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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: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization FAIRVIEW HOSPITAL Doing Business As	D Employer identification number 04-2133860
	Number and street (or P O box if mail is not delivered to street address) Room/suite 725 NORTH STREET	E Telephone number (413) 447-2508
	City or town, state or country, and ZIP + 4 PITTSFIELD, MA 012014109	G Gross receipts \$ 47,664,668
	F Name and address of principal officer DARLENE RODOWICZ 725 NORTH ST PITTSFIELD, MA 012014109	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> 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 BHS1 ORG

K Form of organization Corporation Trust Association Other **L** Year of formation 1912 **M** State of legal domicile MA

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE MISSION OF FAIRVIEW HOSPITAL IS TO IMPROVE THE HEALTH OF ALL PEOPLE IN THE BERKSHIRES AND (CONTINUED FROM FORM 990) SURROUNDING COMMUNITIES, REGARDLESS OF THEIR ABILITY TO PAY		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	24
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	20
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	323
	6 Total number of volunteers (estimate if necessary)	6	50
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	511,811	618,864
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	41,845,111	44,224,749
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	924,885	469,864
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	658,321	1,204,552
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	43,940,128	46,518,029
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	1,250
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a Professional fundraising fees (Part IX, column (A), line 11e)	22,365,294	25,267,767
	b Total fundraising expenses (Part IX, column (D), line 25) 90,244	0	0
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	19,708,790	19,396,247
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	42,074,084	44,665,264
19 Revenue less expenses Subtract line 18 from line 12	1,866,044	1,852,765	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21 Total liabilities (Part X, line 26)	28,000,233	31,956,366
	22 Net assets or fund balances Subtract line 21 from line 20	17,923,149	18,152,754
		10,077,084	13,803,612

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	2013-08-15
	DARLENE RODOWICZ CFO Type or print name and title	Date

Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	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 Yes No

1 Briefly describe the organization's mission
THE MISSION OF FAIRVIEW HOSPITAL IS TO IMPROVE THE HEALTH OF ALL PEOPLE IN THE BERKSHIRES AND SURROUNDING COMMUNITIES, REGARDLESS OF THEIR 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 \$ 39,569,228 including grants of \$) (Revenue \$ 45,219,943)
FAIRVIEW HOSPITAL, A 24 BED CRITICAL ACCESS COMMUNITY HOSPITAL, IS THE PRIMARY PROVIDER OF HEALTH CARE & ACCESS TO HEALTH CARE SERVICES IN SOUTHERN BERKSHIRE COUNTY, MA THE HOSPITAL SERVES A RURAL AREA WHICH INCLUDES TOWNS IN MA, NORTHWEST CT, & COLUMBIA COUNTY, NY WITH A FULL RANGE OF PRIMARY CARE SERVICES, INCLUDING PREVENTATIVE, DIAGNOSTIC & THERAPEUTIC CARE, ON BOTH AN IN- & OUT-PATIENT BASIS THE PRIMARY SERVICE AREA HAS A RESIDENT POPULATION OF APPROXIMATELY 30,000 THE HOSPITAL PLAYS AN ACTIVE ROLE IN MEETING THE HEALTH NEEDS OF THE COMMUNITY OUTSIDE THE HOSPITAL WALLS IN ITS PROACTIVE COMMUNITY OUTREACH, EDUCATION, & SCREENING INITIATIVES, WHICH ARE DESIGNED TO IMPROVE THE HEALTH STATUS OF THE COMMUNITY THROUGH COLLABORATION WITH NUMEROUS HEALTH & SOCIAL SERVICE AGENCIES, (CONTINUED ON SCHEDULE O) (CONTINUED FROM FORM 990) FAIRVIEW HOSPITAL PROMOTES ACCESS TO INFORMATION & SERVICES, & DRAWS EXTENSIVE MEDICAL, TECHNOLOGICAL, & FINANCIAL RESOURCES TO THE AREA THROUGH ITS AFFILIATION WITH BERKSHIRE MEDICAL CENTER & BERKSHIRE HEALTH SYSTEMS AS A RESULT, THE SOUTHERN BERKSHIRE COMMUNITY ENJOYS A COMPLETE CONTINUUM OF CARE SERVICES INCLUDING EDUCATION, PREVENTION, SCREENING, DIAGNOSTIC, THERAPEUTIC, REHABILITATIVE, & LONG-TERM CARE SERVICES, AN UNUSUALLY HIGH LEVEL OF HEALTH SERVICES WHEN COMPARED WITH SIMILAR RURAL COMMUNITIES PLEASE SEE THE FY2012 "COMMUNITY BENEFITS REPORT" AT WWW CBSYS AGO STATE MA US/CBPUBLIC/PUBLIC/ANNUAL_REPORTS_START ASPX FOR MORE DETAILS

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

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

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses \$ 39,569,228

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)? <i>If "Yes," complete Schedule A.</i> <input checked="" type="checkbox"/>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule C, Part II.</i> <input checked="" type="checkbox"/>	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? <i>If "Yes," complete Schedule C, Part III.</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part I.</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part II.</i> <input checked="" type="checkbox"/>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> <input checked="" type="checkbox"/>		No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> <input checked="" type="checkbox"/>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> <input checked="" type="checkbox"/>	Yes	
11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> <input checked="" type="checkbox"/>	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? <i>If "Yes," complete Schedule D, Part VII.</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part VIII.</i> <input checked="" type="checkbox"/>		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? <i>If "Yes," complete Schedule D, Part IX.</i> <input checked="" type="checkbox"/>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/>	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)? <i>If "Yes," complete Schedule D, Part X.</i> <input checked="" type="checkbox"/>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> <input checked="" type="checkbox"/>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> <input checked="" type="checkbox"/>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Part I.</i>		No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Part II and IV.</i>		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? <i>If "Yes," complete Schedule F, Part III and IV.</i>		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? <i>If "Yes," complete Schedule G, Part I.</i>		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? <i>If "Yes," complete Schedule G, Part II.</i>	Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> <input checked="" type="checkbox"/>	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. <input checked="" type="checkbox"/>	Yes	

Part IV Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, and Yes/No columns. Includes sub-questions 1a-1b, 2a-2b, 3a-3b, 4a-4b, 5a-5c, 6a-6b, 7a-7h, 8, 9a-9b, 10a-10b, 11a-11b, 12a-12b, 13a-13c, 14a-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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	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?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	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?		No
16b	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?		

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed MA, NY
- 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
 DARLENE RODOWICZ CFO
 725 NORTH STREET
 PITTSFIELD, MA 012014109
 (413) 447-2809

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

(A) Name and Title	(B) Average hours per week per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							1,723,890	1,479,828	384,458	

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 **▶**34

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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
BERKSHIRE SURGICAL ASSOC PC 777 NORTH ST STE 407 PITTSFIELD, MA 012014141	HEALTHCARE SERVICES	292,100
WEATHERBY LOCUMS INC PO BOX 972633 DALLAS, TX 753972633	HEALTHCARE STAFFING	100,595

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 **▶**2

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	151,984				
	d	Related organizations 1d					
	e	Government grants (contributions) 1e	77,301				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	389,579				
	g	Noncash contributions included in lines 1a-1f \$ 5,305					
	h	Total. Add lines 1a-1f	618,864				
Program Service Revenue	2a	NET PATIENT SVC REVENUE	44,224,749	44,224,749			
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	44,224,749				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)	290,520			290,520	
	4	Income from investment of tax-exempt bond proceeds	13,429			13,429	
	5	Royalties					
	6a		(i) Real				
			(ii) Personal				
		b	Gross rents	46,272			
		c	Less rental expenses	2,140			
	d	Net rental income or (loss)	44,132			44,132	
	7a		(i) Securities				
			(ii) Other				
		b	Gross amount from sales of assets other than inventory	1,186,569	31,090		
		c	Less cost or other basis and sales expenses	988,126	63,618		
	d	Net gain or (loss)	165,915			165,915	
	8a	Gross income from fundraising events (not including \$ 151,984 of contributions reported on line 1c) See Part IV, line 18					
	a		92,755				
b	Less direct expenses	92,755					
c	Net income or (loss) from fundraising events	0					
9a	Gross income from gaming activities See Part IV, line 19						
a							
b	Less direct expenses						
c	Net income or (loss) from gaming activities						
10a	Gross sales of inventory, less returns and allowances						
a							
b	Less cost of goods sold						
c	Net income or (loss) from sales of inventory						
	Miscellaneous Revenue	Business Code					
11a	EHR INCENTIVE PMTS	900099	487,126	487,126			
b	PHARMACY SALES	446110	370,010	370,010			
c	CAFETERIA SALES	722514	165,226		165,226		
d	All other revenue		138,058	138,058			
e	Total. Add lines 11a-11d		1,160,420				
12	Total revenue. See Instructions		46,518,029	45,219,943	0	679,222	

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	1,250	1,250		
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	810,820	807,222	3,181	417
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	19,523,728	19,181,106	302,939	39,683
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	710,191	697,572	11,158	1,461
9	Other employee benefits	2,951,325	2,905,062	40,978	5,285
10	Payroll taxes	1,271,703	1,249,969	19,216	2,518
11	Fees for services (non-employees)				
a	Management	4,399,091		4,399,091	
b	Legal	83		83	
c	Accounting				
d	Lobbying	12,270	12,270		
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	18,505		18,505	
g	Other	3,069,062	3,055,150	1,357	12,555
12	Advertising and promotion	40,123	28,025	487	11,611
13	Office expenses	3,087,926	3,049,016	29,857	9,053
14	Information technology	339,420	339,367	53	
15	Royalties				
16	Occupancy	687,829	676,529	10,300	1,000
17	Travel	200,661	195,251	3,396	2,014
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	305,410	305,410		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,562,282	1,535,582	26,700	
23	Insurance	270,898	266,268	4,098	532
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT	1,645,885	1,645,885		
b	RECIPROCAL/TEACHNG FEES	1,269,581	1,269,581		
c	MAINTENANCE & REPAIRS	701,602	689,827	11,775	
d	ARCHITECTURAL & DESIGN	650,466	650,466		
e					
f	All other expenses	1,135,153	1,008,420	122,618	4,115
25	Total functional expenses. Add lines 1 through 24f	44,665,264	39,569,228	5,005,792	90,244
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	11,574	1	6,000
	2 Savings and temporary cash investments	1,256,157	2	815,762
	3 Pledges and grants receivable, net		3	3,600
	4 Accounts receivable, net	4,338,011	4	5,162,660
	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	30,125	7	19,511
	8 Inventories for sale or use	278,996	8	354,928
	9 Prepaid expenses and deferred charges	150,987	9	110,339
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	26,091,466		
	b Less accumulated depreciation	16,173,399	10c	9,918,067
	11 Investments—publicly traded securities	11,469,349	11	13,583,585
	12 Investments—other securities See Part IV, line 11	1,341,202	12	1,565,677
	13 Investments—program-related See Part IV, line 11		13	
	14 Intangible assets	11,811	14	10,292
	15 Other assets See Part IV, line 11	406,625	15	405,945
16 Total assets. Add lines 1 through 15 (must equal line 34)	28,000,233	16	31,956,366	
Liabilities	17 Accounts payable and accrued expenses	2,899,111	17	2,994,018
	18 Grants payable		18	
	19 Deferred revenue	29,524	19	26,829
	20 Tax-exempt bond liabilities	6,884,364	20	6,205,719
	21 Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable to unrelated third parties		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	8,110,150	25	8,926,188
	26 Total liabilities. Add lines 17 through 25	17,923,149	26	18,152,754
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	8,079,580	27	11,447,565
	28 Temporarily restricted net assets	1,739,262	28	2,097,805
	29 Permanently restricted net assets	258,242	29	258,242
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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	10,077,084	33	13,803,612	
34 Total liabilities and net assets/fund balances	28,000,233	34	31,956,366	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	46,518,029
2	Total expenses (must equal Part IX, column (A), line 25)	2	44,665,264
3	Revenue less expenses Subtract line 2 from line 1	3	1,852,765
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	10,077,084
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,873,763
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	13,803,612

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

Additional Data

Software ID:
Software Version:
EIN: 04-2133860
Name: FAIRVIEW HOSPITAL

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
LORINDA ACKLEY MAZUR TRUSTEE	2 00	X						0	0	0
JEROME J ANDERSON TRUSTEE	2 00	X						0	0	0
THOMAS O ANDREWS TRUSTEE	2 00	X						0	0	0
ALFRED A BARBALUNGA TRUSTEE	2 00	X						0	0	0
BRONLY S BOYD TRUSTEE/CHAIRMAN	2 00	X		X				0	0	0
BRIAN T BURKE MD TRUSTEE/PHYSICIAN	50 00	X						196,555	0	37,753
KIT DOBELLE TRUSTEE	2 00	X						0	0	0
TIMOTHY C DOHERTY TRUSTEE/CHAIRMAN UNTIL 02/12	2 00	X		X				0	0	0
RICHARD M DOHONEY TRUSTEE	2 00	X						0	0	0
BRIAN H FAIRBANK TRUSTEE/NOT SERVING AT YEAR-END	2 00	X						0	0	0
A KING FRANCIS TRUSTEE	2 00	X						0	0	0
DENNIS J HOGAN TRUSTEE	2 00	X						0	0	0
EDMUND H HORNSTEIN DO TRUSTEE/CONTRACT PHYSICIAN	2 00	X						0	74,312	0
JOHN R KEARNS MD TRUSTEE/NOT SERVING AT YEAR-END	2 00	X						0	0	0
ELLEN L KENNEDY TRUSTEE	2 00	X						0	0	0
SUSAN M KORMANIK TRUSTEE	2 00	X						0	0	0
JOAN M MCFALLS TRUSTEE	2 00	X						0	0	0
MICHAEL R MCINERNEY MD TRUSTEE	2 00	X						0	0	0
LAURIE NORTON MOFFATT TRUSTEE	2 00	X						0	0	0
DAVID E PHELPS PRESIDENT/TRUSTEE	58 00	X		X				0	454,280	39,701
D PHELPS-LIFE INS OTHER BENEFITS PRESIDENT	1 00	X		X				0	160,999	0
BARTON D RASER TRUSTEE	2 00	X						0	0	0
CAROLE G SIEGEL TRUSTEE	2 00	X						0	0	0
GEORGE T SMITH TRUSTEE	2 00	X						0	0	0
MARILYN L SPERLING 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			
ANN H TRABULSI TRUSTEE	2 00	X						0	0	0
ROBERT P WESPISER MD TRUSTEE/CONTRACT PHYSICIAN	2 00	X						0	130,748	0
PAUL E RAVERTA TRUSTEE/NOT SERVING AT YEAR-END	2 00	X						0	0	0
CHERYL M BOUDREAU CLERK	41 00			X				0	87,228	13,973
EUGENE DELLEA PRESIDENT, FAIRVIEW HOSPITAL	50 00			X				0	212,922	19,580
DARLENE RODOWICZ TREASURER	51 00			X				0	359,339	36,363
ALEC R BELMAN MD DIRECTOR, EMERGENCY DEPT	50 00				X			240,829	0	39,555
DOREEN HUTCHINSON VICE PRESIDENT, OPERATIONS	50 00				X			163,523	0	35,842
WILLIAM F DUKE MD PHYSICIAN	50 00					X		216,174	0	21,998
CORINNE D KALSER MD PHYSICIAN	50 00					X		193,431	0	27,851
GLEN R LOVEJOY MD PHYSICIAN	50 00					X		228,208	0	36,083
RAYMOND SABATELLI MD PHYSICIAN	50 00					X		262,092	0	39,555
STEPHEN TRACY MD PHYSICIAN	50 00					X		223,078	0	36,204

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

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?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

- 19a 33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- b 33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

Facts And Circumstances Test

Explanation

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

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.

2011

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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 FAIRVIEW HOSPITAL

Employer identification number

04-2133860

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?
4a Was a correction made?
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 function 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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

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

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B** Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%; text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a If zero or less, enter -0-														
i Subtract line 1f from line 1c If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV	Yes		12,270
j Total lines 1c through 1i			12,270
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	LOBBYING ACTIVITIES EXPENDITURES FAIRVIEW HOSPITAL PAYS ANNUAL MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND THE MASSACHUSETTS HOSPITAL ASSOCIATION (MHA) A PORTION OF THESE DUES ARE USED BY THE AHA AND THE MHA TO CONDUCT LOBBYING ACTIVITIES FOR THE FYE 09/30/2012, THE PORTION OF THE DUES PAID TO THE AHA FOR LOBBYING ACTIVITIES WAS \$2,972, AND THE PORTION OF THE DUES PAID TO THE MHA FOR LOBBYING ACTIVITIES WAS \$9,298, FOR A TOTAL OF \$12,270

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization FAIRVIEW HOSPITAL

Employer identification number 04-2133860

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically importantly land area, Preservation of a certified historic structure.

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

Table with 2 columns: Description, Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), Number of conservation easements included in (c) acquired after 8/17/06.

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

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)?

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1
(ii) Assets included in Form 990, Part X

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

a Revenues included in Form 990, Part VIII, line 1
b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	1,058,317	1,046,753	989,912	1,028,277	
b Contributions					
c Investment earnings or losses	136,721	11,564	56,841	-22,233	
d Grants or scholarships					
e Other expenditures for facilities and programs				16,132	
f Administrative expenses					
g End of year balance	1,195,038	1,058,317	1,046,753	989,912	

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

- a** Board designated or quasi-endowment ▶ 78.390 %
- b** Permanent endowment ▶ 21.610 %
- c** Term endowment ▶

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

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

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		16,887		16,887
b Buildings		2,137,042	2,012,928	124,114
c Leasehold improvements				
d Equipment		12,689,107	9,075,317	3,613,790
e Other		11,248,430	5,085,154	6,163,276
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				9,918,067

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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	INTENDED USES OF THE ORGANIZATION'S ENDOWMENT FUNDS FAIRVIEW HOSPITAL HAS FIVE PERMANENT ENDOWMENT FUNDS THE BALDWIN FUND'S INCOME IS TO BE USED FOR THE CARE OF PEOPLE WITHOUT OR OF LIMITED MEANS THE BEECHER FUND'S INCOME IS TO BE USED TO OFFSET THE HEALTHCARE COSTS OF AGING WOMEN OR UNWED MOTHERS THE BRANDI FUND'S INCOME HAS THREE PURPOSES (1) TO PROVIDE SCHOLARSHIPS FOR THE CONTINUING EDUCATION OF NURSES OR PROSPECTIVE NURSES ASSOCIATED WITH THE HOSPITAL, (2) TO SERVE AS A SOURCE OF EMERGENCY LOANS TO RETIRED NURSES OR CERTAIN NURSES WHO ARE CURRENTLY WORKING FOR THE HOSPITAL, AND (3) FOR THE PURCHASE OF EQUIPMENT, FURNISHINGS, OR OTHER ITEMS FOR THE BENEFIT OF THE NURSES OR THE MATERNITY SECTION OF THE HOSPITAL THE MOSKOWITZ FUND'S INCOME IS TO BE USED TO PROVIDE FOR SCHOLARSHIPS TO EMPLOYEES AND CHILDREN OF EMPLOYEES OF THE HOSPITAL WHO ARE ADVANCING THEIR EDUCATION OR TECHNICAL SKILLS AT A RECOGNIZED LEARNING INSTITUTION THE STANLEY FUND'S INCOME IS TO BE USED FOR THE REPAIR, UPKEEP, AND ADDITIONS TO THE HOSPITAL'S X-RAY EQUIPMENT
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION OF BERKSHIRE HEALTH SYSTEMS, INC AND AFFILIATES (INCLUDING FAIRVIEW HOSPITAL) FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011 DOES NOT CONTAIN A FOOTNOTE ADDRESSING ANY LIABILITY FOR UNCERTAIN TAX PROVISIONS UNDER FIN 48

SCHEDULE G (Form 990 or 990-EZ)

Supplemental Information Regarding Fundraising or Gaming Activities

OMB No 1545-0047

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization FAIRVIEW HOSPITAL

Employer identification number 04-2133860

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.

Table with 6 columns: (i) Name and address of individual or entity (fundraiser), (ii) Activity, (iii) Did fundraiser have custody or control of contributions? (Yes/No), (iv) Gross receipts from activity, (v) Amount paid to (or retained by) fundraiser listed in col (i), (vi) Amount paid to (or retained by) organization.

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	(b) Event #2	(c) Other Events	(d) Total Events
		<u>GALA</u> (event type)	<u>GOLF TOURNAMENT</u> (event type)	(total number)	(Add col (a) through col (c))
Revenue	1 Gross receipts	204,939	39,800		244,739
	2 Less Charitable contributions	142,538	9,446		151,984
	3 Gross income (line 1 minus line 2)	62,401	30,354		92,755
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	3,805	4,750		8,555
	6 Rent/facility costs	11,214	11,008		22,222
	7 Food and beverages	16,915	6,150		23,065
	8 Entertainment	10,000			10,000
	9 Other direct expenses	20,467	8,446		28,913
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(92,755)
11 Net income summary Combine lines 3 and 10 in column (d) ▶				0	

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	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> 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
FAIRVIEW HOSPITAL

Employer identification number
04-2133860

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	Yes	
1b If "Yes," is it a written policy?	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 <input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> 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		
3a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____%	Yes	
3b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____%	Yes	
c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care		
4 Did the organization's policy provide free or discounted care to the "medically indigent"?	Yes	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
5b If "Yes," did the organization's charity care expenses exceed the budgeted amount?	Yes	
5c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		No
6a Did the organization prepare a community benefit report during the tax year?	Yes	
6b If "Yes," did the organization make it available to the public?	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)			633,656		633,656	1 470 %
b Medicaid (from Worksheet 3, column a)			5,903,096	4,511,557	1,391,539	3 230 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			2,821,970	2,318,427	503,543	1 170 %
d Total Charity Care and Means-Tested Government Programs			9,358,722	6,829,984	2,528,738	5 870 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			208,499		208,499	0 480 %
f Health professions education (from Worksheet 5)			18,800		18,800	0 040 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,672		1,672	0 %
j Total Other Benefits			228,971		228,971	0 520 %
k Total. Add lines 7d and 7j			9,587,693	6,829,984	2,757,709	6 390 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support			132,754		132,754	0.310 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development			235,672		235,672	0.550 %
9 Other						
10 Total			368,426		368,426	0.860 %

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 Healthcare Financial Management Association Statement No. 15?	Yes	
2 Enter the amount of the organization's bad debt expense		1,015,107
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy		
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	18,108,792
6 Enter Medicare allowable costs of care relating to payments on line 5	6	17,949,271
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7	159,521
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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	FAIRVIEW HOSPITAL 29 LEWIS AVE GREAT BARRINGTON, MA 012301796	X	X			X		X		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

FAIRVIEW HOSPITAL

Name of Hospital Facility: _____

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> 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 <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V Facility Information *(continued)*

	Yes	No
10 Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11 Yes	
12 Explained the method for applying for financial assistance?	12 Yes	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13 Yes	

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

If "No," indicate why

- 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)

	Yes	No
18	Yes	

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 its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c** The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d** Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?

.

If "Yes," explain in Part VI

20		No
21		No

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? 3

Name and address	Type of Facility (Describe)
1 FAIRVIEW HSP OUTPATNT PHYSICAL THERAPY 10 MAPLE AVE GREAT BARRINGTON, MA 01230	OUTPATIENT SERVICES
2 FAIRVIEW PHYSICAL & SPORTS THERAPY CTR 710 STOCKBRIDGE RD STE 1 LEE, MA 01238	OUTPATIENT SERVICES
3 FAIRVIEW HOSPITAL AQUATIC THERAPY PROG 15 CHRISSEY RD GREAT BARRINGTON, MA 01230	OUTPATIENT SERVICES
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, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 6A FAIRVIEW HOSPITAL AND BERKSHIRE MEDICAL CENTER EACH FILE A SEPARATE COMMUNITY BENEFITS REPORT WITH THE STATE OF MASSACHUSETTS FAIRVIEW'S FISCAL YEAR 2012 COMMUNITY BENEFITS REPORT CAN BE ACCESSED AT WWW CBSYS AGO STATE MA US/CBPUBLIC/PUBLIC/ANNUAL_REPORTS_START ASPX

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE TOTAL COMMUNITY BENEFIT EXPENSE REPORTED ON PART I, LINES 7A, 7B, & 7C HAS BEEN CALCULATED USING THE RATIO OF PATIENT CARE COST TO CHARGES AS COMPUTED USING WORKSHEET 2 IN THE SCHEDULE H INSTRUCTIONS THE TOTAL COMMUNITY BENEFIT EXPENSE REPORTED ON PART I, LINE 7G HAS BEEN CALCULATED USING A COST ACCOUNTING METHOD BAD DEBT EXPENSE HAS BEEN EXCLUDED FROM THE COMPUTATION OF ALL COMMUNITY BENEFIT EXPENSE SHOWN IN PART I, LINE 7

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF \$1,645,885 ATTRIBUTABLE TO PATIENT ACCOUNTS HAS BEEN EXCLUDED FROM THE COMPUTATION OF ALL COMMUNITY BENEFIT EXPENSE SHOWN IN PART I, LINE 7, COLUMN F

Identifier	ReturnReference	Explanation
		<p>PART II COMMUNITY BUILDING ACTIVITIES - AS SUMMARIZED IN PART II, EXPENDITURES BY FAIRVIEW HOSPITAL TO PROTECT OR IMPROVE THE COMMUNITY'S HEALTH OR SAFETY INCLUDE THE FOLLOWING LINE 3 COMMUNITY SUPPORT EMERGENCY PREPAREDNESS - COMMUNITY BENEFIT EXPENSE \$57,380 THE HOSPITAL PARTICIPATED IN EMERGENCY PREPAREDNESS ACTIVITIES SUCH AS CONTINUING EDUCATION, PARTNERSHIP BUILDING, AND SUSTAINABILITY PURCHASES TO STRENGTHEN THE HOSPITAL'S ALL-HAZARD RESPONSE TO LOCAL, REGIONAL AND NATIONAL EVENTS LINE 3 COMMUNITY SUPPORT BIOTERRORISM PREPAREDNESS - COMMUNITY BENEFIT EXPENSE \$44,298 THE HOSPITAL PARTICIPATED IN BIOTERRORISM PREPAREDNESS EFFORTS SUCH AS MAINTAINING A PHARMACEUTICAL CACHE, TRAINING WITH COMMUNITY PARTNERS AND CONTINUING EDUCATION LINE 3 COMMUNITY SUPPORT MEDICAL RESERVE CORPS - COMMUNITY BENEFIT EXPENSE \$31,076 THE HOSPITAL SUPPORTS THE BERKSHIRE MEDICAL RESERVE CORPS WHO ARE A GROUP OF LICENSED MEDICAL PROFESSIONALS AND NON-LICENSED INDIVIDUALS WHO ARE TRAINED TO RESPOND TO A PUBLIC HEALTH EMERGENCY SUCH AS A PANDEMIC OR SHELTERING SITUATION LINE 8 WORKFORCE DEVELOPMENT PHYSICIAN RECRUITMENT - COMMUNITY BENEFIT EXPENSE \$235,672 THIS IS IN RESPONSE TO CRITICAL PHYSICIAN SHORTAGES IN THE HOSPITAL'S SERVICE AREA AND THE EXPENDITURES REPORTED ARE AN INVESTMENT IN INCREASING ACCESS TO PRIMARY CARE AND SPECIALTY PHYSICIANS AVAILABLE TO THE COMMUNITY BY ASSISTING IN ESTABLISHING NEW PHYSICIANS IN THE SERVICE AREA</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 FOOTNOTE 4 ("CHARITY CARE") TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION OF BERKSHIRE HEALTH SYSTEMS, INC AND AFFILIATES (INCLUDING FAIRVIEW HOSPITAL) FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011 CONTAINS THE FOLLOWING REGARDING BAD DEBT EXPENSE "THE HEALTH SYSTEM PROVIDES CARE TO PATIENTS WHO MEET CHARITY CARE POLICY CRITERIA WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES " "IF A PATIENT IS INELIGIBLE FOR CHARITY CARE OR CARE AT REDUCED RATES BECAUSE THE PATIENT'S INCOME EXCEEDS THE ELIGIBILITY GUIDELINES, SERVICES RENDERED ARE RECORDED AT ESTABLISHED RATES AND ANY UNPAID ACCOUNT RECEIVABLE BALANCE IS WRITTEN OFF TO BAD DEBTS AFTER A REASONABLE COLLECTION EFFORT HAS BEEN MADE "THE ESTIMATED COST OF BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS REPORTED ON LINE 2, PART III WAS CALCULATED USING THE RATIO OF PATIENT CARE COST TO CHARGES AS COMPUTED USING WORKSHEET 2 IN THE SCHEDULE H INSTRUCTIONS NO BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER FAIRVIEW HOSPITAL'S CHARITY CARE POLICY HAS BEEN REPORTED ON LINE 3, PART III BECAUSE ALL GROSS PATIENT CHARGES ATTRIBUTABLE TO THESE PATIENTS THAT WERE NOT PAID FROM UNCOMPENSATED CARE POOLS OR PROGRAMS WERE WRITTEN OFF AS "FREE CARE" EXPENSE</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE AMOUNT REPORTED ON LINE 6, PART III WAS DETERMINED USING THE COST ALLOCATION METHODOLOGY USED FOR THE MEDICARE COST REPORTS

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 9B THE FOLLOWING INDIVIDUALS AND PATIENT POPULATIONS ARE EXEMPT FROM ANY COLLECTION OR BILLING PROCEDURES PURSUANT TO STATE REGULATIONS PATIENTS ENROLLED IN A STATE HEALTH INSURANCE PROGRAM, INCLUDING BUT NOT LIMITED TO, MASSHEALTH, EMERGENCY AID TO THE ELDERLY, DISABLED AND CHILDREN, HEALTHY START, CHILDREN'S MEDICAL SECURITY PLAN, AND "LOW INCOME PATIENTS" AS DETERMINED BY THE OFFICE OF MEDICAID PLEASE NOTE THAT FAIRVIEW HOSPITAL (FVH) MAY SEEK COLLECTION ACTION AGAINST ANY PATIENT ENROLLED IN THE ABOVE MENTIONED PROGRAMS FOR THEIR REQUIRED CO-PAYMENTS AND DEDUCTIBLES THAT ARE SET FORTH BY EACH SPECIFIC PROGRAM FVH MAY ALSO INITIATE BILLING OR COLLECTION FOR A PATIENT WHO ALLEGES THAT HE OR SHE IS A PARTICIPANT IN A FINANCIAL ASSISTANCE PROGRAM THAT COVERS THE COSTS OF THE HOSPITAL SERVICES, BUT FAILS TO PROVIDE PROOF OF SUCH PARTICIPATION UPON RECEIPT OF SATISFACTORY PROOF THAT A PATIENT IS A PARTICIPANT IN A FINANCIAL ASSISTANCE PROGRAM (INCLUDING RECEIPT OR VERIFICATION OF SIGNED APPLICATION), FVH SHALL CEASE ITS BILLING OR COLLECTION ACTIVITIES FVH MAY CONTINUE COLLECTION ACTION ON ANY LOW INCOME PATIENT FOR SERVICES RENDERED PRIOR TO THE LOW INCOME PATIENT DETERMINATION, PROVIDED THAT THE CURRENT LOW INCOME PATIENT STATUS HAS BEEN TERMINATED OR EXPIRED HOWEVER, ONCE A PATIENT IS DETERMINED ELIGIBLE AND ENROLLED IN THE HEALTH SAFETY NET, MASSHEALTH, OR CERTAIN COMMONWEALTH CARE PROGRAMS, FVH WILL CEASE COLLECTION ACTIVITY FOR SERVICES, PREVIOUSLY BILLED, THAT NOW FALL INTO THE ELIGIBILITY PERIOD FVH MAY SEEK COLLECTION ACTION AGAINST ANY OF THE PATIENTS PARTICIPATING IN THE PROGRAMS LISTED ABOVE FOR NON-COVERED SERVICES THAT THE PATIENT HAS AGREED TO BE RESPONSIBLE FOR, PROVIDED THAT THE HOSPITAL OBTAINED THE PATIENT'S PRIOR WRITTEN CONSENT TO BE BILLED FOR THE SERVICE FVH WILL NOT UNDERTAKE COLLECTION ACTION AGAINST AN INDIVIDUAL THAT HAS BEEN APPROVED FOR MEDICAL HARDSHIP UNDER THE MASSACHUSETTS HEALTH SAFETY NET PROGRAM WITH RESPECT TO THE AMOUNT OF THE BILL THAT EXCEEDS THE MEDICAL HARDSHIP CONTRIBUTION FVH DOES NOT GARNISH A PATIENT'S OR THE PATIENT'S GUARANTOR'S WAGES OR EXECUTE A LIEN ON THE PATIENT'S OR THE PATIENT'S GUARANTOR'S PERSONAL RESIDENCE OR MOTOR VEHICLE FVH AND ITS AGENTS SHALL NOT CONTINUE COLLECTION OR BILLING ON A PATIENT WHO IS A MEMBER OF A BANKRUPTCY PROCEEDING EXCEPT TO SECURE ITS RIGHTS AS A CREDITOR IN THE APPROPRIATE ORDER</p>

Identifier	ReturnReference	Explanation
FAIRVIEW HOSPITAL		PART V, SECTION B, LINE 19D THE MAXIMUM AMOUNT THAT CAN BE CHARGED TO A PATIENT ELIGIBLE FOR FINANCIAL ASSISTANCE IS 95% OF THE FACILITY'S STANDARD CHARGES

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 FAIRVIEW HOSPITAL PLACES A PRIORITY ON MAINTAINING CLOSE ALLIANCES WITH ALL SOCIAL, HEALTH, SAFETY, LAW ENFORCEMENT AND WELFARE AGENCIES IN THE SOUTHERN BERKSHIRE COMMUNITY OUR PARTNERSHIPS WITH SCHOOLS, BUSINESSES, AS WELL AS CIVIC AND OTHER COMMUNITY ORGANIZATIONS KEEP FAIRVIEW HOSPITAL ABREAST OF THE HEALTH STATUS OF THE SOUTHERN BERKSHIRES FAIRVIEW ENGAGES A BROAD RANGE OF OUR CONSTITUENTS (INCLUDING PHYSICIANS, TOWN LEADERS, HEALTH OFFICIALS, SPECIAL INTEREST GROUPS, AND IMMIGRANT COMMUNITIES) TO RECEIVE DIRECT FEEDBACK AND INFORMATION IN ADDITION, COMMUNITY MEMBERS SERVE ON MANY HOSPITAL COMMITTEES, INCLUDING OUR PATIENT FAMILY ADVISORY COUNCIL WHICH PROVIDES FEEDBACK ON HOW FAIRVIEW HOSPITAL CAN BETTER SERVE OUR COMMUNITY STATISTICAL EVIDENCE SUPPORTS OUR COMMUNITY NEEDS ASSESSMENT FAIRVIEW UTILIZES IN-PATIENT, EMERGENCY AND MAJOR DIAGNOSTIC CATEGORIES DATA AND ONGOING POST-STAY SURVEYS FEDERAL, STATE AND LOCAL REPORTING ALERTS FAIRVIEW TO IMPORTANT TRENDS AND IDENTIFICATION OF AREAS THAT ARE ABOVE THE STATE NORM FAIRVIEW PARTICIPATES WITH THE WORK OF OUR PARTNER ORGANIZATIONS AND UTILIZES MANY ASSESSMENTS THAT ARE MADE AVAILABLE ON BEHALF OF SPECIFIC COMMUNITIES AMONG THE ORGANIZATIONS THAT HAVE PROVIDED SURVEY DATA ARE THE BERKSHIRE HEALTH SYSTEMS COMMUNITY HEALTH ASSESSMENT SURVEY, SOUTHERN BERKSHIRE YOUTH COALITION YOUTH SURVEY, UNITED WAY COMMUNITY IMPACT BASELINE REPORT, MASSACHUSETTS PREVENTION NEEDS ASSESSMENT SURVEY, CROSS-CULTURAL ACTION NETWORK, SOUTHERN BERKSHIRE EDUCATIONAL COLLABORATIVE, MASSACHUSETTS COUNTY HEALTH RANKINGS (UNIVERSITY OF WISCONSIN POPULATION HEALTH INSTITUTE), MASSACHUSETTS DEPARTMENT OF PUBLIC HEALTH DEMOGRAPHIC DATA AND HEALTH REGIONALIZATION STATUS REPORTS, BERKSHIRE HILLS REGIONAL SCHOOL DISTRICT BMI REPORTS, AND BERKSHIRE COUNTY BOARDS OF HEALTH ASSOCIATION BERKSHIRE COMMUNITY HEALTH ASSESSMENT</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 FAIRVIEW HOSPITAL HELPS PATIENTS ACCESS COVERAGE AND CONSISTENTLY PROMOTES ELIGIBILITY FOR ASSISTANCE UNDER FEDERAL, STATE AND LOCAL GOVERNMENT PROGRAMS INSIDE AND OUTSIDE THE HOSPITAL THE ADVOCACY FOR ACCESS OFFICE, EASILY ACCESSIBLE AT THE MAIN ENTRANCE OF FAIRVIEW HOSPITAL, FACILITATES ASSISTANCE TO THOSE WHO NEED IMMEDIATE CARE AS WELL AS THOSE WHO ARE UNINSURED OR UNDERINSURED THE ADVOCACY TEAM HAS TRAINED STAFF AT ENTRY POINTS AS WELL AS CAREGIVERS THROUGHOUT THE HOSPITAL KNOWLEDGEABLE ABOUT THE IMPORTANT ROLE THEY CAN PROVIDE TO PATIENTS THE ADVOCACY TEAM REGULARLY VISITS PATIENTS IN THE HOSPITAL TO ANSWER QUESTIONS THE PATIENTS MAY HAVE AS WELL AS FACILITATING ENROLLMENT IN THE APPROPRIATE PLAN IN ADDITION, A FINANCIAL ADVISOR IS AVAILABLE DURING BUSINESS HOURS TO ASSIST PATIENTS IN EXPLAINING BILLING ISSUES AND CREATING FLEXIBLE BILLING ARRANGEMENTS TO MEET THE PATIENTS' NEEDS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 FAIRVIEW HOSPITAL SERVES A RURAL AREA OF TWELVE TOWNS IN THE SOUTHWESTERN CORNER OF MASSACHUSETTS IN ADDITION TO NEARBY COMMUNITIES IN NEW YORK STATE AND CONNECTICUT PRIMARY RESIDENTS OF THE SOUTHERN BERKSHIRES FACE THE SOCIAL AND ECONOMIC CHALLENGES OF RURAL COMMUNITIES ACROSS THE NATION THESE ARE SOME OF THE STATE'S REMOTEST COMMUNITIES THE SOUTHERN BERKSHIRE COMMUNITY IS PREDOMINATELY CAUCASIAN WITH A GROWING MULTI-CULTURAL COMMUNITY TWENTY-FIVE PERCENT OF FAMILIES ARE LIVING BELOW 200% OF THE POVERTY LEVEL (MORE THAN 3% OVER STATE AVERAGES) AND THE AVERAGE PER CAPITA INCOME IS \$3,297 LOWER THAN THE STATE AVERAGE OVER 25% OF THE STUDENTS IN THE LOCAL DISTRICT ARE ON FREE OR REDUCED PRICED LUNCHES THE ELDER POPULATION IN THE SOUTHERN BERKSHIRES IS SIGNIFICANTLY ABOVE THE STATE POPULATION, REACHING OVER 20% IN SOME COMMUNITIES (MASSACHUSETTS RATES ARE 13%) WITH MANY ELDERS LIVING ALONE THERE ARE TWO SENIOR HOUSING UNITS AND THREE NURSING HOMES IN THE AREA, AND SENIOR CENTERS IN MOST AREA TOWNS BECAUSE THE SOUTHERN BERKSHIRES IS A MAJOR TOURIST DESTINATION FOR THE NEW YORK METROPOLITAN AREA, IN MANY COMMUNITIES MORE THAN HALF THE HOMES ARE OWNED BY PART-TIME RESIDENTS SEASONAL AND PART-TIME SERVICE JOBS ARE A MAJOR SOURCE OF INCOME FOR PRIMARY RESIDENTS HOWEVER, THE HOUSING MARKET REFLECTS THE SECONDARY MARKET WITH HIGHER VALUES THAT ARE NOT WITHIN REACH OF THE INCOME OF MOST LOCAL FAMILIES RURAL HOMELESSNESS IS A HIDDEN, BUT PERVASIVE SOCIAL AND ECONOMIC ISSUE PUBLIC TRANSPORTATION IS LIMITED AND NOT EASILY ACCESSIBLE AS A RESULT, TRANSPORTATION IS AN OBSTACLE TO CARE FOR MANY, PARTICULARLY AMONG THE ELDERLY A PUBLIC TRANSPORTATION AGENCY RUNS A LIMITED BUS ROUTE WITH LIMITED HOURS ADDITIONAL ELDERLY TRANSPORTATION IS AVAILABLE BUT LIMITED PEOPLE WHO NEED TO ACCESS HEALTHCARE MUST RELY ON FAMILY OR FRIENDS TO GET TO MEDICAL CARE SPECIALTY CARE IS A PARTICULAR CHALLENGE TO OBTAIN FAIRVIEW HOSPITAL COLLABORATES WITH AREA ORGANIZATIONS TO HELP MAKE TRANSPORTATION OPTIONS AVAILABLE HEALTHCARE AND EDUCATION ARE THE PRIMARY EMPLOYMENT SECTORS THE SOUTHERN BERKSHIRE ECONOMY'S PRIMARY ECONOMIC ENGINE IS TOURISM, WITH A HIGH NUMBER OF HOTELS, BED AND BREAKFASTS, RESTAURANTS, AND RETAIL SHOPS AND SERVICES CATERING TO THE TOURIST COMMUNITY THE LOCAL CONSTRUCTION INDUSTRY WAS SEVERELY IMPACTED BY THE ECONOMIC DOWNTURN ALTHOUGH THESE ARE OFTEN SEASONAL AND SERVICE BASED JOBS, THEY ARE A SIGNIFICANT PART OF THE ECONOMY</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 FAIRVIEW HOSPITAL VALUES THE COMMUNITY'S VITAL ROLE AS STEWARDS OF THEIR COMMUNITY HOSPITAL MEMBERS OF THE COMMUNITY, REPRESENTING VARIOUS DEMOGRAPHIC AND CONSTITUENCY GROUPS, SERVE ON OUR GOVERNING BOARDS AS WELL AS VARIOUS COMMITTEES WHICH ASSURE THE INPUT AND INTERESTS OF THE COMMUNITY ARE REPRESENTED AT THE HIGHEST LEVELS HOSPITAL STAFF ALSO PLAY AN ACTIVE ROLE IN MANY LOCAL AND REGIONAL ORGANIZATIONS, SUPPORTING THEIR EFFORTS AND, BY ENGAGING WITH THEIR MISSION AND INTERESTS, CREATING NEW AVENUES OF COLLABORATION AND OPPORTUNITY TO BETTER MEET OUR COMMUNITY'S HEALTH NEEDS THE GOVERNING BODY OF FAIRVIEW HOSPITAL CONSISTS OF 20 COMMUNITY VOLUNTEERS, THREE PHYSICIAN REPRESENTATIVES, AND AS AN EX-OFFICIO MEMBER, THE CHIEF EXECUTIVE OFFICER THE COMMUNITY VOLUNTEERS ARE ELECTED FOR TERMS OF UP TO THREE YEARS, ARE SUBJECT TO TERM LIMITS AND REPRESENT A WIDE SPECTRUM OF COMMUNITY INTERESTS - INCLUDING SOCIAL SERVICE PROVIDERS, LOCAL BUSINESS LEADERS, FINANCIAL PROFESSIONALS, CONSUMER ADVOCATES AND EDUCATIONAL LEADERS MOST COMMITTEES OF THE BOARD OF TRUSTEES INCLUDE ADDITIONAL COMMUNITY REPRESENTATIVES FAIRVIEW MAINTAINS A PATIENT AND FAMILY COUNCIL TO PROVIDE INPUT AND ADVICE ON A WIDE RANGE OF SERVICE TOPICS THE MEDICAL STAFF OF FAIRVIEW HOSPITAL IS OPEN TO ALL PHYSICIANS WHO MEET CLINICAL AND PATIENT SERVICE CRITERIA, ALTHOUGH CERTAIN HOSPITAL BASED SERVICES - RADIOLOGY, ANESTHESIA, EMERGENCY DEPARTMENT AND PATHOLOGY - ARE FUNCTIONALLY CLOSED BECAUSE OF THE MANNER IN WHICH THOSE DEPARTMENTS ARE STRUCTURED FAIRVIEW REGULARLY EXPENDS PERSONNEL AND FINANCIAL RESOURCES IN SUPPORT OF COMMUNITY INITIATIVES THAT PROMOTE IMPROVEMENTS IN COMMUNITY HEALTH AND WELL-BEING AND FOR WHICH IT DOES NOT EXPECT REIMBURSEMENT THE HOSPITAL UTILIZES SURPLUS FUNDS FOR CAPITAL IMPROVEMENTS, TO MAINTAIN ACCESS TO PATIENT SERVICES, TO EXPAND ACCESS TO POINTS OF CARE, AND FOR SERVICES THAT SUPPORT COMMUNITY BENEFIT PRIORITIES FOR PATIENTS THROUGHOUT THE COMMUNITY FAIRVIEW HOSPITAL'S SERVICE AREA IS A DESIGNATED MEDICALLY UNDERSERVED COMMUNITY AND IT HAS PLACED HIGH PRIORITY ON RECRUITING PHYSICIANS TO OUR RURAL COMMUNITY TO ASSURE THAT THE PRIMARY HEALTH NEEDS ARE MET THE BERKSHIRE COUNTY COMMUNITY HAS LONG LABORED UNDER A CRITICAL PHYSICIAN SHORTAGE IN VARIOUS SPECIALTIES AND BERKSHIRE MEDICAL CENTER AND FAIRVIEW HOSPITAL HAVE IN RECENT YEARS EXPENDED SIGNIFICANT PERSONNEL TIME AND FINANCIAL RESOURCES IN RECRUITING PHYSICIANS TO THE AREA AS DIRECT EMPLOYEES OF BMC, FAIRVIEW, OR THEIR AFFILIATES MOREOVER, BMC AND FAIRVIEW HAVE, IN APPROPRIATE WAYS, PROVIDED SUBSTANTIAL ASSISTANCE TO COMMUNITY MEDICAL PRACTICES TO RECRUIT AND SUPPORT THE PRACTICE START-UP OF NEW PHYSICIANS IN NEEDED SPECIALTIES FAIRVIEW HAS EXTENSIVE COMMUNITY OUTREACH PROGRAMS AND SUPPORT WHICH ARE COMPREHENSIVE AND COMMUNITY-BASED TO ADDRESS SUCH DIVERSE HEALTHCARE CHALLENGES AS DIABETES, HEART FAILURE, CHRONIC PAIN MANAGEMENT, AND NARCOTICS MISUSE AND DIVERSION AS STEWARD OF THE COMMUNITY'S PRIMARY HEALTH ORGANIZATION, AND A NOT-FOR-PROFIT ORGANIZATION, FAIRVIEW HOSPITAL UTILIZES ANY SURPLUS FUNDS TO MEET THE HIGHEST PRIORITY NEEDS INCLUDING PATIENT CARE, SERVICE AND PROGRAM DEVELOPMENT, MEDICAL EDUCATION OF ALL STAFF, COMMUNITY SUPPORT AND EDUCATION AND RESEARCH BECAUSE FAIRVIEW HOSPITAL'S SERVICE AREA IS THE RURAL SOUTHERN CORNER OF THE REGION, FAIRVIEW HOSPITAL HAS ALSO ESTABLISHED A FAIRVIEW COMMUNITY BENEFITS ADVISORY COMMITTEE (FCBAC), WHICH ENGAGES COMMUNITY PROFESSIONALS ON THE SPECIFIC NEEDS OF OUR GEOGRAPHIC DISTRICT THE FCBAC MEETS TWICE TIMES A YEAR INCLUDING THE PRESIDENT, TWO VICE PRESIDENTS, AND LEADERS OF THE HOSPITAL DEPARTMENTS AND STAFF WHO ARE DIRECTLY INVOLVED WITH PATIENTS, ALLOWING A GREATER FOCUS ON THE SPECIFIC NEEDS OF THIS GEOGRAPHIC DISTRICT THROUGH A MULTIDISCIPLINARY APPROACH TO IDENTIFY EMERGING HEALTH ISSUES IN THE COMMUNITY AS THE CENTER OF THE HEALTH CARE COMMUNITY IN THE SOUTHERN BERKSHIRES, FAIRVIEW HOSPITAL IS AN ACTIVE LEADER IN THE PROMOTION OF BETTER HEALTH IN OUR COMMUNITY FAIRVIEW OFFERS PRIMARY SERVICES TO ALL WHO SEEK CARE, REGARDLESS OF ABILITY TO PAY, FREE OR LOW-COST EDUCATIONAL PROGRAMS, SUPPORT GROUPS AND SCREENINGS TO PROVIDE VALUABLE INFORMATION TO OUR COMMUNITY, WITH PARTICULAR FOCUS ON VULNERABLE POPULATIONS, ONGOING MEDIA COMMUNICATION FOR IMPORTANT HEALTH ACCESS INFORMATION INCLUDING FLU PREVENTION, VACCINATIONS, COMMONWEALTH CARE DEADLINES, HEALTHY MENUS, MORE SUSTAINABLE OR ENVIRONMENTALLY FRIENDLY POLICIES, DISCONTINUATION OF SUGAR DRINKS IN THE HOSPITAL TO SERVE AS A ROLE MODEL FOR A HEALTHIER COMMUNITY, AND LEADERSHIP AND COLLABORATION IN PUBLIC HEALTH INITIATIVES INCLUDING EMERGENCY PLANNING, BOARDS OF HEALTH AND OTHER COMMUNITY-WIDE INITIATIVES</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 FAIRVIEW HOSPITAL IS A PART OF AN INTEGRATED, NON-PROFIT HEALTHCARE SYSTEM THAT INCLUDES (A) A TEACHING HOSPITAL, (B) A CRITICAL ACCESS COMMUNITY HOSPITAL [FAIRVIEW], (C) A LARGE, MULTISPECIALTY FACULTY PRACTICE ORGANIZATION, (D) A HOME HEALTH AGENCY, AND (E) BY CONTRACT AND CLOSE COORDINATION, A NON-PROFIT SENIOR CARE ORGANIZATION THAT INCLUDES SUB-ACUTE SERVICES IN REHABILITATION AND LONG-TERM CARE FACILITIES, ASSISTED LIVING FACILITIES, HOSPICE CARE SERVICES, SENIOR DAY CARE AND OTHER ELDERCARE SERVICES FAIRVIEW ENGAGES IN HEALTHCARE NEEDS ASSESSMENT AND PLANNING ON A SYSTEM-WIDE BASIS, WITH A GOAL OF A SEAMLESS TRANSITION OF PATIENT-CENTERED CARE ACROSS THE SPECTRUM OF SERVICES OFFERED BY EACH OF THE SYSTEM'S COMPONENT ENTITIES FAIRVIEW, ALONG WITH ITS AFFILIATES, CONTINUES TO DEVELOP INTEGRATED CLINICAL AND INFORMATION SYSTEMS ACROSS THE ENTIRE ORGANIZATION SO AS TO RENDER CARE EFFICIENTLY, EFFECTIVELY AND CONSISTENTLY AT EVERY CARE SITE THE VARIOUS AFFILIATES, SUCH AS THE FACULTY PRACTICE ORGANIZATION, ARE FULLY INTEGRATED INTO THE COMMUNITY BENEFIT PROCESS AND SUPPORT THE HOSPITAL'S PRIORITIES BY HONORING OUR FREE CARE GUIDELINES AND ENGAGING IN SPECIFIC PROGRAMS AND INITIATIVES DESIGNED TO MEET COMMUNITY NEEDS</p>

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	MA

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> 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 or provision of all the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

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?
- b** Any related organization?
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?
- b** Any related organization?
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

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) BRIAN T BURKE MD	(i)	178,884	0	17,671	9,223	28,530	234,308	0
	(ii)	0	0	0	0	0	0	0
(2) DAVID E PHELPS	(i)	0	0	0	0	0	0	0
	(ii)	454,280	0	0	11,025	28,676	493,981	0
(3) D PHELPS-LIFE INS OTHER BENEFITS	(i)	0	0	0	0	0	0	0
	(ii)	0	0	160,999	0	0	160,999	0
(4) EUGENE DELLEA	(i)	0	0	0	0	0	0	0
	(ii)	167,218	0	45,704	8,583	10,997	232,502	0
(5) DARLENE RODOWICZ	(i)	0	0	0	0	0	0	0
	(ii)	305,877	0	53,462	11,025	25,338	395,702	0
(6) ALEC R BELMAN MD	(i)	214,210	11,232	15,387	11,025	28,530	280,384	0
	(ii)	0	0	0	0	0	0	0
(7) DOREEN HUTCHINSON	(i)	143,674	0	19,849	7,719	28,123	199,365	0
	(ii)	0	0	0	0	0	0	0
(8) WILLIAM F DUKE MD	(i)	188,042	7,158	20,974	0	21,998	238,172	0
	(ii)	0	0	0	0	0	0	0
(9) CORINNE D KALSER MD	(i)	180,110	3,623	9,698	3,513	24,338	221,282	0
	(ii)	0	0	0	0	0	0	0
(10) GLEN R LOVEJOY MD	(i)	198,978	10,764	18,466	8,688	27,395	264,291	0
	(ii)	0	0	0	0	0	0	0
(11) RAYMOND SABATELLI MD	(i)	212,668	12,636	36,788	11,025	28,530	301,647	0
	(ii)	0	0	0	0	0	0	0
(12) STEPHEN TRACY MD	(i)	168,517	10,764	43,797	9,266	26,938	259,282	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PART III	<p>SUPPLEMENTAL COMPENSATION INFORMATION IN REFERENCE TO SCHEDULE J PART II, NO COMPENSATION IS PAID BY THE FILING ENTITY TO ANY DIRECTOR (TRUSTEE) FOR HIS OR HER ROLE AS DIRECTOR (TRUSTEE), WITH THE EXCEPTION OF BRIAN T BURKE, MD, WHOSE COMPENSATION RELATES SOLELY TO SERVICES RENDERED FOR TAX-EXEMPT PURPOSES AND NOT TO HIS ROLE AS DIRECTOR (TRUSTEE). A PORTION OF THE COMPENSATION AMOUNT PAID TO OFFICERS OF THE FILING ENTITY IS ALLOCATED INTERNALLY AMONG THE FILING ENTITY AND ITS 26 ASSOCIATED NON-PROFIT, TAX-EXEMPT ENTITIES IN ORDER TO PROPERLY REFLECT THE DIVISION OF THE OFFICERS' TIME AND EFFORT AMONG THOSE VARIOUS ENTITIES AND EACH ENTITY'S RELATIVE CONTRIBUTION TO THE OFFICERS' TOTAL COMPENSATION (SEE BELOW). COMPENSATION OF THE CHIEF EXECUTIVE OFFICER IS REVIEWED AND ESTABLISHED AT LEAST BIANNUALLY BY THE INDEPENDENT VOLUNTEER GOVERNING BODY, BASED ON PERFORMANCE REVIEWS AND COMPARISON TO INDEPENDENTLY ESTABLISHED, REGIONALLY APPROPRIATE BENCHMARKS FOR SIMILAR POSITIONS IN SIMILARLY SIZED HEALTHCARE ORGANIZATIONS, AS VERIFIED BY INDEPENDENT, NATIONALLY RECOGNIZED COMPENSATION CONSULTANTS. COMPENSATION OF OTHER OFFICERS AND KEY EMPLOYEES IS SET IN ACCORDANCE WITH GOVERNING BODY-ESTABLISHED PRINCIPLES BASED ON COMPARABLE BENCHMARKS IDENTIFIED BY SUCH INDEPENDENT CONSULTANTS. IN THE REPORTING YEAR, THE GOVERNING BODY TARGETED TOTAL COMPENSATION FOR MANAGEMENT EMPLOYEES AT THE 50TH PERCENTILE OF APPROPRIATE BENCHMARKS. THE FOLLOWING LIST SHOWS THE ENTITIES TO WHICH THE IDENTIFIED OFFICER PROVIDED SERVICES, THE AVERAGE WEEKLY HOURS ALLOCATED TO EACH ENTITY, AND THE RESPECTIVE ALLOCABLE SHARE OF HIS OR HER ANNUAL COMPENSATION (REPORTABLE COMPENSATION AND OTHER COMPENSATION) FOR CALENDAR 2011: DAVID E PHELPS, PRESIDENT BERKSHIRE MEDICAL CENTER, INC 30 WEEKLY HOURS/58 WEEKLY HOURS \$339,022 FAIRVIEW HOSPITAL 4 HOURS/58 HOURS \$45,194 BERKSHIRE FACULTY SERVICES, INC 10 HOURS/58 HOURS \$112,919 BERKSHIRE INDEMNITY CO, SPC, LTD 2 HOURS/58 HOURS \$22,597 BHS MANAGEMENT SERVICES, INC (12 HOURS/58 HOURS) FOR BENEFIT OF BERKSHIRE HEALTHCARE SYSTEMS, INC \$33,863 BOURNE MANAGEMENT SYSTEMS, INC \$2,685 GREENFIELD MANAGEMENT SYSTEMS, INC \$2,685 NEW BEDFORD MANAGEMENT SYSTEMS, INC \$2,685 NORTHAMPTON MANAGEMENT SYSTEMS, INC \$2,685 EAST LONGMEADOW MANAGEMENT SYSTEMS, INC \$2,685 DANVERS MANAGEMENT SYSTEMS, INC \$2,685 PEABODY MANAGEMENT SYSTEMS, INC \$2,685 SOUTH YARMOUTH MANAGEMENT SYSTEMS, INC \$2,685 BERKSHIRE PENNSYLVANIA, INC \$2,685 XENIA EAST MANAGEMENT SYSTEMS, INC \$2,685 WILLOWOOD OF GREAT BARRINGTON, INC \$5,436 WILLOWOOD OF NORTH ADAMS, INC \$4,061 WILLOWOOD OF WILLIAMSTOWN, INC \$4,061 HILLCREST EXTENDED CARE SERVICES, INC \$9,497 BERKSHIRE RETIREMENT COMMUNITY, INC \$13,558 BERKSHIRE EXTENDED CARE SERVICES, INC \$9,497 INTEGRINURSE, INC \$4,061 INTEGRIScript, INC \$4,061 HOSPICECARE IN THE BERKSHIRES, INC \$13,558 PITTSFIELD MANAGEMENT SYSTEMS, INC \$6,746 DARLENE RODOWICZ, TREASURER BERKSHIRE MEDICAL CENTER, INC 37 WEEKLY HOURS/51 WEEKLY HOURS \$292,819 FAIRVIEW HOSPITAL 3 HOURS/51 HOURS \$23,742 BERKSHIRE FACULTY SERVICES, INC 7 HOURS/51 HOURS \$55,398 BERKSHIRE INDEMNITY CO, SPC, LTD 3 HOURS/51 HOURS \$19,785 BHS MANAGEMENT SERVICES, INC FOR BENEFIT OF BERKSHIRE HEALTHCARE SYSTEMS, INC 1 HOUR/51 HOURS \$3,957 CHERYL BOUDREAU, CLERK BERKSHIRE MEDICAL CENTER, INC 20 WEEKLY HOURS/41 WEEKLY HOURS \$49,342 FAIRVIEW HOSPITAL 2 HOURS/41 HOURS \$4,939 BERKSHIRE FACULTY SERVICES, INC 8 HOURS/41 HOURS \$19,744 BERKSHIRE INDEMNITY CO, SPC, LTD 1 HOUR/41 HOURS \$2,469 BHS MANAGEMENT SERVICES, INC (10 HOURS/41 HOURS) FOR BENEFIT OF BERKSHIRE HEALTHCARE SYSTEMS, INC \$6,163 BOURNE MANAGEMENT SYSTEMS, INC \$496 GREENFIELD MANAGEMENT SYSTEMS, INC \$496 NEW BEDFORD MANAGEMENT SYSTEMS, INC \$496 NORTHAMPTON MANAGEMENT SYSTEMS, INC \$496 EAST LONGMEADOW MANAGEMENT SYSTEMS, INC \$496 DANVERS MANAGEMENT SYSTEMS, INC \$496 PEABODY MANAGEMENT SYSTEMS, INC \$496 SOUTH YARMOUTH MANAGEMENT SYSTEMS, INC \$496 BERKSHIRE PENNSYLVANIA, INC \$496 XENIA EAST MANAGEMENT SYSTEMS, INC \$496 WILLOWOOD OF GREAT BARRINGTON, INC \$992 WILLOWOOD OF NORTH ADAMS, INC \$739 WILLOWOOD OF WILLIAMSTOWN, INC \$739 HILLCREST EXTENDED CARE SERVICES, INC \$1,731 BERKSHIRE RETIREMENT COMMUNITY, INC \$2,469 BERKSHIRE EXTENDED CARE SERVICES, INC \$1,731 INTEGRINURSE, INC \$739 INTEGRIScript, INC \$739 HOSPICECARE IN THE BERKSHIRES, INC \$2,469 PITTSFIELD MANAGEMENT SYSTEMS, INC \$1,235</p>

**Schedule K
(Form 990)**

OMB No 1545-0047

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.**

2011

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

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 HEALTH & EDUCATION FACIL AUTHORITY SER F	04-2456011	57586CLN3	07-26-2005	53,089,428	REFUND SER C & D BONDS,CAPITAL EXP		X		X		X
B	MASS DEVELOPMENT FINANCE AGENCY BHS ISSUESER G	04-3431814	57583UQP6	05-23-2012	93,491,421	REFUND SER A, B, & E, CAPITAL EXP		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	16,460,000							
2	Amount of bonds defeased								
3	Total proceeds of issue	54,729,019		93,491,584					
4	Gross proceeds in reserve funds	5,019,000							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	1,003,800		1,245,681					
8	Credit enhancement from proceeds	898,795							
9	Working capital expenditures from proceeds	73,681							
10	Capital expenditures from proceeds	9,003,428		6,699,357					
11	Other spent proceeds	38,730,315		84,144,509					
12	Other unspent proceeds			1,402,037					
13	Year of substantial completion	2008		2011					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?		X		X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use (Continued)

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

Part IV Arbitrage

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

Employer identification number

04-2133860

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	FAIRVIEW HOSPITAL RELIES ON BHS MANAGEMENT SERVICES, INC TO PROVIDE MANAGEMENT AND SUPPORT SERVICES FOR THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, VP GENERAL COUNSEL, AND VP OF HUMAN RESOURCES
	FORM 990, PART VI, SECTION A, LINE 6	BERKSHIRE HEALTH SYSTEMS, INC IS THE SOLE CORPORATE MEMBER
	FORM 990, PART VI, SECTION A, LINE 7A	THE BOARD OF TRUSTEES IS COMPOSED OF THE INCUMBENT MEMBERS OF THE BOARD OF TRUSTEES OF BERKSHIRE HEALTH SYSTEMS, INC
	FORM 990, PART VI, SECTION B, LINE 11	BERKSHIRE HEALTH SYSTEMS, INC WILL MAKE THE FORMS 990 FOR BHS AND AFFILIATES AVAILABLE TO THE MEMBERS OF THE RESPECTIVE GOVERNING BODIES FOR THEIR REVIEW BY (A) SENDING COPIES TO THEM PHYSICALLY OR ELECTRONICALLY, OR (B) NOTIFYING THE MEMBERS THAT THE FORMS 990 CAN BE ACCESSED BY A SECURE WEB-BASED FOLDER BEFORE THEY ARE FILED WITH THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION ENFORCES & MONITORS ITS CONFLICT OF INTEREST POLICY BY REQUIRING ALL MEMBERS OF THE GOVERNING BODY & SENIOR MANAGEMENT TO DISCLOSE POTENTIAL CONFLICTS OF INTEREST (A) ANNUALLY & (B) AS POTENTIAL CONFLICTS ARISE SENIOR EMPLOYEES ARE NOT PERMITTED TO HAVE MATERIAL CONFLICTS OF INTEREST MEMBERS OF THE GOVERNING BODY ARE TO ABSTAIN FROM ACTIONS THAT MAY BE INFLUENCED BY THEIR CONFLICT OR POTENTIAL CONFLICT BY (A) NOT VOTING, OR (B) NOT VOTING & LEAVING THE ROOM, OR (C) LEAVING THE GOVERNING BODY, AS DETERMINED BY THE GOVERNING BODY
	FORM 990, PART VI, SECTION B, LINE 15	FAIRVIEW HOSPITAL RELIES ON BHS MANAGEMENT SERVICES, INC TO SUPPLY ITS CHIEF EXECUTIVE OFFICER THE COMPENSATION OF CEO DAVID PHELPS IS REVIEWED AND ESTABLISHED AT LEAST BIANNUALLY BY THE INDEPENDENT VOLUNTEER BHS GOVERNING BODY, BASED ON PERFORMANCE REVIEWS AND COMPARISON TO INDEPENDENTLY ESTABLISHED, REGIONALLY APPROPRIATE BENCHMARKS FOR SIMILAR POSITIONS IN SIMILARLY SIZED HEALTHCARE ORGANIZATIONS, AS VERIFIED BY INDEPENDENT, NATIONALLY RECOGNIZED COMPENSATION CONSULTANTS COMPENSATION OF OTHER OFFICERS AND KEY EMPLOYEES IS SET IN ACCORDANCE WITH GOVERNING BODY-ESTABLISHED PRINCIPLES BASED ON COMPARABLE BENCHMARKS IDENTIFIED BY SUCH INDEPENDENT CONSULTANTS IN THE REPORTING YEAR, THE GOVERNING BODY TARGETED TOTAL COMPENSATION FOR MANAGEMENT EMPLOYEES AT THE 50TH PERCENTILE OF APPROPRIATE BENCHMARKS
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC AT THE OFFICES OF (A) THE CHIEF FINANCIAL OFFICER & (B) THE VICE PRESIDENT, GENERAL COUNSEL AT 725 NORTH STREET, PITTSFIELD, MASSACHUSETTS 01201
AVERAGE HOURS PER WEEK	FORM 990, PART VII, SECTION A, COLUMN (B)	EDMUND H HORNSTEIN, DO'S HOURS SHOWN ARE FOR SERVICES AS A TRUSTEE, FOR WHICH HE RECEIVES NO COMPENSATION DR HORNSTEIN RECEIVES PAYMENT FROM BERKSHIRE MEDICAL CENTER FOR PHYSICIAN SERVICES ROBERT P WESPISER, MD'S HOURS SHOWN ARE FOR SERVICES AS A TRUSTEE, FOR WHICH HE RECEIVES NO COMPENSATION DR WESPISER RECEIVES PAYMENT FROM BERKSHIRE MEDICAL CENTER FOR PHYSICIAN SERVICES ALL TRUSTEES (BOARD MEMBERS) RECEIVE NO COMPENSATION FOR SERVICES AS TRUSTEES
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 1,873,763

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

▶ **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.**

Department of the Treasury
Internal Revenue Service

Name of the organization
FAIRVIEW HOSPITAL

Employer identification number

04-2133860

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) BERKSHIRE HEALTH SYSTEMS INC 725 NORTH ST PITTSFIELD, MA 01201 04-2442944	PARENT CORPORATION	MA	501(C)(3)	11B	N/A		No
(2) BERKSHIRE MEDICAL CENTER INC 725 NORTH ST PITTSFIELD, MA 01201 04-2791396	ACUTE CARE HOSPITAL	MA	501(C)(3)	3	N/A		No
(3) BERKSHIRE FACULTY SERVICES INC 725 NORTH ST PITTSFIELD, MA 01201 04-2995053	PHYSICIAN SERVICES	MA	501(C)(3)	11B	N/A		No
(4) BHS MANAGEMENT SERVICES INC 725 NORTH ST PITTSFIELD, MA 01201 22-2755258	MANAGEMENT SERVICES	MA	501(C)(3)	11B	N/A		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) TRI-STATE MEDICAL MANAGEMENT CORP 725 NORTH STREET PITTSFIELD, MA 01201 04-2913352	REAL ESTATE MGMT	MA	FAIRVIEW HOSPITAL	C	-18,079	286,747	100 000 %

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

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)

- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses

- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b	Yes	
1c		No
1d	Yes	
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l	Yes	
1m	Yes	
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
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) TRI-STATE MEDICAL MANAGEMENT CORP	D	278,349	FAIR MARKET VALUE
(2)			
(3)			
(4)			
(5)			
(6)			

Part VII Supplemental Information

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

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2011**

Form **4562**

**Depreciation and Amortization
(Including Information on Listed Property)**

OMB No 1545-0172

2011

Attachment
Sequence No **179**

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return FAIRVIEW HOSPITAL	Business or activity to which this form relates FORM 990 PAGE 10	Identifying number 04-2133860
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Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7		8
9 Tentative deduction Enter the smaller of line 5 or line 8		9
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562		10
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)		11
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11		12
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	1,549,203

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life						
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21 Listed property Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	1,549,203
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation/deduction, (i) Elected section 179 cost.

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

26 Property used more than 50% in a qualified business use

		%						
		%						
		%						

27 Property used 50% or less in a qualified business use

		%			S/L -		
		%			S/L -		
		%			S/L -		

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns (a) through (f) for Vehicle 1 through 6. Rows include 30-33 (miles driven) and 34-36 (availability and use questions).

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with columns Yes/No. Rows include 37-41 (policy and use questions).

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI Amortization

Table for Part VI with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year.

42 Amortization of costs that begins during your 2011 tax year (see instructions)

DEFERRED FINANCING C	2012-05-23			233M	1,534
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43 Amortization of costs that began before your 2011 tax year **43** 11,545

44 Total. Add amounts in column (f) See the instructions for where to report **44** 13,079

Form **4562**

**Depreciation and Amortization
(Including Information on Listed Property)**

OMB No 1545-0172

2011

Attachment
Sequence No **179**

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return FAIRVIEW HOSPITAL	Business or activity to which this form relates ROOF & CLOSET SPACE RENTED TO CELL PHONE	Identifying number 04-2133860
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Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	79

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21 Listed property Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	79
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation/deduction, (i) Elected section 179 cost.

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

26 Property used more than 50% in a qualified business use

27 Property used 50% or less in a qualified business use

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns (a) through (f) for Vehicle 1 through 6. Rows include 30-33 (miles driven) and 34-36 (availability and use).

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with questions 37-41 and Yes/No columns.

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

Part VI Amortization

Table for Section VI with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year.

42 Amortization of costs that begins during your 2011 tax year (see instructions)

43 Amortization of costs that began before your 2011 tax year **43**

44 Total. Add amounts in column (f) See the instructions for where to report **44**

Form **4562**

**Depreciation and Amortization
(Including Information on Listed Property)**

OMB No 1545-0172

2011

Attachment
Sequence No **179**

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return FAIRVIEW HOSPITAL	Business or activity to which this form relates	Identifying number 04-2133860
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Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount (see instructions)	1	500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4 Reduction in limitation Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21 Listed property Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	0
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

Table with 9 columns: (a) Type of property, (b) Date placed in service, (c) Business/investment use percentage, (d) Cost or other basis, (e) Basis for depreciation, (f) Recovery period, (g) Method/Convention, (h) Depreciation/deduction, (i) Elected section 179 cost.

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

26 Property used more than 50% in a qualified business use

27 Property used 50% or less in a qualified business use

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

Table for Section B with columns (a) through (f) for Vehicle 1 through 6. Rows include 30-33 (miles driven) and 34-36 (availability and use questions).

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

Table for Section C with questions 37-41 and Yes/No columns. Includes a note: "Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles."

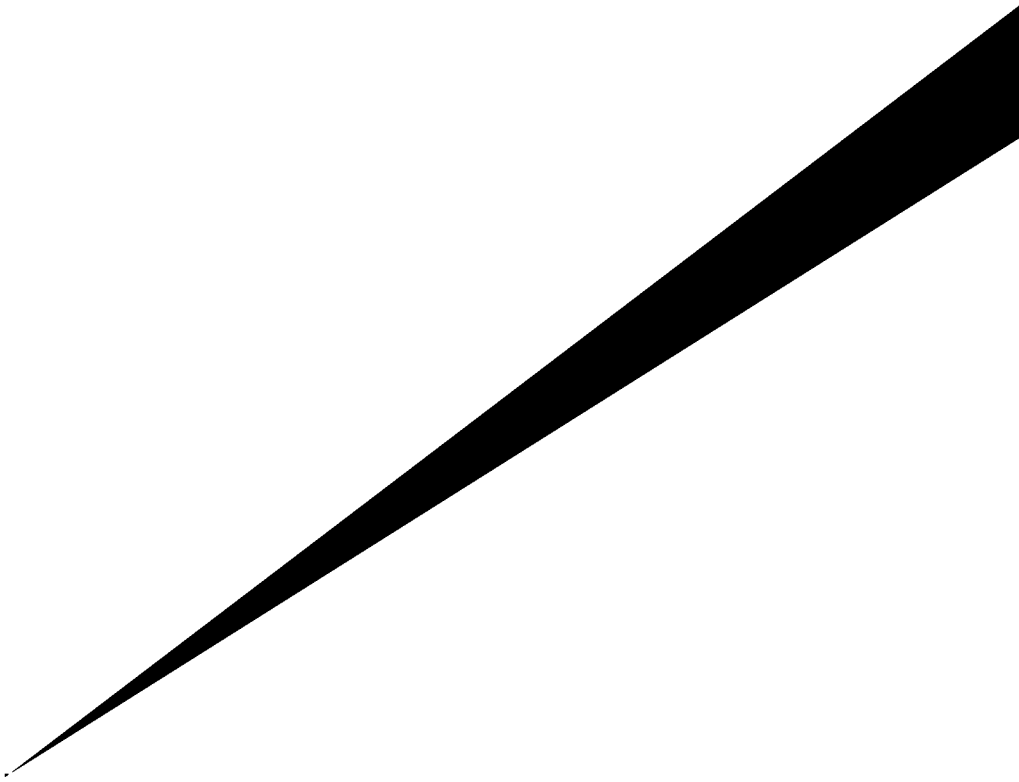
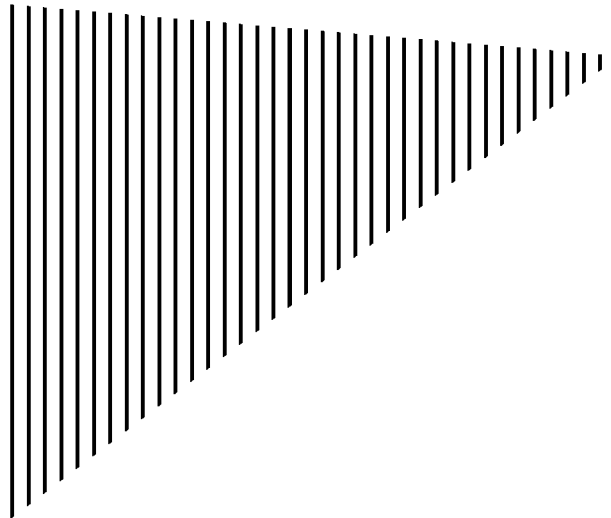
Part VI Amortization

Table for Section VI with columns (a) Description of costs, (b) Date amortization begins, (c) Amortizable amount, (d) Code section, (e) Amortization period or percentage, (f) Amortization for this year.

42 Amortization of costs that begins during your 2011 tax year (see instructions)

43 Amortization of costs that began before your 2011 tax year **43**

44 Total. Add amounts in column (f) See the instructions for where to report **44**



**Audited Consolidated Financial
Statements and Supplementary
Financial Information**

**Berkshire Health Systems, Inc. and
Affiliates**

Years ended September 30, 2012 and 2011

Ernst & Young LLP

 **ERNST & YOUNG**

Berkshire Health Systems, Inc. and Affiliates

Audited Consolidated Financial Statements
and Supplementary Financial Information

Years ended September 30, 2012 and 2011

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Report of Independent Auditors

Board of Trustees
Berkshire Health Systems, Inc
Pittsfield, Massachusetts

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

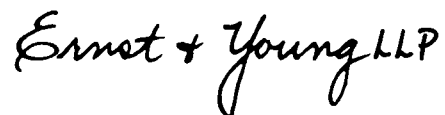
We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Health System's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Berkshire Health Systems, Inc and Affiliates at September 30, 2012 and 2011, and the consolidated results of their operations and changes in net assets, and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Health System changed its method of accounting for bad debt expense as a result of the adoption of Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), effective October 1, 2011.

As discussed in Note 2 to the consolidated financial statements, the Health System changed its method of accounting for professional liabilities as a result of the adoption of ASU No. 2010-24, *Health Care Entities (Topic 954) - Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), effective October 1, 2011.

January 28, 2013



Berkshire Health Systems, Inc. and Affiliates

Consolidated Balance Sheets

	September 30	
	2012	2011
Assets		
Current assets		
Cash and cash equivalents	\$ 57,650,042	\$ 32,570,875
Accounts receivable, less allowance for uncollectible amounts of \$17,684,000 in 2012 and \$14,726,000 in 2011	48,431,175	44,185,743
Note and other receivables	2,491,749	2,985,536
Inventories	6,825,856	6,576,967
Funds held by trustees	9,736,719	7,569,748
Due from managed entities	1,148,520	1,067,445
Prepaid expenses and other current assets	2,543,230	3,070,668
Total current assets	128,827,291	98,026,982
Assets whose use is limited		
Funds designated by Boards	147,115,157	123,581,080
Funds held by trustees	5,018,999	10,328,000
Funds held as endowments	7,026,994	7,026,994
Funds held for donor- restricted purposes	11,332,935	8,835,353
Deferred compensation	5,818,700	4,342,592
Total assets whose use is limited	176,312,785	154,114,019
Property and equipment, net	162,325,699	154,352,365
Deferred financing costs, net	1,632,857	2,222,393
Other assets	4,479,901	3,916,461
Total assets	\$473,578,533	\$412,632,220
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 12,750,691	\$ 9,513,827
Accrued salaries and related withholdings	20,839,410	19,568,268
Accrued expenses	11,472,184	11,415,865
Deferred revenue	703,659	207,448
Due to third-party payors	23,302,534	18,158,116
Current portion of long-term obligations	6,000,000	5,721,732
Total current liabilities	75,068,478	64,585,256
Deferred compensation	5,818,700	4,342,592
Other liabilities	15,147,438	12,526,538
Long-term obligations, less current portion	121,843,714	133,683,259
Total liabilities	217,878,330	215,137,645
Net assets		
Unrestricted	234,345,396	178,538,617
Temporarily restricted	14,327,813	11,928,964
Permanently restricted	7,026,994	7,026,994
Total net assets	255,700,203	197,494,575
Total liabilities and net assets	\$ 473,578,533	\$ 412,632,220

See accompanying notes

Berkshire Health Systems, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets

	Years ended September 30	
	2012	2011
Patient service revenue (net of contractual allowances and discounts)	\$ 404,628,995	\$ 373,767,518
Less provision for bad debts	12,690,365	11,269,620
Patient service revenue, net	391,938,630	362,497,898
Other revenue	30,596,089	24,812,311
Total revenues	422,534,719	387,310,209
 Expenses		
Salaries and wages	213,461,019	203,896,047
Fringe benefits	52,707,961	50,401,072
Supplies and other	97,322,735	93,717,391
Health Safety Net assessment	1,732,635	1,776,619
Depreciation and amortization	21,325,765	25,065,809
Interest	5,404,206	6,064,536
Total expenses	391,954,321	380,921,474
 Gain from operations	30,580,398	6,388,735
 Nonoperating gains (losses)		
Investment gains	5,566,684	7,997,273
Other, net (losses)	(157,068)	(309,550)
Loss on refinancing	(153,419)	-
Total nonoperating gains	5,256,197	7,687,723
 Excess of revenues over expenses	35,836,595	14,076,458

Berkshire Health Systems, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets
(continued)

	Years ended September 30	
	2012	2011
Unrestricted net assets		
Excess of revenues over expenses	\$ 35,836,595	\$ 14,076,458
Net unrealized gains (losses) on investments	18,965,044	(8,714,735)
Net assets released from restrictions used for purchase of property and equipment	1,005,140	819,944
Increase in unrestricted net assets	55,806,779	6,181,667
Temporarily restricted net assets		
Restricted contributions	1,054,854	860,183
Realized gains on investments	283,313	968,835
Unrealized gains (losses) on investments	2,253,163	(1,375,984)
Net assets released from restrictions for operating purposes	(187,341)	(163,945)
Net assets released from restrictions for purchase of property and equipment	(1,005,140)	(819,944)
Increase (decrease) in temporarily restricted net assets	2,398,849	(530,855)
Increase in net assets	58,205,628	5,650,812
Net assets, beginning of year	197,494,575	191,843,763
Net assets, end of year	\$255,700,203	\$197,494,575

See accompanying notes.

Berkshire Health Systems, Inc. and Affiliates
Consolidated Statements of Cash Flows

	Years ended September 30	
	2012	2011
Operating activities and net gains		
Increase in net assets	\$ 58,205,628	\$ 5,650,812
Adjustments to reconcile increase in net assets to net cash provided by operating activities and net gains		
Unrealized (gains) losses on unrestricted investments	(18,965,044)	8,714,735
Realized and unrealized (gains) losses on restricted investments	(2,536,476)	407,149
Amortization of debt discount/premium	(599,364)	(430,992)
Depreciation and amortization	21,325,765	25,065,809
Restricted contributions	(1,054,854)	(860,183)
Loss on refinancing	153,419	-
Effects of changes in operating assets and liabilities		
Accounts receivable, net	(4,245,432)	(4,225,271)
Note and other receivables, inventories, prepaid expenses and other current assets	772,336	25,059
Accounts payable	3,236,864	(1,843,979)
Accrued salaries, fees and related withholdings, accrued expenses, and deferred revenue	1,823,672	(890,083)
Due to third-party payors	5,144,418	8,138,224
Other liabilities	2,620,900	2,402,825
Net cash provided by operating activities and net gains	65,881,832	42,154,105
Investing activities		
Additions to property and equipment	(29,047,100)	(20,367,061)
Decrease in funds held by trustees	3,142,030	3,387,875
Increase in funds designated by Boards	(4,569,033)	(7,615,649)
(Increase) decrease in funds held for donor-restricted purposes	(2,497,582)	445,187
Receipts on BHCS promissory note	178,923	1,964,349
Increase in other ongoing management fees and purchased services	(259,998)	(1,823,196)
(Increase) decrease in other assets	(563,440)	6,239,117
Net cash used in investing activities	(33,616,200)	(17,769,378)

Continued on next page

Berkshire Health Systems, Inc. and Affiliates

Consolidated Statements of Cash Flows
(continued)

	Years ended September 30	
	2012	2011
Financing activities		
Proceeds from issuance of long-term obligations	\$ 93,491,420	\$ -
Refunding of long-term obligations	(97,664,741)	-
Payment of deferred financing costs	(1,217,732)	-
Repayment of long-term obligations	(5,386,742)	(4,826,959)
Restricted contributions and investments gains	3,591,330	453,034
Net cash used in financing activities	<u>(7,186,465)</u>	<u>(4,373,925)</u>
Net increase in cash and cash equivalents	25,079,167	20,010,802
Cash and cash equivalents at beginning of year	32,570,875	12,560,073
Cash and cash equivalents at end of year	<u>\$ 57,650,042</u>	<u>\$ 32,570,875</u>
Supplemental disclosure of cash flow information for interest paid	<u>\$5,927,752</u>	<u>\$6,178,703</u>

See accompanying notes

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements

Year Ended September 30, 2012

1. Organization

The consolidated financial statements include the accounts of Berkshire Health Systems, Inc and its controlled affiliates (collectively, the Health System) The following is a summary of controlled affiliated organizations included in the consolidated financial statements

Organization	Nature and Purpose
Parent Berkshire Health Systems, Inc (BHS)	The parent corporation which provides support for its controlled affiliates
Hospitals Berkshire Medical Center, Inc (the Medical Center) Fairview Hospital, Inc (the Hospital)	Not-for-profit hospital-operating corporations organized for the delivery of health care services
Management Company BHS Management Services, Inc (BMS)	A corporation that provides management services to not-for-profit corporations including controlled affiliates of BHS and Berkshire Healthcare Systems, Inc and affiliates (the Managed Entities)
Others Berkshire Faculty Services, Inc	A corporation that provides medical education, medical, surgical and other physician services for the benefit of the Medical Center and the Hospital
Tri-State Medical Management, Inc	A corporation that manages a physician office location for the benefit of the Hospital
Berkshire Indemnity Company SPC, LTD (BIC)	A segregated portfolio organized in 2003, within Berkshire Insurance Company SPC, LTD, a Cayman Islands Insurance Captive BHS owns 50% of Berkshire Insurance Company, SPC, LTD and 100% of BIC

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

1. Organization (continued)

BHS controls each of its affiliated entities through its status either as sole corporate member or as sole stockholder. BHS, the Medical Center and the Hospital are an obligated group for purposes of various debt financings.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States. The consolidated financial statements include the accounts of the above-named entities. All intercompany balances and transactions have been eliminated.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Use of Estimates

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

Cash and Cash Equivalents

Cash, cash equivalents and investments include currency on hand, demand deposits with banks or other financial institutions, and short-term investments with maturities of 90 days or less from the date of purchase. Amounts whose use is limited or restricted are reported in accordance with their intended use, and are excluded from cash and cash equivalents. The carrying values reported in the consolidated balance sheets approximate fair value.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

2. Summary of Significant Accounting Policies (continued)

Investments and Investment Income

Investments in equity and debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments other than temporary impairments of investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues over expenses. The Health System reviews investments where the fair value is substantially below cost, and in cases where the decline is considered to be other than temporary, an adjustment is recorded to recognize the loss. Investment income on proceeds of borrowings that are held by a trustee, to the extent not capitalized, and unrestricted income of endowment funds are reported as other revenue. Investment income from all other general fund investments is reported as nonoperating gains.

Property and Equipment

Property and equipment is recorded at cost or, if received by gift or bequest, at fair value when received. Depreciation is charged to operations using the straight-line method, based upon the estimated useful lives of the depreciable assets. Property and equipment under capital leases is amortized using the straight-line method over the shorter of the lease term or its estimated useful life. Such amortization is included with depreciation expense. Renovations and improvements which extend the useful lives of property and equipment are capitalized and recorded at cost.

Costs of Borrowing

Deferred financing costs and original issue discounts are amortized over the period that the related obligation is outstanding using the effective interest method.

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. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Allowance for Doubtful Accounts

The Health System has adopted the provisions of Accounting Standards Update No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowances for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-7) during the year ended September 30, 2012. ASU 2011-7 requires health care entities to present bad debt expense as a deduction from patient service revenues.

2. Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts (continued)

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid). For receivables associated with self-pay patients, the Health System records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The allowance for uncollectible amounts was approximately \$17,684,000 and \$14,726,000 as of September 30, 2012 and 2011, respectively. This balance as a percent of accounts receivable, net of contractual adjustments, was approximately 27% and 25% as of September 30, 2012 and 2011, respectively.

Gifts and Bequests

Unrestricted gifts and bequests are included in other revenue in the combined statements of operations and changes in net assets. Restricted gifts and bequests are credited directly to the applicable restricted net asset category.

Professional Liability Insurance

The Health System covers its primary hospital and physician professional liability and commercial general liability risk on a claims-made basis with tail coverage through a captive insurance company, BIC. The Health System establishes reserves for unpaid losses, with the assistance of consulting actuaries, based on a combination of industry and hospital-specific data. Management believes these reserves, which at September 30, 2012 and 2011, total \$11,857,000 and \$10,103,000, respectively, are adequate, however, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustments to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate payments, will be reflected in the consolidated statements of operations and changes in net assets of future years when such adjustments, if any, become known.

2. Summary of Significant Accounting Policies (continued)

Income Taxes

Provisions for income taxes were made for Tri-State Medical Management, Inc (Tri-State), which is a taxable corporation. Tri-State has cumulative net operating losses of approximately \$222,000 for income tax purposes. These losses result in a deferred tax asset of \$88,800, which is offset by a corresponding valuation allowance of the same amount. BHS Segregated Portfolio of BIC is a segregated cell of a captive insurance company in the Cayman Islands. BHS Segregated Portfolio is not an insurance arrangement for federal tax purposes and does not operate in the U.S., therefore no federal income tax is applied. Further, BHS Segregated Portfolio is not subject to Cayman Islands taxation. All other entities qualify as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is required for those entities.

The Medical Center has an interest in Yankee Alliance, LLC purchasing partnership which results in unrelated business income (UBI). For the current year, the Medical Center estimates UBI of approximately \$350,000 which results in a tax expense of approximately \$185,000 which is recorded in supplies and other expense on the consolidated statement of operations.

Asset Retirement Obligation

Conditional asset retirement obligations for certain buildings and land improvements amounted to \$2,419,000 and \$2,273,000 as of September 30, 2012 and 2011, respectively. The obligations are recorded as other liabilities in the accompanying consolidated balance sheets.

Reclassifications

Certain amounts for the year ended September 30, 2011, have been reclassified to be consistent with the presentation of the amounts for the year ended September 30, 2012. The reclassifications had no effect on the excess of revenues over expenses, or the increase in total net assets, or on total net assets as previously reported.

New Authoritative Pronouncements

In August 2010, the Financial Accounting Standards Board (FASB) issued amended guidance relating to measuring charity care for disclosures. The amended guidance requires that the level of charity care provided be presented based on the direct and indirect costs of the charity services provided. Separate disclosure of the amount of any cash reimbursements received for providing charity care must also be disclosed. The amended guidance is effective for fiscal years beginning after December 15, 2010. The Health System adopted the disclosures required by the amended guidance for periods beginning October 1, 2011.

2. Summary of Significant Accounting Policies (continued)

New Authoritative Pronouncements (continued)

In August 2010, the FASB issued amended guidance related to the presentation of insurance claims and related insurance recoveries. Under the new guidance, anticipated insurance recoveries and estimated liabilities for insurance claims or similar contingent liabilities are presented separately on the balance sheets. The guidance is effective for fiscal years beginning after December 15, 2010. The Health System adopted the presentation changes to the balance sheet beginning October 1, 2011, resulting in an increase to other assets and other liabilities of \$784,000.

In July 2011, the FASB issued new guidance, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*. The guidance requires certain health care entities to present the bad debt expense associated with the patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than operating expense. The guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 31, 2011, with early adoption permitted. The Health Systems adopted the requirements of the amended guidance for periods beginning October 1, 2011.

3. Third-Party Payment Arrangements

The Medical Center and the Hospital maintain agreements with the Social Security Administration under the Medicare Program and the Commonwealth of Massachusetts (Commonwealth) under the Medicaid Program and various other insurance companies. These agreements provide for payment to the Medical Center and the Hospital for services rendered to patients covered by these programs based on the applicable regulations or contracts as described below.

Medicare

The Medical Center is paid for Medicare patients under the Prospective Payment System (PPS), the national Medicare system in which hospitals are paid a standard amount for inpatients based upon the patient's diagnosis, and a majority of Medicare outpatient services are paid based upon ambulatory payment classifications (APCs). Certain services are excluded from APCs and are paid under fee schedules or other payment methodologies.

The Hospital received the Critical Access Hospital (CAH) designation from Medicare during 2003. CAHs are reimbursed on a reasonable-cost basis for inpatient and outpatient services.

3. Third-Party Payment Arrangements (continued)

Medicaid

The Commonwealth Executive Office of Health & Human Services utilizes a prospective payment methodology for acute hospital services provided to Medicaid beneficiaries. Medicaid pays hospitals a fixed amount per discharge for inpatient services. Outpatient services are paid on a prospective payment methodology based upon a Payment Amount Per Episode (PAPE). The Medical Center and the Hospital contract with Boston Medical Center Healthnet Plan, a Medicaid HMO. Payment is based on percentage of charges for inpatient and outpatient services.

Health Safety Net Program

The Health Safety Net (HSN) program reimburses hospitals for uncompensated care based on actual services provided at rates approximating the Medicare PPS. Reimbursement rates are subject to available funds. The HSN program is partially funded by acute hospitals through an assessment on gross charges billed to non-government payors. The Medical Center and the Hospital have recorded estimates of their final settlements with the HSN program. The Medical Center and the Hospital have recorded their gross obligations to the program as an expense in the consolidated statements of operations and changes in net assets. Reimbursement from the HSN program for uncompensated care is recorded as net patient service revenue.

Commonwealth Care

The Medical Center and the Hospital contract with Boston Medical Center Healthnet Plan, Health New England and Network Health for the Health Connector's health insurance program for uninsured adults who meet income and other eligibility requirements. Payment is based on a percentage of Medicaid rates.

Non-governmental Payors

The Medical Center and the Hospital have entered into contracts with non-governmental payors whereby they are paid on a per case, per diem or discounted charge basis.

Third-Party Settlements

Several of the above agreements require the Medical Center and the Hospital to prepare and file settlement reports annually. Settlement reports have been submitted for all prior years, final settlements have been made with Medicare through 2007 for the Medical Center and through 2008 for the Hospital. Provisions have been made in the consolidated financial statements for prior and current year estimated final settlements.

3. Third-Party Payment Arrangements (continued)

The Health System primarily provides health care services to residents of the region. Revenues from the Medicare and Medicaid programs accounted for approximately 39% and 12%, respectively, of the Health System's net patient service revenues for the year ended September 30, 2012, and 40% and 11%, respectively, for the year ended September 30, 2011. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Adjustments to estimates of prior year settlements with third-party payors are reflected in current year net patient service revenue and increased net patient service revenue by \$7,511,000 in 2012 and decreased net patient service revenue by \$1,250,000 in 2011.

4. Charity Care

The Health System provides care to patients who meet charity care policy criteria without charge or at amounts less than established rates. Because Health System entities do not pursue collection of amounts qualifying as charity care, such amounts are not reported as revenue. The Health System's charity care policy is based on the poverty income guidelines established by the Massachusetts Division of Healthcare Finance and Policy.

If a patient is ineligible for charity care or care at reduced rates because the patient's income exceeds the eligibility guidelines, services rendered are recorded at established rates and any unpaid account receivable balance is written off to bad debts after a reasonable collection effort has been made.

During 2012 and 2011, the Health System provided \$9,161,489 and \$8,703,764 in charity care, respectively, based on established rates. The net cost of charity includes the direct and indirect cost of providing charity care services, offset by revenues received from financial assistance donations. The cost is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care. The cost of charity care provided during the years ended September 30, 2012 and 2011, was \$4,171,258 and \$4,160,399, respectively. Donations received to offset charity services provided totaled \$52,932 and \$43,224 for the years ended September 30, 2012 and 2011, respectively. During 2012 and 2011, the Medical Center and the Hospital received \$2,925,821 and \$3,075,848, respectively, from the HSN program for reimbursement of charity care. During 2012 and 2011, the Medical Center and the Hospital paid an assessment into the HSN program of \$1,732,635 and \$1,776,619, respectively.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

5. Related-Party Transactions

As of September 30, 2012 and 2011, BHS had \$1,148,520 and \$1,067,445, respectively, due from nursing homes and other entities (collectively, the Managed Entities) owned and operated by Berkshire Healthcare Systems, Inc (BHCS) and managed by BMS for ongoing management fees and purchased services

On August 31, 2009, BHCS issued a promissory note to BHS related to the transfer of Pittsfield Management Systems, Inc The note bears interest at 2.75% with monthly installments of \$25,308 through September 1, 2024 As of September 30, 2012 and 2011, the note had a balance of \$3,101,125 and \$3,316,327, respectively, of which \$221,195 and \$215,202 is included in notes and other receivables, and \$2,879,930 and \$3,101,125 is included in other assets in 2012 and 2011, respectively

6. Investments

Assets Limited as to Use

The composition and classification of investments at September 30, 2012 and 2011, is set forth in the following table Investments are stated at fair value

	2012	2011
Cash and cash equivalents	\$ 57,650,042	\$ 32,570,875
Funds held by trustees – current	9,736,719	7,569,748
Assets whose use is limited		
Funds designated by Boards	147,115,157	123,581,080
Funds held by trustees	5,018,999	10,328,000
Funds held as endowments	7,026,994	7,026,994
Funds held for donor-restricted purposes	11,332,935	8,835,353
Deferred compensation	5,818,700	4,342,592
	\$ 243,699,546	\$ 194,254,642

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Investments (continued)

Assets Limited as to Use (continued)

The following is a summary of the composition of cash, investments, and assets whose use is limited as of September 30

	2012	2011
Cash and cash equivalents	\$ 62,020,673	\$ 39,274,034
Equity securities		
Consumer discretionary and staples	16,938,458	14,201,344
Energy and utilities	8,770,127	7,818,669
Financials	10,685,355	8,809,542
Health care	6,927,482	5,642,675
Industrials and materials	13,168,659	10,843,564
Information technologies	13,695,852	11,270,697
Telecommunication Services	3,596,043	2,816,084
Total equities	73,781,976	61,402,575
U S Treasury and U S Government Agency debt	17,192,238	14,183,891
Other government debt issues	7,025,858	9,480,972
Corporate debt securities	27,020,072	19,972,745
REITs and mortgage-backed securities	21,926,617	20,323,111
Non-U S equities	27,983,632	25,274,722
Mutual funds	6,748,480	4,342,592
	\$ 243,699,546	\$ 194,254,642

Investment income and gains for assets limited as to use, cash equivalents, and other investments consisted of the following for the years ended September 30

	2012	2011
Income		
Other revenue - interest income	\$ 425,166	\$ 831,882
Nonoperating gains		
Interest income	\$ 3,625,847	\$ 3,535,112
Realized gains on sale of securities	1,940,837	4,462,161
Investment gains	\$ 5,566,684	\$ 7,997,273
Other changes in net assets		
Unrealized gains (losses) – unrestricted net assets	\$ 18,965,044	\$ (8,714,735)
Realized gains – restricted net assets	\$ 283,313	\$ 968,835
Unrealized gains (losses) – restricted net assets	\$ 2,253,163	\$ (1,375,984)

6. Investments (continued)

Management continually reviews its investment portfolio and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of advisors, and the length of time and extent to which the market value has been less than cost. During the year ended September 30, 2012, the Health System recorded losses of \$57,793 for other-than-temporary declines in the fair value of investments. There were no other-than-temporary declines in the year ended September 30, 2011.

At September 30, 2012, investments with a fair value of \$22,906,821 have unrealized losses of \$4,522,671, of which \$4,319,021 had been unrealized for over one year. At September 30, 2011 investments with a fair value of \$78,131,378 had unrealized losses of \$12,947,974, of which \$6,549,882 had been unrealized for over one year. The Health System has the ability to hold those investments until recovery.

Investment management fees were \$127,100 and \$194,674 for the years ended September 30, 2012 and 2011, respectively. These are netted against investment income.

Fair Value of Financial Instruments

As of September 30, 2012, the Health System held certain assets that are required to be measured at fair value on a recurring basis. These include cash and cash equivalents, investments and assets whose use is limited. The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs are generally unsupported by market activity. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Investments classified in this level generally include exchange-traded equity securities.

Level 2 Inputs other than quoted marked prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed-income securities, including fixed-income government obligations and asset-backed securities.

Level 3 Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Investments (continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Health System uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, and considers non-performance risk in its assessment of fair value.

Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 assets is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Health System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Financial instruments carried at fair value as of September 30, 2012, are classified in the table below in one of the three categories described above.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 61,970,965	\$ 49,708	\$ -	\$ 62,020,673
Equity securities				
Consumer discretionary	11,361,016	5,577,442	-	16,938,458
Energy and utilities	5,964,053	2,806,074	-	8,770,127
Financials	7,957,488	2,727,867	-	10,685,355
Health care	6,882,716	44,766	-	6,927,482
Industrials and materials	10,795,439	2,373,220	-	13,168,659
Information technologies	10,867,011	2,828,841	-	13,695,852
Telecommunication services	1,462,086	2,133,957	-	3,596,043
U S Treasury and U S Government				
Agency debt	15,728,231	1,464,007	-	17,192,238
Other government debt issues	6,831,994	193,864	-	7,025,858
Corporate debt securities	21,999,666	5,020,406	-	27,020,072
REITs and mortgage-backed securities	21,926,617	-	-	21,926,617
Non-U S equities	26,726,912	1,256,720	-	27,983,632
Mutual Funds	6,748,480	-	-	6,748,480
	<u>\$ 217,222,674</u>	<u>\$26,476,872</u>	<u>\$ -</u>	<u>\$243,699,546</u>

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

6. Investments (continued)

Financial instruments carried at fair value as of September 30, 2011, are classified in the table below in one of the three categories described above

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 39,274,034	\$ -	\$ -	\$39,274,034
Equity securities				
Consumer Discretionary	9,366,164	4,835,180	-	14,201,344
Energy and Utilities	5,437,575	2,381,094	-	7,818,669
Financials	6,755,009	2,054,533	-	8,809,542
Health care	5,642,675	-	-	5,642,675
Industrials and Materials	8,775,903	2,067,661	-	10,843,564
Information Technologies	9,139,705	2,130,992	-	11,270,697
Telecommunication Services	1,043,499	1,772,585	-	2,816,084
U S Treasury and U S Government				
Agency debt	14,139,476	44,415	-	14,183,891
Other Government debt issues	9,480,972	-	-	9,480,972
Corporate debt securities	19,972,745	-	-	19,972,745
REITs and mortgage-backed securities	20,323,111	-	-	20,323,111
Non-U S equities	25,274,722	-	-	25,274,722
Mutual Funds	4,342,592	-	-	4,342,592
	<u>\$178,968,182</u>	<u>\$15,286,460</u>	<u>\$ -</u>	<u>\$194,254,642</u>

7. Property and Equipment

Property and equipment consisted of the following at September 30

	2012	2011
Land and improvements	\$ 9,992,262	\$ 11,447,696
Buildings and building improvements	160,210,254	172,219,632
Fixed equipment	79,971,256	90,041,344
Major movable equipment	129,084,504	115,994,237
	379,258,276	389,702,909
Less accumulated depreciation and amortization	(239,290,446)	(256,049,442)
	139,967,830	133,653,467
Construction in progress	22,357,869	20,698,898
	\$ 162,325,699	\$ 154,352,365

The cost to complete construction in progress at September 30, 2012 and 2011, was approximately \$2,045,000 and \$2,400,000, respectively

During the year ended September 30, 2012, the Medical Center completed various capital building improvement projects and replaced various pieces of fixed equipment. These improvements and equipment replacements resulted in the disposal of the older fully depreciated asset of \$36,735,000.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

8. Long-Term Obligations

Long-term obligations consisted of the following at September 30

	<u>2012</u>	<u>2011</u>
Obligated Group		
Massachusetts Development Finance Agency (MDFA), formerly MHEFA, Revenue Bonds, Berkshire Health Systems, Inc Issues		
2012 Series G, net of unamortized premium of \$ 8,803,978 in 2012	\$ 93,233,237	\$ -
2009 Series A	-	22,600,000
2009 Series B	-	6,623,227
2005 Series F, net of unamortized premium of \$ 899,064 in 2012 and \$ 1,103,522 in 2011	34,610,477	38,023,522
2001 Series E, net of unamortized debt discount of \$170,172 in 2011	-	62,289,828
Other		
Berkshire Bank promissory note	-	7,400,000
	127,843,714	136,936,577
Less portion classified as current	(6,000,000)	(5,721,732)
	121,843,714	131,214,845
Adjustment in carrying value associated with termination of interest rate swap agreement	-	2,468,414
Total long-term obligations	<u>\$ 121,843,714</u>	<u>\$133,683,259</u>

Obligated Group

On May 1, 2012, BHS, the Medical Center, and the Hospital (collectively, the Obligated Group) entered into a 20-year, \$84,490,000 loan with MDFA. The proceeds from the loan and funds held in escrow were used to refund \$60,835,000 of Series E bonds, \$22,273,120 of Series A bonds, and \$6,481,713 of Series B bonds before scheduled maturity and to finance additions to property and equipment. On May 23, 2012, MDFA issued Revenue Bonds, Series G, with a face value of \$84,490,000. The Series G bonds are fixed rate bonds and bear interest at rates ranging from 2.0% to 5.0% per annum and mature in various annual amounts through 2031. A loss of \$119,787 on the refinancing was recorded representing the unamortized deferred financing costs, bond discount and swap agreement. The Series G bonds are redeemable prior to maturity without premiums after October 1, 2021.

On November 20, 2009, the Medical Center entered into two ten-year loan agreements with MHEFA: 2009 Series A and B along with a ten-year loan from Berkshire Bank (the Construction Loan). The proceeds from 2009 Series B (\$7,000,000) were used to refund the outstanding balance of the Series M-4A, Pool loan.

8. Long-Term Obligations (continued)

The proceeds from 2009 Series A (\$22,600,000) and the Construction Loan (\$7,400,000) have been used to fund the construction of a parking garage, a new ambulatory surgery center and to acquire adjacent properties. The proceeds were also used to pay off the line of credit that was drawn to fund the parking garage and ambulatory surgery center until these new loans were secured. The 2009 Series A and B bonds bore interest at a variable rate equal to 69% of the LIBOR plus 275 basis points with a minimum rate of 2.50%. Interest on the Construction Loan was also at a variable rate equal to 100% of LIBOR plus 250 basis points with a minimum rate of 3.75%. On May 23, 2012, the Series A and B loans were paid off using proceeds from the Series G Bonds. On May 24, 2012, the Medical Center paid off the Construction Loan using operating cash. A loss of \$33,632 on the payoff was recorded representing the unamortized deferred financing costs.

On July 15, 2005, MHEFA issued Revenue Bonds, Series F, with a face value of \$50,190,000 which was used to refund debt and finance additions to property and equipment. The Series F bonds are fixed rate bonds and bear interest at rates ranging from 3.875% to 5.0% per annum and mature in various annual amounts through 2020. The Series F bonds are redeemable prior to maturity without premiums after October 1, 2015.

On December 15, 2001, the Obligated Group entered into a loan with MHEFA to finance reconstruction and renovation as well as new equipment for both the Medical Center and the Hospital campuses. MHEFA financed the loan through issuance of Revenue Bonds, Series E, with a face value of \$73,000,000, the bonds were fixed rate bonds and bore interest at rates ranging from 5.00% to 6.25% per annum and mature in various annual amounts through 2031. There were special redemption provisions for the Series E bonds without premiums and certain bonds dated 2011 through 2013 were redeemable at premiums of up to 1%. On June 11, 2012, the outstanding Series E bonds were called using proceeds from the Series G Bonds.

Under a Master Trust Indenture (MTI), the Obligated Group granted MHEFA a lien on its revenues, excluding revenues related to endowment funds whose principal and income are restricted and not available to be pledged. The Obligated Group also purchased bond insurance as additional security for the payment of principal and interest.

The MTI provides for, among other requirements, the maintenance by the Obligated Group of a minimum debt service ratio and restrictions on incurring additional debt and the sale or disposition of assets, and requires the Obligated Group to comply with various financial and other reporting requirements. The Obligated Group is in compliance with those requirements at September 30, 2012.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

8. Long-Term Obligations (continued)

Interest Rate Swap

On January 15, 2003, BHS entered into an interest rate swap agreement effectively converting \$38,765,000 of its Series E bonds from a fixed to a variable interest rate through the term of the bonds. This interest rate swap agreement met the definition of a derivative instrument under ASC 815-10, *Derivatives and Hedging Instruments and Hedging Activities*.

In August 2008, BHS terminated the swap agreement. In connection with the termination, the Health System recognized a loss of approximately \$555,000. In accordance with ASC 815-10, the adjustment to the carrying value of long-term debt of \$3,100,611 at the date of the swap termination was to be amortized over the remaining life of the Series E bonds. In June 2012, the outstanding Series E bonds were called. The unamortized amount of \$2,341,531 was written off as a part of the retirement of Series E debt.

Maturities

Aggregate maturities, including capital lease obligations, of the Health System subsequent to September 30, 2012, are as follows:

<u>Year ending September 30</u>	
2013	\$ 6,000,000
2014	5,925,000
2015	6,145,000
2016	6,365,000
2017	6,640,000
2018 and thereafter	<u>96,768,714</u>
	<u>\$127,843,714</u>

The fair value of long-term debt is reported in the accompanying consolidated balance sheets at principal value, less unamortized discount or premium, which totaled \$127,843,714 at September 30, 2012. The fair value of these obligations at September 30, 2012, as estimated based on quoted market prices for similar bonds, totaled \$134,800,000.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

9. Funds Held by Trustees

Under the terms of the agreements with MHEFA, certain funds are required to be maintained as follows at September 30

	2012	2011
Escrow for long-term obligations		
Debt service fund	\$ 8,334,519	\$ 7,569,748
Debt service reserve fund	5,018,999	10,328,000
Construction fund	1,402,200	-
	14,755,718	17,897,748
Less portion classified as current	(9,736,719)	(7,569,748)
	\$ 5,018,999	\$ 10,328,000

These funds are primarily invested in money market funds and United States Government securities and are carried at fair value. Income earned of \$201,595 and \$651,975 in 2012 and 2011, respectively, on certain debt-financed funds held in escrow has been reported as other revenue. Income of \$463 and \$6,890 in 2012 and 2011, respectively, have been reported as nonoperating gains since the related funds held in escrow have been contributed by the Obligated Group.

10. Lease Commitments

Minimum rental commitments under noncancelable operating leases for buildings and equipment are as follows

<u>Year ending September 30</u>	<u>Operating Leases</u>
2013	\$ 402,193
2014	402,193
2015	402,193
2016	269,317
2017 and thereafter	45,480
Total minimum lease payments	<u>\$ 1,521,376</u>

Rent expense under noncancelable operating leases approximated \$1,052,068 in 2012 and \$1,108,552 in 2011

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets

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

	<u>2012</u>	<u>2011</u>
Health care services		
Patient care	\$ 8,041,680	\$ 6,550,832
Education	360,787	294,006
Property and equipment	2,121,744	2,327,388
Scholarship	42,310	34,313
Undistributed appreciation on permanently restricted funds	3,761,292	2,722,425
	<u>\$ 14,327,813</u>	<u>\$ 11,928,964</u>

Permanently restricted net assets at September 30 are restricted to

	<u>2012</u>	<u>2011</u>
Investments to be held in perpetuity, the income from which is restricted as to use	\$ 5,525,040	\$ 5,525,040
Investments to be held in perpetuity, the income from which is unrestricted	1,501,954	1,501,954
	<u>\$ 7,026,994</u>	<u>\$ 7,026,994</u>

During 2012 and 2011, net assets of \$1,192,481 and \$983,889, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes as noted above

Interpretation of Relevant Law

The Commonwealth of Massachusetts requires the preservation of the fair value of the original gift as of the date of the donor-restricted, endowment absent explicit donor stipulations to the contrary. As a result of this interpretation, the Medical Center and the Hospital classify as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure. The Medical Center and the Hospital consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) the investment policies of the Health System.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

The following represents the net asset classes of the Health System endowment funds, as well as the changes in endowments, for the year ended September 30, 2012

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2011	\$ 9,228,308	\$ 7,026,994	\$ 16,255,302
Investment income	95,187	-	95,187
Endowment expenditures	(29,246)	-	(29,246)
Realized gains on investments	188,127	-	188,127
Unrealized gains on investments	2,253,163	-	2,253,163
Endowment net assets at September 30, 2012	<u>\$ 11,735,539</u>	<u>\$ 7,026,994</u>	<u>\$ 18,762,533</u>

The following represent the net asset classes of the Health System endowment funds as well as the changes in endowments for the year ended September 30, 2011

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2010	\$9,660,914	\$7,026,994	\$16,687,908
Investment income	91,671	-	91,671
Endowment expenditures	(25,456)	-	(25,456)
Realized gains on investments	877,163	-	877,163
Unrealized losses on investments	(1,375,984)	-	(1,375,984)
Endowment net assets at September 30, 2011	<u>\$9,228,308</u>	<u>\$7,026,994</u>	<u>\$16,255,302</u>

12. Pension Plans

Pension benefits are available to eligible employees of the Health System through the defined contribution Berkshire Health Systems Partnership Tax Deferred Annuity Retirement Plan (the Plan) and the Berkshire Health Systems 457B Deferred Compensation Plan (the 457B Plan)

The Plan allows employees of the Health System, age 21 or older, who are regularly scheduled to work at least twenty hours per week, to participate in the Plan upon the completion of one year of service. Employees may contribute up to 21.5% of their base pay.

Berkshire Health Systems, Inc and Affiliates

Notes to Consolidated Financial Statements (continued)

12. Pension Plans (continued)

Each week, the Health System makes a minimum fixed contribution to the Plan from 2.5% to 3.5% of each participant's salary, and a matching contribution of 50% of employee voluntary contributions on the first 4% of a participant's salary for those employees who elect to contribute. Contributions made by the Health System to the Plan in fiscal 2012 and 2011 were \$8,107,325, and \$7,584,060, respectively.

The 457B Plan is a non-qualified supplemental retirement plan available to certain executives of Berkshire Health Systems. The contribution limit for 2012 is \$16,500 (employee plus employer). Contributions made by the Health System to the plan in fiscal 2012 and 2011 were \$173,114 and \$181,420, respectively.

13. Commitments and Contingencies

The Health System has obtained a \$4,020,000 surety bond from an insurance company, with an irrevocable \$1,350,000 letter of credit from TD Bank (formerly known as TD Banknorth), as security for potential workers' compensation obligations as required by the Commonwealth.

At September 30, 2012, the amount outstanding under the Health System's \$15,000,000 secured demand line of credit from TD Bank was zero. Interest is equal to LIBOR plus 1.5%, resulting in an interest rate of 1.76% at September 30, 2012.

14. Functional Expenses

The Health System provides general health care services to residents within its geographic region. Expenses related to providing these services at September 30 are as follows:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 345,259,581	\$ 341,359,801
General and administrative	46,694,740	39,561,673
	<u>\$ 391,954,321</u>	<u>\$ 380,921,474</u>

Notes to Consolidated Financial Statements (continued)

15. Concentration of Credit Risk

The Health System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30 was as follows:

	2012	2011
Medicare	38 %	39%
Medicaid and connector products	18	15
Commercial insurance and other	23	23
Patients	12	12
Blue Cross	9	11
	100 %	100%

16. Medicare and Medicaid Electronic Health Record (EHR) Program

Certain health care providers can earn up to four incentive payments between federal fiscal years 2011 and 2016 if certain specific program criteria are met. The providers are required to establish an EHR system and maintain its meaningful use status for a continuous 90-day period. In subsequent years, such meaningful use must be maintained for the entire 365-day federal fiscal year.

The Health System records the revenue related to this program when management is reasonably assured that the Health System has complied with the terms of the program.

The Health System has included \$3,650,245 in other revenue related to the program in fiscal year 2012. The payments are based on submitted cost report data from fiscal year 2011 and prior used to project the total incentive payments. Each subsequent payment will be adjusted for changes in the projected total incentive payment. The Health System's attestation of compliance with the meaningful use criteria is subject to audit by the federal or state government or its designee.

17. Subsequent Event

The Health System evaluated the impact of subsequent events through January 28, 2013, representing the date at which the consolidated financial statements were issued.

Auditors' Report on Supplementary Financial Information

Board of Trustees
Berkshire Health Systems, Inc
Pittsfield, Massachusetts

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The consolidating balance sheet and consolidating statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

January 28, 2013

Berkshire Health Systems, Inc. and Affiliates

Consolidating Balance Sheet

September 30, 2012

Assets	Consolidated	Eliminations and Reclassifications	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Current assets						
Cash and cash equivalents	\$57,650,042		\$ 3,766			\$10,559,935
Accounts receivable, less allowance for uncollectible amounts of \$17,684,000	48,431,175		1,643,766			
Note and other receivables	2,491,749	\$(1,614,078)	134,520			1,614,078
Inventories	6,825,856					
Funds held by trustees	9,736,719					
Due from managed entities	1,148,520					
Prepaid expenses and other current assets	2,543,230		\$1,396,984	35,628	\$ 3,271	133,015
Due from affiliates	-	(3,386,906)	3,386,906			
Total current assets	128,827,291	(5,000,984)	4,783,890	1,817,680	3,271	12,307,028
Due from affiliates	-	(278,349)				
Assets whose use is limited						
Funds designated by Boards	147,115,157					
Funds held by trustees	5,018,999					
Funds held as endowments	7,026,994					
Funds held for donor-restricted purposes	11,332,935					
Deferred compensation	5,818,700		1,848,107	953,311		
Total assets whose use is limited	176,312,785		1,848,107	953,311	-	-
Property and equipment, net	162,325,699		161,649		283,476	
Deferred financing costs, net	1,632,857					
Other assets	4,479,901					
Investments in subsidiaries	-	(100)				
Total assets	\$ 473,578,533	\$ (5,279,433)	\$ 6,793,646	\$ 2,770,991	\$ 286,747	\$ 12,307,028

Berkshire Health Systems, Inc. and Affiliates
Consolidating Balance Sheet (continued)

September 30, 2012

Assets	Obligated Group	Eliminations and reclassifi- cations	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Current assets					
Cash and cash equivalents	\$ 47,086,341		\$ 45,896,416	\$ 85,291	\$ 1,104,634
Accounts receivable, less allowance for uncollectible amounts of \$17,296,000	46,787,409		41,705,966	5,081,443	298,676
Note and other receivables	2,357,229		1,954,225	104,328	
Inventories	6,825,856		6,470,928	354,928	
Funds held by trustees	9,736,719		9,262,748	473,971	
Due from managed entities	1,148,520				1,148,520
Prepaid expenses and other current assets	974,332		940,467	33,865	
Due from affiliates	-	\$ (7,276,296)			7,276,296
Total current assets	114,916,406	(7,276,296)	106,230,750	6,133,826	9,828,126
Due from affiliates	278,349	(12,553,575)	12,553,575	278,349	
Assets whose use is limited					
Funds designated by Boards	147,115,157		133,149,383	13,965,774	
Funds held by trustees	5,018,999		4,768,049	250,950	
Funds held as endowments	7,026,994		6,768,752	258,242	
Funds held for donor-restricted purposes	11,332,935		10,396,139	936,796	
Deferred compensation	3,017,282		2,898,975	118,307	
Total assets whose use is limited	173,511,367		157,981,298	15,530,069	
Property and equipment, net	161,880,574		151,952,215	9,928,359	
Deferred financing costs, net	1,632,857		1,556,383	76,474	
Other assets	4,479,901		1,530,682	9,289	2,939,930
Investments in subsidiaries	100				100
Total assets	\$ 456,699,554	\$ (19,829,871)	\$ 431,804,903	\$ 31,956,366	\$ 12,768,156

Berkshire Health Systems, Inc. and Affiliates

Consolidating Balance Sheet (continued)

September 30, 2012

Liabilities and Net Assets	Consolidated	Eliminations and Reclassifi- cations	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Current liabilities						
Accounts payable	\$ 12,750,691		\$ 1,255,297	\$ 240,434	\$ 6,651	\$ 64,946
Accrued salaries and related withholdings	20,839,410		2,974,220	1,238,960		
Accrued expenses	11,472,184	\$ (1,614,078)	716,022	331,854	1,747	
Deferred revenue	703,659					
Due to third-party payors	23,302,534					
Current portion of long-term obligations	6,000,000					
Due to affiliates	-	(3,386,906)		6,432		
Total current liabilities	75,068,478	(5,000,984)	4,945,539	1,817,680	8,398	64,946
Due to affiliates	-	(278,349)			278,349	
Deferred compensation	5,818,700		1,848,107	953,311		
Other liabilities	15,147,438					
Long-term obligations, less current portion	121,843,714					11,857,154
Total liabilities	217,878,330	(5,279,333)	6,793,646	2,770,991	286,747	11,922,100
Net assets						
Unrestricted	234,345,396	(100)				384,928
Temporarily restricted	14,327,813					
Permanently restricted	7,026,994					
Total net assets	255,700,203	(100)				384,928
Total liabilities and net assets	\$ 473,578,533	\$ (5,279,433)	\$ 6,793,646	\$ 2,770,991	\$ 286,747	\$ 12,307,028

Berkshire Health Systems, Inc. and Affiliates
Consolidating Balance Sheet (continued)

September 30, 2012

Liabilities and Net Assets	Obligated Group	Eliminations and Reclassifications	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Current liabilities					
Accounts payable	\$ 11,183,363		\$ 10,446,684	\$ 683,354	\$ 53,325
Accrued salaries and related withholdings	16,626,230		14,860,443	1,765,787	
Accrued expenses	12,036,639		11,491,637	544,877	125
Deferred revenue	703,659		676,830	26,829	
Due to third-party payors	23,302,534		22,109,719	1,192,815	
Current portion of long-term obligations	6,000,000		5,705,340	294,660	
Due to affiliates	3,380,474	\$ (7,276,296)	9,151,627	1,505,143	
Total current liabilities	73,232,899	(7,276,296)	74,442,280	6,013,465	53,450
Due to affiliates	-	(12,553,575)		5,500,000	7,053,575
Deferred compensation	3,017,282		2,898,975	118,307	
Other liabilities	3,290,284		2,680,361	609,923	
Long-term obligations, less current portion	121,843,714		115,932,655	5,911,059	
Total liabilities	201,384,179	(19,829,871)	195,954,271	18,152,754	7,107,025
Net assets					
Unrestricted	233,960,568		216,851,872	11,447,565	5,661,131
Temporarily restricted	14,327,813		12,230,008	2,097,805	
Permanently restricted	7,026,994		6,768,752	258,242	
Total net assets	255,315,375		235,850,632	13,803,612	5,661,131
Total liabilities and net assets	\$456,699,554	\$ (19,829,871)	\$ 431,804,903	\$ 31,956,366	\$ 12,768,156

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets

Year ended September 30, 2012

	Eliminations and Reclassifi- cations	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Net patient service revenue	\$ 404,628,995		\$ 15,012,121		
Less provision for bad debts	12,690,365		550,149		
Patent service revenue, net	391,938,630		14,461,972		
Other revenue	30,596,089	\$ (37,106,010)	\$ 45,302,569	\$ 47,654	\$ 4,039,767
Total revenue	422,534,719	(37,106,010)	45,302,569	47,654	4,039,767
Expenses					
Salaries and wages	213,461,019		21,780,209		17,263,412
Fringe benefits	52,707,961		5,880,676		2,280,870
Supplies and other	97,322,735	(37,106,010)	17,580,316		41,233
Health Safety Net assessment	1,732,635				52,994
Depreciation and amortization	21,325,765		61,368		
Interest	5,404,206				
Total expenses	391,954,321	(37,106,010)	45,302,569	26,510,897	94,227
Gain (loss) from operations	30,580,398		(10,313,775)		(46,573)
Nonoperating gains and losses					
Investment gains	5,566,684				27,887
Other, net	(157,068)				
Loss on refinancing	(153,419)				
Loss on investments in subsidiary	-	-46,573			
Total nonoperating gains and (losses)	5,256,197	-46,573			27,887
Excess (deficiency) of revenues over expenses	35,836,595	-46,573	(10,285,888)		(46,573)

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (continued)

Year ended September 30, 2012

	Consolidated	Eliminations and reclassifi- cations	BHS Management Services, Inc.	Berkshire Faculty Services, Inc.	Tri-State Medical Management, Inc.	Berkshire Indemnity Company SPC, LTD.
Unrestricted net assets						
Excess (deficiency) of revenues over expenses	\$ 35,836,595	\$ 46,573	\$ (10,285,888)	\$ (46,573)	\$ -	\$ -
Net unrealized losses on investments	18,965,044					384,828
Net assets released from restrictions used for purchase of property and equipment	1,005,140					
Equity transfer	-		10,285,888			
Investment from Parent	-	(46,573)			-46,573	
Increase in unrestricted net assets	<u>55,806,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>384,828</u>
Temporarily restricted net assets						
Restricted contributions	1,054,854					
Realized gains on investments	283,313					
Unrealized losses on investments	2,253,163					
Net assets released from restrictions for operating purposes	(187,341)					
Net assets released from restrictions for purchase of property and equipment	(1,005,140)					
Increase in temporarily restricted net assets	<u>2,398,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net assets	58,205,628	-	-	-	-	384,828
Net assets, beginning of year	197,494,575	(100)				100
Net assets, end of year	<u>\$ 255,700,203</u>	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,928</u>

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (continued)

Year ended September 30, 2012

	Eliminations and Reclassifi- cations	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Obligated Group				
Net patient service revenue		\$ 345,392,125	\$ 41,224,749	
Less provision for bad debts		10,494,331	1,645,885	
Patient service revenue, net		334,897,794	42,578,864	
Other revenue	\$ (2,501,283)	17,740,917	1,337,177	\$ 148
Total revenue	(2,501,283)	352,638,711	43,916,041	148
Expenses				
Salaries and wages		154,190,146	20,227,252	
Fringe benefits		39,835,193	4,711,222	
Supplies and other	(2,501,283)	93,557,321	14,744,726	50
Health Safety Net assessment		1,542,999	189,636	
Depreciation and amortization		19,649,042	1,562,361	
Interest		5,098,796	305,410	
Total expenses	(2,501,283)	313,873,497	41,740,607	50
Gain from operations	-	38,765,214	2,175,434	98
Nonoperating gains and losses				
Investment gains		5,048,377	490,420	
Other, net		(213,040)	(32,528)	88,500
Loss on Refinancing		(167,372)	13,953	
Loss on investments in subsidiary		(46,573)	(46,573)	
Total nonoperating gains and losses	-	4,667,965	425,272	88,500
Excess of revenues over expenses	-	43,433,179	2,600,706	88,598

Berkshire Health Systems, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (continued)

Year ended September 30, 2012

	Obligated Group	Eliminations and Reclas- sifications	Berkshire Medical Center, Inc.	Fairview Hospital, Inc.	Berkshire Health Systems, Inc.
Unrestricted net assets					
Excess of revenues over expenses	\$ 46,122,483		\$ 43,433,179	\$ 2,600,706	\$ 88,598
Net unrealized losses on investments	18,580,216		16,821,395	1,758,821	
Net assets released from restrictions used for purchase of property and equipment	1,005,140		727,100	278,040	
Equity transfer	(10,285,888)		(9,016,307)	(1,269,581)	
Increase in unrestricted net assets	55,421,951		51,965,367	3,367,986	88,598
Temporarily restricted net assets					
Restricted contributions	1,054,854		460,988	593,866	
Realized gains on investments	283,313		261,534	21,779	
Unrealized losses on investments	2,253,163		2,138,221	114,942	
Net assets released from restrictions for operating purposes	(187,341)		(93,336)	(94,005)	
Net assets released from restrictions for purchase of property and equipment	(1,005,140)		(727,100)	(278,040)	
Increase in temporarily restricted net assets	2,398,849		2,040,307	358,542	-
Increase in net assets	57,820,800		54,005,674	3,726,528	88,598
Net assets, beginning of year	197,494,575		181,844,958	10,077,084	5,572,533
Net assets, end of year	\$ 255,315,375		\$ 235,850,632	\$ 13,803,612	\$ 5,661,131

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