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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

C Name of organization
Rhode Island Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
593 Eddy Street

City or town, state or country, and ZIP + 4
Providence, RI 02903

D Employer identification number
05-0258954

E Telephone number
(401)444-4000

G Gross receipts $ 1,262,597,828

F Name and address of principal officer
Timothy J Babineau MD
593 Eddy Street
Providence, RI 02903

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www rhodeislandhospital org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1863 | **M** State of legal domicile RI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
The mission of Rhode Island Hospital (RIH) is to be at the forefront of patient care by creating, applying and sharing the most advanced knowledge in health care

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	16
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	8,480
6	Total number of volunteers (estimate if necessary)	**6**	845
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	7,228,874
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	549,563

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	9,233,076	9,607,808
	9 Program service revenue (Part VIII, line 2g)	1,029,306,980	1,053,129,634
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	14,793,122	40,980,195
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	26,332,667	14,769,459
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,079,665,845	1,118,487,096
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	217,124	1,864,959
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	537,816,239	528,885,497
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	539,568,353	553,415,144
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	1,077,601,716	1,084,165,600
	19 Revenue less expenses Subtract line 18 from line 12	2,064,129	34,321,496

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	1,237,237,170	1,265,159,851
	21 Total liabilities (Part X, line 26)	556,839,476	577,763,350
	22 Net assets or fund balances Subtract line 21 from line 20	680,397,694	687,396,501

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 — 2013-08-14 Date

▶ Mary A Wakefield EVP & CFO
Type or print name and title

Paid Preparer's Use Only

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

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ KPMG LLP
Two Financial Center 60 South St
Boston, MA 02111

EIN ▶

Phone no ▶ (617) 988-1000

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

The mission of Rhode Island Hospital (RIH) is to be at the forefront of patient care by creating, applying and sharing the most advanced knowledge in health care

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 $ 800,935,813 including grants of $ 1,829,959) (Revenue $ 1,008,025,273)

Patient Care RIH, the principal teaching hospital of The Warren Alpert Medical School of Brown University, provides a comprehensive range of diagnostic and therapeutic health care services to inpatients and outpatients RIH has particular expertise in cardiology, hematology/oncology, neurology, burn care, neurosurgery, orthopedics, pediatric care at RIH's pediatric division, Hasbro Children's Hospital, and emergency medicine, with RIH being the designated Level I Trauma Center for Rhode Island Licensed to operate 719 acute care beds, RIH is the largest of the state's general acute care teaching hospitals, employing 6,387 full-time equivalents and providing comprehensive health services to most of Rhode Island and southeastern Massachusetts (Cont on Schedule O)

4b (Code) (Expenses $ 96,656,693 including grants of $) (Revenue $ 12,806,460)

Medical Education RIH provides the setting for and substantially supports medical education in various clinical training and nursing programs The total cost of direct medical education provided by the Hospital exceeded the reimbursement received from third-party payors by $83 9 million in fiscal year 2012 (Continued on Schedule O)

4c (Code) (Expenses $ 51,010,375 including grants of $) (Revenue $ 39,692,991)

Research RIH conducts extensive medical research and is in the forefront of biomedical health care delivery research and among the leaders nationally in the National Institutes of Health programs In addition, the Hospital sponsors many clinical trials, which provide valuable research information as well as cutting edge treatment for patients in the region Federal support accounts for approximately 68% of all externally funded research at the Hospital Researchers focus on clinical trials which investigate prevention and treatment of HIV/AIDS, obesity, cancer, diabetes, cardiac issues, neurological problems, orthopedic advancements, and mental health concerns RIH provided $11 3 million in support of research activities in fiscal year 2012 (Cont on Schedule O)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 948,602,881

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	534		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c** Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	8,480		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a** Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b** Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	No
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	No
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**	0		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	No
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**	No
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the aggregate amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	No

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	19		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	16		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

Mary A Wakefield
167 Point Street
Providence, RI 02903
(401) 444-7093

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								3,927,903	9,876,177	688,992

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 ▶ 630

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
University Surgical Associates 72 Newman Avenue Rumford, RI 02916	Medical Services	7,409,464
University Medicine Foundation 17 Virginia Ave Providence, RI 02905	Medical Services	20,714,150
Neurology Foundation 34 Parsonage Street Providence, RI 02903	Medical Services	4,150,126
Brown University 75 Waterman Street Providence, RI 02912	Subcontracted Svcs	3,411,016
APG Security Services 171 Service Avenue Warwick, RI 02886	Security Services	4,185,015

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 ▶ 80

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				
	d	Related organizations	1d	7,884,627			
	e	Government grants (contributions)	1e	1,219,845			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	503,336			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		9,607,808			
Program Service Revenue			Business Code				
	2a	Temp Restricted (SPF's)	900099	9,825,726	9,825,726		
	b	Rental	531120	3,294,318	3,294,318		
	c	Patient Service Revenue	900099	984,129,248	984,129,248		
	d	Laboratory	621500	5,399,010		5,399,010	
	e	Direct Rev from Research	900099	50,481,332	50,481,332		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		1,053,129,634			
	3	Investment income (including dividends, interest and other similar amounts)		5,998,960			5,998,960
	4	Income from investment of tax-exempt bond proceeds		2,287			2,287
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	3,523,963				
	b	Less rental expenses	1,882,741				
	c	Rental income or (loss)	1,641,222				
	d	Net rental income or (loss)		1,641,222			1,641,222
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	177,206,939				
	b	Less cost or other basis and sales expenses	142,227,991				
	c	Gain or (loss)	34,978,948				
	d	Net gain or (loss)		34,978,948			34,978,948
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	Linen Services	812300	1,987,106	1,612,062	375,044	
	b	Indirect Rev from Grants	900099	11,034,629	11,034,629		
	c	Cafeteria Revenue	722210	3,879,717			3,879,717
	d	All other revenue		-3,773,215	-5,251,601	1,454,820	23,566
	e	**Total.** Add lines 11a–11d		13,128,237			
	12	**Total revenue.** See Instructions		1,118,487,096	1,055,125,714	7,228,874	46,524,700

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	1,829,959	1,829,959		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	35,000	35,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	1,059,288	219,589	839,699	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	403,436,782	399,738,335	3,698,447	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	22,928,069	22,679,077	248,992	
9	Other employee benefits	71,619,136	70,895,749	723,387	
10	Payroll taxes	29,842,222	29,518,145	324,077	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	0			
c	Accounting	0			
d	Lobbying	12,251	7,055	5,196	
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	1,683,643		1,683,643	
g	Other	65,092,691	65,083,524	9,167	
12	Advertising and promotion	302,298	242,298	60,000	
13	Office expenses	170,976,156	172,163,599	-1,187,443	
14	Information technology	0			
15	Royalties . .	0			
16	Occupancy	16,933,246	14,788,066	2,145,180	
17	Travel	1,611,677	1,596,824	14,853	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	1,495,414	1,458,964	36,450	
20	Interest	13,865,339	7,182	13,858,157	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	34,849,327		34,849,327	
23	Insurance	7,987,690	7,987,690		
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	All Other Expenses	21,707,629	21,035,393	672,236	
b	License Fee	46,344,396	46,344,396		
c	Provision for bad debts	61,996,757	61,996,757		
d	Purch Svs & Equip Cont	108,339,136	30,757,785	77,581,351	
e					
f	All other expenses	217,494	217,494		
25	**Total functional expenses.** Add lines 1 through 24f	1,084,165,600	948,602,881	135,562,719	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		20,326,272	1	5,311,680
	2	Savings and temporary cash investments		145	2	21,574
	3	Pledges and grants receivable, net		4,598,112	3	3,894,294
	4	Accounts receivable, net		127,316,769	4	137,974,046
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net			7	0
	8	Inventories for sale or use		12,282,409	8	13,478,601
	9	Prepaid expenses and deferred charges		1,962,588	9	2,222,685
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 1,075,946,047			
	b	Less accumulated depreciation	10b 582,132,711	488,332,581	10c	493,813,336
	11	Investments—publicly traded securities		294,393,085	11	327,750,511
	12	Investments—other securities See Part IV, line 11		151,291,701	12	156,413,408
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		136,733,508	15	124,279,716
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,237,237,170	16	1,265,159,851
Liabilities	17	Accounts payable and accrued expenses		64,386,872	17	63,992,879
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		262,912,704	20	254,889,799
	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		229,539,900	25	258,880,672
	26	**Total liabilities.** Add lines 17 through 25		556,839,476	26	577,763,350
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		390,119,508	27	375,532,685
	28	Temporarily restricted net assets		218,428,494	28	238,460,723
	29	Permanently restricted net assets		71,849,692	29	73,403,093
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		680,397,694	33	687,396,501
	34	Total liabilities and net assets/fund balances		1,237,237,170	34	1,265,159,851

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	1,118,487,096
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,084,165,600
3	Revenue less expenses Subtract line 2 from line 1	3	34,321,496
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	680,397,694
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-27,322,689
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	687,396,501

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID: 11000144
Software Version: 2011v1.5
EIN: 05-0258954
Name: Rhode Island 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			
Brian J Zink MD Trustee	3 00	X						0	0	0
Jane Williams RN PhD Secretary	5 00	X		X				0	0	0
Fred J Schiffman MD Trustee	1 20	X						0	0	0
Lawrence B Sadwin Trustee	2 00	X						0	0	0
James A Procacciantı Trustee	2 00	X						0	0	0
Michael J Perik Trustee	1 00	X						0	0	0
David A Marcoux MD Trustee	2 00	X						0	0	0
Joseph J MarcAurele Trustee	4 00	X						0	0	0
Alan H Litwin Trustee	2 00	X						0	0	0
Bertram M Lederer Vice Chairman	2 00	X		X				0	0	0
Phillip Kydd Trustee	2 50	X						0	0	0
Mary Jo Kaplan Trustee	50	X						0	0	0
Dayle H Joseph MS EdD Trustee	4 00	X						0	0	0
Michael L Hanna Treasurer	4 00	X		X				0	0	0
Brian Goldner Trustee	50	X						0	0	0
Edward D Feldstein Trustee	2 00	X						0	0	0
Jonathan J Elion MD Trustee	2 00	X						0	0	0
Penelope H Dennehy MD Trustee	2 00	X						199,992	0	21,912
Ellen A Collis Trustee	1 50	X						0	0	0
Jeffrey G Brier Trustee	1 00	X						0	0	0
Edmund C Bennett Vice Chairman	2 00	X		X				0	0	0
Roger N Begin Trustee	2 00	X						0	0	0
Emanuel Barrows Trustee	1 50	X						0	0	0
Timothy J Babineau MD President & CEO	23 00	X		X				0	833,462	145,667
Lawrence A Aubin Sr Chairman	5 00	X		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			
Mary A Wakefield EVP & CFO	16 00			X				0	677,833	101,701
Frederick J Macri Executive VP	40 00			X				0	516,954	84,267
Barbara Riley RN Chief Nursing Officer	40 00				X			321,908	0	63,639
John B Murphy MD SVP-Medical Affairs & CMO	40 00				X			361,980	0	70,957
Garth Cosgrove MD Physician	40 00					X		1,222,811	0	38,540
Robert B Klein MD Physician	40 00					X		429,223	0	33,045
Paul Y Liu MD Physician	40 00					X		394,999	0	27,487
Latha R Pisharodi MD Physician	40 00					X		483,955	0	37,743
Murray B Resnick MD Physician	40 00					X		513,035	0	35,486
George A Vecchione President & CEO	0 00						X	0	7,847,928	28,548

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Rhode Island Hospital	05-0258954

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☑ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		12,251
j	Total lines 1c through 1i			12,251
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
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
Part II-B, Line 1i	Part II-B, Line 1i - Other Activities Description	Rhode Island Hospital pays membership fees to the Hospital Association of Rhode Island, the National Association of Children's Hospitals, and the Trauma Center Association of America A portion of the membership dues paid to these organizations is allocated to their lobbying efforts

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	478,839,711	475,612,207	402,076,328		
b	Contributions	70,020,787	72,081,127	106,066,104		
c	Investment earnings or losses	50,634,789	11,034,904	42,054,008		
d	Grants or scholarships					
e	Other expenditures for facilities and programs	91,803,606	79,888,527	74,584,234		
f	Administrative expenses					
g	End of year balance	507,691,681	478,839,711	475,612,206		

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

- a Board designated or quasi-endowment ▶ 48 390 %
- b Permanent endowment ▶ 7 720 %
- c Term endowment ▶ 43 890 %

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		20,125,023		20,125,023
b Buildings		667,344,795	321,753,056	345,591,739
c Leasehold improvements				
d Equipment		356,442,456	260,379,655	96,062,801
e Other		32,033,773		32,033,773
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				493,813,336

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	156,413,408	

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

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

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

(a) Description	(b) Book value
(1) Other Receivables	14,808,048
(2) Other Non-Current Assets	4,501,506
(3) Interest in Net Assets of RIH Foundation	53,892,136
(4) Intercompany Receivables	3,940,697
(5) Deferred Financing Costs	5,833,519
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	124,279,716

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Third-party Payor Settlements	39,922,103
Post-retirement Benefit Liability	23,077,400
Other Liabilities	27,836,874
Health Care Benefit Self-insurance	3,693,495
Accrued Pension Liability	164,350,800
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	258,880,672

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part X	Part X FIN48 Footnote	Rhode Island Hospital (the Hospital), as a not-for-profit corporation, is recognized under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes The Hospital recognizes the effect of income tax positions only if those positions are more likely than not of being sustained Recognized income tax positions are measured at the largest amount of benefit that is greater than fifty percent likely to be realized upon settlement Changes in measurement are reflected in the period in which the change in judgment occurs The Hospital did not recognize the effect of any income tax positions during the fiscal year ended September 30, 2012
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Increase in Net Assets of RIHF $2048615 Transfer from Hospital Properties, Inc $114316 Change in funded status of pension and other postretirement $ -40877452
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	Rhode Island Hospital's (RIH's) endowment funds consist of both donor-restricted endowment funds and funds designated by RIH to function as endowments RIH's largest permanently restricted endowments support patient care, particularly cardiology, hematology/oncology, and neurology, as well as pediatric care at RIH's pediatric division, Hasbro Children's Hospital (HCH), research, and charity care RIH's unrestricted endowment includes designated assets set aside by RIH's Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes Significant temporarily restricted funds held by RIH are used for the purposes of (1) pediatric orthopedic research, (2) the care and treatment of crippled children, (3) the advancement of cardiac patient care, research and education, (4) pediatric and adult oncology, and (5) HCH's Palliative Care and Pain Program and other pediatric needs

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

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

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

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

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

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for region/investments in region
Sub-Saharan Africa	0	0	Program Services	Research	5,975
Europe	0	0	Program Services	Research	43,768
East Asia & the Pacific	0	0	Program Services	Research	140,664
3a Sub-total					190,407
b Total from continuation sheets to Part I					
c **Totals** (add lines 3a and 3b)					190,407

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

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

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

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

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

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

Part IV Foreign Forms

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

Additional Data

Software ID: 11000144
Software Version: 2011v1.5
EIN: 05-0258954
Name: Rhode Island Hospital

Part V **Supplemental Information**

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

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SCHEDULE 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
Rhode Island Hospital

Employer identification number
05-0258954

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			62,937,003	14,924,271	48,012,732	4 700 %
b Medicaid (from Worksheet 3, column a)			178,689,072	179,637,022	-947,950	
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			241,626,075	194,561,293	47,064,782	4 700 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			361,467	56,679	304,788	0 030 %
f Health professions education (from Worksheet 5)			96,656,693	12,806,460	83,850,233	8 200 %
g Subsidized health services (from Worksheet 6)			29,221,298	20,223,652	8,997,646	0 880 %
h Research (from Worksheet 7)			51,010,375	39,692,991	11,317,384	1 110 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			647,225		647,225	0 060 %
j **Total** Other Benefits			177,897,058	72,779,782	105,117,276	10 280 %
k **Total.** Add lines 7d and 7j			419,523,133	267,341,075	152,182,058	14 980 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	17,712,196		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,968,155		
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	172,223,301		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	157,426,599		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	14,796,702		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 Orthopedic MRI of RI LLC	Imaging Services	33 333 %		13 333 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
0	Rhode Island Hospital 593 Eddy Street Providence, RI 02903	X	X	X	X		X	X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Rhode Island Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		No
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 0000% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☑ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☑ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☑ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **24**

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
	Part VI - Affilated Health Care System Roles and Promotion	Lifespan's mission is to improve the health status of the people it serves in RI and in southern New England through the provision of customer friendly, geographically accessible, high value services in the environment of an integrated academic health system Lifespan affiliates provide comprehensive inpatient and outpatient medical, surgical and psychiatric services for adults and children Lifespan and its affiliates employ more than 12,500 people The Lifespan system has over 2,300 physicians on the medical staffs of its affiliated hospitals, operates 1,155 licensed beds in four hospital complexes, and in 2012 generated approximately $1 6 billion in total operating revenue By each of these measures, Lifespan is RI's largest health system, serving a population of over 1 5 million Three of its hospital members, Rhode Island Hospital (RIH), The Miriam Hospital (TMH) and Bradley Hospital (EPBH), are teaching affiliates of The Warren Alpert Medical School of Brown University with 78 percent of the residents and fellows in this program based at RIH, TMH, and EPBH Lifespan is a RI nonprofit corporation that is community-based and community-governed As a nonprofit organization, Lifespan is run by a voluntary Board of Directors who are community representatives Lifespan and all of its nonprofit hospital affiliates have received written notification from the Internal Revenue Service that they have been recognized as being organized and operated as entities described in Internal Revenue Code (IRC) Section 501(c)(3) and are generally exempt from income taxes under IRC Section 501(a) As of September 30, 2012, Lifespan Corporation employed approximately 700 full-time and part-time personnel, most of whom are located in Providence, RI Lifespan Corporation provides support services to its affiliates, such as information services, telecommunications, risk management, legal, communications and public affairs, fundraising, facility development, strategic planning, internal audit/compliance, human resources, finance, and investment management, for which each affiliate is charged a fee equivalent to the costs incurred by Lifespan in providing these services Corporate Authority and RoleLifespan Corporation has no members and is governed by its Board of Directors The Board has responsibility for planning, directing and establishing policies intended to assure the development and delivery of quality health services, professional education and biomedical research on an integrated, cost-effective basis The Board's powers include the power to set accounting policies for its affiliates, develop, negotiate and approve all managed care agreements, develop affiliations with other institutions for educational and research purposes, and approve human resource plans, executive compensation and benefits for system affiliates The bylaws of RIH confer certain reserved powers on Lifespan to provide it with the means of effective oversight, coordination and support of the system Powers reserved to Lifespan as sole member include to elect and remove trustees, to approve the election of and to remove certain officers, to approve the amendment of the Articles of Incorporation and Bylaws and other Charter documents, to approve strategic plans, to approve investment policies and any capital or operating budgets or material non-budgeted expenditures, and to authorize incurrence or guaranty of material indebtedness For a complete listing of affiliated members of Lifespan's integrated healthcare delivery system, please refer to Schedule R

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	Rhode Island Hospital is governed by a Board of Trustees, which is composed of 20 voting members, 17 who are elected by Lifespan Corporation as sole member of the Hospital, and three who serve ex officio Lifespan approves the elected Trustees to serve one-year terms, until his/her successor is duly authorized and elected at the next Annual Meeting The ex officio members of the Board with a vote are the President and Chief Executive Officer of the Hospital along with the Chair of Rhode Island Hospital Foundation and the Chair of The Miriam Hospital Foundation Additionally, the Chairman and the President and CEO of Lifespan Corporation are ex officio members of the Board without a vote The Hospital's Board prescribes the duties and powers of committees appointed by the Chair and appoints members of the Medical Staff The physicians on the Hospital's medical staff are both hospital-based and community-based

Identifier	ReturnReference	Explanation
	Part VI - Community Building Activities	The Hospital substantially subsidizes various health services including the following programs adult psychiatry, dental, adolescent, and Alzheimer's, as well as the Center for Special Children, early intervention, and certain other specialty services The Hospital also provides numerous other services to the community for which charges are not generated These services include certain emergency services, community health screenings for cardiac health, prostate cancer and other diseases, smoking cessation, immunization and nutrition programs, diabetes education, stroke and burn survivor support groups, community health training programs, patient advocacy, foreign language translation, physician referral services, and charitable contributions

Identifier	ReturnReference	Explanation
	Part VI - Community Information	Rhode Island Hospital, located in Providence, Rhode Island, is a 719-bed nonprofit general acute care teaching hospital with university affiliation providing a comprehensive range of diagnostic and therapeutic services (excluding obstetrics) for the acute care of patients principally from RI and southeastern Massachusetts As a complement to its role in service and education, the Hospital actively supports research The Hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and participates as a provider primarily in Medicare, Blue Cross and Medicaid programs The Hospital is also a member of Voluntary Hospitals of America, Inc (VHA) In 1969, the Hospital and certain other Rhode Island hospitals entered into an affiliation agreement to participate jointly in various clinical training programs and research activities with The Warren Alpert Medical School of Brown University (Brown) In 2010, Brown named the Hospital its Principal Teaching Hospital The goals of the partnership are to facilitate the expansion of joint educational and research programs in order to compete both clinically and academically The Hospital currently sponsors 46 graduate medical education programs accredited by or under the auspices of the Accreditation Council for Graduate Medical Education (ACGME), while also sponsoring another 26 hospital-approved residency and fellowship programs With respect to nursing education, the Hospital has developed formal and informal educational affiliations with a number of accredited New England colleges and universities The Hospital does not receive any compensation from the various schools for providing a clinical setting for the student nurse training The Hospital conducts extensive medical research and is in the forefront of biomedical health care delivery research and is among the leaders nationally in National Institutes of Health programs

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	Rhode Island Hospital has multilingual signage in the Hospital's main lobby and waiting areas which provides information on financial aid contacts The Registration Department meets with patients at the outset of care to discuss eligibility for assistance The Registration staff provides interested patients with a "Welcome" booklet which includes information on patient rights and responsibilities The signage and booklets contain a telephone number which connects patients with Registration staff who can answer any additional questions that may arise after the patient has left the Hospital Assistance eligibility is also summarized on the Hospital's website

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	Lifespan's Office of Strategic Planning and Analysis performs population-based studies for the Hospital regarding the need for inpatient medical and surgical services for both adults and children and a wide range of outpatient services including primary care office visits, specialty care, emergency services, imaging, ambulatory surgery, and specific high technology services such as radiation therapy and bone marrow transplantation A population-based study examines the growth and changes in the population, the resources in the community, and the changing prevalence of diseases In addition to this approach, Lifespan Strategic Planning also examines experience with wait times, the level of staffing, and the changing standards of care All of this information is used to assess the demand for additional services to provide access to high quality care In addition to population approaches to assessing and estimating need, all specialties and services monitor demand at the service-specific level by considering changing patterns of care and methods of treatment for the specific medical problem, wait times for visits/queues, and community resources The service leadership then goes through a review process to add staff, expanded hours, and/or new sub-components to round out core services on an as-needed basis At times, expansion requires more space, equipment, and staff, but often accommodation of community demand is achieved through expanded hours Facilities are added as needed to accommodate these expansions, but most often minor renovations of existing locations with better, more modern layouts and equipment allow for greater patient access The RI State Certificate of Need program requires a focused study of need for all projects over $5 25 million, which is an important part of the program development process across Lifespan Based on a broad understanding of community health needs, the Hospital provides a wide range of services to both its primary and secondary areas Lifespan and its hospital affiliates monitor health trends in Rhode Island in an effort to identify areas of unmet demands regarding clinical services For example, over the past decade, the Hospital added a new state-of-the-art emergency department and opened the 110-room Bridge Building expansion, with three new floors dedicated to the care of cardiac, medical, and surgical patients The Hospital's pediatric division, Hasbro Children's Hospital, is the state's only facility dedicated to pediatric care The Hospital has continued its pioneering work on treatments for inoperable tumors as well as radiofrequency ablation Also of note is Hasbro's Medical/Psychiatric Program This program is expressly designed for children and adolescents with both challenging mental health and medical conditions who require hospitalization A collaboration with Bradley Hospital, it is the only program in the region created to meet the complex needs of these children Children ages 6 to 18 are treated in a newly renovated, secure 8-bed unit located on the 6th floor of Hasbro Children's Hospital The unit was designed with input from both pediatrics and psychiatry to provide the very best care for children with psychiatric and medical illness The safe, comfortable environment offers both private and semi-private rooms and areas for family, group and milieu therapy

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 19d - Other Billing Determination of Individuals Without Insurance	Uninsured patients receive an automatic 50% Community Benefit discount on Hospital charges In no case was there a situation where an uninsured patient paid more than amounts charged through Medicare or negotiated commercial insurance rates

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 16e - Other Collection Actions by Facility or Third Party Engaged	The Hospital engages third parties to perform certain collection actions on its behalf A pre-collect company is used for all self-pay accounts Additionally, a collection agency is used if there is no payment activity on such accounts after 120 days The collection process is explained in further detail in the response to Question 15e above

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 15e - Other Collection Actions Against a Patient	Once an account balance or a portion thereof is classified as self-pay, it is placed with the Hospital's pre-collect company until the balance is paid in full, a monthly payment plan is in place, or insurance information is provided for billing After 120 days, if there is no payment activity, the account qualifies for bad debt and the pre-collect company returns the account to Patient Financial Services, which in turn forwards it to a collection agency The collection agency sends 3 to 5 notices to the patient requesting payment If there are no responses after the notices are sent, collection calls are made If there is no response after 120 days, the account is reviewed for legal action in the appropriate court If there are no assets to pursue, the collection agency deems the account uncollectible and returns it to Patient Financial Services for writeoff Note In accordance with Center for Medicare and Medcaid Services mandates, Medicare patient accounts are held 130 days from last payment, after which if there has been no activity, the account is referred to collection

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 13g - Other Means Hospital Facility Publicized the Policy	An abbreviated version of the Hospital's financial assistance policy is posted in various admitting and outpatient areas of the Hospital Additionally, registration personnel refer uninsured and/or low income patients to Patient Financial Counselors to discuss the policy and/or answer any questions they might have

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	The Hospital uses an outside pre-collection agency for all self-pay receivables The pre-collection agency attempts to collect the debt for 120 days During this time, 3 letters are sent to the patient's address of record and, for balances in excess of $50, attempts are made to reach the patient by telephone If the agency makes contact with the patient and the patient expresses an inability to pay, payment plans and/or Community Free Service are offered (Please refer to the Charity Care Eligibility Criteria and Additional Information sections for further detail on those processes) If the pre-collection agency is unsuccessful in contacting the patient or no response is received within 120 days, the account is forwarded to a collection agency The collection agency also sends statements and attempts to reach the patient via telephone Again, if the agency makes contact with the patient and the patient expresses an inability to pay, payment plans and/or Community Free Service are offered If no response is received, the claim is referred to small claims court and the patient is summoned to appear If the patient does not appear, the Hospital will receive a judgment in its favor If the Hospital learns that the claim has a related settlement, i e , an automobile accident, the Hospital can put a lien on such settlement Alternatively, if the collection agency deems the account uncollectible, it will be written off

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	Medicare shortfall has not been treated as a community benefit The source of the Medicare allowable costs reported on Part III, Section B, Line 6 is the Medicare cost report, Form 2552-10

Identifier	ReturnReference	Explanation
	Part III, Line 4 - Bad Debt Expense	Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies its revenue trends for each of its major payors to estimate the appropriate allowance for doubtful accounts and the associated 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 Hospital 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, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant allowance for doubtful accounts and 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 applicable) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts The Hospital's allowance for doubtful accounts for self-pay patients decreased from 81% of self-pay accounts receivable at September 30, 2011 to 79% of self-pay accounts receivable at September 30, 2012 The Hospital's self-pay writeoffs for the years ended September 30, 2012 and 2011 amounted to approximately $53,361,000 and $55,880,000, respectively The Hospital did not change its charity care or uninsured discount policies during the years ended September 30, 2012 and 2011, respectively The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant writeoffs from third-party payors in either 2012 or 2011 The Hospital provided $61,996,757 for uncollectible patient accounts during the year ended September 30, 2012 The associated cost reported on Line 2 of Part III was determined by applying an operating cost to charge ratio (exclusive of community benefit costs and charges) to the provision amount Schedule H, Part III, Section A, Line 2The amount reported as bad debt expense is determined by applying the ratio of cost to charges (RCC) to the total charges written off to bad debt The RCC rate is determined using data from the Hospital's cost accounting system and is adjusted for medical education, internally funded research, subsidized health services, community services, and charitable contributions Discounts and payments are applied to patient accounts before such account balances are transferred to bad debt Schedule H, Part III, Section A, Line 3Accounts pending transfer to bad debt are reviewed by the Hospital's patient advocate staff to determine qualification for financial assistance under the Hospital's policy Accounts with insufficient information to determine eligibility are assigned a separate identifying code These accounts are ultimately transferred to bad debt if the appropriate qualifying documentation is not received The amount reported on Schedule H, Part III, Section A, Line 3 represents the account balances at charge written off to bad debt from the pending code, which are in turn converted to cost by applying the RCC rate as identified in Schedule H, Part III, Section A, Line 2

Identifier	ReturnReference	Explanation
	Part I, Line 7, Column F - Explanation of Bad Debt Expense	The calculation of percentages disclosed for Schedule H, Part I, Line 7, column (f) "percent of total expense", does not include bad debt expense Form 990, Part IX, Line 25 includes bad debt expense of $61,996,757

Identifier	ReturnReference	Explanation
	Part I, Line 7 - Explanation of Costing Methodology	The Hospital's costing methodology used to calculate the amounts reported in Part I, Line 7 is as follows a) Financial Assistance at cost- involves utilization of a ratio derived from dividing patient costs, as defined, by patient charges, as defined, and applying that percentage to total charity care expense Patient costs are calculated based on Medicare principles of reimbursement by reducing total operating expenses by items such as bad debt expense, the cost of medical education, internally funded research, subsidized health services, community services, charitable contributions, and other operating revenue Patient costs are then divided by patient charges to determine a ratio of cost to charges (RCC) This RCC is applied as the costing methodology for determining charity care expense b) Medicaid- Medicaid expense is determined by cost as calculated by the Hospital's cost accounting system The system applies historical costing methods applied to all patient segments based on various patient demographics and utilizations These costing standards exclude bad debt, charity care, and the Medicaid portion of costs of health professions education which are reported on other areas of Line 7 These expenses include Medicaid provider taxes Direct offsetting revenue is reported as amounts received from Medicaid, as well as other payments which include reimbursement under Federal "Upper Payment Limit" (UPL) and "Disproportionate Share Hospital" (DSH) programs e) Community health improvement services and community benefit operations- Community benefit operations expense is recorded as direct expenses incurred as reported by the Hospital's Community Health Services department Revenue received for these services is reported as direct offsetting revenue f) Health professions education- Health professions education expenses represent direct costs related to amounts associated with resident and intern programs utilized at the Hospital These costs are determined by reporting actual direct costs taken from the Medicare cost report Direct offsetting revenue is reported as any direct Medicare reimbursements received for such services provided, as reported on the Hospital's Medicare cost report g) Subsidized health services- Subsidized health services' community benefit expense is determined by the cost accounting system These subsidized health services are recorded at cost in the Hospital's cost accounting system for all qualified subsidized health service divisions This expense is adjusted to remove all related Graduate Medical Education (GME) expenses, as well as bad debt, Medicaid, and charity costs already reported in applicable sections of Line 7 Net patient service revenue is recorded as amounts received from various payer types related to these services Revenue associated with Medicare GME and Medicaid is excluded from the amount disclosed for subsidized health services h) Research- The Hospital conducts extensive medical research focused on the prevention and treatment of HIV/AIDS, obesity, cancer, diabetes, cardiac disease, neurological problems, orthopedic advancements, and mental health concerns For all internal and external research conducted, the costs associated with these activities is calculated by combining the direct and indirect costs as reported within the Hospital's cost accounting system Revenue received for these services is reported as direct offsetting revenue i) Cash and in-kind contributions for community benefit- Expenses for cash and in-kind contributions for community benefit are made by the Hospital, including an allocation of contributions made by Lifespan Corporation on the Hospital's behalf

Identifier	ReturnReference	Explanation
	Part I, Line 3c - Charity Care Eligibility Criteria (FPG Is Not Used)	Rhode Island Hospital (the Hospital) uses a dual system for determining financial aid eligibility federal poverty guidelines and an asset test The financial screening process at the Hospital is intended to define probable eligibility for public assistance (Medicaid or Community Free Service ("CFS")) for those patients who do not have the means to pay for hospital services rendered, as follows 1 Upon patient indication of an inability to pay required monies, the patient is offered the financial screening option to determine eligibility for public assistance (Medicaid, CFS)2 The application for CFS is completed and includes information relative to income, expense, and other available resources and requires proof of such information which may include - most recently filed Federal income tax return and W-2 form(s)- copies of most recent savings and/or checking account statements- two most recently received payroll check stubs- copy of rent receipts for the last six months for proof of residency- copy of utility bills for the last month for proof of residency3 If the patient's financial situation falls within the guidelines for eligibility for Medicaid, has a long term disability, RIte Care or CFS, the appropriate application process is completed (Assistance to complete such applications is available from the Patient Financial Advocates (PFA) Office at the Hospital)4 Uninsured patients receive an automatic 50% deduction at the Hospital 5 Eligibility for CFS above the 50% discount is provided for those applicants whose family gross income is at or below twice the Federal Poverty Guidelines, with a sliding scale for individuals up to four times the poverty level in effect at the time of application Full charity care applicants with assets worth more than $8,500 for an individual (or $13,500 for a family) may not qualify for care without charge, but may qualify for discounted care While the maximum 100% discount may not be available to all charity care applicants based on the results of their asset test, all uninsured patients who receive care are eligible for, at a minimum, the 50% charity care discount 6 For patients who qualify for less than 100% of the financial assistance program, a payment schedule is determined and agreed upon (discussed further below) Payment arrangements are established prior to service for non-urgent care 7 In either case, the final results of the financial screening are recorded in the comments section of the Hospital's billing system Requests for Payment Arrangements Patient Financial Advocates (PFA) will qualify patients that are receiving non-urgent, medically indicated procedures prior to services The PFA will request 75% to 100% of estimated charges (net of the automatic 50% discount) if the balance is under $5,000 and 50% to 100% of estimated charges (net of the automatic 50% discount) if the estimated bill exceeds $5,000 For elective or non-urgent cases, the policy will require financial clearance prior to services or an exception from the Medical Director based on the clinical circumstances if the patient cannot meet the above payment agreement Patients who do not qualify for the total or partial CFS, but who have difficulty in paying their bills after services are rendered, may request enrollment in a payment plan Eligibility for the payment plan includes the following guidelines 1 Immediate payment in full will result in financial hardship to the patient or the patient's family 2 Deposit of one-half of the estimated total bill is requested prior to admission 3 The minimum monthly payment of $50 00 4 The maximum length of the payment plan is twenty-four months The Customer Service staff will set up the payment plan using the above guidelines as well as complete the necessary information on the "Payment Agreement" form and mail to patient for signature Account documentation will be done online The pre-collect agency will be sent a copy of the payment agreement and all forms will be scanned into the PFS Optical Imaging System

Additional Data

Software ID: 11000144
Software Version: 2011v1.5
EIN: 05-0258954
Name: Rhode Island Hospital

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? **24** Name and address	Type of Facility (Describe)
MRICT of Providence LLC 695 Eddy Street Providence, RI 02903	Diagnostic Imaging Facility
MRICT of Providence LLC 695 Eddy Street Providence, RI 02903	Diagnostic Imaging Facility
MRICT of Providence LLC 695 Eddy Street Providence, RI 02903	Diagnostic Imaging Facility
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MRICT of Providence LLC 695 Eddy Street Providence, RI 02903	Diagnostic Imaging Facility
MRICT of Providence LLC 695 Eddy Street Providence, RI 02903	Diagnostic Imaging Facility

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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MRICT of Providence LLC 695 Eddy Street Providence, RI 02903	Diagnostic Imaging Facility
MRICT of Providence LLC 695 Eddy Street Providence, RI 02903	Diagnostic Imaging Facility

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) UNAPRIH Education Trust Fund375 Branch Avenue Providence, RI 02904	41-2139381	501(c)(3)	150,000	0			Employee Education Support
(2) Thundermist Health Center191 Social Street Woonsocket, RI 02895	05-0355097	501(c)(3)	75,375	0			Health Pgm Support
(3) Rhode Island Medical Society235 Promenade Street Providence, RI 02908	05-0250010	501(c)(6)	5,500	0			Health Pgm Support
(4) Health Leads2 Oliver Street 10th Floor Boston, MA 02109	45-0484533	501(c)(3)	134,500	0			Health Pgm Support
(5) City of Providence25 Dorrance Street Providence, RI 02903	05-6000329	Gov't Org	584,000	0			Payment in lieu of taxes
(6) Brown University164 Angell Street Providence, RI 02912	05-0258809	501(c)(3)	848,984	0			General Support

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 6

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) Educational Assistance	10	35,000			

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

Identifier	Return Reference	Explanation
Grantmaker's Description of How Grants are Used		Rhode Island Hospital is committed to community programs and provides support to various charitable organizations in Rhode Island and southeastern Massachusetts Donations are made to organizations recognized by the IRS as being described in IRC Section 501(c)(3) All contributions are approved by management and are made to organizations whose missions and goals align with those of the Hospital In 2012, Lifespan, on behalf of Rhode Island Hospital and The Miriam Hospital, reached an agreement with the City of Providence to make voluntary payments to help stabilize the city's financial health Lifespan has always maintained a strong commitment to Providence through its many community-based programs, as well as through the charity care it provides As an organization, Lifespan understands that Providence's fiscal health is vital to the economic health of the entire State of Rhode Island The agreement is a groundbreaking partnership that demonstrates Lifespan's commitment to help ensure a strong and vital Providence Individual scholarships are awarded annually to applicants by a joint decision making body comprised of both IBT (International Brotherhood of Teamsters) and RIH representatives Payments are made directly to qualified educational institutions on behalf of scholarship recipients

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

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Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

Part I Questions Regarding Compensation

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

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) Timothy J Babineau MD	(i)							
	(ii)	670,179	113,906	49,377	123,194	22,473	979,129	21,386
(2) Robert B Klein MD	(i)	412,688	5,250	11,285	16,966	16,079	462,268	
	(ii)							
(3) Penelope H Dennehy MD	(i)	193,064	2,470	4,458	12,594	9,318	221,904	
	(ii)							
(4) Paul Y Liu MD	(i)	393,083		1,916	10,695	16,792	422,486	
	(ii)							
(5) Murray B Resnick MD	(i)	496,994	13,000	3,041	16,953	18,533	548,521	
	(ii)							
(6) Mary A Wakefield	(i)	499,573	84,291	93,969	85,853	15,848	779,534	67,780
	(ii)							
(7) Latha R Pisharodi MD	(i)	470,819	9,000	4,136	16,973	20,770	521,698	
	(ii)							
(8) John B Murphy MD	(i)	305,350		56,630	51,212	19,745	432,937	32,493
	(ii)							
(9) George A Vecchione	(i)	928,502	390,234	6,529,192	7,350	21,198	7,876,476	3,456,806
	(ii)							
(10) Garth Cosgrove MD	(i)	1,194,096		28,715	15,485	23,055	1,261,351	
	(ii)							
(11) Frederick J Macri	(i)	371,719	63,669	81,566	66,803	17,464	601,221	55,012
	(ii)							
(12) Barbara Riley RN	(i)	228,557	39,108	54,243	43,922	19,717	385,547	34,117
	(ii)							

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
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	Tax Indemnification and Gross-up Payments The Lifespan Executive Long Term Disability program provides financial protection to designated Lifespan executives in the event that they become disabled Premiums are paid to the insurance carrier by the insureds on an after tax basis to allow for income replacement at a reasonable cost The income associated with the premiums is grossed-up to cover the total cost of the benefit as provided in the Lifespan Executive Benefit Plan and is included in Medicare wages, more specifically on Schedule J, Part II, Column B (iii) Housing Allowances or Residences for Personal Use A temporary housing allowance may be provided on a case-by-case basis as part of the recruitment of key executives The allowance is documented in the individual employment contract or employment offer In calendar year 2011 Lifespan provided this benefit to one new executive and the taxable amounts paid for the temporary housing resulting from relocation are included in Medicare wages, more specifically on Schedule J, Part II, column B (iii) Social Club Dues The job responsibilities of certain executives include development of relationships with business leaders and donors Those relationships are facilitated by the ability to meet in private sessions during which focused business discussions take place The Hope and University Clubs, which require individual memberships, are places in Providence where businessmen and women, civic, community and social leaders can gather in a business-like atmosphere The cost of membership is considered by Lifespan to be reasonable and necessary and thus a qualified business expense not taxable to the employee IRS regulations regarding documentation requirements are followed for any payments made for meetings held at the respective club, including the business purpose and nature of the business benefit derived, the nature of the business discussion or activity, and the identity and business relationship of attendees

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

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	Rhode Island Health and Education Building Corporation	52-1300173	762243K36	03-30-2009	72,570,461	see Schedule K, Part V		X		X	X	
B	Rhode Island Health and Education Building Corporation	52-1300173	762243SS3	02-14-2006	160,884,410	see Schedule K, Part V		X		X	X	

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired		18,393,900		
2	Amount of bonds defeased		150,795,375		
3	Total proceeds of issue	72,570,461	160,884,410		
4	Gross proceeds in reserve funds	7,247,455			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	1,069,664	1,377,349		
8	Credit enhancement from proceeds	1,256,743	3,827,355		
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	53,246,921			
11	Other spent proceeds		155,679,706		
12	Other unspent proceeds	9,749,678			
13	Year of substantial completion		2006		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X		X				
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?	X		X					
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶		0 500 %		0 500 %				
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5		0 500 %		0 500 %				
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 L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Roberts Carroll Feldstein Peirce	Partner	196,017	Legal Services		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
		* Edward Feldstein, Trustee, is a partner in Roberts, Carroll, Feldstein and Peirce, a law firm that provides legal services to a sister company, Lifespan Risk Services The common parent of RIH and Lifespan Risk Services is Lifespan Corporation During fiscal year 2012, Lifespan Risk Services paid Roberts, Carroll, Feldstein and Peirce $196,017 for services regarding RIH matters

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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
Rhode Island Hospital

Employer identification number
05-0258954

Identifier	Return Reference	Explanation
	Form 990, Schedule K, Part V	The Hospital has in place written post-issuance tax compliance procedures for tax-exempt obligations To ensure that its bonds continue to qualify for tax-exempt status, the Hospital consults with bond counsel and other legal counsel and advisors, as needed, to ensure that all applicable post-issuance requirements are met The Hospital has not identified any non-compliance with the requirements of its tax-exempt bonds

Identifier	Return Reference	Explanation
	Form 990, Schedule K, Part I, Line B, Column (f)	The proceeds of the Series 2009A Bonds are being used for the purposes of financing projects consisting of (i) the acquisition, construction, renovation, expansion and equipping of certain hospital and related health care facilities owned and operated or to be owned and operated by one or more of Rhode Island, The Miriam or Emma Pendleton Bradley Hospitals, located at and in the vicinity of the Hospital Campuses, (ii) equipping, furnishing and improving facilities and other depreciable assets used in health care operations on the Hospital Campuses, (iii) the funding of a debt service reserve fund for the Bonds, and (iv) the payment of certain expenses of issuance with respect to the Bonds

Identifier	Return Reference	Explanation
	Form 990, Schedule K, Part I, Line A, Column (f)	The proceeds of the Series 2006A Bonds were used (i) to advance refund a portion of the $214,585,000 Hospital Financing Revenue Bonds, Lifespan Obligated Group Issue, Series 1996, (ii) to advance refund a portion of the $78,000,000 Hospital Financing Revenue Bonds, Lifespan Obligated Group Issue, Series 2002 and (iii) to pay certain expenses incurred in connection with the issuance of the Series 2006A Bonds

Identifier	Return Reference	Explanation
	Form 990, Part XII, Line 2	While the Hospital did not produce a separate audited financial statement as of and for the year ended September 30, 2012, it was included in Rhode Island Hospital and Affiliates' consolidated audited financial statements, which include Rhode Island Hospital, RIH Ventures, and Radiosurgery Center of Rhode Island, LLC There are no regulatory or creditor stipulations which require the preparation of a separate audited financial statement for the organization The Lifespan Audit and Compliance Committee assumes responsibility for oversight of the audit of RIH's consolidated financial statements and the selection of Lifespan's independent accountant

Identifier	Return Reference	Explanation
	Form 990, Part VI Section B, Lines 15 a&b cont	Base Salary Actions The CEO recommends any salary adjustments for participants in the executive compensation program, using the results of the valuation study and his/her assessment of individual performance or other pertinent information, for the Committee's consideration New Participants in Executive Compensation Program With respect to compensation offers for individuals expected to participate in the executive compensation program, the office of the Senior Vice President of Human Resources works with the Committee's independent compensation consultant or relies on information previously provided by the consultant to establish a range of reasonable cash compensation within which recruitment is expected to conclude with acceptance of a reasonable compensation offer

Identifier	Return Reference	Explanation
	Form 990, Part VI Section B, Lines 15 a&b	The following applies to Lifespan and all of its affiliates, including Rhode Island Hospital EXECUTIVE COMPENSATIONLifespan's executive compensation philosophy balances appropriate stewardship of resources and the need to be competitive in recruiting and retaining talented individuals It incorporates market-competitive and performance-related principles, and covers the President and CEO of Lifespan as well as other officers, senior management and key employees Lifespan's executive compensation program complies with both law and contemporary ethical norms, and is administered consistent with the organization's tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and the avoidance of transactions subject to intermediate sanctions under Section 4958 of the IRC Executive compensation is also administered consistent with Lifespan's Corporate Compliance Policy on Excess Benefit Transactions The Compensation Committee of the Lifespan Corporation Board of Directors (the Committee), comprised of disinterested Lifespan and affiliate Board members, is responsible for diligent oversight of executive compensation to ensure compliance with IRC requirements Its duties include * Approving eligibility for participation in the executive compensation program * Approving changes in compensation for existing executive participants * Approving guidelines, such as salary ranges and contract terms, on appropriate levels of compensation for other key employees* Approving new, and modifying or terminating existing, executive compensation plans including, but not limited to, annual and long-term incentive and executive benefit plans* Approving performance objectives associated with Lifespan's annual and long-term incentive plans, including measuring points, and using audited actual performance relative to these objectives as a precondition to approving the payment of any awards under the plan(s)* Authorizing periodic performance benchmark studies to be conducted for purposes of assessing Lifespan's performance within the healthcare industry and the degree to which total remuneration levels at Lifespan are generally commensurate with Lifespan performance relative to healthcare industry performance* Conducting an annual performance review of Lifespan's Chief Executive Officer The Chair of the Committee conducts and documents this review, based on his/her observations and interpretation of feedback from members of the Board of Directors * Selecting and engaging qualified, independent, third party compensation valuation consultants that the Committee charges with rendering opinions with respect to the reasonableness and comparability of compensation as well as the comparative organizations against which compensation is assessed, in accordance with relevant sections of the IRC and Lifespan's executive compensation philosophy The independent consultants are not engaged by management to perform any services for Lifespan without prior approval by the Committee Lifespan's Chief Executive Officer works closely with the Committee to make recommendations on the above topics and keep the Committee informed about contemplated compensation changes for executives and other key employees, as well as candidates for these roles The CEO also provides periodic updates to the Committee regarding Lifespan's performance relative to compensation-related performance objectives The Committee's deliberations and actions are documented in minutes prepared for each meeting PROCESS FOR DETERMINING COMPENSATION Valuation of Total Cash and Total Remuneration No less frequently than annually, the Committee receives and reviews a total cash compensation valuation of all existing executive compensation program participants prepared by its independent compensation consultant Annually, the Committee also receives and reviews a total remuneration valuation of all existing executive compensation participants

Identifier	Return Reference	Explanation
	Form 990, Part VI Section B, Line 12c	Lifespan Corporation has a Conflict of Interest Policy that is applicable to all affiliates, including Rhode Island Hospital, and administered by Lifespan's Corporate Compliance Department as follows Each designated person subject to Lifespan's conflict of interest policy is required to provide Lifespan with an initial disclosure statement and thereafter an annual statement attesting that (i) the designated person has read and is familiar with this policy, and (ii) the designated person and, to the best of his/her knowledge, family members, have not in the past engaged in, are not presently engaging in, or plan to engage in, any activity which contravenes this policy If, at any time during the course of employment or association, a designated person has reason to believe that an existing or contemplated activity may contravene this policy, the person shall submit a full written description of the activity to the Lifespan Compliance Officer or the Office of the General Counsel to seek a determination as to whether the contemplated activity does or does not contravene this policy (For the bulk of Lifespan management staff knowledge of this requirement shall be acknowledged as part of the annual performance evaluation process) If the activity in question involves either the Chief Executive Officer, the Senior Vice President and General Counsel, or a Trustee, a full written disclosure must be made to, and a determination sought from, the Chairman of the Board of Directors of Lifespan Corporation Annually, the Lifespan Compliance Officer shall review and report to the Lifespan Executive Corporate Compliance Committee and to the Lifespan Audit and Compliance Committee on the administration of this policy Failure on the part of any designated person to comply with this policy, including failure to submit in a timely fashion the conflict of interest disclosure statement, will be grounds for removal from his/her position and/or termination of his/her employment with Lifespan

Identifier	Return Reference	Explanation
	Form 990, Part III, Line 4c, continued	Major areas of research include Cancer RIH participates in clinical trials of new therapeutic agents in both adult and pediatric medicine These trials are supported by the National Cancer Institute and include the Cancer and Leukemia Group B (CALGB), Pediatric Oncology Group (POG), and National Surgical Adjuvant Breast and Bowel Project (NSABP) RIH is a participating hospital in the Brown University-sponsored Cancer Oncology group (BrUCOG) The Liver Research Center The Liver Research Center emphasizes studies relating to the molecular biology of liver diseases such as Hepatitis B and C and cellular carcinoma Heart Disease Clinical research continues in antithrombolytic therapy and anticoagulant therapy General research continues in areas of invasive therapy, such as angioplasty, artherectomy, coronary stenting, and laser treatment of coronary artery disease Neurological Illness The Alzheimer's Disease and Memory Disorder combines high quality neurological, neuropsychologic, and psychiatric services, thus creating a comprehensive diagnostic and treatment center for patients with memory disorders Stroke The Stroke Center at Rhode Island Hospital provides services to more than 900 adult and geriatric patients with suspected transient ischemic attack (TIA) or stroke annually in Rhode Island and Southeastern Massachusetts As the region's only primary stroke center located within a Level 1 trauma center, Rhode Island Hospital is uniquely qualified to provide the most advanced clinical care to acute stroke patients Other major research areas included multiple sclerosis, epilepsy, Parkinson's disease, and other movement disorders

Identifier	Return Reference	Explanation
	Form 990, Part III, Line 4b, continued	Under an affiliation agreement with The Warren Alpert Medical School of Brown University (Brown), RIH participates jointly in various clinical training programs and research activities In 2010, Brown named RIH its Principal Teaching Hospital The goals of the partnership are to facilitate the expansion of joint educational and research programs in order to compete both clinically and academically The Hospital currently sponsors 46 graduate medical education programs accredited by or under the auspices of the Accreditation Council for Graduate Medical Education (ACGME), while also sponsoring another 26 hospital-approved residency and fellowship programs The Hospital serves as the principal setting for these clinical training programs, which encompass the following disciplines internal medicine and medicine subspecialties, including hematology and oncology, orthopedics and orthopedic subspecialties, clinical neurosciences, general surgery and surgical specialties, pediatrics and pediatric specialties, including hematology and oncology, dermatology, radiology, pathology, child psychiatry, emergency medicine and emergency medicine specialties, dentistry, and medical physics In 2012, Brown University enrolled 455 students in undergraduate medical education programs All medical students at Brown receive training at RIH The Hospital teaching faculty help to ensure that the experience for both undergraduate and graduate medical education trainees remains transformative - transforming novice practitioners into physicians able to think, act, and keep their focus on the ultimate goal of providing the best and most appropriate care for patients no matter what the setting or circumstances The Hospital is also a participating clinical training site for another 200 residents and fellows based at other institutions in anesthesiology, general surgery, family medicine, infectious disease, pulmonary medicine, rheumatology, obstetrics/gynecology (OB/Gyn) and OB/Gyn subspecialties, otolaryngology, podiatry, psychiatry, geriatric psychiatry, orthopedics, pediatric dentistry, colorectal surgery, and radiation oncology programs With respect to nursing education, the Hospital has developed educational affiliations with the University of Rhode Island College of Nursing, Rhode Island College School of Nursing, Community College of Rhode Island, Salve Regina University, Boston College, Yale University, Regis College, Simmons College, St Joseph's Health Services' School of Nursing, the University of Massachusetts campuses at Dartmouth, Boston, Amherst and Worcester, the University of Connecticut, New England Technical Institute, Walden University, and the University of Pennsylvania, as well as other Schools of Nursing, pursuant to which their nursing students obtain clinical training and experience at the Hospital The Hospital does not receive any compensation from the various schools for providing a clinical setting for the student nurse training RIH sponsors training programs in the following medical fields medical technology, diagnostic medical sonography, nuclear medicine technology, radiologic technology, mammography, computed tomography, and magnetic resonance imaging At RIH, clinical affiliations/student clinical training programs are provided through contracts with a number of colleges and universities in the professional areas of speech-language pathology and audiology, physical therapy, physical therapy assistants, occupational therapy, and certified occupational therapy assistants In addition, RIH serves as the clinical setting for training programs in histology, cytology, phlebotomy, child development and social work. RIH also has clinical affiliations/student clinical training programs for pharmacy students provided through contracts with a number of colleges and universities

Identifier	Return Reference	Explanation
	Form 990, Part III, Line 4a, continued	In 2012, RIH discharged 34,089 inpatients with total inpatient days of 179,378, treated 149,867 patients in its emergency departments, performed 22,354 inpatient and outpatient surgical procedures, and cared for 174,892 patients in outpatient clinics Special services, facilities and programs provided by RIH include the Comprehensive Cancer Center for adults, Cardiovascular Institute, comprised of cardiac catheterization, balloon angioplasty and open heart surgery, critical care services, microvascular surgery, nuclear cardiology, radiology, laboratory, renal dialysis, computerized tomography, orthopedics, including minimally invasive carpal tunnel surgery and cartilage transplants for knee defects, and magnetic resonance imaging (MRI) RIH is the designated Level I Trauma Center for the State of Rhode Island and southeastern Massachusetts, with a state-of-the-art emergency department (ED) and a dedicated pediatric ED RIH's adult ED includes a dedicated radiology unit, including 4-slice and 16-slice CT scanners, ultrasound and x-ray machines, an all-inclusive chest pain center, a critical care unit for the most seriously injured and ill, and private treatment rooms In 2007, RIH was the first hospital in New England to place a cardiac catheterization lab in its ED, providing faster care and preserving heart muscle function for acute cardiac patients RIH provides a full range of services to patients, with particular expertise in diagnostic imaging, cardiology, oncology (both medical and radiation), neurosciences and orthopedics RIH offers imaging with the PET/CT technology for cancer staging, while cardiac MRI and 64-slice cardiac CT scanners are powerful tools for evaluating heart disease and function The Anne C Pappas Center for Breast Imaging is the only facility in the state to be designated a Breast Imaging Center of Excellence by the American College of Radiologists In the area of cancer services, RIH pioneered image-guided tumor ablation, which shrinks or eliminates tumors by destroying them with heat (microwave ablation and radiofrequency ablation) or by freezing them (cryoablation) In addition, radiation oncology services include a linear accelerator for image-guided radiotherapy and stereotactic radiosurgery, as well as electronic brachytherapy for early-stage breast cancer patients, which reduces average treatment times from eight weeks to five days In the area of surgical oncology, RIH is the only hospital in the state and one of only a few hospitals in New England to offer hyperthermic intraperitoneal chemoperfusion (HIPEC) for patients with advanced cancer of the abdomen In the sphere of neurosurgery, RIH features one of the first gamma knife surgical centers in the United States, which offers intracranial stereotactic radiosurgery for the non-invasive treatment of brain lesions previously inaccessible or unsuccessfully treated by conventional therapies Rhode Island Hospital provides a wide-range of adult, adolescent, and child behavioral health services Related behavioral health services programs and research provided include psychiatry emergency services for adults, adolescents, and children, psychiatry consultation liaison services, correctional psychiatry program, inpatient and geriatric psychiatry programs, mood disorders program, gambling treatment program, anxiety disorders program, body dysmorphic disorder program, behavioral sleep medicine program, substance abuse treatment program, neuropsychiatric services, adult and pediatric neuropsychology services, adult and pediatric partial hospitalization programs, family research program, and Bradley/ Hasbro Children's Research Center

Identifier	Return Reference	Explanation
	Form 990, Part I, Line 6	Volunteers support and contribute to the mission of RIH and HCH every day, giving their time, energy and enthusiasm Throughout the hospital, they are able to learn, meet other dedicated volunteers, better understand the healthcare environment, and gain personal satisfaction knowing they are making a difference to patients, families and visitors alike Volunteer positions are available for both teens and adults in a wide variety of positions, including greeters, family liaisons, emergency room support, gift shop support, nurse aides, office support, pet therapy, physical therapy, patient visitors, recovery room support, art therapy, and central transporters Volunteers also transport students and serve as guides, escorts, and interpreter aides

Identifier	Return Reference	Explanation
		RIH also offers pediatric services through its pediatric division, Hasbro Children's Hospital (HCH) HCH's specialties include cardiology, orthopedics, and hematology/oncology HCH also has the area's only center for pediatric imaging, as well as the area's only pediatric intensive care unit, pediatric oncology and outpatient cardiac programs, pediatric emergency department, and pediatric surgical unit It operates specialty clinics treating children ranging in age from newborn to 18 years Services and programs include adolescent medicine, the Asthma and Allergy Center, the Children's Neurodevelopment Center, the Child Life Program, the Child Protection Program, dermatology, gastroenterology, infectious disease, the Injury Prevention Center, the Kidney Transplant Center, nephrology, neurosurgery, nutrition, the Partial Hospitalization Program, surgery, plastic surgery, primary care clinic, rehabilitation services, Sickle Cell Clinic, and urology Additional special services, facilities and programs furnished by RIH include the endovascular hybrid operating rooms uite (the only one of its kind in Rhode Island, the suite's design provides vascular surgeons with the flexibility to perform minimally invasive procedures and traditional open surgeries simultaneously with limited anesthesia), adult and pediatric kidney and pancreas transplant center, Alzheimer's disease and memory disorders center, an adult and pediatric hemostasis and thrombosis center, an adult and pediatric diabetes and endocrinology center, colorectal care center, and the transfusion-free medicine and surgery program, one of only two such formalized programs in New England RIH also holds designation or certification as a bariatric surgery center of excellence, adult and pediatric burn center, breast imaging center of excellence, primary stroke center, and the distinction center for spine surgery, knee and hip replacement, and complex and rare cancers RIH provides full charity care for individuals at or below twice the federal poverty level, with a sliding scale for individuals up to four times the poverty level In addition, a substantial discount is offered to all other uninsured patients The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including compensation and benefits, supplies, and other operating expenses, based on data from its costing system The total cost, excluding medical education and research, incurred by the Hospital to provide charity care amounted to $48,012,732 in fiscal 2012 Charges forgone, based on established rates, amounted to $175,109,000 RIH substantially subsidized various health services including the following programs adult psychiatry, dental, adolescent, and Alzheimer's, as well as the Center for Special Children, early intervention, and certain other specialty services at a cost of $8,997,646 in fiscal year 2012 RIH also provides numerous other services to the community for which charges are not generated These services include certain emergency services, community health screenings for cardiac health, prostate cancer and other diseases, smoking cessation, immunization and nutrition programs, diabetes education, stroke and burn survivor support groups, community health training programs, patient advocacy, foreign language translation, physician referral services, and charitable contributions The cost of these services amounted to $304,788 in fiscal 2012 In 2012, Lifespan, on behalf of Rhode Island Hospital and The Miriam Hospital, reached an agreement with the City of Providence to make voluntary payments of $800,000 a year for three years, for a total of $2 4 million to help stabilize the city's financial health RIH's share of the voluntary payment is $584,000 a year, for a total of $1,752,000 Lifespan has always maintained a strong commitment to Providence through its many community-based programs, as well as through the charity care it provides Community programs provide support to the city through various clinics, community health programs, employment training initiatives, youth employment and mentoring programs, and substantial financial support to various city programs As an organization, Lifespan understands that the fiscal health of the City of Providence is vital to the economic health of the entire State of Rhode Island The agreement is a groundbreaking partnership that demonstrates Lifespan's commitment to help ensure a strong and vital Providence RIH is accredited by The Joint Commission, the Accreditation Council for Graduate Medical Education for residency and fellowship training, the Accreditation Council for Continuing Medical Education of the Rhode Island Medical Society, the American College of Surgeons' Commission on Cancer, the Joint Review Committees on Educational Programs in Nuclear Medicine Technology and Radiologic Technology, the Commission of Accreditation of Allied Health Education Programs,

Identifier	Return Reference	Explanation
		and the National Accrediting Agency for Clinical Laboratory Sciences In 2012, Rhode Island Hospital's adult cardiothoracic intensive care unit received its second Beacon Award for Critical Care Excellence Rhode Island Hospital's diagnostic imaging department was awarde d Healthcare Technology Management's first Best Practices in Healthcare Technology Managem ent Aw ard The award recognizes the Hospital's effort to establish and sustain a culture o f safety The Comprehensive Cancer Center at Rhode Island Hospital w as recognized by the Q uality Oncology Practice Initiative (QOPI) Certification Program for delivering high-quali ty patient care The QOPI Certification Program, an affiliate of the American Society of C linical Oncology, provides a three-year certification for outpatient hematology-oncology p ractices that meet the highest standards for quality cancer care In addition, RIH w as nam ed one of the 25 best hospitals to w ork for in the U S by Healthcare Business & Technolog y

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Lifespan and the Lifespan Obligated Group, which consists of RIH, The Miriam Hospital, Emma Pendleton Bradley Hospital, Rhode Island Hospital Foundation, and The Miriam Hospital Foundation, currently make their annual and quarterly consolidated financial statements available to the public via DAC (Digital Assurance Certification LLC), a disclosure dissemination agent for issuers of the tax-exempt bonds which electronically posts and transmits Lifespan's financial information to repositories and investors alike In addition, copies of the Hospital's Articles of Incorporation, Bylaws, and Conflict of Interest Policy are available upon request from the office of the Lifespan Chief Financial Officer, either in person or by mail

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	The preparation and filing of the Form 990 and supporting schedules is the responsibility of the Chief Financial Officer and Lifespan's Finance Department, with review by Lifespan's tax advisors, KPMG LLP The Form 990 is prepared by the accounting staff upon completion of Lifespan's annual independent audit and reviewed by the Corporate Services Tax Compliance Manager Further review is performed by the Director of Finance and the Vice President of Finance - Corporate Services Once the draft Form 990 is complete, the Director of Finance forwards it with all supporting worksheets to KPMG, which then reviews the completed form in detail The Director of Finance answers questions as they arise and provides additional information as needed KPMG provides the Director of Finance with any recommended changes which are reviewed, and if agreed upon, are incorporated into the return The draft Form 990 is then provided to the Chief Financial Officer for final management review Prior to filing the return with the Internal Revenue Service, a copy of the entire form is sent to Rhode Island Hospital's Board of Trustees in advance of its next Board meeting, at which the Chief Financial Officer discusses the highlights of the Form All questions and concerns of the members of the Board are addressed by the Chief Financial Officer and incorporated into the Form 990 when appropriate Once the Form 990 is complete and ready to be filed, the members of the Board are notified via email that a copy of the final version of the Form 990 is accessible through a password protected website portal The Chief Financial Officer is authorized to file the Form 990

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	Lifespan has the responsibility for planning, directing and establishing policies intended to assure the development and delivery of quality health services on an integrated, cost-effective basis Powers reserved to Lifespan, in addition to those noted above, include to approve amendment of the Articles of Incorporation and Bylaws and other Charter documents, to approve strategic plans, to approve investment policies and any capital or operating budgets or material non-budgeted expenditures, and to authorize incurrence or guaranty of material indebtedness

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	The bylaws of Rhode Island Hospital (RIH) confer certain reserved powers on Lifespan to provide it with the means of effective oversight, coordination and support of the system Powers reserved to Lifespan include to elect and remove trustees and to approve the election of and to remove certain officers At each annual meeting of the RIH Board of Trustees, a list is compiled of the names of those persons selected to serve as Trustees of RIH so that it can be approved and submitted to Lifespan for ratification and election

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	Lifespan Corporation is the sole corporate member of Rhode Island Hospital

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 2	Form 990, Part VI, Line 2 Description of Business or Family Relationship of Officers, Directors, Et	Timothy J Babineau, M D , President, and Mary A Wakefield, CFO, are employed by and officers of Lifespan Corporation Ms Wakefield is also an officer VNA Technicare, Inc (VNA) Frederick J Macri, Officer, is employed by Lifespan Corporation and an officer of VNA Penelope H Dennehy is employed by Rhode Island Hospital

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Rhode Island Hospital

Employer identification number
05-0258954

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Lubris LLC 111 Speen Street Suite 303 Framingham, MA 01701 27-0582012	Technology	MA	NA	Related	-1,410	-1,413		No			No	7 500 %
(2) Southern New England Rehabilitation Ptr 200 High Service Avenue North Providence, RI 02904 05-0482868	Rehab Svcs	RI	NA	Related	55,664			No		Yes		50 000 %
(3) Radiosurgery Center of Rhode Island LLC 593 Eddy Street Providence, RI 02903 26-2171671	Radiosurg	RI	NA	Related	-608,225	3,038,536		No		Yes		55 000 %
(4) Orthopedic MRI of Rhode Island LLC 100 Butler Drive Providence, RI 02906 26-1293469	Imaging Svc	RI	NA	Related	101,542	212,509		No			No	33 330 %
(5) MRICT of Providence LLC 20 Catamore Boulevard East Providence, RI 02914 04-3563061	Imaging Svc	RI	NA	Related	-508,868	5,039		No			No	50 000 %

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) AHB Will co Bank of America 11 Westminster Street Providence, RI 029032305	Philanthropic	RI	N/A	T	15,827	403,754	100 000 %
(2) VNA Technicare Inc 622 George Washington Highway Lincoln, RI 02865 05-0472710	DME Sales	RI	LDS Inc	C			
(3) Lifespan Risk Services Inc 167 Point Street Providence, RI 02903 05-0459767	Risk Mgmnt	RI	Lifespan Corp	C			
(4) Lifespan MSO Inc 167 Point Street Providence, RI 02903 05-0508717	Mgmnt Svcs	RI	Lifespan Corp	C			

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

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

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

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

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID: 11000144
Software Version: 2011v1.5
EIN: 05-0258954
Name: Rhode Island Hospital

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
RI Sound Enterprises Insurance Co Ltd 65 Front Street Hamilton HM 12 BD	Offshore Insurance Captive	BD	N/A	N/A	Lifespan Corporation		No
Lifespan Physician Group Inc 167 Point Street Providence, RI 02903 05-0389801	Health Care Services	RI	501(c)(3)	9	Lifespan Corporation		No
The Neurology Foundation Inc 34 Parsonage Street Providence, RI 02903 05-0448314	Medical Care	RI	501(c)(3)	11	NA		No
The Miriam Hospital Foundation 167 Point Street Providence, RI 02903 05-0377502	Philanthropic Activities	RI	501(c)(3)	7	Lifespan Corporation		No
The Miriam Hospital 164 Summit Avenue Providence, RI 02906 05-0258905	Health Care Services	RI	501(c)(3)	3	Lifespan Corporation		No
Rhode Island Hospital Foundation 167 Point Street Providence, RI 02903 05-0468736	Philanthropic Activities	RI	501(c)(3)	7	Lifespan Corporation		No
RIH Ventures 593 Eddy Street Providence, RI 02903 05-0448686	Parking Facilities/ Phlebotomy Services	RI	501(c)(3)	11	Lifespan Corporation		No
NHCC Medical Associates Inc 11 Friendship Street Newport, RI 02840 05-0472268	Health Care Services	RI	501(c)(3)	11	Newport Health Care Corporation		No
Newport Hospital Foundation Inc 11 Friendship Street Newport, RI 02840 22-2535533	Philanthropic Activities	RI	501(c)(3)	7	Newport Health Care Corporation		No
Newport Hospital 11 Friendship Street Newport, RI 02840 05-0258914	Health Care Services	RI	501(c)(3)	3	Newport Health Care Corporation		No
Newport Health Property Management Inc 11 Friendship Street Newport, RI 02840 22-2335539	Property Management	RI	501(c)(3)	11	Newport Health Care Corporation		No
Newport Health Care Corporation 11 Friendship Street Newport, RI 02840 22-2535537	Holding Company/ Mgmnt Services	RI	501(c)(3)	7	Lifespan Corporation		No
Lifespan of Massachusetts Inc c/o Archstone Law 245 Winter St Waltham, MA 02451 04-3408517	Holding Company	MA	501(c)(3)	11	Lifespan Corporation		No
Lifespan Foundation 167 Point Street Providence, RI 02903 05-0493219	Philanthropic Activities	RI	501(c)(3)	7	Lifespan Corporation		No
Lifespan Diversified Services 167 Point Street Providence, RI 02903 05-0258935	Holding Company/ Mgmnt Services	RI	501(c)(3)	11	Lifespan Corporation		No
Lifespan Corporation 167 Point Street Providence, RI 02903 22-2861978	Holding Company/ Mgmnt Services	RI	501(c)(3)	11	NA		No
Hospital Properties Inc 593 Eddy Street Providence, RI 02903 22-2869743	Property Management	RI	501(c)(4)		Lifespan Corporation		No
Emma Pendleton Bradley Hospital 1011 Veterans Memorial Parkway East Providence, RI 02915 05-0258806	Pediatric Psychiatric Health Care Services	RI	501(c)(3)	3	Lifespan Corporation		No
Bradley Hospital Foundation 167 Point Street Providence, RI 02903 05-0500688	Philanthropic Activities	RI	501(c)(3)	7	Lifespan Corporation		No

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Southern New England Rehabilitation Ptr	r	314,056	Cash Basis
(2)	Radiosurgery Center of Rhode Island LLC	p	438,148	Accrual
(3)	Radiosurgery Center of Rhode Island LLC	n	344,014	Accrual
(4)	Radiosurgery Center of Rhode Island LLC	b	275,000	Cash Basis
(5)	Radiosurgery Center of Rhode Island LLC	a	110,557	Accrual
(6)	Hospital Properties Inc	j	569,021	Accrual
(7)	Hospital Properties Inc	c	114,316	Accrual

RHODE ISLAND HOSPITAL AND AFFILIATES

Consolidated Financial Statements

September 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

RHODE ISLAND HOSPITAL AND AFFILIATES

Consolidated Financial Statements

September 30, 2012 and 2011

Table of Contents

KPMG LLP
6th Floor, Suite A
100 Westminster Street
Providence, RI 02903-2321

Independent Auditors' Report

The Board of Trustees
Rhode Island Hospital

We have audited the accompanying consolidated statements of financial position of Rhode Island Hospital and Affiliates (the Hospital) 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 consolidated financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes 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 Hospital'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, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rhode Island Hospital and Affiliates as of September 30, 2012 and 2011, and the 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

KPMG LLP

February 19, 2013

RHODE ISLAND HOSPITAL AND AFFILIATES

Consolidated Statements of Financial Position

September 30 2012 and 2011

(In thousands)

Assets	2012	2011
Current assets		
Cash and cash equivalents	$ 8 025	$ 22 610
Patient accounts receivable	184 653	172 017
Less allowance for doubtful accounts	(46 616)	(44 535)
Net patient accounts receivable	138 037	127 482
Other receivables	22 336	21 216
Total receivables	160 373	148 698
Assets limited as to use	730	729
Inventories	13 479	12 282
Prepaid expenses and other current assets	2 356	2 083
Total current assets	184 963	186 402
Interest in net assets of Rhode Island Hospital Foundation	53 892	51 844
Assets limited as to use	525 468	502 444
Less amount required to meet current obligations	(730)	(729)
Noncurrent assets limited as to use	524 738	501 715
Property and equipment net	504 929	501 134
Other assets		
Deferred charges and financing costs net	5 833	6 363
Other noncurrent assets	173	705
Total other assets	6 006	7 068
Total assets	$ 1 274 528	$ 1 248 163

Liabilities and Net Assets	2012	2011
Current liabilities		
Accounts payable	$ 38 867	$ 37 664
Accrued employee benefits and compensation	25 298	26 869
Other accrued expenses	24 708	32 611
Current portion of long-term debt	7 988	7 523
Current portion of estimated third-party payor settlements	9 649	16 845
Estimated health care benefit self-insurance costs	3 694	3 128
Total current liabilities	110 204	124 640
Long-term debt net of current portion	246 902	255 390
Estimated third-party payor settlements net of current portion	30 273	25 824
Accrued pension liability	164 351	124 624
Other liabilities	26 237	26 560
Total liabilities	577 967	557 038
Net assets		
Unrestricted	384 697	400 847
Temporarily restricted	238 461	218 428
Permanently restricted	73 403	71 850
Total net assets	696 561	691 125
Total liabilities and net assets	$ 1 274 528	$ 1 248 163

See accompanying notes to consolidated financial statements

RHODE ISLAND HOSPITAL AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2012 and 2011

(In thousands)

	2012	2011
Unrestricted revenues and other support		
Patient service revenue, net of contractual allowances	$ 990,459	$ 965,335
Provision for bad debts	(62,074)	(62,147)
Net patient service revenue	928,385	903,188
Other revenue	25,378	33,244
Endowment earnings contributed toward community benefit	8,651	7,998
Net assets released from restrictions used for operations	19,611	19,105
Net assets released from restrictions used for research	50,481	53,564
Total unrestricted revenues and other support	1,032,506	1,017,099
Operating expenses		
Compensation and benefits	592,172	594,260
Supplies and other expenses	213,444	204,921
Purchased services	123,891	119,408
Depreciation and amortization	36,944	34,682
Interest	13,732	14,084
License fees	46,344	44,926
Total operating expenses	1,026,527	1,012,281
Income from operations	5,979	4,818
Nonoperating gains and losses		
Net realized gains (losses) on board-designated investments	7,594	(1,912)
Litigation settlement (note 15)	—	(8,359)
Other nonoperating (losses) gains, net	(87)	52
Total nonoperating gains (losses), net	7,507	(10,219)
Excess (deficiency) of revenues over expenses	$ 13,486	$ (5,401)

(Continued)

RHODE ISLAND HOSPITAL AND AFFILIATES

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

Years ended September 30, 2012 and 2011

(In thousands)

	2012	2011
Unrestricted net assets		
Excess (deficiency) of revenues over expenses	$ 13,486	$ (5,401)
Other changes in unrestricted net assets		
Change in funded status of pension and other postretirement plans, other than net periodic pension and postretirement benefit costs	(40,877)	(10,237)
Net change in unrealized gains on investments available for sale	5,098	(566)
Net assets released from restrictions used for purchase of property and equipment	6,998	4,970
Decrease in interest in net assets of Rhode Island Hospital Foundation	(1)	(684)
Transfer to Hospital Properties, Inc	(482)	—
Decrease in noncontrolling interest in affiliate	(372)	(469)
Decrease in unrestricted net assets	(16,150)	(12,387)
Temporarily restricted net assets		
Gifts, grants and bequests	59,762	63,701
Income from restricted endowment and other restricted investments	1,895	2,500
Increase (decrease) in interest in net assets of Rhode Island Hospital Foundation	1,782	(3,218)
Transfers from Rhode Island Hospital Foundation	7,600	8,292
Net assets released from restrictions	(77,090)	(77,639)
Net realized and unrealized gains on investments	26,084	3,549
Increase (decrease) in temporarily restricted net assets	20,033	(2,815)
Permanently restricted net assets		
Net change in unrealized gains on investments held in perpetual trusts by others	1,286	(568)
Increase in interest in net assets of Rhode Island Hospital Foundation	267	4,989
Increase in permanently restricted net assets	1,553	4,421
Increase (decrease) in net assets	5,436	(10,781)
Net assets, beginning of year	691,125	701,906
Net assets, end of year	$ 696,561	$ 691,125

See accompanying notes to consolidated financial statements

RHODE ISLAND HOSPITAL AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2012 and 2011

(In thousands)

	2012	2011
Cash flows from operating activities		
Increase (decrease) in net assets	$ 5,436	$ (10,781)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Change in funded status of pension and other postretirement plans, other than net periodic pension and postretirement benefit costs	40,877	10,237
Net realized and unrealized gains on investments	(40,062)	(503)
Undistributed portion of change in interest in net assets of Rhode Island Hospital Foundation	(2,048)	(1,087)
Transfers from Rhode Island Hospital Foundation	(7,600)	(8,292)
Transfer to Hospital Properties, Inc	482	—
Depreciation and amortization	36,944	34,682
Provision for estimated health care benefit self-insurance costs	59,046	57,150
Decrease in liabilities for estimated health care benefit self-insurance costs resulting from claims paid	(58,480)	(57,977)
Net (increase) decrease in patient accounts receivable	(10,555)	1,834
Increase in accounts payable	1,203	2,045
Decrease in accrued employee benefits and compensation	(1,571)	(5,548)
Decrease in estimated third-party payor settlements	(2,747)	(19,801)
(Decrease) increase in all other current and noncurrent assets and liabilities, net	(11,934)	3,393
Net cash provided by operating activities	8,991	5,352
Cash flows from investing activities		
Purchase of property and equipment	(40,209)	(40,684)
Net decrease in trustee-held bond funds	5,828	11,711
Other net decreases (increases) in assets limited as to use	11,210	(2,725)
Net cash used in investing activities	(23,171)	(31,698)
Cash flows from financing activities		
Payments on long-term debt	(7,523)	(7,152)
Transfers from Rhode Island Hospital Foundation	7,600	8,292
Transfer to Hospital Properties, Inc	(482)	—
Net cash (used in) provided by financing activities	(405)	1,140
Net decrease in cash and cash equivalents	(14,585)	(25,206)
Cash and cash equivalents, beginning of year	22,610	47,816
Cash and cash equivalents, end of year	$ 8,025	$ 22,610
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 14,411	$ 14,785

See accompanying notes to consolidated financial statements

(1) Description of Organization

Rhode Island Hospital (the Hospital), located in Providence, Rhode Island, is a 719-bed nonprofit general acute care teaching hospital with university affiliation providing a comprehensive range of diagnostic and therapeutic services (excluding obstetrics) for the acute care of patients principally from Rhode Island and southeastern Massachusetts As a complement to its role in service and education, the Hospital actively supports research The Hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and participates as a provider primarily in Medicare, Blue Cross and Medicaid programs The Hospital is also a member of Voluntary Hospitals of America, Inc (VHA)

Effective August 9, 1994, the Hospital and The Miriam Hospital (TMH) of Providence, RI (247 beds) implemented a plan which included the creation of a not-for-profit parent company, Lifespan Corporation Each hospital continues to maintain its own identity, as well as its own campus and its own name Lifespan, the sole member of the Hospital and TMH, has the responsibility for strategic planning and initiatives, capital and operating budgets, and overall governance of the consolidated organization

In 2009, Lifespan announced its intention to combine the Hospital and TMH into a single hospital with two campuses Rhode Island Hospital Foundation and The Miriam Hospital Foundation would remain as separate entities The hospitals have begun to integrate clinical programs and services and do not expect the elimination of services or a significant loss of jobs Each has nominated, and Lifespan has selected, an identical slate of trustees to serve as the governing body for both hospitals

(2) Charity Care and Other Community Benefits

The total net cost of charity care and other community benefits provided by the Hospital for the years ended September 30, 2012 and 2011 is summarized in the following table

	2012	2011
Charity care	$ 50,601	$ 46,592
Medical education, net	50,534	48,301
Research	11,317	10,325
Subsidized health services	10,461	8,559
Community health improvement services and community benefit operations	952	919
Unreimbursed Medicaid costs	5,067	—
Total	$ 128,932	$ 114,696

Charity Care

The Hospital provides full charity care for individuals at or below twice the federal poverty level, with a sliding scale for individuals up to four times the poverty level In addition, a substantial discount is offered to all other uninsured patients The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including compensation and benefits, supplies,

(2) Charity Care and Other Community Benefits (continued)

and other operating expenses, based on data from its costing system The total cost, excluding medical education and research, incurred by the Hospital to provide charity care amounted to $50,601 and $46,592 in 2012 and 2011, respectively Charges forgone, based on established rates, amounted to $175,109 and $162,888 in 2012 and 2011, respectively

Medical Education

The Hospital provides the setting for and substantially supports medical education in various clinical training and nursing programs The total cost of medical education provided by the Hospital exceeds the reimbursement received from third-party payors by $50,534 and $48,301 in 2012 and 2011, respectively

In 1969, the Hospital and certain other Rhode Island hospitals entered into an affiliation agreement to participate jointly in various clinical training programs and research activities with Brown Medical School, renamed The Warren Alpert Medical School of Brown University (Brown) In 2010, Brown named the Hospital its Principal Teaching Hospital TMH and Emma Pendleton Bradley Hospital (EPBH) continue to be designated as major teaching affiliates The goals of the partnership are to facilitate the expansion of joint educational and research programs in order to compete both clinically and academically The Hospital currently sponsors 46 graduate medical education programs accredited by or under the auspices of the Accreditation Council for Graduate Medical Education (ACGME), while also sponsoring another 26 hospital-approved residency and fellowship programs The Hospital serves as the principal setting for these clinical training programs, which encompass the following disciplines internal medicine and medicine subspecialties, including hematology and oncology, orthopedics and orthopedic subspecialties, clinical neurosciences, general surgery and surgical specialties, pediatrics and pediatric specialties, including hematology and oncology, dermatology, radiology, pathology, child psychiatry, emergency medicine and emergency medicine specialties, dentistry, and medical physics The Hospital provides stipends to residents and physician fellows while in training

The Hospital is also a participating clinical training site for residents from other programs in anesthesiology, pediatric dentistry, family medicine, infectious disease, obstetrics/gynecology (OB/Gyn) and OB/Gyn subspecialties, otolaryngology, podiatry, psychiatry, geriatric psychiatry, orthopedics, pulmonary medicine, rheumatology, general surgery, colorectal surgery, and radiation oncology programs

With respect to nursing education, the Hospital has developed educational affiliations with the University of Rhode Island College of Nursing, Rhode Island College School of Nursing, Community College of Rhode Island, Salve Regina University, Boston College, Yale University, Regis College, Simmons College, St Joseph's Health Services' School of Nursing, the University of Massachusetts campuses at Dartmouth, Boston, Amherst and Worcester, the University of Connecticut, New England Technical Institute, Walden University, and the University of Pennsylvania, as well as other Schools of Nursing, pursuant to which their nursing students obtain clinical training and experience at the Hospital The Hospital does not receive any compensation from the various schools for providing a clinical setting for the student nurse training

(Continued)

(2) Charity Care and Other Community Benefits (continued)

The Hospital sponsors training programs in the following medical fields medical technology, diagnostic medical sonography, nuclear medical technology, radiologic technology, mammography, computed tomography, and magnetic resonance imaging At the Hospital, clinical affiliations/student clinical training programs are provided through contracts with a number of colleges and universities in the professional areas of speech-language pathology and audiology, physical therapy, physical therapy assistants, occupational therapy, and certified occupational therapy assistants In addition, the Hospital serves as the clinical setting for training programs in histology, cytology, phlebotomy, child development and social work

The Hospital has clinical affiliations/student clinical training programs for pharmacy students provided through contracts with a number of colleges and universities

Research

The Hospital conducts extensive medical research and is in the forefront of biomedical health care delivery research and among the leaders nationally in the National Institutes of Health programs The Hospital also sponsors a significant level of these research activities, as indicated in the table on page 6

Federal support accounts for approximately 68% of all externally funded research at the Hospital Researchers focus on clinical trials which investigate prevention and treatment of HIV/AIDS, obesity, cancer, diabetes, cardiac disease, neurological problems, orthopedic advancements, and mental health concerns Researchers may work in the laboratory or with patients, or both

Subsidized Health Services

The Hospital substantially subsidizes various health services including the following programs adult psychiatry, dental, adolescent, and Alzheimer's, as well as the Center for Special Children, early intervention, and certain other specialty services

Community Health Improvement Services and Community Benefit Operations

The Hospital also provides numerous other services to the community for which charges are not generated These services include certain emergency services, community health screenings for cardiac health, prostate cancer and other diseases, smoking cessation, immunization and nutrition programs, diabetes education, community health training programs, patient advocacy, foreign language translation, physician referral services, and charitable contributions

Unreimbursed Medicaid Costs

The Hospital subsidizes the cost of treating patients who receive government assistance where reimbursement is below cost Medicaid is a means-tested health insurance program, jointly funded by state and federal governments States administer the program and set rules for eligibility, benefits, and provider payments within broad federal guidelines The program provides health care coverage to low-income children and families, pregnant women, long-term unemployed adults, seniors, and persons with disabilities Eligibility is determined by a variety of factors, which include income relative to the federal

(2) Charity Care and Other Community Benefits (continued)

poverty line, age and immigration status, and assets The unreimbursed Medicaid costs do not include any allocation of medical education or research costs

(3) Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements include the accounts of the Hospital, RIH Ventures (RIHV), and Radiosurgery Center of Rhode Island, LLC (RCRI) Operations of RIHV include phlebotomy services which facilitate laboratory specimen testing, as well as parking facilities that serve patients and staff of the Hospital RIH owns a 55% interest in RCRI, a limited liability company formed to operate a radiation therapy center utilizing cyberknife technology All significant intercompany accounts and transactions have been eliminated in consolidation

The Hospital considers events and transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure These consolidated financial statements were issued on February 19, 2013 and subsequent events have been evaluated through that date (see Note 19)

(b) 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 amounts reported in the consolidated financial statements and accompanying notes Actual results could differ from those estimates

(c) Accounting Pronouncement Adopted in 2012

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2011-07, Health Care Entities (Topic 954) *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), which requires certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts)

Effective September 30, 2012, the Hospital elected to early adopt ASU 2011-07 and changed its reporting of the provision for bad debts All periods presented have been reclassified in accordance with the provisions of ASU 2011-07 The adoption of ASU 2011-07 did not impact the Hospital's financial position, results of operations, or cash flows

(3) Summary of Significant Accounting Policies (continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts limited as to use by board-designation or other arrangements under trust agreements

(e) Investments and Investment Income

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 820-10, *Fair Value Measurements and Disclosures* (ASC 820-10), defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date ASC 820-10 establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date,
- Level 2 – observable prices that are based on inputs not quoted in active markets, but which are corroborated by market data, and
- Level 3 – unobservable inputs that are used when little or no market data is available

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs In determining fair value, the Hospital utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible

Following is a description of the valuation methodologies used for investments measured at fair value

Cash and short-term investments Valued at the net asset value (NAV) reported by the financial institution

U S government agency and corporate obligations Valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments, including matrix pricing based on quoted prices for securities with similar coupons, ratings and maturities These investments are designated by the Hospital as trading securities

Corporate equity securities Valued at the closing prices reported by an active market in which the individual securities are traded These investments are designated by the Hospital as trading securities

Collective investment funds Investments in collective investment funds with monthly pricing and liquidity are valued using NAV as reported by the investment manager, which approximates the

(3) Summary of Significant Accounting Policies (continued)

market values of the underlying investments within the fund or realizable value as estimated by the investment manager Otherwise, such investments are recorded at historical cost The Hospital has applied the accounting guidance in Accounting Standards Update No 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)* (ASU 2009-12), which permits the use of NAV or its equivalent reported by each underlying alternative investment fund as a practical expedient to estimate the fair value of the investment These investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements or operations of the underlying funds Also, because the Hospital uses NAV as a practical expedient to estimate fair value, the level in the fair value hierarchy in which each fund's fair value measurement is classified is based primarily on the Hospital's ability to redeem its interest in the fund at or near the date of the consolidated statement of financial position Accordingly, the inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risk associated with those investments or a reflection on the liquidity of each fund's underlying assets and liabilities

Investments of less than 5% in limited partnerships are recorded at historical cost Investments of 5% or more in limited partnerships, limited liability corporations, or similar investments are accounted for using the equity method

Investments designated by the Hospital as trading securities are reported at fair value, with gains or losses resulting from changes in fair value recognized in the consolidated statements of operations and changes in net assets as realized gains or losses on investments For investment securities other than trading, a decline in the market value of the security below its cost that is designated to be other than temporary is recognized through an impairment charge classified as a realized loss and a new cost basis is established

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments other than those designated as trading securities or those accounted for using the equity method are excluded from the excess (deficiency) of revenues over expenses

Realized gains or losses on sales of investments are determined by the average cost method Realized gains or losses on unrestricted investments are recorded as nonoperating gains or losses, realized gains or losses on restricted investments are recorded as an addition to or deduction from the appropriate restricted net asset category

Investment income from funds held by trustees under bond indenture agreements is recorded as other revenue The Hospital maintains a spending policy for certain of its board-designated funds which provides that investment income from such funds is recorded within unrestricted revenues as endowment earnings contributed toward community benefit

(3) Summary of Significant Accounting Policies (continued)

Income from permanently restricted investments is recorded within nonoperating gains when unrestricted by donor and as an addition to the net assets of the appropriate temporarily restricted fund when restricted by donor

(f) Assets Limited as to Use

Assets limited as to use primarily include designated assets set aside by the Hospital's Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets whose use by the Hospital has been permanently restricted by donors or limited by grantors or donors to a specific purpose, as well as assets held by trustees under bond indenture agreements and irrevocable split-interest trusts Amounts required to meet current liabilities of the Hospital are reported in current assets in the consolidated statements of financial position

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost Depreciation is computed over the estimated useful life of each class of depreciable asset using the straight-line method Buildings and improvements lives range from 5 to 40 years and equipment lives range from 3 to 20 years Certain software development costs are amortized using the straight-line method over a period of five years Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

(h) Deferred Financing Costs

Deferred financing costs, which relate to the issuance of long-term bonds payable to the Rhode Island Health and Educational Building Corporation (RIHEBC), are being amortized ratably over the periods the bonds are outstanding

(i) Classification of Net Assets

FASB ASC Subtopic 958-250 (ASC 958-250) provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and also requires disclosures about endowment funds, including donor-restricted endowment funds and board-designated endowment funds

The Hospital is incorporated in and subject to the laws of Rhode Island, which adopted UPMIFA effective as of June 30, 2009 Under UPMIFA, the assets of a donor-restricted endowment fund may be appropriated for expenditure by the Hospital in accordance with the standard of prudence prescribed by UPMIFA As a result of this law and ASC 958-250, the Hospital has classified its net assets as follows

(Continued)

(3) Summary of Significant Accounting Policies (continued)

- *Permanently restricted net assets* contain donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Hospital and primarily consist of the historic dollar value of contributions to establish or add to donor-restricted endowment funds
- *Temporarily restricted net assets* contain grantor or donor-imposed stipulations as to the timing of their availability or use for a particular purpose, including research activities These net assets are released from restrictions when the specified time elapses or when actions have been taken to meet the restrictions Net assets of donor-restricted endowment funds in excess of their historic dollar value are classified as temporarily restricted net assets until appropriated by the Hospital and spent in accordance with the standard of prudence imposed by UPMIFA
- *Unrestricted net assets* contain no donor-imposed restrictions and are available for the general operations of the Hospital Such net assets may be designated by the Hospital for specific purposes, including functioning as endowment funds

See Note 5 for more information about the Hospital's endowment

(j) Excess (Deficiency) of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess (deficiency) of revenues over expenses Changes in unrestricted net assets which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include the change in the funded status of pension and other postretirement plans, the net change in unrealized gains on investments available for sale, net assets released from restrictions used for purchase of property and equipment, the change in interest in net assets of Rhode Island Hospital Foundation, the transfer to Hospital Properties, Inc , and the change in noncontrolling interest in affiliate

(k) Net Patient Service Revenue

The Hospital provides care to patients under Medicare, Medicaid, managed care, and commercial insurance contractual arrangements The Hospital has agreements with many third-party payors that provide for payments to the Hospital at amounts less than its established rates 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 some third-party payors

Medicare and Medicaid utilize prospective payment systems for most inpatient hospital services rendered to program beneficiaries based on the classification of each case into a diagnostic-related group (DRG) Outpatient hospital services are primarily paid using an ambulatory payment classification system

(3) Summary of Significant Accounting Policies (continued)

The majority of payments from managed care and commercial insurance companies are based upon negotiated fixed fee arrangements, whereby a combination of per diem rates and specific case rates are utilized for inpatient services, along with fixed fees applicable to outpatient services

Settlements and adjustments arising under reimbursement arrangements with some third-party payors, primarily Medicare, Medicaid, and Blue Cross, are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined The Hospital has classified a portion of accrued estimated third-party payor settlements as long-term because such amounts, by their nature or by virtue of regulation or legislation, will not be paid within one year Changes in the Medicare and Medicaid programs, such as the reduction of reimbursement, could have an adverse impact on the Hospital

(l) Provision for Bad Debts

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies its revenue trends for each of its major payors to estimate the appropriate allowance for doubtful accounts and the associated 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 Hospital 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, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant allowance for doubtful accounts and 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 applicable) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

The Hospital's allowance for doubtful accounts for self-pay patients decreased from 81% of self-pay accounts receivable at September 30, 2011 to 79% of self-pay accounts receivable at September 30, 2012 The Hospital's self-pay writeoffs for the years ended September 30, 2012 and 2011 amounted to $53,361 and $55,880, respectively The Hospital did not change its charity care or uninsured discount policies during the years ended September 30, 2012 and 2011, respectively The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant writeoffs from third-party payors in either 2012 or 2011

(3) Summary of Significant Accounting Policies (continued)

(m) Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue (see Note 2)

(n) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received The gifts are reported as temporarily or permanently restricted support that increase those net asset classes if they are received with stipulations that limit the use of the assets When a donor or grantor restriction expires, that is, when a stipulated 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

(o) Inventories

Inventories, consisting primarily of medical/surgical supplies and pharmaceuticals, are stated at the lower of cost or market

(p) Estimated Self-Insurance Costs

The Hospital participates in Lifespan self-insurance programs with other Lifespan affiliates for losses arising from professional liability/medical malpractice, general liability, and workers' compensation claims, as well as health benefits to its employees The Hospital has recorded provisions for estimated claims, which are based on the Hospital's own experience The provisions for self-insured losses include estimates of the ultimate costs for both reported claims and claims incurred but not reported

(q) Fair Value of Financial Instruments

The carrying amounts recorded in the consolidated statements of financial position for cash and cash equivalents, patient accounts receivable, assets limited as to use, accounts payable, accrued expenses, estimated third-party payor settlements, and estimated health care benefit self-insurance costs approximate their respective fair values The estimated fair values of the Hospital's assets limited as to use, pension-related assets, and long-term debt are disclosed in notes 5, 8, and 11, respectively

(r) Reclassifications

Certain 2011 amounts have been reclassified to conform with the 2012 reporting format

(4) Disproportionate Share

The Hospital is a participant in the State of Rhode Island's Disproportionate Share Program, established in 1995 to assist hospitals which provide a disproportionate amount of uncompensated care Under the program, Rhode Island hospitals, including the Hospital, receive federal and state Medicaid funds as additional reimbursement for treating a disproportionate share of low income patients Total payments to the Hospital under the Disproportionate Share Program aggregated $53,415 and $50,268 in 2012 and 2011, respectively, and are reflected as part of net patient service revenue in the accompanying consolidated statements of operations and changes in net assets

For periods beyond 2012, the federal government could change the level of federal matching funds for the Disproportionate Share Program Accordingly, it may be necessary for the State of Rhode Island to modify the program and the reimbursement to Rhode Island hospitals under the program At this time, the scope of such modifications or their effect on the Hospital cannot be reasonably determined

(5) Investments

The composition of assets limited as to use at September 30, 2012 and 2011 is set forth in the following table

	2012	2011
Unrestricted board-designated funds	$ 245,642	$ 237,144
Held by trustee under bond indenture agreements	17,776	23,604
Temporarily restricted funds	222,843	203,775
Permanently restricted funds	39,207	37,921
Total	$ 525,468	$ 502,444

Assets limited as to use at September 30 are classified as follows

	2012	2011
Available-for-sale	$ 370,352	$ 370,572
Trading	155,116	131,872
Total	$ 525,468	$ 502,444

Assets limited as to use are classified as trading securities if the buy/sell decision with respect to each portfolio security is the responsibility of an external investment manager All other assets limited as to use are classified as available-for-sale securities

(Continued)

(5) Investments (continued)

Fair Value

The following table summarizes the Hospital's investments and assets held in trust by major category within the ASC 820-10 fair value hierarchy as of September 30, 2012 and 2011, as well as related strategy and liquidity/notice requirements

	2012				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
U.S. equities						
Large cap value	$ 25,700	$ —	$ —	$ 25,700	Daily	One
Mid-cap value	19,551	—	—	19,551	Daily	One
Large cap growth	14,709	—	—	14,709	Daily	One
Marketable alternatives						
Multiple strategies	—	53,115	—	53,115	Quarterly	Sixty-five
Absolute return strategies	—	30,323	—	30,323	Monthly	Five
International equities						
Developed markets	—	59,628	—	59,628	Monthly	Five - Seven
Emerging markets	—	20,695	—	20,695	Monthly	Ten
Commodities						
Energy	9,920	—	—	9,920	Daily	One
Various	—	8,636	172	8,808	Daily - Illiquid	One - N/A
Real estate	10,102	—	—	10,102	Daily	Five
Fixed income						
U.S. Treasuries	12,907	—	—	12,907	Daily	One - Five
U.S. Treasury inflation-protected	—	25,448	—	25,448	Daily	Two
U.S. Government and agency	—	6,077	—	6,077	Daily	One
Domestic bonds	42,274	26,955	—	69,229	Daily	One
Global bonds	15,670	38,114	—	53,784	Daily	One - Five
Cash and short-term investments	10,951	—	—	10,951	Daily	One
	161,784	268,991	172	430,947		
Assets held in trust (note 6)	—	—	12,578	12,578		
Held by trustee under bond indenture agreements (note 11)	17,776	—	—	17,776		
Total	$ 179,560	$ 268,991	$ 12,750	$ 461,301		

(Continued)

(5) Investments (continued)

	2011				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
U S equities						
Large cap value	$ 15.993	$ —	$ —	$ 15.993	Daily	One
Mid-cap value	15.442	—	—	15.442	Daily	One
Large cap growth	16.575	—	—	16.575	Daily	One
Marketable alternatives						
Multiple strategies	—	50.841	—	50.841	Quarterly	Sixty-five
Absolute return strategies	—	30.006	—	30.006	Monthly	Five
International equities						
Developed markets	—	52.011	—	52.011	Daily - Monthly	One - Seven
Emerging markets	—	16.780	—	16.780	Monthly	Ten
Commodities						
Energy	9.128	—	—	9.128	Daily	One
Various	—	7.882	176	8.058	Daily - Illiquid	One - N A
Real estate	8.142	—	—	8.142	Daily	Five
Fixed income						
U S Treasuries	14.360	—	—	14.360	Daily	One - Five
U S Treasury inflation-protected	—	23.831	—	23.831	Daily	Two
U S Government and agency	—	9.401	—	9.401	Daily	One
Domestic bonds	38.726	26.693	—	65.419	Daily	One
Global bonds	15.005	32.084	—	47.089	Daily - Monthly	One - Ten
Cash and short-term investments	21.910	—	—	21.910	Daily	One
	155.281	249.529	176	404.986		
Assets held in trust (note 6)	—	—	11.292	11.292		
Held by trustee under bond indenture agreements (note 11)	23.604	—	—	23.604		
Total	$ 178.885	$ 249.529	$ 11.468	$ 439.882		

Trustee-held investments under bond indenture agreements consist of a money market fund invested in U S Government obligations

Investments of less than 5% in collective investment funds which do not have monthly pricing or liquidity are recorded at historical cost Investments of less than 5% in limited partnerships are also recorded at historical cost The aggregate historical cost of these investments, which approximates market value as reported by investment managers, amounted to $64,167 at September 30, 2012 and $62,562 at September 30, 2011

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable Because the NAV reported by each fund is used as a practical expedient to estimate the fair value of the Hospital's interest therein, its classification in Level 2 or 3 is based on the Hospital's ability to redeem its interest at or near the date of the consolidated statement of financial position If the interest can be redeemed in the near term, the investment is generally classified in Level 2 The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities

(Continued)

(5) Investments (continued)

There were no transfers between Level 1 and Level 2 fair value measurements during the years ended September 30, 2012 and 2011

The following table presents the Hospital's activity for the years ended September 30, 2012 and 2011 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820-10

	2012		
	Commodities	Assets held in trust	Total
Fair value at October 1, 2011	$ 176	$ 11,292	$ 11,468
Net unrealized gains (losses)	(4)	1,286	1,282
Fair value at September 30, 2012	$ 172	$ 12,578	$ 12,750

	2011		
	Commodities	Assets held in trust	Total
Fair value at October 1, 2010	$ 191	$ 11,860	$ 12,051
Net unrealized losses	(15)	(568)	(583)
Fair value at September 30, 2011	$ 176	$ 11,292	$ 11,468

(Continued)

(5) Investments (continued)

Investment Income, Gains and Losses

Investment income, gains and losses for cash equivalents and assets limited as to use are comprised of the following for the years ended September 30

	2012	2011
Other revenue		
Investment income	$ 64	$ 103
Endowment earnings contributed toward community benefit		
Interest and dividend income	$ 8,651	$ 7,998
Nonoperating gains and losses		
Net realized gains (losses) on board-designated investments	$ 7,594	$ (1,912)
Other changes in unrestricted net assets		
Net change in unrealized gains on investments available for sale	$ 5,098	$ (566)
Changes in temporarily restricted net assets		
Income from restricted endowment and other restricted investments	$ 1,895	$ 2,500
Net realized and unrealized gains on investments	26,084	3,549
	$ 27,979	$ 6,049
Changes in permanently restricted net assets		
Net change in unrealized gains on investments held in perpetual trusts by others	$ 1,286	$ (568)

(Continued)

(5) Investments (continued)

Liquidity

Investments as of September 30, 2012 and 2011 are summarized below based on when they may be redeemed or sold

	2012	2011
Investment redemption or sale period		
Daily	$ 276,813	$ 283,911
Monthly	110,647	85,455
Quarterly	53,115	50,841
One-to-five years	729	961
Locked-up until liquidation	19,997	18,714
Total	$ 461,301	$ 439,882

Locked-up until liquidation includes assets held in trust (note 6) and the trustee-held debt service reserve fund under the 2009A bond indenture agreement (note 11)

Commitments

Venture capital, private equity, and certain energy and real estate investments are made through limited partnerships Under the terms of these agreements, the Hospital is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely The Hospital cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain The aggregate amount of unfunded commitments associated with the above noted investment categories as of September 30, 2012 was $5,148

(5) Investments (continued)

Investments with Unrealized Losses

Information regarding investments with unrealized losses at September 30, 2012 and 2011 is presented below, segregated between those that have been in a continuous unrealized loss position for less than twelve months and those that have been in a continuous unrealized loss position for twelve or more months

	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
September 30, 2012						
Unrestricted board-designated and temporarily restricted funds						
Collective investment funds	$ —	$ —	$ 15,670	$ 137	$ 15,670	$ 137
Total temporarily impaired securities	$ —	$ —	$ 15,670	$ 137	$ 15,670	$ 137

	Less than 12 months		12 months or longer		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
September 30, 2011						
Unrestricted board-designated and temporarily restricted funds						
Collective investment funds	$ 38,727	$ 1,455	$ 15,005	$ 927	$ 53,732	$ 2,382
Total temporarily impaired securities	$ 38,727	$ 1,455	$ 15,005	$ 927	$ 53,732	$ 2,382

The Hospital reviewed the above investments with unrealized losses and determined that no impairment was considered to be other than temporary In the evaluation of whether an impairment is other than temporary, the Hospital considers the reasons for the impairment, its ability and intent to hold the investment until the market price recovers, the severity and duration of the impairment, current market conditions, and expected future performance

Endowments

The Hospital's endowment consists of approximately 304 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Hospital to function as endowments Investments associated with endowment funds, including funds designated by the Hospital to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

Endowments (continued)

Endowment funds consist of the following at September 30, 2012

	Unrestricted board-designated	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	$ 222,843	$ 39,207	$ 262,050
Internally board-designated endowment funds	245,642	—	—	245,642
Total endowment funds	$ 245,642	$ 222,843	$ 39,207	$ 507,692

Endowment funds consist of the following at September 30, 2011

	Unrestricted board-designated	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	$ 203,775	$ 37,921	$ 241,696
Internally board-designated endowment funds	237,144	—	—	237,144
Total endowment funds	$ 237,144	$ 203,775	$ 37,921	$ 478,840

(Continued)

Endowments (continued)

Changes in endowment funds for the year ended September 30, 2012 are as follows

	Unrestricted board-designated	Temporarily restricted	Permanently restricted	Total
Endowment funds, October 1, 2011	$ 237,144	$ 203,775	$ 37,921	$ 478,840
Interest and dividend income	8,677	1,895	—	10,572
Net realized and unrealized gains	12,692	26,084	1,286	40,062
Cash gifts, grants and bequests	—	60,579	—	60,579
Transfers from Rhode Island Hospital Foundation	—	7,600	—	7,600
Net assets released from restrictions	—	(77,090)	—	(77,090)
Deposits	1,842	—	—	1,842
Withdrawals	(14,713)	—	—	(14,713)
Endowment funds, September 30, 2012	$ 245,642	$ 222,843	$ 39,207	$ 507,692

Changes in endowment funds for the year ended September 30, 2011 are as follows

	Unrestricted board-designated	Temporarily restricted	Permanently restricted	Total
Endowment funds, October 1, 2010	$ 231,998	$ 205,125	$ 38,489	$ 475,612
Interest and dividend income	8,032	2,500	—	10,532
Net realized and unrealized (losses) gains	(2,478)	3,549	(568)	503
Cash gifts, grants and bequests	—	61,948	—	61,948
Transfers from Rhode Island Hospital Foundation	—	8,292	—	8,292
Net assets released from restrictions	—	(77,639)	—	(77,639)
Deposits	1,842	—	—	1,842
Withdrawals	(2,250)	—	—	(2,250)
Endowment funds, September 30, 2011	$ 237,144	$ 203,775	$ 37,921	$ 478,840

(Continued)

Endowments (continued)

(a) Interpretation of Relevant Law

The portion of donor-restricted endowment funds that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Hospital and donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Hospital
- The investment policies of Lifespan

(b) Return Objectives and Risk Parameters

Lifespan has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, including both donor-restricted funds and unrestricted board-designated funds. Under this policy, as approved by Lifespan, the endowment assets are invested in a manner that is intended to produce results that exceed the total benchmark return while assuming a moderate level of investment risk. The Hospital expects its endowment funds, over a full market cycle, to provide an average annual real rate of return of approximately 5% plus inflation annually. Actual returns in any given year or period of years may vary from this amount.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Lifespan relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Lifespan targets a diversified asset allocation that places emphasis on investments in public equity, marketable alternatives, real assets and fixed income to achieve its long-term return objectives within prudent risk constraints.

(Continued)

Endowments (continued)

(d) Spending Policy

The Hospital invests its endowment funds in accordance with the total return concept Applicable endowments include unrestricted board-designated endowment funds and donor-restricted endowment funds The governing board of the Hospital has approved an endowment spending rate of 4% based on all of the above factors This spending rate is applied to the trailing twelve-quarter average fair value of the applicable endowments

(6) Assets Held in Trust

The Hospital is a beneficiary of various irrevocable split-interest trusts The fair market value of these investments at September 30, 2012 and 2011 was $12,578 and $11,292, respectively, and is reported as permanently restricted funds within assets limited as to use in the consolidated statements of financial position

(7) Property and Equipment

Property and equipment, by major category, is as follows at September 30

	2012	2011
Land and improvements	$ 23,742	$ 23,748
Buildings and improvements	678,034	666,435
Equipment	360,685	339,830
	1,062,461	1,030,013
Less accumulated depreciation and amortization	589,566	556,700
	472,895	473,313
Construction in progress	32,034	27,821
Property and equipment, net	$ 504,929	$ 501,134

Depreciation and amortization expense for the years ended September 30, 2012 and 2011 amounted to $36,944 and $34,682, respectively

The estimated cost of completion of construction in progress approximated $8,000 at September 30, 2012, comprised mainly of various building renovation projects In addition, the Hospital has several building renovation projects pending contractual commitments with an estimated cost of completion of approximately $10,000

(8) Pension and Other Postretirement Benefits

Voluntary Early Retirement Program (VERP)

On November 23, 2010, Lifespan announced a voluntary early retirement program, which was designed to provide salary and benefits continuation for eligible employees who wished to retire The Hospital's estimated costs of this program in 2011 amounted to $10,836 and were included in compensation and benefits in the consolidated statement of operations and changes in net assets In 2012, compensation and benefits were reduced by $2,369 as these estimated costs were adjusted to account for updated information regarding employees who subsequently withdrew their VERP election The liability related to the VERP is approximately $864 and $3,129 as of September 30, 2012 and 2011, respectively, and is included in accrued employee benefits and compensation in the consolidated statements of financial position

Pension Benefits

Lifespan Corp sponsors the Lifespan Corporation Retirement Plan (the Plan), which was established effective January 1, 1996 when the Rhode Island Hospital Retirement Plan (the RIH Plan) merged into The Miriam Hospital Retirement Plan Upon completion of the merger, the new plan was renamed and is governed by provisions of the Lifespan Corporation Retirement Plan Each employee who was a participant in the RIH Plan and was an eligible employee on January 1, 1996 continues to be a participant on and after January 1, 1996, subject to the provisions of the Plan Employees are included in the Plan on the first of the month which is the later of their first anniversary of employment or the attainment of age 18

The Plan is intended to constitute a plan described in Section 414(k) of the Internal Revenue Code, under which benefits are derived from employer contributions based on the separate account balances of participants in addition to the defined benefits provided under the Plan, which are based on an employee's years of credited service and annual compensation Lifespan's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code as amended, plus such additional amounts as may be determined to be appropriate by Lifespan Lifespan may also make certain discretionary matching contributions to participant account balances included in Plan assets based on salary deferral elections of participants Matching contributions of $6,201 and $8,235 were made in 2012 and 2011, respectively

Substantially all employees of Lifespan Corporation who meet the above requirements are eligible to participate in the Plan

The provisions of FASB ASC Topic 715, *Compensation-Retirement Benefits Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (ASC 715), require an employer to recognize in its statement of financial position an asset for a benefit plan's overfunded status or a liability for a plan's underfunded status, and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets The funded-status amount is measured as the difference between the fair value of plan assets and the projected benefit obligation including all actuarial gains and losses and prior service cost Based on September 30, 2012 and 2011 funded-status amounts for the Hospital's portion of the Plan, the Hospital recorded decreases in unrestricted net assets of $41,768 and $7,223 in 2012 and 2011, respectively

(8) Pension and Other Postretirement Benefits (continued)

The estimated amounts that will be amortized from unrestricted net assets into net periodic pension cost in 2013 are as follows

Net actuarial loss	$ 10,295
Prior service cost	165
	$ 10,460

The following tables set forth the Plan's projected benefit obligation and the fair value of plan assets

	2012	2011
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	$ 537,664	$ 528,319
Service cost	24,220	26,395
Interest cost	26,972	28,785
Plan amendments	—	(7,092)
Actuarial loss (gain)	94,953	(3,656)
Benefits paid	(42,798)	(33,849)
Administrative expenses	(2,272)	(1,238)
Projected benefit obligation at end of year	$ 638,739	$ 537,664

The accumulated benefit obligation at the end of 2012 and 2011 was $561,362 and $473,368, respectively

	2012	2011
Change in plan assets		
Fair value of plan assets at beginning of year	$ 353,625	$ 338,026
Actual return on plan assets	46,162	2,643
Employer contributions	39,619	48,043
Benefits paid	(42,798)	(33,849)
Administrative expenses	(2,272)	(1,238)
Fair value of plan assets at end of year	$ 394,336	$ 353,625

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

The funded status of the Plan and amounts recognized in Lifespan's consolidated statements of financial position at September 30, pursuant to ASC Topic 715 (as opposed to ERISA), are as follows

	2012	2011
Funded status, end of year		
Fair value of plan assets	$ 394,336	$ 353,625
Projected benefit obligation	638,739	537,664
	$ (244,403)	$ (184,039)

Amounts recognized in the Hospital's consolidated statements of financial position at September 30, 2012 and 2011 are as follows

	2012	2011
Accrued pension liability	$ 164,351	$ 124,624

	2012	2011
Amounts not yet reflected in net periodic pension cost and included in unrestricted net assets		
Prior service benefit	$ 5,006	$ 5,547
Accumulated net actuarial loss	(212,947)	(148,488)
Amounts not yet recognized as a component of net periodic pension cost	(207,941)	(142,941)
Accumulated net periodic pension cost in excess of employer contributions	(36,462)	(41,098)
Net amount recognized	$ (244,403)	$ (184,039)

	2012	2011
Sources of change in unrestricted net assets		
Net loss arising during the year	$ (49,221)	$ (13,139)
New prior service cost	—	(23)
Amortizations		
Net actuarial loss	7,288	5,775
Prior service cost	165	164
Total unrestricted net asset loss recognized during the year	$ (41,768)	$ (7,223)

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

Net Periodic Pension Cost

Components of net periodic pension cost are as follows for the years ended September 30

	2012	2011
Service cost	$ 24,220	$ 26,395
Interest cost	26,972	28,785
Expected return on plan assets	(26,585)	(26,791)
Amortization of net actuarial loss	10,918	8,549
Amortization of prior service (benefit) cost	(541)	288
Net periodic pension cost for Lifespan	$ 34,984	$ 37,226
Net periodic pension cost for the Hospital	$ 23,050	$ 23,120

In 2012 and 2011, Lifespan modified its discretionary matching contribution to participant account balances, reducing the Hospital's net periodic pension cost by $1,290 and $1,577, respectively

The following weighted average assumptions were used by the Plan's actuary to determine net periodic pension cost and benefit obligations

	2012	2011
Discount rate for benefit obligations	3 66%	4 70%
Discount rate for net periodic pension cost	4 70	5 25
Rate of compensation increase	4 50	4 50
Expected long-term rate of return on Plan assets	7 75	7 75

The asset allocation for the Plan at September 30, 2012 and 2011, and the target allocation for 2013, by asset category, are as follows

Asset category	Target allocation 2013	Percentage of plan assets September 30 2012	2011
U S equities	15 - 35%	13 5%	11 6%
Marketable alternatives	0 - 25%	13 6	13 7
International equities	10 - 35%	14 6	13 2
Venture capital	0 - 10%	1 1	1 4
Commodities	0 - 20%	7 5	7 8
Real estate	0 - 15%	2 3	2 3
Fixed income	10 - 50%	42 1	43 2
Cash and cash equivalents	0 - 10%	5 3	6 8
Total		100 0%	100 0%

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

The asset allocation table on page 30 does not include $93,409 and $77,173 of Plan assets at September 30, 2012 and 2011, respectively, attributable to the separate savings account balances of participants which are managed in various mutual funds by Fidelity Investments (Fidelity)

The overall financial objective of the Plan is to meet present and future obligations to beneficiaries, while minimizing long-term contributions to the Plan (by earning an adequate, risk adjusted return on Plan assets), with moderate volatility in year-to-year contribution levels

The primary investment objective of the Plan is to attain the expected long-term rate of return on Plan assets in support of the above objective The Plan's specific investment objective is to attain an average annual real total return (net of investment management fees) of at least 4 75% over the long term (rolling five-year periods) Real total return is the sum of capital appreciation (or loss) and current income (dividends and interest) adjusted for inflation as measured by the Consumer Price Index

Lifespan employs a rigorous process to annually determine the expected long-term rate of return on Plan assets which is only changed based on significant shifts in economic and financial market conditions These estimates are primarily driven by actual historical asset-class returns along with our long-term outlook for a globally diversified portfolio Asset allocations are regularly updated based on evaluations of future market returns for each asset class

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

Fair Value

The following table summarizes the Plan's investments by major category within the ASC 820-10 fair value hierarchy as of September 30, 2012 and 2011, as well as related strategy and liquidity/notice requirements

	2012				Redemption or liquidation	Days' notice
	Level 1	Level 2	Level 3	Total		
U S equities						
Large cap value	$ 14.860	$ —	$ —	$ 14.860	Daily	One
Mid-cap value	11.798	—	—	11.798	Daily	One
Large cap growth	13.150	—	—	13.150	Daily	One
Marketable alternatives						
Multiple strategies	—	32.635	—	32.635	Quarterly-Annually	Sixty-Ninety-Five
Absolute return strategies	—	8.563	—	8.563	Monthly	Five
International equities						
Developed markets	—	29.720	—	29.720	Monthly	Five - Seven
Emerging markets	—	14.231	—	14.231	Monthly	Ten
Venture capital	—	—	7.889	7.889	Illiquid	N A
Commodities						
Energy	—	7.452	—	7.452	Daily	One
Various	—	12.207	—	12.207	Daily - Illiquid	One - N A
Real estate	4.199	—	—	4.199	Daily	One
Fixed income						
U S Treasuries	8.887	—	—	8.887	Daily	One - Five
U S Treasury inflation-protected	—	13.624	—	13.624	Daily	Two
U S Government and agency	—	13.304	—	13.304	Daily	One
Domestic bonds	18.959	43.103	—	62.062	Daily	One
Global bonds	—	28.772	—	28.772	Daily	One - Five
Cash and cash equivalents	17.574	—	—	17.574	Daily	One
Fidelity mutual funds	93.409	—	—	93.409	Daily	One
Total	$ 182.836	$ 203.611	$ 7.889	$ 394.336		

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

	2011				Redemption	Days'
	Level 1	Level 2	Level 3	Total	or liquidation	notice
U S equities						
Large cap value	$ 11,734	$ —	$ —	$ 11,734	Daily	One
Mid-cap value	7,906	—	—	7,906	Daily	One
Large cap growth	11,602	—	—	11,602	Daily	One
Marketable alternatives						
Multiple strategies	—	21,921	7,785	29,706	Quarterly - Illiquid	Sixty - Ninety-five
Absolute return strategies	—	8,398	—	8,398	Monthly	Five
International equities						
Developed markets	—	25,395	—	25,395	Daily - Monthly	Three - Seven
Emerging markets	—	11,293	—	11,293	Monthly	Ten
Venture capital	—	—	10,004	10,004	Illiquid	N A
Commodities						
Energy	—	5,882	—	5,882	Daily	One
Various	—	11,628	—	11,628	Daily	One
Real estate	3,254	—	—	3,254	Daily	One
Fixed income						
U S Treasuries	7,526	—	—	7,526	Daily	One
U S Treasury inflation-protected	—	13,218	—	13,218	Daily	Two
U S Government and agency	—	10,053	—	10,053	Daily	One
Domestic bonds	16,054	44,182	—	60,236	Daily - Monthly	One - Five
Global bonds	—	28,269	—	28,269	Monthly	Forty-five
Cash and cash equivalents	20,348	—	—	20,348	Daily	One
Fidelity mutual funds	77,173	—	—	77,173	Daily	One
Total	$ 155,597	$ 180,239	$ 17,789	$ 353,625		

There were no transfers between Level 1 and Level 2 fair value measurements during the years ended September 30, 2012 and 2011

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 investments for the years ended September 30, 2012 and 2011

	Venture capital	Marketable alternatives	2012 Total
Fair value at October 1, 2011	$ 10,004	$ 7,785	$ 17,789
Unrealized (losses) gains, net	(1,488)	979	(509)
Transfers out	—	(8,764)	(8,764)
Purchases	350	—	350
Sales	(2,793)	—	(2,793)
Realized gains, net	1,816	—	1,816
Fair value at September 30, 2012	$ 7,889	$ —	$ 7,889

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

	Venture capital	Marketable alternatives	2011 Total
Fair value at October 1, 2010	$ 11,480	$ 4,062	$ 15,542
Transfers in	—	11,037	11,037
Transfers out	—	(7,008)	(7,008)
Purchases	315	—	315
Sales	(2,823)	—	(2,823)
Realized gains, net	1,356	—	1,356
Unrealized losses, net	(324)	(306)	(630)
Fair value at September 30, 2011	$ 10,004	$ 7,785	$ 17,789

Expected Cash Flows

Information about the expected cash flows for the Plan is as follows

Employer contributions	
2013 (expected for Lifespan)	$ 30,619
2013 (expected for the Hospital)	19,770
Expected benefit payments	
2013	$ 29,577
2014	24,978
2015	24,720
2016	26,899
2017	31,693
2018 through 2022	182,250

Management evaluates its Plan assumptions annually and the expected employer contributions in 2013 could increase

Other Postretirement Benefits

In addition to providing pension benefits, the Hospital provides certain health care and life insurance benefits to retired employees As of December 31, 2003, health care and life insurance postretirement benefits were eliminated for all active employees of the Hospital with fewer than fifteen years of consecutive service The Hospital's postretirement plan is not expected to be materially affected by health care reform legislation

The Hospital recognizes in its consolidated statements of financial position an asset for a benefit plan's overfunded status or a liability for a plan's underfunded status, and recognizes changes in that funded status in the year in which the changes occur through changes in unrestricted net assets The funded-status

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

amount is measured as the difference between the fair value of plan assets and the benefit obligation including all actuarial gains and losses and prior service cost Based on September 30, 2012 and 2011 funded-status amounts for the Hospital's postretirement benefit plan, the Hospital recorded an increase in unrestricted net assets of $891 in 2012 and a decrease in unrestricted net assets of $3,014 in 2011

The estimated amount that will be amortized from unrestricted net assets into net periodic postretirement benefit cost in 2013 is as follows

Net actuarial loss	$ 315

Benefit Obligations

	2012	2011
Change in accumulated postretirement benefit obligation		
Accumulated postretirement benefit obligation at beginning of year	$ 25,354	$ 22,320
Service cost	467	426
Interest cost	1,144	1,077
Benefits paid	(1,719)	(1,072)
Actuarial (gain) loss	(484)	2,603
Accumulated postretirement benefit obligation at end of year	$ 24,762	$ 25,354

Funded Status

The Hospital has never funded its other postretirement benefit obligations The funded status of the postretirement benefit plan, reconciled to the amount reported in the consolidated statements of financial position, follows

	2012	2011
Benefit obligations	$ 24,762	$ 25,354
Funded status	$ (24,762)	$ (25,354)
Accrued postretirement benefit cost recognized in the consolidated statements of financial position	$ 24,762	$ 25,354

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

Amounts recognized in the consolidated statements of financial position at September 30, 2012 and 2011 consist of

	2012	2011
Accrued postretirement benefit cost		
Current (included in accrued employee benefits and compensation)	$ 1,684	$ 2,033
Noncurrent (included in other liabilities)	23,078	23,321
Total accrued postretirement benefit cost	$ 24,762	$ 25,354

	2012	2011
Accumulated net actuarial loss not yet recognized as a component of net periodic postretirement benefit cost	$ (5,309)	$ (6,200)
Accumulated net periodic postretirement benefit cost	(19,453)	(19,154)
Net amount recognized	$ (24,762)	$ (25,354)

	2012	2011
Sources of change in unrestricted net assets		
Net gain (loss) arising during the year	$ 484	$ (2,546)
Amortizations		
Net actuarial loss	407	171
Prior service benefit	—	(639)
Total unrestricted net asset gain (loss) recognized during the year	$ 891	$ (3,014)

Net Periodic Postretirement Benefit Cost

Components of net periodic postretirement benefit cost are as follows for the years ended September 30

	2012	2011
Service cost	$ 467	$ 426
Interest cost	1,144	1,077
Amortization of net actuarial loss	407	171
Amortization of prior service benefit	—	(639)
Net periodic postretirement benefit cost	$ 2,018	$ 1,035

(Continued)

(8) Pension and Other Postretirement Benefits (continued)

The following weighted average assumptions were used by the plan's actuary to determine net periodic postretirement benefit cost and benefit obligations

	2012	2011
Discount rate for benefit obligations	3.66%	4.70%
Discount rate for net periodic postretirement benefit cost	4.70	4.98

Assumed Health Care Cost Trend Rates at September 30:

	2012	2011
Health care cost trend rate assumed for next year	7.89%	8.13%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2030	2030

Assumed health care cost trend rates have a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects as of September 30, 2012

	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on total of service cost and interest cost	$ 123	$ (111)
Effect on accumulated postretirement benefit obligation	1,519	(1,390)

Expected Cash Flows

Information about the expected cash flows for the postretirement benefit plan follows

Expected benefit payments	
2013	$ 1,684
2014	1,785
2015	1,921
2016	2,036
2017	2,170
2018 through 2022	11,233

(Continued)

(9) Patient Service Revenue and Related Reimbursement

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy) The following is an approximate percentage breakdown of gross patient service revenue by payor type for the years ended September 30

	2012	2011
Medicare and Senior Care	37%	37%
Blue Cross	17	18
Medicaid and RIte Care	19	18
Managed care	12	12
Commercial, self-pay, and other	15	15
	100%	100%

The Hospital grants credit to patients, most of whom are local residents The Hospital generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies (e g , Medicare, Medicaid, Blue Cross, managed care, and commercial insurance policies) On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided

Medicare cost reports filed annually with The Centers for Medicare and Medicaid Services (CMS) are subject to audit prior to final settlement The 2012 Medicare cost report has not been filed and, therefore, is not settled CMS had placed a temporary moratorium on final settlement of Medicare cost reports from 2007 forward, hence the Medicare cost reports for 2007 through 2011 are neither audited nor final settled The State of Rhode Island Medicaid Program no longer requires annual cost reports and year-end retrospective settlements, however, Medicaid cost reports for 2005 through 2010 have not been final settled

Regulations in effect require annual settlements based upon cost reports filed by the Hospital These settlements are estimated and recorded in the accompanying consolidated financial statements Changes in these estimates are reflected in the consolidated financial statements in the year in which they occur Net patient service revenue in the accompanying consolidated statements of operations and changes in net assets was increased by $3,796 and $16,500 in 2012 and 2011, respectively, to reflect changes in the estimated settlements for certain prior years

Revenues from Medicare and Medicaid programs accounted for approximately 37% and 19%, respectively, of the Hospital's gross patient service revenue for the year ended September 30, 2012 Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation

(Continued)

(9) Patient Service Revenue and Related Reimbursement (continued)

The Hospital believes that it is in compliance with all applicable laws and regulations Compliance with laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, failure to comply with such laws and regulations can result in fines, penalties, and exclusion from Medicare and Medicaid programs

(10) Income Tax Status

The Hospital and its affiliates are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from Federal income taxes pursuant to Section 501(a) of the Code

The Hospital recognizes the effect of income tax positions only if those positions are more likely than not of being sustained Recognized income tax provisions are measured at the largest amount of benefit that is greater than fifty percent likely to be realized upon settlement Changes in measurement are reflected in the period in which the change in judgment occurs The Hospital did not recognize the effect of any income tax positions in either 2012 or 2011

(Continued)

(11) Long-Term Debt

Long-term debt consists of the following at September 30

	2012	2011
Hospital Financing Revenue fixed rate serial and term bonds due May 15, 2013 through 2032 in annual amounts ranging from $9,255 to $15,020 at rates ranging from 4% to 5% (2006A Series – Lifespan Obligated Group)	$ 134,930	$ 140,687
Hospital Financing Revenue fixed rate serial and term bonds due May 15, 2027 through 2039 in annual amounts ranging from $1,870 to $7,900 at rates ranging from 6 125% to 7% (2009A Series – Lifespan Obligated Group)	72,441	72,441
Hospital Financing Revenue fixed rate serial and term bonds due May 15, 2013 through 2026 in annual amounts ranging from $730 to $14,705 at rates ranging from 5 25% to 5 75% (1996 Series – Lifespan Obligated Group)	43,407	43,977
Hospital Financing Revenue fixed rate serial and term bonds due August 15, 2012 at 6 375% (2002 Series – Lifespan Obligated Group)	—	1,196
Unamortized premium – 2006A Series	4,000	4,499
Unamortized premium – 2009A Series	112	118
Unamortized discount – 1996 and 2002 Series	—	(5)
	254,890	262,913
Less current portion	7,988	7,523
Long-term debt, excluding current portion	$ 246,902	$ 255,390

The estimated fair value of the Hospital's long-term debt at September 30, 2012 and 2011 approximates $269,000 and $275,000, respectively, and is estimated using discounted cash flow analyses, based on the Hospital's current incremental borrowing rates for similar types of borrowing arrangements

On July 8, 2008, the Board of Directors of Lifespan Corporation, acting as the sole corporate member of Emma Pendleton Bradley Hospital (EPBH), adopted a resolution authorizing EPBH to become a member of the Lifespan Obligated Group The EPBH Board of Trustees, as well as the Boards of the Hospital and TMH, also authorized related resolutions

(Continued)

(11) Long-Term Debt (continued)

On March 30, 2009, Rhode Island Health and Educational Building Corporation (RIHEBC) issued, on behalf of the Lifespan Obligated Group, which consists of the Hospital, TMH, EPBH, Rhode Island Hospital Foundation (RIHF) and The Miriam Hospital Foundation (TMHF), $114,985 of tax-exempt bonds (the 2009A Bonds) for the purposes of financing the acquisition, construction, renovation, expansion and equipping of certain hospital and related health care facilities owned and operated by the Hospital, TMH and EPBH (the Obligated Group Hospitals), including the expansion, construction, renovation, equipping and furnishing of a two-story addition to EPBH's existing building and the renovation of vacated space in the existing building

The above outstanding 2009 Hospital Financing Revenue Bonds (Lifespan Obligated Group – the Hospital, TMH, EPBH, RIHF and TMHF) are secured by a pledge of the gross receipts of the Obligated Group Hospitals and by mortgage liens on the Hospital's and TMH's real property and all buildings, structures and improvements thereon The Obligated Group Hospitals, RIHF and TMHF are jointly and severally liable for repayment of the 2009A Bonds, recorded directly by the Obligated Group Hospitals as follows

The Hospital	$	72,441
TMH		19,547
EPBH		22,997
Total	$	114,985

Payment of the principal amount of and interest on $64,825 of the 2009A Bonds when due is guaranteed by a financial guaranty insurance policy issued by Assured Guaranty Corp

On February 14, 2006, RIHEBC issued, on behalf of the Lifespan Obligated Group, which consisted of the Hospital and TMH, $192,135 of tax-exempt bonds (the 2006A Bonds) for the purpose of refunding $123,405 and $65,315 of the Lifespan Obligated Group's 1996 Bonds and 2002 Bonds, respectively The advance refundings were allocated as follows

		1996 Bonds		2002 Bonds
The Hospital	$	101,809	$	48,986
TMH		21,596		16,329
Total	$	123,405	$	65,315

On September 12, 2006, the Board of Directors of Lifespan Corporation, acting as the sole corporate member of each of the Rhode Island Hospital Foundation and The Miriam Hospital Foundation (the Foundations), adopted resolutions authorizing the Foundations to become members of the Lifespan Obligated Group The Boards of Trustees of each of the Foundations, as well as the then existing members of the Lifespan Obligated Group, the Hospital and TMH, previously authorized related resolutions The effective date for such change was October 1, 2006

(Continued)

(11) Long-Term Debt (continued)

The above outstanding 2006 Hospital Financing Revenue Bonds (Lifespan Obligated Group – the Hospital, TMH, EPBH and the Foundations) are secured by a pledge of the gross receipts of the Hospital and TMH and by mortgage liens on the Hospital's and TMH's real property and all buildings, structures and improvements thereon The Obligated Group Hospitals and the Foundations are jointly and severally liable for repayment of the 2006A Bonds, $134,930 and $34,155 of which has been recorded directly by the Hospital and TMH, respectively Payment of the principal and interest on the 2006A Bonds when due is guaranteed by a financial guaranty insurance policy issued by Assured Guaranty Corp

On December 1, 1996, RIHEBC issued, on behalf of the Lifespan Obligated Group, $214,585 of tax-exempt bonds (the 1996 Bonds), to finance portions of Lifespan's, the Hospital's and TMH's 1996, 1997, 1998, and 1999 expenditures for routine capital equipment and facility renovation/replacement, and to advance refund $8,455 of TMH 1989 Series A bonds, $1,900 of TMH 1992 Series A bonds and $10,065 of TMH 1992 Series B bonds

The above outstanding 1996 Hospital Financing Revenue Bonds (Lifespan Obligated Group – the Hospital, TMH, EPBH and the Foundations) are secured by a pledge of the gross receipts of the Hospital and TMH The Obligated Group Hospitals and the Foundations are jointly and severally liable for repayment of the 1996 Bonds, $43,407 and $9,208 of which has been recorded directly by the Hospital and TMH, respectively Payment of the principal and interest on the 1996 Bonds when due is guaranteed by a financial guaranty insurance policy issued by National Public Finance Guarantee Corp

Under the terms of the 2009A, 2006A and 1996 Bonds, the Obligated Group Hospitals are required to satisfy certain measures of financial performance as long as the bonds are outstanding At September 30, 2012, management believes the Obligated Group Hospitals were in compliance with all covenants of the bonds

The Hospital's aggregate maturities of long-term debt for the five fiscal years ending in September 2017 are as follows 2013, $7,988, 2014, $8,396, 2015, $8,816, 2016, $9,252, and 2017, $9,701

Agreements underlying the various Hospital Financing Revenue Bonds require that the Obligated Group Hospitals maintain certain trustee-held funds, included with assets limited as to use in the consolidated statements of financial position, as follows

Project Fund – The Obligated Group Hospitals are required to apply monies in the Project Fund to pay the costs of debt issuance, facility renovation/replacement, and routine capital equipment

Bond Fund – The Obligated Group Hospitals are required to make periodic deposits to the trustee sufficient to provide sinking funds for the payment of principal and interest to bondholders when due

Debt Service Reserve Funds – The Obligated Group Hospitals are required to apply monies in the Debt Service Reserve Funds to remedy deficiencies in the Bond Fund, if any

(11) Long-Term Debt (continued)

The Hospital's trustee-held funds at September 30 are summarized as follows

	2012	2011
Project Fund – 2009A Series	$ 9,799	$ 15,396
Bond Fund – 2009A Series	730	730
Debt Service Reserve Fund – 2009A Series	7,247	7,246
Debt Service Reserve Fund – 2002 Series	—	232
Total	$ 17,776	$ 23,604

(12) Temporarily and Permanently Restricted Net Assets

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

	2012	2011
General health care service activities	$ 180,585	$ 163,492
Research	45,025	43,867
Interest in net assets of Rhode Island Hospital Foundation	12,851	11,069
Total	$ 238,461	$ 218,428

Permanently restricted net assets at September 30 are restricted to

	2012	2011
General health care service activities	$ 34,742	$ 33,456
Research	4,461	4,461
Interest in net assets of Rhode Island Hospital Foundation	34,200	33,933
Total	$ 73,403	$ 71,850

Income from permanently restricted investments is expendable to support donor-designated purposes

Permanently restricted gifts totaling $250 and $4,675 were received from the Frederick Henry Prince Trust in the years ended September 30, 2012 and 2011, respectively The income on this endowment is restricted to support the Hospital's Neurosciences Institute

(Continued)

(13) Leases

The Hospital leases building space and equipment under various noncancelable operating lease agreements Future minimum lease payments, by year and in the aggregate, under noncancelable operating leases with terms of one year or more consist of the following at September 30, 2012

		Amount
Year ending September 30		
2013	$	6,934
2014		5,119
2015		3,220
2016		1,995
2017		870
Thereafter		7
Total minimum lease payments	$	18,145

Rental expense, including rentals under leases with terms of less than one year, for the years ended September 30, 2012 and 2011 was $10,637 and $9,695, respectively

(14) Concentrations of Credit Risk

Financial instruments which potentially subject the Hospital to concentrations of credit risk consist primarily of accounts receivable and certain investments The risk associated with temporary cash investments is mitigated by the fact that the investments are placed with what management believes are high credit quality financial institutions Investments, which include government and agency obligations, stocks, and corporate bonds, are not concentrated in any corporation, industry, or geographical area

The Hospital receives a significant portion of its payments for services rendered from a limited number of government and commercial third-party payors, including Medicare, Blue Cross, Medicaid, and various managed care entities The Hospital has not historically incurred any significant concentrated credit losses in the normal course of business

(15) Malpractice and Other Litigation

Professional Liability/Medical Malpractice and General Liability

Professional liability/medical malpractice coverage for the Hospital is supplied on a claims-made basis by Rhode Island Sound Enterprises Insurance Co Ltd (RISE), Lifespan's affiliated captive insurance company, which underwrites the medical malpractice risk of the Hospital (including the Hospital's contractual commitment to indemnify certain eligible nonemployed physicians) The adequacy of the coverage provided and the funding levels are reviewed annually by independent actuaries and consultants The professional liability/medical malpractice insurance provided by RISE has liability limits of $4,000 per claim with no annual aggregate RISE provides a second layer of coverage which has limits of an additional $2,000 per claim with a $2,000 annual aggregate In addition, commercial umbrella excess insurance has been obtained by Lifespan to increase the professional liability limits to $32,000 per claim

(Continued)

(15) Malpractice and Other Litigation (continued)

Also covered under the Hospital's professional liability/medical malpractice policy are 541 nonemployed physicians. Each of these physicians is provided with a $2,000 indemnification per claim and a $6,000 annual indemnification aggregate.

The Hospital or its indemnified physicians have been named as defendants in a number of pending actions seeking damages for alleged medical malpractice liability. In the opinion of management, any liability and legal defense costs resulting from these actions will be within the limits of the Hospital's malpractice insurance coverage provided by RISE and/or commercial excess carriers.

General liability coverage is provided to the Hospital by RISE amounting to $4,000 per claim and $4,000 in the annual aggregate. Commercial excess liability insurance has been obtained by Lifespan which provides aggregate general liability coverage of $80,000.

Workers' Compensation

The Hospital has incurred a number of workers' compensation claims and, in the opinion of management, the liability of the Hospital will be within the limits of the assets of Lifespan's workers' compensation self-insurance trust fund.

Other Litigation

Effective September 30, 2011, Lifespan and Tufts Medical Center, Inc. (NEMC) agreed upon the satisfaction in full of a court judgment against Lifespan which had resulted in a net award to NEMC of $9,208. The Hospital's share of this settlement, amounting to $6,480, was reflected as a non-operating loss in 2011 and was paid to NEMC on October 3, 2011. The Hospital recorded an additional $1,879 non-operating loss in 2011 resulting from the write-off of the Hospital's share of Lifespan's notes receivable from NEMC, which had originated upon the exit of NEMC from the Lifespan system in 2002.

The Hospital is also involved in a number of miscellaneous suits and general liability suits arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position or results from operations.

(16) Related-Party Transactions

The Hospital rents space and provides laundry and linen services to affiliates. Included in the Hospital's other revenue in the consolidated statements of operations and changes in net assets are the following amounts resulting from transactions with affiliates for the years ended September 30:

	2012	2011
Rental income	$ 2,430	$ 2,946
Services rendered – laundry and linen	1,647	1,667
Total	$ 4,077	$ 4,613

(Continued)

(16) Related-Party Transactions (continued)

The Hospital was charged a management fee by Lifespan of $84,679 and $82,633 in 2012 and 2011, respectively. Lifespan provides information services, human resources, financial, and various other support services to the Hospital.

Included in other receivables and other accrued expenses in the consolidated statements of financial position are the following amounts due from (to) certain related entities at September 30:

	2012	2011
Other receivables		
Lifespan	$ 3,845	$ —
TMH	—	1,229
Newport Hospital	—	66
EPBH	—	34
Rhode Island Hospital Foundation	—	5
Total	$ 3,845	$ 1,334
Other accrued expenses		
Lifespan	$ —	$ (7,291)
TMH	(664)	—
Newport Hospital	(253)	—
EPBH	(102)	—
Rhode Island Hospital Foundation	(5)	—
Total	$ (1,024)	$ (7,291)

(16) Related-Party Transactions (continued)

During the years ended September 30, 2012 and 2011, the Hospital received temporarily restricted net asset transfers from Rhode Island Hospital Foundation (the Foundation) amounting to $7,600 and $8,292, respectively

The Foundation, whose sole corporate member is Lifespan Corporation, was established to engage in philanthropic activities to support the mission and purposes of Lifespan and the Hospital Funds are distributed to the Hospital upon collection for use in conformity with purpose restrictions stipulated by donors, or as determined by the Boards of Trustees of the Hospital and the Foundation A summary of the Foundation's assets, liabilities, net assets, deficiency of revenues over expenses, and changes in net assets follows The Hospital's interest in the net assets of the Foundation is reported as a noncurrent asset in the consolidated statements of financial position

	2012	2011
Assets, principally assets limited as to use	$ 54,205	$ 52,070
Liabilities	$ 313	$ 226
Unrestricted net assets	6,841	6,842
Temporarily restricted net assets	12,851	11,069
Permanently restricted net assets	34,200	33,933
Total liabilities and net assets	$ 54,205	$ 52,070
Total unrestricted revenues, gains and other support	$ 3,709	$ 3,094
Total expenses	3,863	4,024
Deficiency of revenues over expenses	(154)	(930)
Other increases in unrestricted net assets	153	246
Unrestricted net assets, beginning of year	6,842	7,526
Unrestricted net assets, end of year	$ 6,841	$ 6,842
Increase (decrease) in temporarily restricted net assets	$ 1,782	$ (3,218)
Temporarily restricted net assets, beginning of year	11,069	14,287
Temporarily restricted net assets, end of year	$ 12,851	$ 11,069
Increase in permanently restricted net assets	$ 267	$ 4,989
Permanently restricted net assets, beginning of year	33,933	28,944
Permanently restricted net assets, end of year	$ 34,200	$ 33,933

(Continued)

(17) License Fees

In 2012 and 2011, the State of Rhode Island has assessed a license fee to all Rhode Island hospitals, based on each hospital's 2010 and 2009 net patient service revenue, respectively, as defined The Hospital's license fee expense was $46,344 in 2012 and $44,926 in 2011

(18) Functional Expenses

The Hospital provides general health care services to residents within its geographic location Expenses related to providing these services are as follows for the years ended September 30

	2012	2011
Health care services	$ 829,760	$ 823,536
Research	61,798	63,889
General and administrative		
Depreciation and amortization	36,944	34,682
Interest	13,732	14,084
Other	84,293	76,090
Total general and administrative	134,969	124,856
	$ 1,026,527	$ 1,012,281

(19) Subsequent Event

The board of directors of Lifespan Corporation and the boards of trustees of the Hospital, TMH, Newport Health Care Corporation (NHCC), Newport Hospital, and EPBH approved a restructuring of their governance, effective October 23, 2012 The restructuring is intended to increase governance effectiveness, streamline governance operation, and provide a single strategic perspective for the Lifespan system hospitals Pursuant to the restructuring, the composition of the boards of trustees of each of the hospitals and of NHCC is defined as those persons serving from time to time as the board of directors of Lifespan Corporation As a result, the boards of each entity are comprised of the same individuals The board of each entity retains its responsibilities and authorities notwithstanding the revision in its composition The composition of the boards of trustees of the respective hospital foundations are not impacted by this restructuring, however, the chairs of the four hospital foundations serve ex officio as directors of Lifespan Corporation, and by extension, as trustees of each of the hospitals