | $ (2,420) | $ 19,142 | $ 54 | $ 22 |
| Amortization of | | | | |
| Prior service cost | 83 | 60 | 407 | 418 |
| Actuarial gain | (4,378) | (3,213) | (102) | (101) |
| Total recognized | $ (6,715) | $ 15,989 | $ 359 | $ 339 |

At September 30, 2012 and 2011, the Hospital used the following assumptions in determining the preceding amounts

| | 2012 | 2011 |
|---|---|---|
| Discount rate - benefit obligation | 4 20 % | 4 47 % |
| Discount rate - periodic benefit cost | 4 47 | 4 92 |
| Rate of compensation increase - benefit obligation | 3 00 | 3 00 |
| Rate of compensation increase - periodic benefit cost | 3 00 | 3 00 |
| Expected long-term rate of return on plan assets | 7 50 | 7 50 |

The discount rate was derived from an actuarial discount rate model based on yields of high quality corporate bonds at September 30, 2012 and 2011 The increase in future compensation levels was determined from current and historical economic conditions

Increasing the assumed health care cost trend rates by one percentage point would increase the accumulated benefit obligation as of September 30, 2012 by approximately $14 and the total service cost and interest cost for the fiscal year ending September 30, 2012 by $1, while decreasing the assumed health care cost trend rate by one percentage point would decrease the accumulated benefit obligation as of September 30, 2012 by approximately $17 and the total service cost and interest cost for the fiscal year ending September 30, 2012 by approximately $1

The Hospital's pension plan weighted-average asset allocations at September 30, 2012 and 2011, by asset category, are as follows

| | Plan Assets | |
|---|---|---|
| **Asset Category** | 2012 | 2011 |
| Equity securities | 63 % | 58 % |
| Debt securities | 18 | 20 |
| Alternative investments | 16 | 18 |
| Cash and short term | 3 | 4 |
| | 100% | 100% |

*(in thousands of dollars)*

Management of the pension plan assets is designed to maximize total return (income plus capital change) while preserving the capital values of the funds, protecting the funds from inflation, and providing liquidity as needed for plan benefits The objective is to provide a rate of return that meets inflation, plus 4 5% over a long-term time horizon The Hospital has established target asset allocation ranges of 45% to 65% equity investments, 12% to 18% debt investments, and 15% to 25% alternative investments

The Hospital expects to contribute $11,400 to the Plan and $250 to the postretirement health plan in fiscal year 2013

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows

| | Pension Benefits | Postretirement Benefits |
|---|---|---|
| 2013 | $ 10,198 | $ 250 |
| 2014 | 7,026 | 240 |
| 2015 | 7,745 | 227 |
| 2016 | 8,344 | 215 |
| 2017 | 9,017 | 202 |
| 2018-2022 | 55,178 | 804 |

## 12. Temporarily and Permanently Restricted Net Assets

**Temporarily Restricted Net Assets**
Temporarily restricted net assets at September 30, 2012 and 2011 are available for the following purposes

| | 2012 | 2011 |
|---|---|---|
| Accumulated gains on permanently restricted net assets available for appropriation | $ 6,913 | $ 5,585 |
| Capital improvements | 449 | 419 |
| Operations | 441 | 377 |
| For periods after September 30 | 146 | 147 |
| | $ 7,949 | $ 6,528 |

**Permanently Restricted Net Assets**
Permanently restricted net assets at September 30, 2012 and 2011, include $6,596 and $6,596, respectively, to be held in perpetuity, the income from which is expendable to support health care services The income is reported as nonoperating gains Also included in permanently restricted net assets at September 30, 2012 and 2011, is $3,735 and $3,295, respectively, representing the Hospital's beneficial interest in irrevocable trusts administered by outside trustees

*(in thousands of dollars)*

**Endowment Funds**
The Hospital's endowment consists of approximately 118 funds established for a variety of purposes As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

***Interpretation of Relevant Law***
The Hospital has interpreted Massachusetts 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 Massachusetts law allows the Board to appropriate so much of the net appreciation of permanently restricted net assets as is prudent considering the Hospital'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 2012 and 2011, approximately $397 and $401, respectively, was appropriated

As a result of this interpretation, the Hospital 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 the 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 funds are composed of accumulated gains not required to be maintained in perpetuity and are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations The Hospital 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, the expected total return from income and the appreciation of investments, other resources of the Hospital, and the investment policies of the Hospital

***Endowment Net Asset Composition and Changes in Endowment Net Assets***
The Hospital currently has only donor-restricted endowment funds and does not have Board-designated endowment funds The following is a summary of the changes for the years ended September 30, 2012 and 2011

| | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|
| **Endowment net assets at October 1, 2010** | $ 6,564 | $ 10,127 | $ 16,691 |
| Investment return | (578) | (300) | (878) |
| Appropriations of endowment assets for expenditure | (401) | - | (401) |
| Contributions | - | 64 | 64 |
| **Endowment net assets at September 30, 2011** | 5,585 | 9,891 | 15,476 |
| Investment return | 1,725 | 440 | 2,165 |
| Appropriations of endowment assets for expenditure | (397) | - | (397) |
| Contributions | - | - | - |
| **Endowment net assets at September 30, 2012** | $ 6,913 | $ 10,331 | $ 17,244 |

*(in thousands of dollars)*

***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 the Hospital to retain as a fund of perpetual duration There were no such deficiencies at September 30, 2012 or 2011

***Investment Return Objectives and Spending Policy***
The Hospital 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 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 plus 5% To satisfy its long-term rate-of-return objectives, the Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments within prudent risk constraints

## 13. Fair Value of Measurements

**Fair Value**
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 "exit price") Therefore, a fair value measurement should be determined based on the assumption 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

**Fair Value Hierarchy**
A fair value hierarchy has been established based on whether the inputs to valuation techniques are observable or unobservable Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the reporting entity's assumptions about the inputs market participants would use The fair value hierarchy requires the reporting entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value

The hierarchy is described below

Level 1 Valuations using quoted prices in active markets for identical assets or liabilities Valuations of these products do not require a significant degree of judgment Level 1 assets include mutual funds that are traded in an active exchange market

Level 2 Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, broker or dealer quotations, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities Level 2 assets primarily include debt securities and commingled and collective investment funds with quoted prices that are traded less frequently than exchange-traded instruments,

Level 3 Valuations using unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities Level 3 includes assets whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques

*(in thousands of dollars)*

The following tables present information as of information as of September 30, 2012 and 2011, about the Hospital's instruments that are measured at fair value

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| 2012 | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| **Assets** | | | | |
| Cash investments | $ 4,658 | $ - | $ - | $ 4,658 |
| Debt securities | | | | |
| Federal agency bonds | - | 3,499 | - | 3,499 |
| Corporate bonds | - | 496 | - | 496 |
| Mutual funds | | | | - |
| Fixed income | 19,834 | - | - | 19,834 |
| International equity | 28,186 | - | - | 28,186 |
| Domestic equity | 15,472 | - | - | 15,472 |
| Common collective trusts | | | | |
| U S equity | - | 16,498 | - | 16,498 |
| Global equity | - | 7,646 | - | 7,646 |
| Diversified | - | 9,490 | - | 9,490 |
| Beneficial interest in irrevocable trusts | - | 3,735 | - | 3,735 |
| Other | - | - | 1,852 | 1,852 |
| Total assets at fair value | 68,150 | 41,364 | 1,852 | 111,366 |
| Interest rate swaps | - | (16,231) | - | (16,231) |
| Total assets and liabilities at fair value | $ 68,150 | $ 25,133 | $ 1,852 | $ 95,135 |
| **Pension investments** | | | | |
| Cash investments | $ 3,748 | $ - | $ - | $ 3,748 |
| Mutual funds | | | | |
| Fixed income | 20,975 | - | - | 20,975 |
| International equity | 29,393 | - | - | 29,393 |
| Domestic equity | 11,298 | - | - | 11,298 |
| Common collective trusts | | | | |
| U S equity | - | 17,301 | - | 17,301 |
| Global equity | - | 6,753 | - | 6,753 |
| Diversified | - | 7,813 | - | 7,813 |
| Hedge funds | - | - | 18,520 | 18,520 |
| Total pension investments | $ 65,414 | $ 31,867 | $ 18,520 | $ 115,801 |

*(in thousands of dollars)*

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| **2011** | **Quoted Prices in Active Markets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** |
| **Investments** | | | | |
| Cash investments | $ 4,307 | $ - | $ - | $ 4,307 |
| Debt securities | | | | |
| Federal agency bonds | - | 1,702 | - | 1,702 |
| Corporate bonds | - | 266 | - | 266 |
| Mutual funds | | | | |
| Fixed income | 21,380 | - | - | 21,380 |
| International equity | 21,725 | - | - | 21,725 |
| Domestic equity | 11,288 | - | - | 11,288 |
| Common collective trusts | | | | |
| U S equity | - | 14,477 | - | 14,477 |
| Global equity | - | 4,401 | - | 4,401 |
| Diversified | - | 8,432 | - | 8,432 |
| Beneficial interest in irrevocable trusts | - | 3,295 | - | 3,295 |
| Other | - | - | 1,852 | 1,852 |
| Total assets at fair value | 58,700 | 32,573 | 1,852 | 93,125 |
| Interest rate swaps | - | (14,953) | - | (14,953) |
| Total assets and liabilities at fair value | $ 58,700 | $ 17,620 | $ 1,852 | $ 78,172 |
| **Pension investments** | | | | |
| Cash investments | $ 3,454 | $ - | $ - | $ 3,454 |
| Mutual funds | | | | |
| Fixed income | 19,195 | - | - | 19,195 |
| International equity | 20,193 | - | - | 20,193 |
| Domestic equity | 8,892 | - | - | 8,892 |
| Common collective trusts | | | | - |
| U S equity | - | 15,074 | - | 15,074 |
| Global equity | - | 3,685 | - | 3,685 |
| Diversified | - | 6,939 | - | 6,939 |
| Hedge funds | - | - | 17,655 | 17,655 |
| Total pension investments | $ 51,734 | $ 25,698 | $ 17,655 | $ 95,087 |

The above tables do not include certain investments accounted for under the equity method, totaling $20,107 and $18,948 at September 30, 2012 and 2011, respectively

*(in thousands of dollars)*

The following table presents a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3)

| | Pension Investments | Other | Total |
|---|---|---|---|
| **Balances at October 1, 2010** | $ 17,604 | $ 1,852 | $ 19,456 |
| Change in net unrealized gain | 51 | - | 51 |
| **Balances at September 30, 2011** | 17,655 | 1,852 | 19,507 |
| Sales of investments | (4,825) | - | (4,825) |
| Purchase of investments | 4,602 | - | 4,602 |
| Change in net unrealized gain | 1,088 | - | 1,088 |
| **Balances at September 30, 2012** | $ 18,520 | $ 1,852 | $ 20,372 |

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

***Cash and Money Market Funds***
The carrying value of cash investments and money market funds approximates fair value as maturities are less than three months and are based on quoted prices and actively traded

***Debt Securities***
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 government bonds

***Mutual Funds***
The fair values of mutual funds are based on quoted market prices

***Common Collective Trust Funds***
The estimated fair values of common collective trust funds are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices The common collective trust funds 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 and are determined based upon information provided by the fund managers Such information is generally based on the net asset value of the underlying investments which approximates fair value The Hospital's investments in common collective trusts may be redeemed at net asset value on a daily basis with no redemption restrictions

*(in thousands of dollars)*

***Interest Rate Swaps***
The Hospital uses inputs other than quoted prices that are observable to value the interest rate swaps The Hospital considers these inputs to be Level 2 inputs in the context of the fair value hierarchy These values represent the estimated amounts the Hospital would receive or pay to terminate the agreements, taking into consideration current interest rates and the current creditworthiness of the counterparty

The following methods and assumptions were used by the Hospital in estimating the fair value of the Hospital's financial instruments that are not measured at fair value on a recurring basis for disclosures in the consolidated financial statements

***Hedge Funds***
The estimated fair values of hedge funds, such as limited partnerships and limited liability corporations (alternative investments) accounted for using the equity method of accounting, for which no quoted market prices are readily available, are determined based upon information provided by the fund managers Such information is generally based on the net asset value of the underlying investments which approximates fair value

***Receivables and Payables***
The carrying value of the Hospital's receivables and payables approximates fair value, as maturities are short term in nature

***Long-Term Debt***
The estimated fair values of the Hospital's long-term debt is based on current traded values or a discounted cash flows analysis based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements The estimated fair values and carrying amounts for the Hospital's long-term debt at September 30, 2012 and 2011 are as follows

| | 2012 | 2011 |
|---|---|---|
| Carrying amount | $ 105,765 | $ 111,493 |
| Estimated fair value | 105,770 | 111,502 |

*(in thousands of dollars)*

***Net Asset Value (NAV) Per Share***

In accordance with ASU No 2009-12, NHC expanded its disclosures to include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share as of September 30, 2012 There were no unfunded commitments as of September 30, 2012 and 2011

The following table sets forth a summary of NHC's investments with a reported NAV at September 30, 2012 (excludes certain investments accounted for under the equity method)

| Investment | | Redemption Frequency | Other Redemption Restrictions | Redemption Notice Period |
|---|---|---|---|---|
| Global equity common collective trust (a) | $ 3 167 | Monthly | None | notice due by 22nd of prior month |
| Diversified common collective trust (b) | 9 490 | Monthly | None | notice due by 22nd of prior month |
| U S equity common collective trust (c ) | 16 498 | Daily | None | 3 business days |
| Global equity common collective trust (d) | 4 479 | Monthly | None | 10 days written notice 98% of the estimated withdrawal proceeds payable within 10 days after the month end and the 2% balance within 10 days after the final determination of net asset value |
| | $ 33 634 | | | |

The following table sets forth a summary of NHC's pension plan investments with a reported NAV at September 30, 2012

| Investment | | Redemption Frequency | Other Redemption Restrictions | Redemption Notice Period |
|---|---|---|---|---|
| Global equity common collective trust (a) | $ 2 274 | Monthly | None | notice due by 22nd of prior month |
| Diversified common collective trust (b) | 7 813 | Monthly | None | notice due by 22nd of prior month |
| U S equity common collective trust (c ) | 17 301 | Daily | None | 3 business days |
| Global equity common collective trust (d) | 4 479 | Monthly | None | 10 days written notice 98% of the estimated withdrawal proceeds payable within 10 days after the month end and the 2% balance within 10 days after the final determination of net asset value |
| | $ 31 867 | | | |

(a) The fund seeks to provide long-term total return in excess of the Russell 1000 Growth Index

(b) The fund invests in liquid equity and debt securities of real assets (natural resources) and seeks to provide returns of CPI + 5%

(c) The fund measures the performance of the largest 3000 US companies

(d) The fund seeks long-term capital appreciation through investment in equity securities

| Investment | | Redemption Frequency | Other Redemption Restrictions | Redemption Notice Period |
|---|---|---|---|---|
| Hedge funds (e) | $ 9,627 | Quarterly | No redemptions in initial one-year holding period | 45 days |
| Hedge funds (f) | 4,291 | Annually | No redemptions in initial one-year holding period | 60 days |
| Hedge funds (g) | 4,602 | Annually | No redemptions in initials one-year holding period | 90 days |
| | $ 18,520 | | | |

(e) The fund seeks long-term capital appreciation through investment in hedge funds offered by Wellington Capital Management

*(in thousands of dollars)*

(f) The fund is a fund-of-funds focused on equity hedge funds It seeks to outperform the U S equity market over a two-year horizon, achieve a low standard deviation of monthly returns, and exhibit a low correlation to the equity and fixed income markets

(g) The fund is a low volatility multi-strategy fund-of-funds which seeks consistently positive returns which are not dependent upon, or correlation to, equity or fixed income markets

## 14. Professional Liability and Other Contingencies

**Professional Liability Insurance**
Effective June 30, 2004, Northeast is insured for professional and general liability through Northeast Massachusetts Indemnity Company, Ltd , which is a wholly owned captive insurance company incorporated and based in the Cayman Islands for the purpose of providing professional liability insurance Umbrella coverage has been purchased on a claims-made basis from other insurers for coverage above $2 5 million per claim or $8 million aggregate, with limits on such reinsurance Northeast intends to renew its coverage on a claims-made basis and has no reason to believe it may be prevented from renewing such coverage

The Hospital uses an outside actuarial consultant to determine its professional liability reserves Estimated professional liability costs consist of specific reserves calculated to cover the estimated liability resulting from medical or general liability incidents or potential claims which have been reported, as well as provision for claims incurred but not reported Estimated professional liabilities are based on claims reported, historical experience, and industry trends These liabilities include estimates of future trends in loss severity and frequency and other factors which could vary as the claims are ultimately settled Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate These estimates are periodically reviewed, and necessary adjustments are reflected in operations in the year the need for such adjustments become known Although there is at least a reasonable possibility that the recorded estimates will change by a material amount in the near term, management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided

The Hospital follows the accounting policy of establishing reserves to cover the ultimate costs of medical malpractice claims, which include costs associated with litigating or settling claims The liability also includes an estimated tail liability, established to cover all malpractice claims incurred but not reported to the insurance company as of the end of the year The total malpractice liability of $11,561 at September 30, 2012 is presented as accrued professional liability in the consolidated balance sheet

The Hospital also recognizes an insurance receivable from Northeast Massachusetts Indemnity Company, Ltd at the same time that it recognizes the liability, measured on the same basis as the liability The insurance receivable of $9,979 at September 30, 2012 is reported as professional insurance receivable in the consolidated balance sheet

Management is not aware of any claims against the Hospital or factors affecting Northeast Massachusetts Indemnity Company, Ltd that would cause the expense for professional liability risks to vary materially from the amount provided

*(in thousands of dollars)*

**Workers' Compensation**
The Hospital provides workers' compensation coverage on a self-insured basis The Hospital uses an outside actuarial consultant to determine its estimated liability The estimated liability is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets

**Commitments and Contingencies**
The Hospital is a party in various legal proceedings and potential claims arising in the ordinary course of its 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 can be subject to future governmental review and interpretation as well as regulatory actions unknown or unasserted at this time Such compliance in the health care industry has recently come under increased governmental scrutiny 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 contingencies will have a material adverse effect on the Hospital's consolidated financial statements

## 15. Functional Expenses

The Hospital provides general health care services to residents within its geographic location Expenses related to these services are as follows

| | September 30, 2012 | September 30, 2011 |
|---|---|---|
| Health care services | $ 250,025 | $ 244,096 |
| General and administrative | 76,313 | 74,503 |
| Total | $ 326,338 | $ 318,599 |

## 16. Concentrations of Credit Risk

Financial instruments that potentially subject the Hospital to concentrations of credit risk are patient and other receivables, amounts due from affiliates, investments, other noncurrent assets, and cash equivalents The Hospital invests available cash in a money market account of a local bank

The Hospital grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payor agreements At September 30, 2012 and 2011, accounts receivable from patients and third-party payors, exclusive of estimated third-party settlements, are summarized as follows

| | 2012 | 2011 |
|---|---|---|
| Medicare and Medicaid | 40 % | 37 % |
| Commercial insurance and HMOs | 41 | 44 |
| Patients | 19 | 19 |
| | 100 % | 100 % |

*(in thousands of dollars)*

A significant portion of the accounts receivable from commercial insurance companies and HMOs is derived from BlueCross BlueShield of Massachusetts and two other Massachusetts managed care companies Although management expects the amounts recorded as net accounts receivable on September 30, 2012, to be collectible, this concentration of credit risk is expected to continue in the near term

## 17. Subsequent Events

The Hospital has assessed the impact of subsequent events through January 18, 2013, the date the audited financial statements were issued, and has concluded that there were no such events that require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements

# Supplemental Schedules

# Northeast Hospital Corporation and Affiliate
## Supplemental Consolidating Balance Sheet
## September 30, 2012

| *(in thousands of dollars)* | Northeast Hospital Corporation | Northeast Medical Practice, Inc. | Reclassifications and Eliminations | Consolidated |
|---|---|---|---|---|
| **Assets** | | | | |
| Current | | | | |
| Cash and cash equivalents | $ 15,805 | $ 298 | $ - | $ 16,103 |
| Patient receivables, less allowance for uncollectible accounts of $11,788 | 36,081 | 1,105 | - | 37,186 |
| Inventories of supplies | 5,731 | 33 | - | 5,764 |
| Prepaid expenses and deposits | 4,151 | 103 | - | 4,254 |
| Current portion of assets whose use in limited or restricted | 820 | - | - | 820 |
| Other receivables | 1,410 | 445 | - | 1,855 |
| Due from affiliates | 7,325 | - | (5,333) | 1,992 |
| Total current assets | 71,323 | 1,984 | (5,333) | 67,974 |
| Assets whose use is limited or restricted by board designation for | | | | |
| Assets held by trustee under bond indenture agreements | 5,977 | - | - | 5,977 |
| Investments, other | 813 | - | - | 813 |
| Donor-restricted assets for specific purposes | 7,949 | - | - | 7,949 |
| Donor-restricted assets for permanent endowment | 6,597 | - | - | 6,597 |
| Total assets whose use is limited or restricted | 21,336 | - | - | 21,336 |
| Property, plant and equipment, net | 141,085 | 80 | - | 141,165 |
| Deferred debt issue costs | 2,922 | - | - | 2,922 |
| Other assets | 2,152 | 1,653 | - | 3,805 |
| Professional insurance receivable | 5,511 | 4,468 | - | 9,979 |
| Beneficial interest in perpetual and lead trusts | 3,735 | - | - | 3,735 |
| Long-term investments | 105,582 | - | - | 105,582 |
| Due from affiliates | 1,748 | - | (1,127) | 621 |
| Total assets | $ 355,394 | $ 8,185 | $ (6,460) | $ 357,119 |

# Northeast Hospital Corporation and Affiliate
## Supplemental Consolidating Balance Sheet
## September 30, 2012

| *(in thousands of dollars)* | Northeast Hospital Corporation | Northeast Medical Practice, Inc. | Reclassifications and Eliminations | Consolidated |
|---|---|---|---|---|
| **Liabilities and Net Assets** | | | | |
| Current | | | | |
| Accounts payable and accrued expenses | $ 14,223 | $ 443 | $ - | $ 14,666 |
| Accrued payroll and employee benefits | 16,844 | 614 | - | 17,458 |
| Accrued interest payable | 169 | - | - | 169 |
| Current portion of long-term debt | 7,709 | - | - | 7,709 |
| Accrued postretirement benefits | 245 | - | - | 245 |
| Estimated third-party settlements, net | 7,382 | - | - | 7,382 |
| Due to affiliates | 46 | 5,389 | (5,333) | 102 |
| Total current liabilities | 46,618 | 6,446 | (5,333) | 47,731 |
| Long-term debt, less current portion | 98,056 | - | - | 98,056 |
| Accrued pension benefits | 50,939 | 519 | - | 51,458 |
| Accrued postretirement benefits | 1,892 | - | - | 1,892 |
| Professional liability reserves | 7,099 | 4,462 | - | 11,561 |
| Other noncurrent liabilities | 17,242 | 57 | - | 17,299 |
| Due to affiliates | - | 1,127 | (1,127) | - |
| Total long-term liabilities | 175,228 | 6,165 | (1,127) | 180,266 |
| Total liabilities | 221,846 | 12,611 | (6,460) | 227,997 |
| Net assets | | | | |
| Unrestricted | 115,268 | (4,426) | - | 110,842 |
| Temporarily restricted | 7,949 | - | - | 7,949 |
| Permanently restricted | 10,331 | - | - | 10,331 |
| Total net assets | 133,548 | (4,426) | - | 129,122 |
| Total liabilities and net assets | $ 355,394 | $ 8,185 | $ (6,460) | $ 357,119 |

# Northeast Hospital Corporation and Affiliate
## Supplemental Consolidating Statements of Operations
## Year Ended September 30, 2012

| *(in thousands of dollars)* | Northeast Hospital Corporation | Northeast Medical Practice, Inc | Reclassifications and Eliminations | Consolidated |
|---|---|---|---|---|
| **Unrestricted net assets** | | | | |
| Revenues | | | | |
| Patient service revenue | $ 321,521 | $ 11,530 | $ - | $ 333,051 |
| Provision for bad debt | (9,681) | (188) | - | (9,869) |
| Net patient service revenue after provision for bad debts | 311,840 | 11,342 | - | 323,182 |
| Other revenues | 7,554 | 2,434 | (874) | 9,114 |
| Net assets released from restrictions | 820 | - | - | 820 |
| Total revenues | 320,214 | 13,776 | (874) | 333,116 |
| **Expenses** | | | | |
| Salaries and wages, non-physicians | 142,979 | 4,558 | - | 147,537 |
| Salaries and wages, physicians | 972 | 6,089 | - | 7,061 |
| Employee benefits | 33,788 | 1,731 | - | 35,519 |
| Supplies and other | 110,294 | 4,303 | (874) | 113,723 |
| Depreciation and amortization | 17,823 | 166 | - | 17,989 |
| Interest | 2,046 | - | - | 2,046 |
| Health Safety Net assessment | 2,463 | - | - | 2,463 |
| Total expenses | 310,365 | 16,847 | (874) | 326,338 |
| Income (loss) from operations | 9,849 | (3,071) | - | 6,778 |
| **Nonoperating gains (losses), net** | | | | |
| Investment income and changes in the value of split interest agreements | 1,534 | - | - | 1,534 |
| Fundraising costs | (296) | - | - | (296) |
| Other income | 1,465 | (303) | - | 1,162 |
| Total nonoperating gains | 2,703 | (303) | - | 2,400 |
| Excess of revenues over expenses | 12,552 | (3,374) | - | 9,178 |
| Change in net unrealized gains and losses on investments | 10,413 | - | - | 10,413 |
| Net assets released from restriction used for purchase of property, plant and equipment | - | - | - | - |
| | 693 | - | - | 693 |
| | 23,658 | (3,374) | - | 20,284 |
| Pension and other postretirement related adjustments other than net periodic cost | 6,356 | - | - | 6,356 |
| Increase (decrease) in unrestricted net assets | $ 30,014 | $ (3,374) | $ - | $ 26,640 |

# Northeast Hospital Corporation and Affiliate
## Supplemental Schedule of Revenue Available to Meet Expenses
## Year Ended September 30, 2012

*(in thousands of dollars)*

| | Northeast Hospital Corporation |
|---|---|
| **Revenue available to meet expenses** | |
| Total unrestricted revenue | $ 320,214 |
| Nonoperating gains, net | 2,703 |
| Total revenue available to meet expenses | $ 322,917 |
| **Expenses** | |
| Total expenses | $ 310,365 |
| Principal payments on long-term indebtedness | 5,728 |
| | 316,093 |
| Depreciation and amortization | (17,823) |
| Total expenses | $ 298,270 |

See note to supplemental schedule of revenue available to meet expenses

# Northeast Hospital Corporation and Affiliate
## Note to Supplemental Schedule of Revenue Available to Meet Expenses
## Year Ended September 30, 2012

**1. Basis of Accounting**

The accompanying supplemental schedule has been prepared in accordance with Section 5 09 of the Master Trust Indenture Agreement, dated October 3, 1989, between Northeast Hospital Corporation and The First National Bank of Chicago as master trustee, and is derived from the financial statements of Northeast Hospital Corporation for the year ended September 30, 2012

# Northeast Hospital Corporation and Affiliate
## Schedule of Excess Depreciation
## Year Ended September 30, 2012

*(in thousands of dollars)*

| Fiscal Year Ended | "Indenture" Long-Term Plant Indebtedness (I) | Other Long-Term Plant Indebtedness (II) | Total | Depreciation Expense | Depreciation Excess (Shortfall) |
|---|---|---|---|---|---|
| 2013 | $2,736 | $1,728 | $4,464 | $17,258 | $12,794 |
| 2014 | $2,782 | $301 | $3,083 | $15,020 | $11,937 |
| 2015 | $2,880 | $316 | $3,196 | $13,199 | $10,003 |
| 2016 | $3,055 | $324 | $3,379 | $12,049 | $8,670 |
| 2017 | $3,280 | $341 | $3,621 | $10,628 | $7,007 |
| 2018 | $3,333 | $569 | $3,902 | $9,708 | $5,806 |
| 2019 | $3,512 | $296 | $3,808 | $8,833 | $5,025 |
| 2020 | $3,482 | $316 | $3,798 | $7,748 | $3,950 |
| 2021 | $3,630 | $336 | $3,966 | $6,424 | $2,458 |
| 2022 | $3,784 | $359 | $4,143 | $4,630 | $487 |
| 2023 | $3,921 | $263 | $4,184 | $3,421 | ($763) |
| 2024 | $4,075 | $9 | $4,084 | $2,892 | ($1,192) |
| 2025 | $4,251 | $9 | $4,260 | $2,394 | ($1,866) |
| 2026 | $4,399 | $10 | $4,409 | $2,063 | ($2,346) |
| 2027 | $4,581 | $10 | $4,591 | $1,786 | ($2,805) |
| 2028 | $4,760 | $11 | $4,771 | $1,306 | ($3,465) |
| 2029 | $4,946 | $12 | $4,958 | $1,293 | ($3,665) |
| 2030 | $5,145 | $13 | $5,158 | $1,132 | ($4,026) |
| 2031 | $5,350 | $14 | $5,364 | $1,007 | ($4,357) |
| 2032 | $5,540 | $14 | $5,554 | $1,004 | ($4,550) |
| 2033 | $5,760 | $15 | $5,775 | $948 | ($4,827) |
| 2034 | $5,965 | $16 | $5,981 | $790 | ($5,191) |
| 2035 | $6,170 | $14 | $6,184 | $678 | ($5,506) |
| 2036 | $6,415 | $0 | $6,415 | $669 | ($5,746) |
| | $103,752 | $5,296 | $109,048 | $126,880 | $17,832 |

See notes to schedule of excess depreciation

# Northeast Hospital Corporation and Affiliate
## Notes to Schedule of Excess Depreciation
## September 30, 2012

### 1. Basis of Accounting

The accompanying Schedule of Excess Depreciation (the "Schedule") has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America

In accordance with Sections 5 15(b)(i) and 5 15(b)(ii) of the Master Trust Indenture Agreement (the "Agreement"), Column "I" of the Schedule represents the principal requirements of Indenture Indebtedness which is Long-Term Plant Indebtedness, and Column "II" to the Schedule represents principal requirements of Other Long-Term Plant Indebtedness

In accordance with Section 5 06 of the Agreement, Columns "I" and "II" of the Schedule include an amount equal to 20% of the debt service on "Guarantees "

### 2. Third-Party Reimbursement

Capital costs related to Medicare inpatient services are not paid based upon actual capital costs and may be less than the Hospital's actual capital costs

The future impact of Medicare payments for capital costs, as well as the levels of payment for capital costs to be made by other third-party payors, cannot be determined Accordingly, the future impact, if any, of these possible reductions in reimbursement has not been reflected in the accompanying Schedule

# AMENDED AND RESTATED BY-LAWS

# OF

# NORTHEAST HOSPITAL CORPORATION

Amended: September 21, 2012

Effective: October 1, 2012

Revised: 9/26/02
1/14/04
4/30/04
1/10/06
12/11/07
03/26/09
01/12/10
3/15/11
5/1/12
10/1/12

NORTHEAST HOSPITAL CORPORATION
RESTATED AND AMENDED BY-LAWS

INDEX

# AMENDED AND RESTATED BYLAWS

# OF

# NORTHEAST HOSPITAL CORPORATION

## SECTION 1

## NAME, PURPOSES, LOCATION, CORPORATE SEAL, FISCAL YEAR AND RULES OF CONSTRUCTION

1.1 Name and Purposes

The name and purposes of Northeast Hospital Corporation (the "Corporation") shall be as set forth in its Articles of Organization. These Amended and Restated Bylaws (these "Bylaws"), the powers of the Corporation and Trustees and Officers, and all matters concerning the conduct and regulation of the affairs of the Corporation shall be subject to such provisions in regard thereto, if any, as are set forth in the Articles of Organization as from time to time in effect.

1.2 Location

The principal office of the Corporation in The Commonwealth of Massachusetts shall initially be located at the place set forth in the Articles of Organization. The Trustees may change the location of the principal office in The Commonwealth of Massachusetts effective upon filing a certificate with the Secretary of The Commonwealth.

1.3 Corporate Seal

The seal of the Corporation, if any, shall be in a form determined from time to time by the Board of Trustees of the Corporation (the "Board of Trustees" or "Trustees").

1.4 Fiscal Year

The fiscal year of the Corporation shall, unless otherwise decided by Lahey Health System, Inc. ("LHS"), end on September 30 in each year.

1.5 Rules of Construction

For purposes of these Bylaws: (a) section headings are inserted only as a matter of convenience and for reference and in no way define, limit or extend the scope of any of their provisions; (b) "including" and other words or phrases of inclusion will not be construed as terms of limitation; (c) whenever the context so requires, the singular includes the plural and the plural includes the singular; and (d) the personal pronouns "he" or "she" and the possessive pronouns "his" or "hers," as used in these Bylaws, shall

be construed to be gender neutral, referring to males or females as appropriate to the context.

## SECTION 2

## MEMBERS

2.1 Members

The sole member of the Corporation shall be Northeast Health System, Inc. (the "Member").

2.2 Powers

The Member shall have the right to exercise all powers conferred on members of non-profit corporations under Massachusetts General Laws Chapter 180. Notwithstanding anything to the contrary herein, the powers of the Member shall be subject to, and limited by, the powers of LHS in accordance with the Member's Bylaws and the Affiliation Agreement dated as of March 2, 2012 between the Member and Lahey Clinic Foundation, Inc. (the "Affiliation Agreement"), including, without limitation, any and all Positive and Negative reserved powers set forth in the Member's Bylaws and/or the Affiliation Agreement.

Any action to be taken by the Member shall be deemed duly authorized when taken by the Board of Trustees of the Member (the "Member's Board") or its duly authorized representative, and, where required by the Member's Bylaws and/or the Affiliation Agreement, with evidence of LHS' approval. Any such action by the Member may be taken without a meeting if confirmed through a duly authorized written communication by the Member's Board or its representative filed with the Clerk of the Corporation.

2.2.1 Positive Powers

Without limiting the generality of the first sentence of Section 2.2, the Member shall have the power to take the following actions, subject to the reserved powers of LHS set forth in Section 2.2: (a) appoint and remove members of the Board of Trustees in accordance with Section 3.1 of the Amended and Restated Bylaws of the Member ("Member's Bylaws"); (b) establish or modify the compensation of, or remove, the President/Chief Executive Officer of the Corporation ("President/CEO") upon prior consultation with the Board of Trustees; (c) amend the Articles of Organization or Bylaws of the Corporation; (d) cause the Corporation to enter into (i) managed care contracts, other payer agreements, exclusive contracts, agreements not-to-compete, or similar arrangements, (ii) contracts for management services with potentially significant multi-year budgetary impact, or (iii) other multi-year service contracts with potentially significant multi-year budgetary impact; (e) merge or otherwise consolidate the Corporation with another Corporation; (f) dispose of all or substantially all of the property and assets of the Corporation, or dispose of any subsidiary or affiliated

corporations of the Corporation; (g) create or acquire a subsidiary or affiliated corporation of the Corporation; (h) discontinue or institute a department or departments or programs which could reasonably be anticipated to materially affect the financial status of the Corporation or its ability to continue to conduct its business; (i) to the extent legally permissible, take such actions to cause assets of the Corporation to be transferred, other than in the ordinary course of conduct of Corporation business, to the Member to advance the charitable purposes of the Member or the Corporation (subject to a decision by the Board of Trustees that such transfer of assets furthers the charitable purposes of the Corporation); (j) dissolve the Corporation to the extent permitted by law; and (k) appoint the independent auditor and approve the independent financial audits.

2.2.2 Negative Powers

Without limiting the generality of the first sentence of Section 2.2, the Member shall have the power to approve or disapprove the following actions of the Corporation, subject to the reserved powers of LHS set forth in Section 2.2: (a) approval of the Corporation's strategic, financial and operational plans and annual operating and capital budgets; (b) approval of capital expenditures beyond the approved capital budget; (c) the borrowing of money or incurrence of debt; (d) entry into managed care contracts, exclusive contracts and other multi-year material contracts; (e) entry into any partnership/affiliation arrangements or joint venture proposals; (f) the creation, acquisition or disposal of any subsidiary or affiliated corporation; (g) the addition or elimination of any departments or programs; and (h) amendments to the Bylaws.

2.3 Annual Meeting

The annual meeting of the Corporation shall be held on the same day and at the same place as the annual meeting of the Member's Board, at a time to be determined by the Member.

2.4 Other Meetings

In addition to the annual meeting, other meetings of the Corporation may be held at any time and at any place when called by the Chair of the Board of Trustees (the "Chair"), by the President/CEO, or by any one quarter (1/4) of the Trustees and shall be called upon written petition to the Clerk signed by the Member.

2.5 Notice of Meetings

The Clerk shall give at least seven (7) days notice of meetings of the Corporation by mail to the Member and to LHS, and no other notice by publication or otherwise shall be required.

## SECTION 3

## BOARD OF TRUSTEES

### 3.1 Number, Election and Term of Office

There shall be a Board of Trustees consisting, until May 1, 2016, of persons who are elected from time to time by the Board of Trustees of LHS from a slate of candidates proposed by the Board of Trustees. If LHS does not approve of any candidate on the slate proposed by the Board of Trustees, the Board of Trustees shall propose a new slate of candidates for consideration. Notwithstanding the foregoing, a majority of the Board of Trustees shall be Independent Trustees (as defined in the Member's Bylaws).. A Trustee may be removed, and shall otherwise serve, as set forth in the Member's Bylaws. The President/CEO, the Chair of the Member and the President of the Medical Staff shall be *ex officio* voting members, and the chief operating officer of the Corporation shall be an *ex officio* non-voting member, of the Board of Trustees.

The Board of Trustees may appoint one or more Honorary Trustees who (i) shall not be Trustees as the term is defined in these Bylaws; (ii) shall not be voting members of the Board of Trustees; and (iii) shall hold office until removed by a vote of the majority of Trustees then in office.

### 3.2 Powers and Responsibilities

The affairs of the Corporation shall be managed by a Board of Trustees which shall have and may exercise all the powers of the Corporation to the full extent provided by law, the Articles of Organization and these Bylaws, subject to the reserved powers of LHS and the Member set forth in Section 2.2.

The responsibilities of the Board of Trustees will include the following: (a) providing recommendations to the Member's Board and Board of Trustees of LHS (the "LHS Board") regarding the establishment of the Corporation's policies, the maintenance of patient care quality and the provision of clinical services and community service planning in a manner responsive to local community needs; (b) ensuring compliance with all accreditation requirements, including credentialing and other medical staff matters; (c) providing oversight for institutional planning, making recommendations for new clinical services, and participating in an annual review of the Corporation's strategic and financial plan and goals; (d) reviewing and recommending approval of operating and capital budgets as well as making recommendations with respect to capital expenditures; (e) making recommendations with respect to quality assessment and improvement programs; (f) providing oversight of risk management programs relating to patient care and safety; (g) reviewing disaster plans that deal with both internal (*e g.*, fire) and external disasters; and (h) evaluating recruitment needs to ensure adequate medical staff capacity to continue to meet community needs.

3.3 Compensation

Trustees shall not be entitled to compensation for their services as Trustees but may receive compensation for other services performed for the Corporation subject to such Trustee's compliance with the conflict of interest procedures established by Section 10.

3.4 Meetings

3.4.1 Annual Meeting

The annual meeting of the Trustees shall be held on the same day, and at the same time and place, as the annual meeting of the Member's Board.

3.4.2 Regular Meetings

Regular meetings of the Trustees shall be held at such places and at such times as the Trustees may determine.

3.4.3 Special Meetings

Special meetings of the Trustees shall be held at any time and at any place when called by the Chair, by the President/CEO, by five (5) or more Trustees, by the Member's Board, or by the LHS Board.

3.4.4 Notice of Meetings

Notice of each meeting of the Trustees, stating the place, date and time and the purposes of the meeting, shall be given to each Trustee, to the Chair of the LHS Board, to the President and Chief Executive Officer of LHS, to the Chair of the Member's Board, and to the President and Chief Executive Officer of the Member. Notice shall be given at least seven (7) days before regular meetings and at least forty-eight (48) hours before special meetings. Notice shall be given in writing, in person or by telephone, voice mail, facsimile, email or other electronic means. Written notice by mail is effective upon deposit with the United States postal service, postage prepaid, and addressed to the Trustee's address, the Member's address, or LHS' address, as applicable, as shown in the Corporation's records. Electronic notice is effective upon transmission. Whenever notice of a meeting is required, such notice need not be given to any Trustee if a written waiver of notice, executed by him/her (or her/his attorney thereunto authorized) before or after the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him/her.

3.4.5 Quorum

At any meeting of the Trustees a majority of the Trustees then in office shall constitute a quorum; provided, however, that a majority of the Independent Trustees (as such terms are defined in the Member's Bylaws) are in attendance.

Any meeting may be adjourned by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

3.4.6 Action by Vote

When a quorum is present at any meeting, a majority of the Trustees present and voting shall decide any question, including election of Officers, unless otherwise provided by law, the Articles of Organization or these Bylaws.

3.4.7 Action by Writing

Any action required or permitted to be taken at any meeting of the Trustees may be taken without a meeting if all the Trustees consent to the action in writing and the written consents are filed with the records of the meetings of the Trustees. Such consents shall be treated for all purposes as a vote at a meeting.

3.4.8 Presence through Communication Equipment

Unless otherwise provided by law or the Articles of Organization, Trustees may participate in a meeting of the Board of Trustees by means of a conference telephone, videoconference or similar communications equipment; provided, however, that all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting.

## SECTION 4

## COMMITTEES

4.1 General Provisions

The Board of Trustees may at any time, by vote of a majority of the Trustees then in office, authorize or establish such special or *ad hoc* committees (each a "Committee" and collectively, the "Committees") as it deems appropriate for the conduct of the affairs of the Corporation. The Board of Trustees may also abolish any Committee at any time. The general rules of governance and other requirements pertaining to Committees shall be the same as those set forth in Section 6.1 of LHS' Bylaws. The Committees shall coordinate with committees of LHS' Board, committees of the Member's Board, and committees of the Board of Trustees or Board of Directors, as applicable, of any affiliate of the Corporation in carrying out their duties.

4.2 Standing Committee

The Corporation shall have a Quality Care Committee which shall also act as a Patient Care Assessment Committee, as described in more detail below.

Membership. The Quality Care Committee shall be appointed by the Board of Trustees and shall consist of the President/CEO or her/his designee, the President of the Medical Staff and at least one (1) Trustee of the Corporation who shall Chair the Quality Care Committee, two (2) additional Trustees selected from this Corporation or from the Member, at least three (3) actively practicing physicians on the Medical Staff, the Senior Vice President / Chief Operating Officer of the Corporation, the Vice President of Medical Affairs of the Corporation, the Vice President for Patient Care Services of the Corporation, the Director of Performance Improvement of the Corporation, the Director of Risk Management of the Corporation, and such other persons as the Board of Trustees may appoint. The Chair of the Quality Care Committee shall serve for one (1) or more annual terms, except that no Chair shall serve for more than five (5) annual terms.

Structure of the Patient Care Assessment Program.

Program Regulations. There shall be a patient care assessment program (the "Program") administered by the various committees of the Corporation's hospitals and Medical Staff whose functions in the aggregate, as described in these Bylaws, the Medical Staff Bylaws and the hospitals' patient care assessment plan (the "Plan"), satisfy the requirements of the Regulations Governing the Establishment of Participation in Qualified Patient Care Assessment Programs issued by the Board of Registration in Medicine ("Program Regulations") as set forth at 243 CMR 3.00 et. seq., as amended from time to time, including, without limitation, those elements of such a Program pertaining to internal audit and incident reporting described at 243 CMR 3.07, reporting of major incidents to the Board of Registration in Medicine as required by 243 CMR 3.08, notification to employees and patients as required by 243 CMR 3.12(a) and (c) and the establishment of procedures to assure (1) compliance with the requirements of G.L. c. 112, § 5 and 243 CMR 3.12(d) and (2) monitoring and counseling of health care providers impaired by drugs or alcohol as required by 243 CMR 3.09. The violation of any bylaw or regulation approved by the Corporation's hospitals to satisfy the Program Regulations may constitute grounds for summary suspension of employment, practice, association for the purpose of providing patient care or privileges at the Corporation's hospitals, subject to such rights of notice, hearing and appeal as may be provided under these Bylaws, the Medical Staff Bylaws and the employment policies and procedures of the Corporation's hospitals.

Patient Care Assessment Committee and Coordinator.

(a) The functions assigned by the Program Regulations to the Patient Care Assessment Committee shall be carried out by the Quality Care Committee.

(b) The functions assigned by the Program Regulations to the Patient Care Assessment Coordinator shall be carried out by the Quality Care Committee.

(c) The Quality Care Committee shall have the responsibility for implementing, by delegation, oversight, facilitation, coordination, or otherwise, the Program and ensuring compliance with the Program Regulations.

(d) The Quality Care Committee, in consultation with the other medical peer review committees, shall develop a written Plan which describes the Program as required by the Program Regulations. The written Plan shall be reviewed and updated annually by the Board of Trustees and filed with the Board of Registration in Medicine.

(e) The term "medical peer review committee" shall be interpreted as including the Quality Care Committee and all committees, and agents of such committees, charged under these Bylaws or the Plan with any responsibility for (i) the evaluation or improvement of the quality of health care rendered by health care providers, (ii) the determination whether health care services were performed in compliance with the applicable standards of care, (iii) the determination whether the cost of health care services rendered was considered reasonable by the providers of health care services in the area, (iv) the determination whether the actions of a health care provider call into question her/his fitness to provide health care services, or (v) the evaluation and assistance of health care providers impaired or allegedly impaired by reason of alcohol, drugs, physical disability, mental instability or otherwise. Without limiting the foregoing, the peer review activities conducted by the Board of Trustees and the department heads or their designees shall be considered the activities of a medical peer review committee.

(f) The proceedings, reports, records, findings, recommendations, evaluations, opinions, deliberations or other actions by a medical peer review committee in its discharge of the medical peer review functions set forth in (e) above, and the identity of and information provided to such individuals shall be treated as confidential to the extent permitted by law and public regulations. This confidentiality shall not prevent or be waived by the transmission of necessary information to the Quality Care Committee, the Board of Trustees (or other Committees thereof), or to the committees or individuals within the Corporation's hospitals to enable them to fulfill their responsibilities under the Program or otherwise. Nor shall this confidentiality prevent or be waived by the transmission

of information required by law or regulation, including responses to requests from other health care facilities for information relevant to their credentialing activities.

Providers not Subject to Medical Staff Privileges Delineation Process. The Quality Care Committee shall assure that the Board of Trustees receives regular reports on the competency of care providers who are not subject to the medical staff privileges delineation process.

## SECTION 5

## OFFICERS

5.1 General Provisions

The Officers of the Corporation shall be a President/CEO, a Chair, a Treasurer, and a Clerk. The President/CEO, Treasurer and Clerk shall be those persons then serving in such offices of the Member. The Chair shall be elected by the Board of Trustees for a term of one year and may be removed by the Board of Trustees. The Corporation may also have such other Officers and agents, if any, as the Board of Trustees may from time to time appoint or remove.

Except as set forth above, the general requirements, procedures, and duties for Officers and agents of the Corporation shall be the same as those set forth in Section 5 of the Amended and Restated Bylaws of the Member.

5.2 Compensation

Compensation for the President/CEO and all senior executives (including the President/CEO, the "Senior Executives") of the Corporation shall be set by LHS and shall be subject to approval by the Compensation/Benefits Committee of LHS' Board. The term "Compensation" shall include the following: salary; bonuses; severance benefits; deferred compensation (whether provided through salary deferral, insurance vehicle, SERP or other retirement funding vehicle); any payment, contingent or otherwise, which is intended to provide funding or other benefits to the Senior Executives whether vesting immediately or at some future date; and any benefits not generally available to all full-time employees of the Corporation. Any agreement not in effect as of the Effective Date of the Affiliation Agreement purporting to establish duration or conditions of employment, Compensation or benefits, other than as may generally be available to all full-time employees of the Corporation, shall be null and void unless authorized in writing by the President and Chief Executive Officer of LHS.

## SECTION 6

## MEDICAL STAFF

### 6.1 Organization

The Board of Trustees shall organize the practitioners granted practice privileges in any of the Corporation's hospitals into a Medical Staff (the "Medical Staff") under medical staff bylaws described in Section 6.2 (the "Medical Staff Bylaws"). There shall be a Medical Executive Committee consisting of those individuals serving from time to time as members of the Executive Committee of the Medical Staff, pursuant to the Medical Staff Bylaws. The Board of Trustees shall consider recommendations of the Medical Staff and appoint to it, in numbers not exceeding the Corporation's hospital's needs, practitioners who meet the qualifications for membership as set forth in the Medical Staff Bylaws. Each member of the Medical Staff shall have appropriate authority and responsibility for the care of her/his patients, subject to such limitations as are contained in these Bylaws and in the Bylaws and rules and regulations of the Medical Staff and subject further to any limitations imposed by the Board of Trustees.

### 6.2 Medical Staff Bylaws

There shall be Bylaws and Rules and Regulations for the Medical Staff setting forth its organization and government. Proposed Bylaws and Rules and Regulations may be recommended by the Medical Staff, but only those approved by the Board of Trustees shall become effective.

## SECTION 7

## INDEMNIFICATION

### 7.1 Indemnification of Trustees, Officers, and Employees

The Corporation shall, to the extent legally permissible, indemnify the Member as well as each person who is serving, or who has served at any time (i) as a Trustee or Officer of the Corporation or of any of its affiliates, (ii) as a member of a committee established by the Board of Trustees of the Corporation or of any of its affiliates, (iii) as an employee of the Corporation, or (iv) at the Corporation's request as a member, trustee or officer of another organization or in a capacity with respect to any employee benefit plan (the Member and each such person being called in this Section 7.1 a "Person") against all expenses and liabilities (including counsel fees, judgments, fines, penalties and amounts payable in settlements if such settlements are approved pursuant to this Section 7.1) reasonably incurred by or imposed upon such Person in connection with any threatened, pending or completed action, suit or other proceeding, whether civil, criminal, administrative or investigative, in which such Person may become involved by reason of serving or having served in such capacity (other than a proceeding voluntarily initiated by such Person unless s/he is successful on the merits, the proceeding was authorized by the Corporation or the proceeding seeks a declaratory judgment regarding such Person's own

conduct); provided, however, that no indemnification shall be provided for any such Person with respect to any matter as to which s/he shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that her/his action was in, or not opposed to, the best interests of the Corporation or, to the extent such matter relates to service with respect to any employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan. A Person whose duties include service or responsibilities as a fiduciary with respect to an affiliate of the Corporation shall be deemed to have acted in good faith in the reasonable belief that her/his action was in the best interests of the Corporation if s/he acted in good faith in the reasonable belief that her/his action was in the best interests of such affiliate or of the participants or beneficiaries of, or other persons with interests in such subsidiary or organization to whom s/he had a fiduciary duty.

Such indemnification shall include payment by the Corporation of expenses incurred in defending a civil or criminal action or proceeding in advance of the final disposition of such action or proceeding, upon receipt of an undertaking by the Person to repay such payment if s/he shall be adjudicated to be not entitled to indemnification under this Section 7.1, which undertaking may be accepted without regard to the financial ability of such Person to make repayment.

Notwithstanding the foregoing, as to any matter disposed of by compromise payment by any Person pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless such compromise shall, after notice that it involves such indemnification, be approved as in the best interests of the Corporation:

(i) by a disinterested majority of the Trustees then in office;

(ii) by a majority of the disinterested Trustees then in office; provided, however, that there has been obtained an opinion in writing of legal counsel to the effect that such Person appears to have acted in good faith in the reasonable belief that her/his action was in the best interests of the Corporation; or

(iii) by the Member.

Any indemnification or advance of expenses under this Section 7.1 shall be paid promptly, and in any event within thirty (30) days, after the receipt by the Corporation of a written request therefor from the Person, unless with respect to a claim for indemnification the Corporation shall have determined that the Person is not entitled to indemnification. If the Corporation denies the request or if payment is not made within such thirty-day period, the Person may at any time thereafter seek to enforce her/his rights hereunder in a court of competent jurisdiction and, if successful in whole or in part, s/he shall be entitled also to indemnification for the expenses of prosecuting such action. Unless otherwise provided by law, the burden of proving that the Person is not entitled to indemnification shall be on the Corporation.

The right of indemnification under this Section 7.1 shall be a contract right inuring to the benefit of the Persons entitled to be indemnified hereunder, and no amendment or repeal of this Section 7.1 shall adversely affect any right of such Persons existing at the time of such amendment or repeal.

The indemnification provided hereunder shall inure to the benefit of the heirs, executors and administrators of the Persons entitled to indemnification hereunder. The indemnification provided hereunder may, to the extent authorized by the Corporation, apply to the Trustees, Officers, employees, and other persons associated with constituent corporations that have been merged into or consolidated with the Corporation who would have been entitled to indemnification hereunder had they served in such capacity with or at the request of the Corporation.

The right of indemnification under this Section 7.1 shall be in addition to and not exclusive of all other rights to which such Persons may be entitled. Nothing contained in this Section 7.1 shall affect any rights to indemnification to which Corporation agents other than the Persons entitled to indemnification hereunder may be entitled by contract or otherwise under law.

7.2 Indemnification of Agents

Under the same circumstances as described in Section 7.1, the Corporation may, but shall not be required to, indemnify and/or pay reasonable interim expenses incurred by (i) an agent of the Corporation or (ii) an agent of another entity while serving in such capacity at the request of the Corporation, to the maximum extent permitted by applicable law. A determination as to whether the Corporation shall indemnify or pay interim expenses in any specific case pursuant to this Section 7.2 shall be made by the Board of Trustees in accordance with applicable law. No amendment or repeal of this Section 7.2 or any relevant provision of applicable law shall in any way diminish the right to indemnification under this Section 7.2 with respect to any act or omission occurring prior to such amendment or repeal.

## SECTION 8

## INSPECTION OF BOOKS AND PAPERS

All books, papers and documents of every kind belonging to the Corporation, wherever located, shall be open to the inspection of members of the Board of Trustees, the Member's Board, and the LHS Board at all times during regular operating hours, subject to such reasonable limitations as the Board of Trustees may provide.

## SECTION 9

## PERSONAL LIABILITY

The Trustees and Officers of the Corporation and members of Committees established by the Board of Trustees shall not be personally liable for any debt, liability or obligation of the Corporation. All persons, corporations or other entities extending credit to, contracting with, or having any claim against, the Corporation, may look only to the funds and property of the Corporation for the payment of any such contract or claim or for the payment of any debt, damages, judgment or decree, or of any money that may otherwise become due or payable to them from the Corporation.

## SECTION 10

## CONFLICTS OF INTEREST

A conflict of interest statement, conflict of interest reporting procedures, and a confidentiality statement for members of the Board of Trustees shall be adopted by the Board of Trustees. The statement and procedures shall be reviewed at least annually.

## SECTION 11

## BENEFACTORS, SPONSORS, ADVISORS, AND FRIENDS OF THE CORPORATION

The Board of Trustees may from time to time designate certain persons or groups of persons as benefactors, sponsors, advisors, or friends of the Corporation or such other title as the Board may deem appropriate.

## SECTION 12

## AMENDMENTS

The Board of Trustees may amend these Bylaws subject to the approval of the Member. The Member may amend these Bylaws on its own initiative.

Adopted by the Trustees May 1, 2012
Amended by the Trustees of Lahey Health System, Inc.
pursuant to Section 3.2 of the Member's Bylaws [September 21, 2012]

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Amended by the Trustees of Lahey Health System, Inc. pursuant to Section 3.2 of the Member's Bylaws [September 21, 2012] to be effective October 1, 2012.

_____

David G. Spackman, Clerk

# Northeast Hospital Corporation - FY2012

**Community Benefits Mission Statement**
The Community Benefits Program at Northeast Hospital Corporation is a program established to partner with community leaders and organizations to assess the health care needs of the community NHC incorporates the Community Health concepts of wellness, adaptation, self-care and health promotion Strategies used in Community Benefits health activities include prevention, early detection, early intervention, long-term management and collaborative efforts with the affiliate organizations that make up Northeast Health System Health issues addressed encompass safety, chronic disease, infectious disease, substance abuse and behavioral health

Also included with the Community Benefits Mission Statement are the mission statements of Northeast Health System and Northeast Hospital Corporation The corporate Mission Statement is founded in the concepts of quality, caring and community

(Approved by the Community Benefits Committee, July 17, 2010)

**Target Populations**

| Name of Target Population | Basis for Selection |
|---|---|
| Health Issues | Community Health Needs Assessment |
| Types of Programs | Community Health Needs Assessment |
| Sex | Community Health Needs Assessment |
| Race / Ethnicity | Community Health Needs Assessment |
| Age | Community Health Needs Assessment |
| Insured Status | Community Health Needs Assessment |

**Publication of Target Populations**
Not Specified

**Hospital/HMO Web Page Publicizing Target Pop.**
http //www beverlyhospital org/about-us/community-benefits-report

**Key Accomplishments of Reporting Year**
•In FY ' 12 Beverly Hospital funded and partnered with Beverly Bootstraps Community Services on a mobile market programming to low income housing in the City of Beverly 109 households were served, 256 total individuals were serve and 18,234 meals were provided

•In FY '12 we provided 73 Speaker Bureau presentations within our primary service area Our Speakers Bureau is made up of physicians, social workers, nurses and other clinical staff

•In FY '12 we provided 45 free blood pressure clinics at Addison Gilbert Hospital and saw 1,007 "patients" attend our free weekly sessions Of the 1,007 "patients" 40 needed further care

•In FY '12 we provided 23 free non-fasting glucose clinics at Addison Gilbert Hospital and saw 274 "patients" attend our free weekly sessions Of the 274 "patients" 87 needed further care

•In FY '12 as part of our partnership with the Beverly YMCA, Beverly Hospital was able to work with numerous community partners in the City of Beverly to implement a Fruit & Vegetable Bar in each of the five elementary schools in Beverly This is part of the Pioneering Healthier Communities Grant and Be Healthy Beverly initiative

•In FY '12 Beverly Hospital partnered with Northeast Behavioral Health and the Danvers Police Department on emergency and jail diversion program, which offers a means to divert individuals with mental illness, substance abuse and behavioral health issues away from the criminal justice system and away from the emergency department Education related to diversion programs was done with Middleton and Topsfield police department(s)

•In FY `12 Addison Gilbert and Beverly hospitals offered free skin cancer clinics In partnership with the American Cancer Society and Melanoma Foundation each "patient" received a thorough and comprehensive examination We saw a total of 79 "patients" and 47 needed further evaluation

•In FY `12 we enhanced our offerings of free pediatric speech and language screenings by adding screening days at Addison Gilbert Hospital in addition to our established program at Beverly Hospital, which was managed by the Speech-Language Therapy Department Screenings were provided for children 18 months to seven years of age The thirty minute screening helped to identify if a child is developmentally appropriate in terms of their speech, language, or feeding skills We screened 128 children

•In FY `12 our SHINE (Serving Health Information Needs of Elders) Counselors managed over 2,100 clients across the North Shore and Cape Ann, assisted over 1,800 visits and spent 374 hours with beneficiaries

•In FY `12 Northeast Hospital Corporation funded three $10,000 grants for innovative, community based initiatives in one of three key areas, those that promote mental and behavioral health education, chronic disease prevention or management and improving access to health services in the community

•In FY `12 Addison Gilbert Hospital and the Department of Sports Medicine launched "Safe Steps for Seniors" a program that meet three times per week to help promote fall risk reduction by improving physical, social and nutritional health needs This comprehensive program saw a total of 30 individuals

**Plans for Next Reporting Year**

•Implement three internal working groups within the first quarter of fiscal year 2013 to address key findings in the community health needs assessment Those groups will be as follows Senior Health Needs, Behavioral and Substance Abuse Needs and Chronic Disease and Wellness Needs By the end of third quarter of fiscal year 2013, those groups will expand to include community providers / partners

•Create a community benefits plan for the next three years to ensure Northeast Hospital Corporation allocates proper resources and develops strategic community partnerships to address findings from the most recent community health needs assessment

•Continue to serve as the leading partner with the Greater Beverly YMCA related to the Pioneering Healthy Communities initiative as the community based partnership "Be Healthy Beverly" looks to address key health issues in the City of Beverly

•Establish a partnership with the Beverly Council on Aging to launch a Senior Dinner Club which will be hosted at Beverly hospital each month The partnership would also include Unidine who facilitates this program on a national level Each dinner would have an educational / health and wellness presentation

•Secure at least two opportunities for clinical areas to provide care in community based organizations The targeted communities are Beverly & Gloucester

•Expand Northeast Hospital Corporation's Community Collaborative Grant NHC requests applications for funding that relate to one of the main focuses of the Community Health Needs Assessment NHC currently allocates up to $30,000 in grant funding to support innovative initiatives that are designed to promote mental and behavioral health education, prevention, and early intervention, improve chronic disease prevention (as it relates to diabetes, stroke, cancer, and heart disease) and promote healthy lifestyles and publicize available health resources and activities in the community The goal will be to add another $10,000 in funding to one more grant recipient

•Continue organizational progress as it relates to the long-term goals stated for each of community benefit programs

## Community Benefits Process

## Select Community Benefits Process

**Community Benefits Leadership/Team**
•Kenneth Hanover – President and Chief Executive Officer, Northeast Health System

•David St Laurent – Chairman, Northeast Health System Board of Trustees

•Nancy Palmer – Chairwoman, Northeast Hospital Corporation Board of Trustees

•Marc Meiches – Trustee

•Joseph Haley, Esq – Trustee

•Charles Favazzao – Trustee

•Charles Furlong – Trustee

•Robert Irwin - Trustee

•William Donaldson, Esq – Sr Vice President & General Counsel

•Susan Payson – Sr Vice President, Philanthropy

•Lisa Neveling – Vice President, Marketing & Business Development

•Joseph Porcello – Controller

•Gerald MacKillop, Jr , MBA – Public Relations Manager, Marketing & Business Development

•Margaret Sallade – Program Coordinator, North Shore Community Health Network Area

•Jack Meaney – President & CEO, North Shore YMCA

•Julie Lafontaine – Executive Director, The Open Door Food Pantry

•Margo Casey – Executive Director, North Shore United Way

**Community Benefits Team Meetings**
The Northeast Hospital Corporation Community Benefits Committee met three times over the course of Fiscal Year 2012

**Community Partners**
Beverly Community Council
Sterling Center YMCA Beverly
Ledgewood, Beverly
Essex Park Rehab Beverly
Beacon Hospice, Beverly
Beverly High School
Beverly Senior Center
BevCam
Herrick House Beverly
Memorial School Beverly
First Baptist Church of Beverly
Beverly Resource Group
Cape Ann Chamber of Commerce
Danvers Senior Center
First Church in Danvers

Center for Healthy Aging- Danvers
Peabody Institute Library Danvers
Stop & Shop Danvers
Danvers Rotary
St John's Prep, Danvers
Danvers Kiwanis Club
Danvers YMCA
North Shore Community College, Danvers
Essex Senior Center
Action Inc Gloucester
Gloucester Stroke Club
Rose Baker Senior Center Gloucester
Shaws Gloucester Eastern Ave
Gloucester Rotary
Hamilton Wenham Regional High School
Hamilton Wenham Rotary
Ipswich Council on Aging
Ipswich YMCA
Ipswich Senior Center
Bridgewell Lynnfield
Lynnfield Senior Center
Lynnfield Council on Aging
Marblehead Council on Aging
Marblehead Senior Center
Jewish Community Center Marblehead
Flint Public Library Middleton
Middleton Council on Aging
Middleton Senior Center
Peabody Senior Center
Peabody Institute Library Peabody
Peabody Glen Health Care Center
Peabody Council on Aging
Brooksby Village, Peabody
Rockport Rotary Club
Rockport Senior Center
Salem Council on Aging
Topsfield Council on Aging
Wenham Council on Aging
Enon Village Wenham
Wenham Council on Aging
Beverly Chamber of Commerce
Peabody Area Chamber of Commerce
Healthy Gloucester Collaborative
GetFit Gloucester
North Shore Chamber of Commerce
Cape Ann Channel 12 Public Access
Danvers Community Access Television
American Red Cross of Northeast Massachusetts
Beverly Main Streets
North Shore United Way
Endicott College
YMCA of the North Shore
North Shore Community Health Network Area
River House Shelter, Beverly
Widow Support Group, Gloucester
Loss of a Child, Gloucester
Manchester-Essex Regional High School
Landmark School
Proctor School, Middleton
Boards of Health - Beverly/Peabody/Gloucester/Essex/Rockport
American Red Cross

Action, Inc
Pathways for Children
C A R E
Open Door
Beverly Bootstraps
Cape Ann TV, Gloucester
Gloucester High School
Rockport High School
Hospice of North Shore & Greater Boston
Arthritis Foundation
North Beverly Elementary School
Manchester Club
Wellspring House
American Lung Association
American Cancer Society
Gloucester Coast Guard
Pingree School
Cape Ann Military Family Support Group
Sisters of Notre Dame, Ipswich
Turtle Creek - Turtle Woods - (senior housing) - Beverly
Boxford Cable TV
Peabody Access TV
Massachusetts Coalition of Nurse Practitioners of North Shore
Rowley Senior Center
Danvers YMCA
North Shore Neuropathy Support Group
Cape Ann Farmer's Market, Gloucester

**Community Health Needs Assessment**

**Date Last Assesment Completed and Current Status**

In October 2011, John Snow Inc (JSI) was contracted by Northeast Hospital Corporation to conduct a comprehensive needs assessment that would identify the major concerns and priorities on the North Shore so that NHC could develop community health programming and services that would more effectively meet the needs of the community The assessment process is intended to ensure that its services and community health programs remain responsive to the communities they serve and that strong partnerships are built and renewed with the communities and other stakeholders in the area While quantitative data is pulled for all communities in NHC's primary service area, a more thorough assessment including qualitative findings were offered in the following communities Essex, Gloucester, Hamilton, Ipswich, Manchester, Rockport and Wenham

The following is a summary of the process and methods used during the three phase assessment The report and roll-out plan were completed in October 2012

Phase I – Preliminary Needs Assessment

•Conduct a preliminary needs assessment that relies on publicly available data
•Conduct a series of structured key informant interviews internally with select staff and board members

Phase II – Targeted Community Engagement

•Conduct a series of structured key informant interviews externally with community leaders, health and social service providers and other key stakeholders in the community
•Collect primary data directly from the community residents through a series of community mail surveys
•Develop a final Needs Assessment Report and conduct a strategic planning retreat

Phase III – Strategic Plan Development and Reporting

•Consolidate all of the project findings and deliverables into a comprehensive Community Needs Assessment and Community Engagement Strategic Plan that will include

oA list of the community health care needs and priorities identified overall and by the community
oSupporting documentation and data
oRecommending priority health needs and a set of preliminary programmatic recommendations for review
•Develop a reporting strategy, develop a series of presentations / materials, present to the community

Sources of Information

oMassachusetts Community Health Information Profile (MassChip) system as well as other national, state and local sources
oCommunity Health Survey which consisted of 24 pages 2,400 random households were selected to participate
oKey informant interviews with town / city leadership and public health professionals

Needs Identified

The most significant issues with respect to access to care were related to dental services, particularly for adults and mental health and substance abuse services for low income and middle income brackets In addition, a significant proportion of the population in the region struggled to access prescription drugs, due primarily to the cost of co-pays and deductibles Access to care was also affected by transportation and cost barriers, which were by far the two most significant barriers to care for those in the region These issues have a particularly strong impact on low income and older adult populations who are most likely to be isolated and struggle to make ends meet financially

There are a number of risk factors that have a major impact on chronic disease and the general level of health for individuals and communities The risk factors with the greatest health effects are overweight/obesity, physical exercise, poor nutrition, and smoking These factors can lead to variety of conditions such as diabetes, heart disease, hypertension, COPD, asthma, cancer, and arthritis Obesity is a particular and increasing problem at a national and state-level, as well as at regional level Conversely healthy habits and behaviors with respect to nutrition and physical exercise can be protective and improve heart and lung function, diabetes control, and hypertension, and reduce the risk of cancer, fall-related injuries, and other conditions

Chronic diseases such as diabetes, heart disease, stroke, hypertension, respiratory disease, and cancer are the major causes of morbidity, disability and mortality, both in the region and the state These conditions are in fact among the leading causes of death across the nation Caused by a mixture of factors including genetic, environmental, and lifestyle, chronic diseases are pervasive, difficult to treat and occur in an increasing proportion of our society The regional prevalence, hospitalization, and death rates for chronic diseases are comparable to the rates at the State in almost all cases but there are some important exceptions, particularly with respect to diabetes and hypertension There is also some indication that some residents in the region are not properly engaged or receiving appropriate preventive, acute or chronic disease management service in primary care As evidenced by higher rates of hospital emergency department and hospital inpatient utilization for some conditions

Depression, anxiety and stress are major health issues throughout the nation and place significant burdens on individuals, families and communities Numerous national studies have shown that many of the leading chronic illnesses, such as diabetes and heart disease, are linked to mental illness and the rates of co-occurring physical and mental illness are extremely high Mental illness also plays a significant role in increasing health care expenditures and is responsible for a large proportion of total hospital emergency department visits and inpatient stays Numerous data elements from the survey and the state quantitative morbidity and mortality data highlight the burden that it places on the region, especially among low income populations

Like mental health, substance abuse is evident across all income and geographic groups and causes significant burdens and loss of productivity upon individuals, families and communities Substance abuse increases health care expenditures as well as community expenditures on law enforcement and incarceration The extent to which many segments of the region's population abuse alcohol and prescription drugs was one of the more dramatic findings in the assessment Regionally, those who responded to our survey were much more likely to report as "heavy" alcohol drinkers (more than seven drinks a week for women and more than 14 drinks a week for men) or binge drinkers (more than four drinks at any one sitting for women and more than five drinks at any one sitting for men) than those in the state overall Regionally, high proportions of the population also abused prescription drugs

Conclusion

Northeast Hospital Corporation and the staff at Addison Gilbert and Beverly hospitals are committed to developing hospital services and other community-based programs that are tailored to meet the needs of the communities they serve Both of LHS' hospitals have a recognized track record of working collaboratively with community partners to develop programs and services that are providing health education, expanding access to service, addressing barriers to care, and improving overall health status

We are proud of this record and look forward to using the findings from this assessment to refine our current services and develop new community programs and partnerships Community health workgroups that correspond to the health priorities identified by the assessment have already been convened and these workgroups are in the process of developing detailed strategic plans The staff at Addison Gilbert and Beverly hospitals looks forward to working with all of the area's health and social service providers and the community at-large as to improve the overall health status of the North Shore and Cape Ann communities

**Consultants/Other Organizations**

John Snow, Inc , and its non-profit JSI Research & Training Institute, Inc , are public health management consulting and research organizations dedicated to improving the health of individuals and communities throughout the world

For more than 30 years, Boston-based JSI and its affiliates have provided high-quality technical and managerial assistance to public health programs worldwide JSI has implemented projects in 106 countries, and currently operates from eight U S and 81 international offices, with more than 500 U S -based professionals and 1,600 host country staff

JSI is deeply committed to improving the health of individuals and communities worldwide They work in partnership with governments, organizations, and host-country experts to improve quality, access and equity of health systems worldwide They collaborate with government agencies, the private sector, and local nonprofit and civil society organizations to achieve change in communities and health systems

Alec McKinney
Senior Project Director
44 Farnsworth Street, 7th Floor
Boston, MA 02210

**Data Sources**

Community Focus Groups, Hospital, Interviews, MassCHIP, Public Health Personnel, Surveys, CHNA

## Select Community Benefits Programs

**Mobile Market**

| | |
|---|---|
| **Brief Description or Objective** | Northeast Hospital Corporation provided the funding to allow Beverly Bootstraps to offer fresh produce to residents of the Beverly Housing Authority's property on the corner of Herrick Street Each Tuesday from June – October residents were able to access produce at no cost while also learning about basic nutrition and recipes from clinical nutrition managers at Northeast Hospital Corporation During the first year, 109 households were served, 256 total individuals were served, 12,437 pounds of produce were distributed and 18,234 meals were provided |
| **Program Type** | Community Education,Grant/Donation/Foundation/Scholarship,Health Screening,Healthy Communities Partnership,Outreach to Underserved |
| **Target Population** | • **Regions Served:** Beverly |

- **Health Indicator:** Overweight and Obesity , Physical Activity
- **Sex:** All
- **Age Group:** All
- **Ethnic Group:** Asian, Black/African American, Hispanic/Latino, White
- **Language:** English , Spanish

**Goals**

**Statewide Priority:** Address Unmet Health Needs of the Uninsured, Promoting Wellness of Vulnerable Populations, Reducing Health Disparity

| Goal Description | Goal Status |
|---|---|
| The immediate goal was to provide access to fresh produce while providing basic information as it relates to nutrition in a community setting Knowing transportation is a barrier to access, the mobile market was able to bring food to the housing authority location and its residents on a weekly basis We achieved this goal in the first year of this pilot program The breakdown of individuals were 28 seniors, 22 disabled, 53 single parent households, 83 unemployed and 79 female head of household | Complete |
| To expand the program to one addition low income residence in partnership with Beverly Bootstraps and the Beverly Housing Authority by 2014 | Planning Phase |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Beverly Bootstraps Community Services, Inc | www beverlybootstraps org |

**Contact Information** Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly , MA 01915 978-236-1615, gmackill@nhs-healthlink org

**Detailed Description** Not Specified

**Addison Gilbert Hospital Weekly Blood Pressure Clinic**

**Brief Description or Objective** Addison Gilbert Hospital offers a free weekly walk-in blood pressure clinic every Monday (minus holidays) from 1 – 3 p m in the Women's Health Conference Room

**Program Type** Direct Services,Health Screening,Outreach to Underserved,Prevention

**Target Population**

- **Regions Served:** Essex, Gloucester, Manchester-by-the-Sea, Rockport
- **Health Indicator:** Other Hypertension
- **Sex:** All
- **Age Group:** All Adults
- **Ethnic Group:** All

- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| In fiscal year 2012 we saw 1,007 "patients", 40 presented with high blood pressures The goal of the program is to educate patients as well as educate and offer information related to additional resources for patients Retired nursing staff see patients, take blood pressure, review results, review medications and council if necessary We also ask the patient if they would like us to share results with their primary care physician or nurse practitioner for follow-up care | Complete |
| To implement a walk-in blood pressure clinic once per month at Beverly Hospital at Danvers by end of fiscal year 2013 | Planning Phase |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Not Specified | |

| | |
|---|---|
| **Contact Information** | Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly, MA 01915 978-236-1615, gmackill@nhs-healthlink org |
| **Detailed Description** | Not Specified |

**Emergency Department & Jail Diversion Program**

| | |
|---|---|
| **Brief Description or Objective** | The emergency department and jail diversion program in partnership with the Danvers Police offers a means of diverting individuals with mental illness, substance abuse and other behavioral health issues away from the criminal justice system and away from the hospital emergency department at Beverly Hospital and places them in a more appropriate setting, such as a psychiatric, social service and community based services |
| **Program Type** | Direct Services,Grant/Donation/Foundation/Scholarship,Health Professional/Staff Training,Prevention |
| **Target Population** | • **Regions Served:** Danvers, Middleton, Topsfield<br>• **Health Indicator:** Mental Health, Other Alcohol and Substance Abuse, Other Alzheimer Disease, Other Domestic Violence<br>• **Sex:** All<br>• **Age Group:** All Adults, Child-Teen<br>• **Ethnic Group:** All<br>• **Language:** English |

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| To provide basic training and understanding of behavioral health and substance abuse related issues with local police departments in Danvers, Middleton and Topsfield | Complete |
| Create an atmosphere the incorporates ride-along programs with the crisis response team member and the patrol division of the Danvers Police Department | Complete |
| To incorporate the emergency department and jail diversion program in place in one other community prior to the conclusion of fiscal year 2014 | Planning Phase |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Not Specified | |

**Contact Information** Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly, MA 01915 978-236-1615, gmackill@nhs-healthlink org

**Detailed Description** Not Specified

**Diabetes Walk-In Clinic(s)**

**Brief Description or Objective** Weekly walk-in non-fasting glucose clinic held the first Monday of each month at Addison Gilbert Hospital, minus holidays In addition to the weekly walk in program, the diabetes care center offered non-fasting glucose testing at numerous health fairs and other hospital locations in fiscal year 2012, seeing 274 "patients" at 23 sessions 87 "patients" had higher than normal readings

**Program Type** Community Education,Direct Services,Health Screening,Outreach to Underserved,Prevention

**Target Population**
- **Regions Served:** Essex, Gloucester, Manchester-by-the-Sea, Rockport
- **Health Indicator:** Other Diabetes
- **Sex:** All
- **Age Group:** All Adults
- **Ethnic Group:** All
- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| The goal of the program is to provide intervention, help detect a high glucose reading and also educate | On-Going |

| | |
|---|---|
| patients about diabetes and resources to help them if they indeed are diabetic We also help folks who are borderline diabetic and need assistance with diet, medication etc Diabetes Educations and Clinical Nutritionists see patients, take the blood sample, review results, review medications and council if necessary We also ask the patient if they would like us to share results with their primary care physician or nurse practitioner for follow -up care | |
| To implement a collaborative program with local food pantries and YMCA's on a coordinated approach and program to address diabetes in both adult and youth populations This program should be multifaceted, combining education, nutrition and physical activity components A program should be developed by end of fiscal year 2014 | Planning |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Gloucester Health Department | www gloucester-ma gov |
| The Open Door | www foodpantry org |
| Danvers Family Y M C A | www danversymca net |
| Beverly Bootstraps Community Services, Inc | www beverlybootstraps org |
| Rockport Council on Aging | www townofrockport com |

| | |
|---|---|
| **Contact Information** | Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly, MA 01915 978-236-1615, gmackill@nhs-healthlink org |
| **Detailed Description** | Not Specified |

**Community Supper Program - First Parish Church Beverly**

| | |
|---|---|
| **Brief Description or Objective** | Northeast Hospital Corporation funded a weekly supper program which saw over 2,000 patrons in fiscal year 2012 NHC funding allowed the First Parish church to provide a hot and nutritious meal every Tuesday night It was not atypical for that meal to be the patrons only meal of the day |
| **Program Type** | Grant/Donation/Foundation/Scholarship |
| **Target Population** | • **Regions Served:** Beverly |

- **Health Indicator:** Other Nutrition
- **Sex:** All
- **Age Group:** All
- **Ethnic Group:** All
- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| To provide funding to allow the First Parish Church in Beverly to continue their Tuesday supper program while be able to provide meals for the ever growing number of attendees | On-Going |
| Continue to provide funding to meet the needs of a highly vulnerable population The plan is to provide education, assistance and support to patrons via a support group, nutrition education or access to healthcare | Planning Phase |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| First Parish Church, Beverly | www firstparishchurchbeverly org |

**Contact Information** Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly, MA 01915 978-236-1615, gmackill@nhs-healthlink org

**Detailed Description** Not Specified

**Northeast Hospital Corporation Community Collaborative Grants**

**Brief Description or Objective** Northeast Hospital Corporation launched a new Community Collaborative Grant to address significant health issues in our North Shore communities The grant program will be a key aspect of the NHC community benefit program and is a direct result of our most recent community health needs assessment Through the grant, NHC awarded 3, $10,000 grants funding for innovative, community-based initiatives in one of three key areas those that promote mental and behavioral health education, prevention and early intervention, those that promote healthy lifestyles and improve chronic disease prevention (including diabetes, stroke, cancer and heart disease), and those that improve access to health services and resources in the community

**Program Type** Community Education,Community Participation/Capacity Building Initiative,Grant/Donation/Foundation/Scholarship

**Target Population**
- **Regions Served:** County-Essex
- **Health Indicator:** Injury and Violence, Mental Health, Other Alcohol and Substance Abuse, Other Alzheimer Disease, Other Asthma/Allergies, Other Cancer, Other Cancer - Breast, Other Cancer - Cervical, Other Cancer - Colo-rectal, Other Cancer - Lung, Other Cancer - Multiple Myeloma, Other Cancer - Other, Other Cancer - Ovarian, Other Cancer - Prostate, Other Cancer - Skin, Other Cardiac Disease, Other Diabetes, Other Domestic Violence, Other Elder Care, Other Hypertension, Other Nutrition, Other Rape, Other Smoking/Tobacco, Overweight and Obesity, Physical Activity, Substance Abuse, Tobacco Use

- **Sex:** All
- **Age Group:** Adult-Young, All
- **Ethnic Group:** All
- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| Expand the grant program by fiscal year 2013 to include one addition $10,000 grant | Planning |
| Adapt the grant categories to reflect upon the findings of the community health needs assessment that occurred in fiscal year 2012 | Planning |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| DanversCares | www danverscares org |
| Cape Ann YMCA / Get Fit Gloucester | www northshoreymca org |
| HAWC | www hawcdv org |
| VNA Care & Hospice | www vnacarenetwork org |

**Contact Information** Gerald MacKillop, MBA - Public Relations Manager 500 Cummings Center Suite 6500 Beverly, MA 01915 978-236-1615, gmackill@nhs-healthlink org

**Detailed Description** Not Specified

**Pioneering Healthier Communities**

**Brief Description or Objective** The Greater Beverly YMCA, with a grant funded by the Centers of Disease Control and in partnership with Beverly Hospital, Beverly Public Schools and other community organizations, is launching a new healthy living movement known as Be Healthy Beverly The group's first area of focus over the past year has been to join the national effort to combat childhood obesity, and support the new nutrition standards in the National School Lunch Program

**Program Type** Community Participation/Capacity Building Initiative,Grant/Donation/Foundation/Scholarship,Healthy Communities Partnership

**Target Population**

- **Regions Served:** Beverly
- **Health Indicator:** Environmental Quality, Other Nutrition, Other Public Safety, Overweight and Obesity, Physical Activity
- **Sex:** All
- **Age Group:** All Children, Child-Preschool, Child-Preteen, Child-Primary School, Child-Teen
- **Ethnic Group:** All
- **Language:** English

**Goals**
**Statewide Priority:** Chronic Disease Management in Disadvantage Populations, Promoting Wellness of Vulnerable Populations, Reducing Health Disparity

| Goal Description | Goal Status |
|---|---|

| | |
|---|---|
| Be Healthy Beverly introduced fruit and vegetable bars in all five Beverly public elementary school cafeterias Research has demonstrated that food consumed by children during the school day has a significant impact on both health and education outcomes | On-Going |
| To begin a program where students will receive a "5-minute Nutrition" lesson from a nutritionist highlighting one vegetable during their lunch period once a month beginning in 2013 The students will then get to sample this vegetable from the vegetable bar | Planning Phase |
| Incorporate raised bed fruit and vegetable gardens at each of Beverly's five elementary schools | Planning |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Beverly Public Schools | www beverlyschools org |
| Beverly Bootstraps Community Services | www beverlybootstraps org |
| Greater Beverly Y M C A | www northshoreymca org |
| The Food Project | www foodproject org |
| North Shore United Way | www nsuw org |
| Beverly Chamber of Commerce | www beverlychamber com |
| Beverly Health Department | www beverlyma gov |
| Beverly Recreation Department | www beverlyma gov |

| | |
|---|---|
| **Contact Information** | Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly, MA 01915 978 -236-1615, gmackill@nhs-healthlink org |
| **Detailed Description** | Not Specified |

**Safe Steps for Seniors**

| | |
|---|---|
| **Brief Description or Objective** | Safe Steps for Seniors aims to promote fall risk reduction by improving the physical, social, and nutritional health of elders in the community Anticipated outcomes for elders include improved physical health from group exercise, gaining confidence, increasing socialization, and improving emotional well-being by participating in a group program By improving the knowledge of the participants regarding falls, seniors will be better equipped to advocate for themselves in the community for fall risk reduction |
| **Program Type** | Health Screening,Prevention |
| **Target Population** | • **Regions Served:** Essex, Gloucester, Manchester-by-the-Sea, Rockport |

- **Health Indicator:** Other Safety, Physical Activity
- **Sex:** All
- **Age Group:** Adult-Elder
- **Ethnic Group:** All
- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| Continue to offer Safe Steps at Addison Gilbert Hospital, while incorporating a more structured nutrition and food based component with Unidine during fiscal year 2013 | Planning |
| A new SSS program will be added in Beverly/Danvers Group exercise classes will run 3 times per week for 12 weeks with 40-60 minute sessions, serving 12-15 seniors in each location, participants may walk with or without an assistive device Taught by licensed PTs, classes will incorporate task specific strength, balance, and agility training Three 12-week sessions will be held July - June, avoiding winter months Educational sessions will include guest speakers from pharmacy and ophthalmology covering fall risk topics and strategies to prevent injury | Planning |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Not Specified | |

| | |
|---|---|
| **Contact Information** | Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly, MA 01915 978-236-1615, gmackill@nhs-healthlink org |
| **Detailed Description** | Not Specified |

**Serving the Health Information Needs of Elders (SHINE)**

| | |
|---|---|
| **Brief Description or Objective** | The SHINE (Serving the Health Information Needs of Elders) Program provides health insurance counseling services to elderly and disabled adults SHINE counselors are trained to handle complex questions about Medicare, Medicare supplements, Medicare Health Maintenance Organizations, public benefits with health care components, Medicaid, free hospital care, prescription drug assistance programs, drug discount cards, and long-term health insurance |
| **Program Type** | Community Education.Health Coverage Subsidies or Enrollment |

**Target Population**

- **Regions Served:** County-Essex
- **Health Indicator:** Access to Health Care
- **Sex:** All
- **Age Group:** Adult-Elder
- **Ethnic Group:** All
- **Language:** English , Other , Portuguese , Spanish

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| In FY `12 Our SHINE Counselors Managed over 2,100 client contact forms, had 1,800 visits, spent 374 hours with the beneficiary for all contacts | Complete |
| To provide education and assistance to elders who need guidance as it relates to their healthcare insurance | On-Going |
| To implement a similar program to take place at Beverly Hospital at Danvers (one time per week) within the next 2 years | Planning |
| To implement a similar program at the Rockport Council on Aging in fiscal year 2012 | Complete We now visit the Rockport Council on Aging each week for two hours |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Gloucester Council on Aging | www gloucester-ma gov |
| Rockport Council on Aging | www townofrockport com |
| Beverly Council on Aging | www beverlyma gov |

**Contact Information** Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly , MA 01915 978-236-1615, gmackill@nhs-healthlink org

**Detailed Description** Not Specified

**Addison Gilbert and Beverly Hospital Skin Cancer Clinics**

**Brief Description or Objective** The Community Skin Cancer Clinic, in partnership with the American Cancer Society and the Melanoma Foundation Patients call to schedule an appointment with one of our Oncologists At the clinic, patients are provided with a thorough examination and information on skin cancer prevention If they were in need of further evaluation and treatment, the findings could be shared with their primary care physician

**Program Type** Health Screening.Prevention

**Target Population**

- **Regions Served:** County-Essex
- **Health Indicator:** Other Cancer - Skin
- **Sex:** All
- **Age Group:** All Adults, Child-Teen
- **Ethnic Group:** All

- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| In FY `12, the program aimed to launch a second clinic day and that was achieved in September 2011 79 patients participated in two community skin cancer clinics Out of the 79 patients we saw, 47 needed further treatment and or evaluation Residents from 21 different communities attended | Complete |
| The goal of the program is to educate patients as well as offer preventative services to patients NHC oncologists and oncology nurse partner to help intervene with early detection of skin cancer | On-Going |
| To implement a two more community skin cancer clinics by 2014 One additional clinic at Beverly Hospital and one at Beverly Hospital at Danvers | Planning |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| American Cancer Society | www cancer org |
| Melanoma Foundation of New England | www melanomafoundationne org/ |

**Contact Information** Tina Ketchopulos, Community Relations Coordinator, 298 Washington Street, Gloucester, MA 01930, 978-283-4000 Ext 585 , tketchop@nhs-healthlink org

**Detailed Description** Not Specified

**Northeast Hospital Corporation Speakers Bureau**

**Brief Description or Objective** The Beverly and Addison Gilbert hospitals' Speakers Bureau is a free service designed to bring timely information on a variety of health-related topics Speakers include physicians, registered nurses, dietitians, physical therapists, pharmacists and other healthcare professionals Provide information about healthy living and illness prevention

**Program Type** Community Education

**Target Population**
- **Regions Served:** Beverly, Danvers, Essex, Gloucester, Hamilton, Ipswich, Manchester-by-the-Sea, Middleton, Peabody, Rockport, Topsfield, Wenham

- **Health Indicator:** Other Diabetes, Other Domestic Violence, Other Drunk Driving, Other Elder Care, Other First Aid/ACLS/CPR, Other Hearing, Other Hospice, Other Hypertension, Other Lyme Disease, Other Nutrition, Other Parenting Skills, Other Pregnancy, Other Safety - Auto/Passenger, Other Safety - Sports, Other Smoking/Tobacco, Other Stress Management, Other Stroke, Other Uninsured/Underinsured, Other Vision, Overweight and Obesity, Physical Activity, Substance Abuse, Tobacco Use
- **Sex:** All
- **Age Group:** Adult
- **Ethnic Group:** All
- **Language:** English

**Goals**

**Statewide Priority:** Address Unmet Health Needs of the Uninsured, Supporting Healthcare Reform

| Goal Description | Goal Status |
|---|---|
| Provide information about healthy living and illness prevention for the following health related topics – neurological health, cardiac health, cancer, senior health, infectious disease, child development, parenting, diabetes, fitness/exercise, memory loss/dementia/Alzheimer's, arthritis and joint pain, ophthalmology, behavioral health, nutrition, women's health, nervous system, nephrology, men's health, respiratory, hypertension and chronic pain management | On-Going |
| To recruit 10 additional physicians over the next two years to develop presentations directly stemming from data and results of the community health needs assessment (In FY'12 we added 4 additional members of the Speakers Bureau) | On-Going |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Bridgewell, Inc | |
| Manchester-Essex Public Schools | |
| Safe Habor Retirement | |
| Rockport Council on Aging | |
| Hamilton-Wenham Public Schools | |
| Gloucester Council on Aging | |

Danvers Council on Aging
Beverly Council on Aging
Gorton's of Gloucester
The Herrick House
Danvers Kiwanis Club
Beverly Kiwanis Club
Cove Circle Community Group
Masconomet School District
North Reading High School
Salem Girl Scouts
Beverly Boy Scouts
Middleton Public Library
Saint John's Prep Danvers
North Shore Mall
Spectrum Adult Day Health Program, Beverly
Endicott College
Salem State University
Peabody Public Health Department
Ipswich Public Health Department
Manchester Men's Club
Second Congregational Church Beverly
BankGloucester
Sisters of Notre Dame, Ipswich
Turtle Creek and Turtle Woods Senior Housing Unit (s)
Penguin Hall

**Contact Information** Tina Ketchopulos, Community Relations Coordinator, 298 Washington Street, Gloucester, MA 01930, 978-283-4000 Ext 585 , tketchop@nhs-healthlink org

**Detailed Description** Not Specified

**Speech and Audiology Screenings**

**Brief Description or Objective** Pediatric Speech screenings are 30 minutes in duration and were used to identify if a child is developmentally appropriate in terms of their speech, language, or feeding skills If a child qualifies for further evaluation, the family will be assisted by a speech/language pathologist who will assist in scheduling a comprehensive speech/language evaluation Early identification and intervention is key to addressing developmental delays

**Program Type** Direct Services,Health Screening

**Target Population**

- **Regions Served:** County-Essex
- **Health Indicator:** Other Hearing, Other Language/Literacy
- **Sex:** All
- **Age Group:** Child-Preschool, Child-Preteen, Child-Toddler
- **Ethnic Group:** All

- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| In fiscal year 2012, we offered four different pediatric speech screenings, ranging from an entire month and others over the course of two days. We saw a total of 128 children. We also conducted two free adult hearing screenings where we saw 70 adults participate | Complete |
| To expand the program to Addison Gilbert Hospital by 2013, by offering 2 month long sessions | Planning |

**Partners**

| Partner Name, Description | Partner Web Address |
|---|---|
| Not Specified | |

**Contact Information** Gerald MacKillop, Public Relations Manager, 500 Cummings Center, Suite 6500 Beverly, MA 01915 978-236-1615, gmackill@nhs-healthlink.org

**Detailed Description** Not Specified

**Northeast Hospital Corporation Support Groups**

**Brief Description or Objective** Addison Gilbert and Beverly hospitals offers a variety of support groups to help educated, support, and assist individuals and families who are going through a difficult time in their lives. Support Groups can help to inform, console, and lift the spirit - all part of the healing process.

**Program Type** Support Group

**Target Population**

- **Regions Served:** Beverly, Boxford, Danvers, Essex, Gloucester, Hamilton, Ipswich, Manchester-by-the-Sea, Middleton, Peabody, Rockport, Topsfield, Wenham
- **Health Indicator:** Other - Alzheimer Disease, Other - Cancer, Other - Child Care, Other - Diabetes, Other - Elder Care, Other - Parenting Skills, Other - Smoking/Tobacco, Other - Stroke
- **Sex:** All
- **Age Group:** All Adults, Child-Preteen, Child-Primary School, Child-Teen
- **Ethnic Group:** All
- **Language:** English

**Goals**
**Statewide Priority:** Not Specified

| Goal Description | Goal Status |
|---|---|
| In fiscal year 2012 NHC hosted 198 support group sessions. We offered 20 different types of support groups totaling 297 hours. We hosted support groups at Beverly Hospital, | Complete |

| | |
|---|---|
| Beverly Hospital at Danvers and Addison Gilbert Hospital | |
| To implement two new support groups, based on identified needs of the community health needs assessment over the course of the next three fiscal years. Goal was achieved in May 2011. We have currently added a total of four new support groups | Complete |

**Partners**

| **Partner Name, Description** | **Partner Web Address** |
|---|---|
| Not Specified | |

| | |
|---|---|
| **Contact Information** | Tina Ketchopulos, Community Relations Coordinator, 298 Washington Street, Gloucester, MA 01930, 978-283-4000 Ext 585 , tketchop@nhs-healthlink.org |
| **Detailed Description** | Not Specified |

**Expenditures**

| **Program Type** | **Estimated Total Expenditures for FY2012** | | **Approved Program Budget for 2012** |
|---|---|---|---|
| Community Benefits Programs | Direct Expenses | $1,367,417 | $719,921<br><br>*Excluding expenditures that cannot be projected at the time of the report |
| | Associated Expenses | $103,250 | |
| | Determination of Need Expenditures | $20,608 | |
| | Employee Volunteerism | $12,120 | |
| | Other Leveraged Resources | $34,000 | |
| Net Charity Care | HSN Assessment | $5,039,938 | |
| | HSN Denied Claims | $113,136 | |
| | Free/Discount Care | $497,462 | |
| | Total Net Charity Care | $5,650,536 | |
| Corporate Sponsorships | | $90,250 | |
| | **Total Expenditures** | $7,278,181 | |
| **Total Patient Care-Related Expenses for FY2012** | | | $296,668,655 |
| **Comments:** None | | | |

**Optional Information**

| Expenditures | Amount | | |
|---|---|---|---|
| Community Service Programs | Direct Expenses | $26,711 | |
| | Associated Expenses | $0 | |
| | Determination of Need Expenditures | $0 | |
| | Employee Volunteerism | $9,954 | |
| | Other Leveraged Resources | $7,449 | |

| | |
|---|---|
| **Total Community Service Programs** | Not Specified |

| | | |
|---|---|---|
| **Bad Debt:** | Not Specified | Not Specified |
| **IRS 990:** | Not Specified | |