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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

Concord Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

250 Pleasant Street

Room/suite

City or town, state or country, and ZIP + 4

Concord, NH 033017539

F Name and address of principal officer

Michael B Green  
250 Pleasant Street  
Concord, NH 033017539

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.concordhospital.org

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation 1944

M State of legal domicile NH

Part I

Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities

Hospital

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

20

4 Number of independent voting members of the governing body (Part VI, line 1b)

4

13

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)

5

3,599

6 Total number of volunteers (estimate if necessary)

6

416

7a Total unrelated business revenue from Part VIII, column (C), line 12

7a

2,300,760

7b Net unrelated business taxable income from Form 990-T, line 34

7b

-749,658

Revenue

8 Contributions and grants (Part VIII, line 1h)

9 Program service revenue (Part VIII, line 2g)

10 Investment income (Part VIII, column (A), lines 3, 4, and 7d )

11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)

12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)

Prior Year

2,685,572

395,532,591

11,582,680

4,879,474

414,680,317

Current Year

8,808,854

404,107,047

4,245,128

5,147,459

422,308,488

Expenses

13 Grants and similar amounts paid (Part IX, column (A), lines 1–3 )

14 Benefits paid to or for members (Part IX, column (A), line 4)

15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)

16a Professional fundraising fees (Part IX, column (A), line 11e)

16b Total fundraising expenses (Part IX, column (D), line 25)

17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)

18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)

19 Revenue less expenses Subtract line 18 from line 12

276,562

0

205,162,383

0

182,843,532

388,282,477

26,397,840

104,300

0

215,096,348

0

184,041,017

399,241,665

23,066,823

Net Assets or Fund Balances

20 Total assets (Part X, line 16)

21 Total liabilities (Part X, line 26)

22 Net assets or fund balances Subtract line 21 from line 20

Beginning of Current Year

397,005,467

237,414,229

159,591,238

End of Year

425,659,886

242,968,183

182,691,703

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

Signature of officer

2013-07-26

Date

Preparer's signature

Timothy R Hepburn CPA

Date

2013-07-26

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00182393

Firm's name (or yours if self-employed), address, and ZIP + 4

BAKER NEWMAN & NOYES LLC  
BOX 507  
PORTLAND, ME 04112

EIN

01-0494526

Phone no

(207) 879-2100

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

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

Concord Hospital is a charitable organization which exists to meet the health needs of individuals within the communities it serves

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 \$ 338,016,482 including grants of \$ 104,300 ) (Revenue \$ 406,953,746 )

Various hospital services, see Schedule HIn 2012, Concord Hospital invested more than \$54 million for community benefit programs, services, and other expenses The largest areas of support were chantable care services, medical education and subsidized programs and services Our investment enhances the Hospital's ability to provide quality patient care, respond to identified community health needs and address the Hospital's mission overall

4b

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

4c

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

4d

Other program services (Describe in Schedule O )

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

4e

Total program service expenses \$ 338,016,482


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.	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	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.		No
4	<b>Section 501(c)(3) organizations.</b> 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.	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.		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.		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.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		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.		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.	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.	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.	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.		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.	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	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.	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.		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.	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I.	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.		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.		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.		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.		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.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> All Form 990 filers that operated one or more hospitals must attach audited financial statements.	Yes	

Part IV

Checklist of Required Schedules (continued)

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

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . . . . .	<b>1a</b> 259	
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b> 0	
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	<b>1c</b>	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return . . . . .	<b>2a</b> 3,599	
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?  <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	<b>3a</b>	Yes
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	<b>3b</b>	Yes
<b>4a</b>	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)? . . . . .	<b>4a</b>	No
<b>b</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		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .	<b>5c</b>	
<b>6a</b>	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? . . . . .	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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? . . . . .	<b>7a</b>	No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	<b>7c</b>	No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	<b>7d</b>	
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	<b>7e</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	<b>7f</b>	No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .	<b>8</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966? . . . . .	<b>9a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	<b>9b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>a</b>	Gross income from members or shareholders . . . . .	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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.	<b>13a</b>	
<b>b</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	<b>13b</b>	
<b>c</b>	Enter the aggregate amount of reserves on hand	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . .	<b>14b</b>	

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.  
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

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

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NH
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. <input checked="" type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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.	Scott Sloane VP Finance 250 Pleasant Street Concord, NH 033017539 (603) 227-7000

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) D Thomas Akey MD Chair	40 00	X		X				291,274	0	58,299
(2) Muriel D Schadee CPA Vice Chair	1 00	X		X				0	0	0
(3) Bruce R Burns Treasurer	60 00			X				411,860	0	78,735
(4) Mary Boucher Secretary	1 00	X		X				0	0	0
(5) Sol Asmar Trustee	1 00	X						0	0	0
(6) Jill K Blackmer Esq Trustee (part year)	1 00	X						0	0	0
(7) Philip Boulter MD Trustee	1 00	X						0	0	0
(8) C Thomas Brown Trustee	1 00	X						0	0	0
(9) William L Chapman Esq Trustee	1 00	X						0	0	0
(10) Michelle Chicoine Trustee	1 00	X						0	0	0
(11) Michael B Green President & CEO	60 00	X		X				757,318	0	171,880
(12) Christian Hallowell MD Trustee	1 00	X						0	0	0
(13) Stephen Imgrund MD Medical Staff President (part year)	40 00	X						255,413	0	46,460
(14) Gary S Jones MD Trustee	1 00	X						0	0	0
(15) Jeffrey S Kipperman CPA Trustee	1 00	X						0	0	0
(16) Rachel M Rowe Trustee	40 00	X						92,237	0	27,780
(17) David Ruedig Trustee	1 00	X						0	0	0



Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) David A Stevenson MD Trustee	40 00	X						236,194	0	43,689
(19) Hon Michael Sullivan Trustee	1 00	X						0	0	0
(20) Greg Thesing MD Medical Staff President (part year)	40 00	X						191,513	0	44,625
(21) Jeffrey K Towle Trustee (part year)	1 00	X						0	0	0
(22) Claudia Walker Trustee	1 00	X						0	0	0
(23) Diane E Wood Allen RN Trustee	40 00	X						228,891	0	71,394
(24) Gerald Sardella MD Physician	40 00					X		505,556	0	43,306
(25) David Green MD Chief Medical Officer	40 00					X		443,313	0	70,828
(26) Joseph M Conley COO	40 00					X		419,260	0	83,103
(27) Paul Snyder MD Physician	40 00					X		401,808	0	67,741
(28) Veronica Triaca MD Physician	40 00					X		414,235	0	43,442
1b Sub-Total . . . . .										
c Total from continuation sheets to Part VII, Section A . . . . .										
d Total (add lines 1b and 1c) . . . . .								4,648,872	0	851,282

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▶252

		Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	3	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	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? <i>If "Yes," complete Schedule J for such person</i> . . . . .	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
Concord Emergency Medical Assoc 540 Lafayette Road Hampton, NH 03842	Physician services	9,391,896
Dartmouth Hitchcock Clinic PO Box 810 Hanover, NH 03755	Physician services	5,220,711
Elliot Hospital 1070 Holt Avenue Suite 2100 Manchester, NH 03109	Healthcare services	2,740,544
Riverbend Community Mental Health 5 Market Lane Concord, NH 03301	Physician & psych services	2,050,724
Concord Imaging Center One Pillsbury Street Concord, NH 03301	Radiology services	1,423,317
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 ▶24		

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	8,792,395					
	e	Government grants (contributions)	1e						
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	16,459					
	g	Noncash contributions included in lines 1a-1f \$ _____							
	h	Total. Add lines 1a-1f . . . . .		8,808,854					
Program Service Revenue			Business Code						
	2a	Patient service	900099	391,562,201	391,562,201				
	b	Other operating	900099	8,520,161	7,424,132	1,096,029			
	c	ARRA-HI-TECH	900099	4,024,685	4,024,685				
	d								
	e								
	f	All other program service revenue							
	g	Total. Add lines 2a-2f . . . . .		404,107,047					
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .		714,555			714,555		
	4	Income from investment of tax-exempt bond proceeds . .							
	5	Royalties . . . . .							
	6a	Gross rents	(i) Real	(ii) Personal					
			397,331						
			b	Less rental expenses	0				
			c	Rental income or (loss)	397,331				
	d	Net rental income or (loss) . . . . .		397,331	397,331				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
			91,620,319						
			b	Less cost or other basis and sales expenses	87,918,375	171,371			
			c	Gain or (loss)	3,701,944	-171,371			
	d	Net gain or (loss) . . . . .		3,530,573			3,530,573		
	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 . .							
	9a	Gross income from gaming activities See Part IV, line 19 . . . . .	a						
	b	Less direct expenses . . . . .	b						
	c	Net income or (loss) from gaming activities . .							
	10a	Gross sales of inventory, less returns and allowances . . . . .	a						
	b	Less cost of goods sold . . . . .	b						
	c	Net income or (loss) from sales of inventory . .							
	Miscellaneous Revenue		Business Code						
11a	Food services	722210	3,568,734	2,364,003	1,204,731				
b	Child care center	624410	857,765	857,765					
c	Answering service	541900	323,629	323,629					
d	All other revenue . . . . .								
e	Total. Add lines 11a-11d . . . . .		4,750,128						
12	Total revenue. See Instructions . . . . .		422,308,488	406,953,746	2,300,760	4,245,128			

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	104,300	104,300		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,155,230	793,392	1,361,838	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	169,366,851	140,394,934	28,971,917	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	8,643,452	7,099,704	1,543,748	
9	Other employee benefits	23,166,486	19,028,877	4,137,609	
10	Payroll taxes	11,764,329	9,663,182	2,101,147	
11	Fees for services (non-employees)				
a	Management	540,977	140,949	400,028	
b	Legal	268,174		268,174	
c	Accounting	101,650		101,650	
d	Lobbying	48,000		48,000	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	684,984		684,984	
g	Other	29,986,073	27,557,692	2,428,381	
12	Advertising and promotion	363,161	115,380	247,781	
13	Office expenses	50,530,439	47,821,876	2,708,563	
14	Information technology	6,292,869	3,890,799	2,402,070	
15	Royalties				
16	Occupancy	11,414,720	8,161,303	3,253,417	
17	Travel	455,446	348,242	107,204	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	681,054	564,177	116,877	
20	Interest	4,861,113	3,305,557	1,555,556	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	22,951,536	15,607,044	7,344,492	
23	Insurance	2,518,603	2,518,603		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a	Bad Debt Expense	27,561,877	27,561,877		
b	Medicaid Enhancement Ta	16,174,879	16,174,879		
c	Repairs/Maintenance	3,465,570	2,731,185	734,385	
d					
e					
f	All other expenses	5,139,892	4,432,530	707,362	
25	Total functional expenses. Add lines 1 through 24f	399,241,665	338,016,482	61,225,183	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			10,686,440	1	34,522,619
	2	Savings and temporary cash investments . . . . .			20,367,895	2	14,382,274
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			41,863,115	4	40,757,735
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			772,929	8	682,217
	9	Prepaid expenses and deferred charges . . . . .			4,001,515	9	4,197,335
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D . . . . .	10a	331,060,818			
	b	Less: accumulated depreciation . . . . .	10b	191,781,348	138,984,309	10c	139,279,470
	11	Investments—publicly traded securities . . . . .			96,521,676	11	117,807,390
	12	Investments—other securities. See Part IV, line 11 . . . . .			59,744,000	12	49,966,941
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .				14	
	15	Other assets. See Part IV, line 11 . . . . .			24,063,588	15	24,063,905
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .			397,005,467	16	425,659,886
Liabilities	17	Accounts payable and accrued expenses . . . . .			42,946,055	17	44,400,946
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			117,196,810	20	107,232,938
	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 . . . . .			77,271,364	25	91,334,299
	26	<b>Total liabilities.</b> Add lines 17 through 25 . . . . .			237,414,229	26	242,968,183
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>						
	27	Unrestricted net assets . . . . .			158,553,844	27	181,560,990
	28	Temporarily restricted net assets . . . . .			162,463	28	247,590
	29	Permanently restricted net assets . . . . .			874,931	29	883,123
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>						
	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	<b>Total net assets or fund balances</b> . . . . .			159,591,238	33	182,691,703
	34	<b>Total liabilities and net assets/fund balances</b> . . . . .			397,005,467	34	425,659,886

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	422,308,488
2	Total expenses (must equal Part IX, column (A), line 25)	2	399,241,665
3	Revenue less expenses Subtract line 2 from line 1	3	23,066,823
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	159,591,238
5	Other changes in net assets or fund balances (explain in Schedule O)	5	33,642
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	182,691,703

Part XII Financial Statements and Reporting

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

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

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 Concord Hospital Inc	Employer identification number 22-2594672
--	--

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 Se**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year	(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	(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 IIIPart 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

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 Concord Hospital Inc	Employer identification number 22-2594672
--	--

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
<b>1</b>	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			
	<b>a</b> Volunteers?		No	
	<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	<b>c</b> Media advertisements?		No	
	<b>d</b> Mailings to members, legislators, or the public?		No	
	<b>e</b> Publications, or published or broadcast statements?		No	
	<b>f</b> Grants to other organizations for lobbying purposes?		No	
	<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	<b>i</b> Other activities? If "Yes," describe in Part IV	Yes		
	<b>j</b> Total lines 1c through 1i			
<b>2a</b>	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	75,928
	<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			75,928
	<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
	<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	Concord Hospital was a member of the NH Hospital Association and the American Hospital Association in the fiscal year ended 9/30/12. A portion of the dues paid to these organizations is available for lobbying expenditures on behalf of Concord Hospital and the other member organizations in furtherance of their exempt purposes. The portions of dues used for lobbying were \$26,946 (NHHA) and \$8,982 (AHA). Concord Hospital has hired an outside consultant to perform services to further Concord Hospital's mission. This consultant was paid \$40,000 in the year ended 9/30/12.

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**  
Concord Hospital Inc

**Employer identification number**  
  
22-2594672

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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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 <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5

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

☐ 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

▶ \$ \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

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

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance . . . . .	139,047,220	135,685,338	108,562,857	100,022,624
b	Contributions . . . . .	3,169,850	8,067,297	17,123,371	2,482,944
c	Investment earnings or losses . . . . .	18,200,869	-4,399,718	10,185,474	6,568,016
d	Grants or scholarships . . . . .				
e	Other expenditures for facilities and programs . . . . .	726,095	305,697	186,364	510,727
f	Administrative expenses . . . . .				
g	End of year balance . . . . .	159,691,844	139,047,220	135,685,338	108,562,857

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 99 370 %

b

Permanent endowment ▶ 0 540 %

c

Term endowment ▶ 0 090 %

3a

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

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

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 . . . . .		18,996		18,996
b Buildings . . . . .		127,126,573	56,819,597	70,306,976
c Leasehold improvements . . . . .				
d Equipment . . . . .		189,916,943	134,961,751	54,955,192
e Other . . . . .		13,998,306		13,998,306
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				139,279,470



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	422,308,488
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	399,241,665
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	23,066,823
4	Net unrealized gains (losses) on investments	4	15,402,935
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-15,369,293
9	Total adjustments (net) Add lines 4 - 8	9	33,642
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	23,100,465

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	394,780,253
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	15,402,935
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	15,402,935
3	Subtract line 2e from line 1 . . . . .	3	379,377,318
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	42,931,170
c	Add lines 4a and 4b . . . . .	4c	42,931,170
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .	5	422,308,488

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements . . . . .	1	371,679,788
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	0
3	Subtract line 2e from line 1 . . . . .	3	371,679,788
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	27,561,877
c	Add lines 4a and 4b . . . . .	4c	27,561,877
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	399,241,665

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	The intended use of the endowment funds is to fund capital expenditures for medical equipment/provide healthcare prevention and services for the uninsured population in the service area.
Description of Uncertain Tax Positions Under FIN 48	Part X	The verbatim paragraph pertaining to FIN 48 in the consolidated audited financial statements for Concord Hospital, Inc. and subsidiaries ("The System") is as follows: "The Hospital, CRHCDC, CRHVC, CRPGC (through a portion of fiscal 2011 as described above), CH/DHC and the Trust are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. With few exceptions, the System is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2009."
Part XI, Line 8 - Other Adjustments		Pension Actuarial Loss -15,369,293
Part XII, Line 4b - Other Adjustments		Pension Actuarial Loss 15,369,293 Bad Debt Expense 27,561,877
Part XIII, Line 4b - Other Adjustments		Bad Debt Expense 27,561,877





**1**

**(i) Method of valuation**  
(book, FMV, appraisal, other)

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.

[illegible]

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒ Yes

☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☒ Yes

☐ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☒ Yes

☐ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes

☒ No

Additional Data

Software ID:  
Software Version:  
EIN: 22-2594672  
Name: Concord Hospital Inc

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

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  
Concord Hospital Inc

Employer identification number  
22-2594672

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  <input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most 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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care  <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>225.000000000000 %</u>  b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>500.000000000000 %</u>  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	3a	Yes	
		3b	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"? . . . . .	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	5c		No
6a	Did the organization prepare a community benefit report during 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 Chanty care at cost (from Worksheet 1) . . . . .	6	8,720	14,531,584	0	14,531,584	3 910 %
b Medicaid (from Worksheet 3, column a) . . . . .			27,142,348	10,521,148	16,621,200	4 470 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d Total Chanty Care and Means-Tested Government Programs . . . . .	6	8,720	41,673,932	10,521,148	31,152,784	8 380 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	11	263,374	3,072,739	875,235	2,197,504	0 590 %
f Health professions education (from Worksheet 5) . . . . .	6	5,212	8,652,150	5,078,800	3,573,350	0 960 %
g Subsidized health services (from Worksheet 6) . . . . .	13	38,385	70,794,166	54,583,204	16,210,962	4 360 %
h Research (from Worksheet 7) . . . . .	1	32	98,256	2,244	96,012	0 030 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	7		1,002,864	0	1,002,864	0 270 %
j Total Other Benefits . . . . .	38	307,003	83,620,175	60,539,483	23,080,692	6 210 %
k Total. Add lines 7d and 7j . . . . .	44	315,723	125,294,107	71,060,631	54,233,476	14 590 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support			364,800		364,800	0 100 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			364,800		364,800	0 100 %

Part IIIBad 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?	1Yes	
2	Enter the amount of the organization's bad debt expense	210,641,641	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	33,054,401	
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)	5113,802,166	
6	Enter Medicare allowable costs of care relating to payments on line 5	6148,497,696	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7-34,695,530	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9aYes	
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.	9bYes	

Part IVManagement Companies and Joint Ventures (see instructions)

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

## Section A. Hospital Facilities

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

## Name and address

[illegible]



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)

Concord Hospital

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 . . . . . If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1 Yes	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 08		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	No
5 Did the hospital facility make its Needs Assessment widely available to the public? . . . . . If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input checked="" type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input checked="" type="checkbox"/> Other (describe in Part VI)	5 Yes	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input checked="" type="checkbox"/> Prioritization of health needs in the community h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	No
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? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care 225 0000000000000% If "No," explain in Part VI the criteria the hospital facility used	9 Yes	

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>500 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11		No
12	Explained the method for applying for financial assistance? . . . . .	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		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? . . . . . If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	<input checked="" type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	<input checked="" type="checkbox"/> Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Part VI	20		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? . . . . . If "Yes," explain in Part VI	21	Yes	

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? 1

Name and address		Type of Facility (Describe)
1	Concord Hospital Urgent Care 60 Commercial Street Concord, NH 03301	Walk-in urgent care
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 I, Line 7 Subsidized Health Services represents those activities that assure access to medical care and support for people with special medical needs and who may be faced with chronic health conditions

Identifier	ReturnReference	Explanation
		Part I, Line 7, Column (f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A ), but subtracted for purposes of calculating the percentage in this column is \$ 27561877

Identifier	ReturnReference	Explanation
		Part II In the absence of a public/private partnership and a significant emergency preparedness incident, Concord Hospital's community building investment was reduced in 2011. However, the organization continued its emergency preparedness initiatives, including drills.

Identifier	ReturnReference	Explanation
		Part III, Line 4 Accounts Receivable The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts Accounts are charged against the allowance for doubtful accounts when deemed uncollectible Charity Care The system 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 System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue



Identifier	ReturnReference	Explanation
		Part III, Line 8    The Medicare shortfall of \$34,695,530 is funded through cost shifting to other payors. In addition, many of the subsidized health services reported on line 7g include some revenue and expenses from services to Medicare patients. Medicare allowable costs on line 5 were determined using the Hospital's filed Medicare cost report, which determines cost via the cost to charge ratio methodology.

Identifier	ReturnReference	Explanation
		Part III, Line 9b The Hospital has a Financial Assistance policy in addition to, and complementing, the bad debt collection policy The policy describes the Hospital's program of financial assistance for medically necessary services to individuals and families who are uninsured, underinsured or who experience a catastrophic healthcare event and who do not qualify for any other state or federal assistance programs Patient education of eligibility for assistance is described below in the statement for Part VI, Line 3

Identifier	ReturnReference	Explanation
Concord Hospital		Part V, Section B, Line 3 See the narrative for Schedule H, Part VI, line 2 below

Identifier	ReturnReference	Explanation
Concord Hospital		Part V, Section B, Line 5c The Community Health Needs Assessment was included in the Hospital's annual reports and mailed to residents of the communities that the Hospital serves It is also available at the State of NH, DOJ web site

Identifier	ReturnReference	Explanation
Concord Hospital		Part V, Section B, Line 21 State law requires the Hospital to bill Third Party liability claims (automobile insurance claims) at 100% of charges The patient is responsible for paying the full amount and receiving payment from the insurance company

Identifier	ReturnReference	Explanation
		Part VI, Line 2 The Hospital regularly leads comprehensive community health needs assessments, engaging numerous community organizations and health partners in the process, to identify far-reaching health needs faced by people in the communities served by the Hospital Assessment methodologies address both quantitative and qualitative data and include stakeholder interviews, focus groups, community listening sessions, web survey, written surveys, telephone surveys and analysis of various data sets Assessment results are shared with the communities and serve as the basis to develop new or expanded services in response to need The Hospital's next assessment will be conducted in 2012

Identifier	ReturnReference	Explanation
		Part VI, Line 3 The Hospital actively meets with all people who indicate that they do not have insurance or will have difficulty paying their obligations, to inform and work with them to understand what local programs are available to them, including how they can benefit from the Hospital's Financial Assistance program

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Concord defines its Primary Service Area as 23 communities to which it has close geographic proximity and significant market share According to the State of New Hampshire's "Concord Healthcare Service Area Regional Health Profile, 2001," the 23 communities that comprise the Hospital's PSA represent, in terms of square miles, the largest hospital service area in the State Together, these communities cover an area of nearly 900 square miles The Hospital serves all the residents of these towns as well as many others from across the State of New Hampshire through its regional and statewide referral for specialty care, including Orthopedic, Cardiology, Oncology and Urological care



Identifier	ReturnReference	Explanation
		<p>Part VI, Line 5 Part I line 6A , Concord Hospital develops programs and services to address community health needs and makes investments in initiatives that align with the Hospital's core mission A significant amount of Concord Hospital's community benefit investment is in the area of charitable care to ensure that those without insurance or with limited insurance have access to needed medical care The hospital strives to address the needs of vulnerable populations including our low-income neighbors and other vulnerable populations The hospital's Family Health centers ensure access to primary, behavioral health and dental care for our region's most needy residents, which addresses identified community health needs Those achievements are at the heart of our community benefit activity Beyond that focus are programs and services that benefit every resident and support that far-reaching goal of a healthier community The hospital continued its efforts toward promoting the health of the community by investing its surplus funds in new inpatient facilities to enhance patient care, by providing funding support to Capital Region Healthcare affiliates through the Community Services fund for programs that address identified community needs and serve vulnerable populations, and by continuing to recruit new primary care physicians to enhance access in the community Finally, per the Instructions to Schedule H, Part I, the Hospital has not included its \$34,695,530 Medicare shortfall as a community benefit in Part I However, we believe that this shortfall provides a tremendous benefit to the community in that it enables the Hospital to provide essential services to a vast number of patients who otherwise would not have access to the Hospital's care</p>

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	NH

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  
Concord Hospital Inc

Employer identification number  
22-2594672

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) Riverbend Community Mental HealthPO Box 2032 Concord,NH 03301	02-0264383	501(c)(3)	20,000				Health Buddy System To provide the use of the telehealth device (Health Buddy) as a way to support Riverbend patients with SMI to improve their ability to self-manage their physical and health symptoms The FHC, Riverbend and the Dartmouth Psychiatric Resource Center (PRC) propose piloting the use of the Health Buddy technology with FHC patients to assess the impact on patients who are not linked to mental health center services
(2) Riverbend Community Mental HealthPO Box 2032 Concord,NH 03301	02-0264383	501(c)(3)	20,000				Intern Program The objective of the services is to provide low-cost mental health services to adult clients in the Hillsboro area Having the Ph D intern available on-site at the Family Health Center improves access to care for a needy population of patients
(3) Riverbend Community Mental HealthPO Box 2032 Concord,NH 03301	02-0264383	501(c)(3)	15,000				REACH Training Trains and supports child providers to use evidenced-based methods of psychopharmacology with their patients The program aims to help medical providers safely and competently provide needed psychiatric medications for children, thereby expanding the capacity of child psychiatric practice in the community
(4) Riverbend Community Mental HealthPO Box 2032 Concord,NH 03301	02-0264383	501(c)(3)	11,300				Child Parent Psychotherapy (CPP) Specialized treatment is offered only through the Dartmouth Dept of Psychiatry and their partnership with the National Child Traumatic Stress Network
(5) Concord Regional Visiting Nurse Association PO Box 1797 Concord,NH 03301	02-0222122	501(c)(3)	7,500				Baby's First Homecoming This program supports mothers at home following discharge and enables detection of problems with mother or baby early on
(6) Child and Family Services Healthy Families Home Visiting Program464 Chestnut Street PO Box 448 Manchester,NH 03105	02-0222164	501(c)(3)	15,300				Program in the Capital Region to serve at-risk women under the age of 25 who are pregnant with their first child and who would greatly benefit from this comprehensive approach to developing their parenting skills and enhancing maternal and child health
(7) The Children's Place and Parent Education Center27 Burns Avenue Concord,NH 03301	02-0338647	501(c)(3)	7,000				New Parents Support Group / Toddler Play Group Offers a place in which families can come together in support of each other, striving to enhance the family unit and thus preventing child abuse and neglect

2

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

7

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

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
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 The Hospital works with the Concord Hospital Trust to administer grants provided from funds available through the Community Services Funds The Trust has an open application process for those entities that meet the grant requirements, and the Trust Board approves and recommends to the Hospital Board, all recommended granting actions The Trust provides annual monitoring of compliance with expected spending requirements and gets updates as needed

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization  
Concord Hospital Inc

Employer identification number  
22-2594672

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div></div> <div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div></div> <div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div></div> <div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div></div> <div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div></div> <div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
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?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		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?		No
b	Any related organization?		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?		No
b	Any related organization?		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	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

**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) D Thomas Akey MD	(i) (ii)	281,274 0	10,000 0	0 0	38,319 0	19,980 0	349,573 0	0 0
(2) Bruce R Burns	(i) (ii)	323,966 0	87,894 0	0 0	64,371 0	14,364 0	490,595 0	0 0
(3) Michael B Green	(i) (ii)	554,942 0	200,000 0	2,376 0	156,160 0	15,720 0	929,198 0	0 0
(4) Stephen Imgrund MD	(i) (ii)	245,413 0	10,000 0	0 0	37,587 0	8,873 0	301,873 0	0 0
(5) David A Stevenson MD	(i) (ii)	209,546 0	26,648 0	0 0	25,221 0	18,468 0	279,883 0	0 0
(6) Greg Thesing MD	(i) (ii)	162,978 0	28,535 0	0 0	26,589 0	18,036 0	236,138 0	0 0
(7) Diane E Wood Allen RN	(i) (ii)	193,109 0	35,782 0	0 0	57,966 0	13,428 0	300,285 0	0 0
(8) Gerald Sardella MD	(i) (ii)	495,556 0	10,000 0	0 0	22,582 0	20,724 0	548,862 0	0 0
(9) David Green MD	(i) (ii)	370,931 0	72,382 0	0 0	53,368 0	17,460 0	514,141 0	0 0
(10) Joseph M Conley	(i) (ii)	331,239 0	88,021 0	0 0	64,827 0	18,276 0	502,363 0	0 0
(11) Paul Snyder MD	(i) (ii)	379,282 0	22,526 0	0 0	52,081 0	15,660 0	469,549 0	0 0
(12) Veronica Triaca MD	(i) (ii)	391,709 0	22,526 0	0 0	38,018 0	5,424 0	457,677 0	0 0

**Part III**   **Supplemental Information**

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

Identifier	Return Reference	Explanation
	Part I, Line 4b	Part I, Line 4b 457f Plan ----- Michael B Green 88,000
	Part I, Line 7	Incentive Pay The primary purpose of the incentive pay is to recognize the quality of the performance of the CEO, CFO, and CMO during the preceding fiscal year. The amount of the incentive pay bonus is based on performance relative to strategic goals and measurable objectives. When the executive's performance excels, the incentive pay should reflect the accomplishment and allow for the sum of base salary and incentive pay to reach as high as the 75th percentile of peer institutions.

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  
Concord Hospital Inc

Employer identification number  
22-2594672

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 NH Health & Education Facilities Authority	02-0279866	64461TBVS	08-25-2004	45,418,290	Facility Improvements		X		X		X
B NH Health & Education Facilities Authority	02-0279866	644614VY2	04-23-2008	15,102,683	Capital Projects		X		X		X
C NH Health & Education Facilities Authority	02-0279866	644614K65	03-01-2011	50,095,322	Facility Improvements/Renovations		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired					27,995,000			
2	Amount of bonds defeased								
3	Total proceeds of issue	45,418,290		15,102,683		50,095,322			
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	1,550,456		99,879		544,891			
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2009		2008		2012			
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X	X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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



Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
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 <div></div>								
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 <div></div>								
6	Total of lines 4 and 5								
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?		X		X		X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X	X			
b	Name of provider					Naxis Funding Corp			
c	Term of GIC					1 800000000000			
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?						X		
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		X		

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

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  
Concord Hospital Inc

Employer identification number  
22-2594672

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The 990 is reviewed in detail with the Audit Committee of the Board of Trustees. All board members receive a copy of the 990 to review at a board meeting, prior to filing the report.
	Form 990, Part VI, Section B, line 12c	Each Trustee, officer and committee member, upon entering the duties of his/her office and annually thereafter, will be advised of this policy and shall sign a statement acknowledging his/her understanding of and agreement to this policy. Annual reviews will adhere to state regulations that require public notice for any significant pecuniary transaction.
	Form 990, Part VI, Section B, line 15	The evaluation of the performance of the Chief Executive Officer ("CEO") of Concord Hospital and its subsidiaries (collectively the "Hospital") is an important responsibility of the Board of Trustees (the "Board") and is vital in ensuring that the Hospital meets its mission. The Board has delegated the responsibility of initiating the process of conducting the CEO's performance evaluation and initiating the process of setting the CEO's compensation to the Board's Compensation Committee. The Compensation Committee also is charged with the responsibility of reviewing the appropriateness of the compensation of the Hospital's Chief Operating Officer and Chief Financial Officer as proposed by the CEO. The Compensation Committee shall present its report of the CEO's annual performance to the Board for its further input and consideration. The Compensation Committee shall also make its recommendation to the Board concerning the CEO's compensation. Finally, the Compensation Committee shall make its recommendation to the Board concerning the compensation of the COO and CFO. The Board shall review the recommendations of the Compensation Committee as to the compensation of the Hospital's CEO, COO and CFO and shall set their compensation as the Board deems appropriate. Although the Hospital continues to value the role of Capital Region Health Care Corporation ("CRHC") and the Hospital's participation in that organization, the Board acknowledges that it is not the responsibility of the Board to evaluate or set the compensation of the Chief Executive Officer of CRHC. Neither is it the role of the Board of Trustees of CRHC to evaluate, or set the compensation of, the Hospital's CEO. Accordingly, CRHC's Board of Trustees is not involved in evaluating or setting the compensation of the Hospital's CEO. The Board acknowledges that the Hospital's CEO may also serve as the Chief Executive Officer of CRHC and that the Hospital may charge CRHC for these services. The Board may consider the comments of the Board of Trustees of CRHC, as outlined herein, when deemed relevant in evaluating the performance of the Hospital's CEO. The Board directs that the Compensation Committee and the Board itself, in their respective undertakings of recommending and setting the compensation of the Hospital's CEO, COO and CFO, avoid conflicts of interest and be guided by the "rebuttable presumption of reasonableness" regulations under the so-called "Excess Benefit Transaction" provisions of the Internal Revenue Code ("IRC"). The Board authorizes the Compensation Committee to use such financial and advisory (e.g., legal counsel, consultant) resources as it reasonably deems appropriate to fulfill its duties in evaluating the CEO's performance and in making its recommendations to the Board regarding compensation for the CEO, COO and CFO.
	Form 990, Part VI, Section C, line 19	Yes, the organization makes all of this information available to the public. Audited financial statements and the most recent quarter ended financial statements are posted on the Hospital's web site, www.concordhospital.org. In addition to this, the hospital sends its annual report, including a financial summary, to members of the community via the US Postal service. Governing documents and conflicts of interest filings adhere to state regulations that require public notice for any significant pecuniary transaction.
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 15,402,935 Pension Actuarial Loss -15,369,293 Total to Form 990, Part XI, Line 5 33,642
	Form 990, Part XII, Line 2c	There was no change in the process for oversight of the audit and compilation of financial statements for the fiscal year. The Board has a finance committee, which reviews the financial statements monthly. There is also an audit committee of the Board, which reviews the annual audit process and the selection of the independent accountant. The same independent firm of accountants performed the audit for the fiscal years ending 9/30/11 and 9/30/12.

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  
Concord Hospital Inc

Employer identification number  
22-2594672

Part I

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

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

Part II

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

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

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) CAPITAL REGION HEALTH SERVICES CORPORATION 250 Pleasant Street Concord, NH 03301 02-0428631	Medical services	NH	N/A	C			
(2) CAPITAL REGION PRIMARY CARE CORPORATION 250 Pleasant Street Concord, NH 03301 02-0495275	Inactive	NH	N/A	C			100 000 %

Part V

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

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

1

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

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

No

1m

No

1n

Yes

1o

No

1p

Yes

1q

No

1r

No

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

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

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
------------	------------------	-------------	--

Software ID:

Software Version:

EIN: 22-2594672

Name: Concord Hospital Inc

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
CAPITAL REGION HEALTH CARE CORPORATION  250 Pleasant Street Concord, NH 03301 02-0222123	Promote comprehensive health service system	NH	501(c)(3)	11 Type I	N/A		No
CAPITAL REGION HEALTH PHYSICIANS GROUP CORP  250 Pleasant Street Concord, NH 03301 02-0481705	Provide medical care to community - INACTIVE activity now part of Hospital	NH	501(c)(3)	9	N/A		No
CAPITAL REGION HEALTH VENTURES CORP  250 Pleasant Street Concord, NH 03301 02-0438264	Provide medical care to community	NH	501(c)(3)	11 Type II	N/A		No
CAPITAL REGION HEALTH CARE DEVELOPMENT CORPORATION  250 Pleasant Street Concord, NH 03301 02-0429749	Support Concord Hospital & other affiliates	NH	501(c)(2)		N/A		No
CONCORD REGIONAL VISITING NURSE ASSOCIATION INC  PO Box 1797 Concord, NH 033021797 02-0222122	Home health care & hospice services	NH	501(c)(3)	9	N/A		No
Riverbend Community Mental Health Inc  3-5 North State Street Concord, NH 033022032 02-0264383	Multi-service team	NH	501(c)(3)	7	N/A		No
CHDHC Inc  250 Pleasant Street Concord, NH 03301 02-0519680	Provide health services to Concord community	NH	501(c)(3)	3	N/A		No
Concord Hospital Trust  250 Pleasant Street Concord, NH 03301 26-0378710	Fundraising	NH	501(c)(3)	11 Type I	N/A		No



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

<b>(a)</b> Name of other organization		<b>(b)</b> Transaction type(a-r)	<b>(c)</b> Amount Involved (\$)	<b>(d)</b> Method of determining amount involved
<b>(1)</b>	Capital Region Health Care Development Corp	A	1,441,706	Actual per books
<b>(2)</b>	Capital Region Health Care Corp	A	100,530	Actual per books
<b>(3)</b>	Capital Region Health Care Corp	B	142,961	Actual per books
<b>(4)</b>	CHDHC	B	224,622	Actual per books
<b>(5)</b>	Capital Region Health Care Ventures Corp	C	6,613,564	Actual per books
<b>(6)</b>	Capital Region Health Care Services Corp	C	267,367	Actual per books
<b>(7)</b>	Capital Region Health Care Development Corp	J	2,644,001	Actual per books
<b>(8)</b>	Capital Region Health Care Development Corp	N	510,791	Actual per books
<b>(9)</b>	Capital Region Health Care Ventures Corp	N	1,029,485	Actual per books
<b>(10)</b>	CHDHC	N	12,184	Actual per books
<b>(11)</b>	Concord Hospital Trust	N	458,531	Actual per books
<b>(12)</b>	Capital Region Health Care Development Corp	P	293,366	Actual per books
<b>(13)</b>	Capital Region Health Care Ventures Corp	P	611,055	Actual per books
<b>(14)</b>	CHDHC	P	181,596	Actual per books
<b>(15)</b>	Concord Hospital Trust	P	273,359	Actual per books

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2011 ShareholdersStockOwnershipStmt

Name: Concord Hospital Inc

EIN: 22-2594672

Class of Stock Owned by the Shareholder at the Beginning of its Tax Year	Number of Shares Owned by the Shareholder at the Beginning of its Tax Year	Change to the Number of Shares Owned	Date of Changes	Number of Shares at End of Year
Class A	724865	0		724865

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2011 ShareholdersStockOwnershipStmnt

Name: Concord Hospital Inc

EIN: 22-2594672

Class of Stock Owned by the Shareholder at the Beginning of its Tax Year	Number of Shares Owned by the Shareholder at the Beginning of its Tax Year	Change to the Number of Shares Owned	Date of Changes	Number of Shares at End of Year
Class A Ser 01/11	521	0		521
Class A Ser 03/11	330	0		330

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2011 ShareholdersStockOwnershipStmt

Name: Concord Hospital Inc

EIN: 22-2594672

Class of Stock Owned by the Shareholder at the Beginning of its Tax Year	Number of Shares Owned by the Shareholder at the Beginning of its Tax Year	Change to the Number of Shares Owned	Date of Changes	Number of Shares at End of Year
Class IA	13117	0		13117

**Concord Hospital, Inc.  
and Subsidiaries**

Audited Consolidated Financial Statements  
and Additional Information

*Years Ended September 30, 2012 and 2011  
With Independent Auditors' Report*

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## Audited Consolidated Financial Statements and Additional Information

Years Ended September 30, 2012 and 2011

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# BAKER | NEWMAN | NOYES

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Concord Hospital, Inc.

We have audited the accompanying consolidated balance sheets of Concord Hospital, Inc. and Subsidiaries (the System) as of September 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the System'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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Concord Hospital, Inc. and Subsidiaries as of September 30, 2012 and 2011, and the results of their operations, changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Baker Newman & Noyes*

Manchester, New Hampshire  
December 14, 2012

Limited Liability Company

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

September 30, 2012 and 2011

ASSETS  
(In thousands)

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 32,720	\$ 8,449
Investments	14,382	20,368
Accounts receivable, less allowance for doubtful accounts of \$17,995 in 2012 and \$17,438 in 2011	41,614	43,144
Due from affiliates	240	352
Supplies	740	832
Prepaid expenses	<u>4,452</u>	<u>4,181</u>
Total current assets	94,148	77,326
Assets whose use is limited or restricted:		
Board designated	174,864	152,609
Funds held by trustee:		
Workers' compensation reserves and self-insurance escrow	7,966	17,695
Donor-restricted	<u>29,642</u>	<u>27,818</u>
Total assets whose use is limited or restricted	212,472	198,122
Other noncurrent assets:		
Due from affiliates, net of current portion	3,167	3,570
Bond issuance costs and other assets	<u>7,311</u>	<u>7,583</u>
Total other noncurrent assets	10,478	11,153
Property and equipment:		
Land and land improvements	5,383	5,242
Buildings	157,893	159,443
Equipment	192,633	190,991
Construction in progress	<u>14,000</u>	<u>4,500</u>
	369,909	360,176
Less accumulated depreciation	<u>(212,808)</u>	<u>(201,906)</u>
Net property and equipment	<u>157,101</u>	<u>158,270</u>
	\$ <u>474,199</u>	\$ <u>444,871</u>



LIABILITIES AND NET ASSETS  
(In thousands)

	<u>2012</u>	<u>2011</u>
Current liabilities:		
Short-term notes payable	\$ 701	\$ 944
Accounts payable and accrued expenses	22,243	22,781
Accrued compensation and related expenses	22,222	20,449
Accrual for estimated third-party payor settlements	11,342	8,511
Current portion of long-term debt	<u>9,721</u>	<u>9,755</u>
Total current liabilities	66,229	62,440
Long-term debt, net of current portion	97,512	107,442
Accrued pension and other long-term liabilities	<u>79,993</u>	<u>68,761</u>
Total liabilities	243,734	238,643
Net assets:		
Unrestricted	200,823	178,411
Temporarily restricted	12,890	12,092
Permanently restricted	<u>16,752</u>	<u>15,725</u>
Total net assets	230,465	206,228
	<u>\$ 474,199</u>	<u>\$ 444,871</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

Years Ended September 30, 2012 and 2011  
(In thousands)

	<u>2012</u>	<u>2011</u>
Unrestricted revenue and other support:		
Net patient service revenue, net of contractual allowances and discounts	\$420,578	\$400,203
Provision for doubtful accounts	<u>(27,565)</u>	<u>(24,173)</u>
Net patient service revenue less provision for doubtful accounts	393,013	376,030
Other revenue	24,774	20,401
Disproportionate share revenue	—	20,537
Net assets released from restrictions for operations	<u>1,973</u>	<u>953</u>
Total unrestricted revenue and other support	419,760	417,921
Expenses:		
Salaries and wages	173,024	167,048
Employee benefits	43,943	43,271
Supplies and other	71,989	72,384
Purchased services	59,057	56,961
Professional fees	11,993	12,393
Depreciation and amortization	24,595	22,777
Medicaid enhancement tax	16,175	21,542
Interest expense	<u>4,918</u>	<u>5,440</u>
Total expenses	<u>405,694</u>	<u>401,816</u>
Income from operations	14,066	16,105
Nonoperating income:		
Unrestricted gifts and bequests	3,984	196
Investment income and other	<u>2,079</u>	<u>10,938</u>
Total nonoperating income	<u>6,063</u>	<u>11,134</u>
Excess of revenues and gains over expenses	\$ <u>20,129</u>	\$ <u>27,239</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended September 30, 2012 and 2011  
(In thousands)

	<u>2012</u>	<u>2011</u>
Unrestricted net assets:		
Excess of revenues and gains over expenses	\$ 20,129	\$ 27,239
Net unrealized gains (losses) on investments	16,891	(19,797)
Net transfers from affiliates	258	316
Net assets released from restrictions used for purchases of property and equipment	503	148
Pension adjustment	<u>(15,369)</u>	<u>(16,396)</u>
Increase (decrease) in unrestricted net assets	22,412	(8,490)
Temporarily restricted net assets:		
Restricted contributions and pledges	1,346	1,137
Restricted investment income	336	1,459
Contributions to affiliates and other community organizations	(123)	(137)
Net unrealized gains (losses) on investments	1,715	(1,958)
Net assets released from restrictions for operations	(1,973)	(953)
Net assets released from restrictions used for purchases of property and equipment	<u>(503)</u>	<u>(148)</u>
Increase (decrease) in temporarily restricted net assets	798	(600)
Permanently restricted net assets:		
Restricted contributions and pledges	129	118
Unrealized gains (losses) on trusts administered by others	<u>898</u>	<u>(533)</u>
Increase (decrease) in permanently restricted net assets	<u>1,027</u>	<u>(415)</u>
Increase (decrease) in net assets	24,237	(9,505)
Net assets, beginning of year	<u>206,228</u>	<u>215,733</u>
Net assets, end of year	<u>\$230,465</u>	<u>\$206,228</u>

See accompanying notes.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2012 and 2011

(In thousands)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 24,237	\$ (9,505)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Restricted contributions and pledges	(1,475)	(1,255)
Depreciation and amortization	24,595	22,777
Net realized and unrealized (gains) losses on investments	(20,623)	11,435
Bond discount/premium amortization	(209)	36
Provision for doubtful accounts	27,565	24,173
Equity in earnings of affiliates, net	(5,987)	(6,531)
Loss on disposal of property and equipment	321	193
Pension adjustment	15,369	16,396
Changes in operating assets and liabilities:		
Accounts receivable	(26,035)	(26,901)
Supplies and prepaid expenses	(179)	(1,003)
Other assets	(339)	(898)
Due from affiliates	515	(357)
Accounts payable and accrued expenses	(538)	2,844
Accrued compensation and related expenses	1,773	2,282
Accrual for estimated third-party payor settlements	2,831	5,203
Accrued pension and other long-term liabilities	<u>(4,137)</u>	<u>(3,658)</u>
Net cash provided by operating activities	37,684	35,231
Cash flows from investing activities:		
Increase in property and equipment, net	(23,559)	(24,505)
Purchases of investments	(84,651)	(173,807)
Proceeds from sales of investments	96,910	144,045
Equity distributions from affiliates	<u>6,456</u>	<u>6,270</u>
Net cash used by investing activities	(4,844)	(47,997)
Cash flows from financing activities:		
Payments on long-term debt	(9,755)	(36,490)
Proceeds from issuance of long-term debt	—	50,095
Change in short-term notes payable	(243)	(357)
Restricted contributions and pledges	<u>1,429</u>	<u>1,241</u>
Net cash (used) provided by financing activities	<u>(8,569)</u>	<u>14,489</u>
Net increase in cash and cash equivalents	24,271	1,723
Cash and cash equivalents at beginning of year	<u>8,449</u>	<u>6,726</u>
Cash and cash equivalents at end of year	<u>\$ 32,720</u>	<u>\$ 8,449</u>

See accompanying notes.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies**

#### Organization

Concord Hospital, Inc., (the Hospital) located in Concord, New Hampshire, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, emergency care and physician services for residents within its geographic region. Admitting physicians are primarily practitioners in the local area. The Hospital is controlled by Capital Regional Health Care Corporation (CRHC).

In 1985, the then Concord Hospital underwent a corporate reorganization in which it was renamed and became CRHC. At the same time, the Hospital was formed as a new entity. All assets and liabilities of the former hospital, now CRHC, with the exception of its endowments and restricted funds, were conveyed to the new Hospital. The endowments were held by CRHC for the benefit of the Hospital, which is the true party in interest. Effective October 1, 1999, CRHC transferred these funds to the Hospital.

In March 2009, Concord Hospital created The Concord Hospital Trust (the Trust), a separately incorporated, not-for-profit organization to serve as the Hospital's philanthropic arm. In establishing the Trust, the Hospital transferred philanthropic permanent and temporarily restricted funds, including board designated funds, endowments, indigent care funds and specific purpose funds, to the newly formed organization together with the stewardship responsibility to direct monies available to support the Hospital's charitable mission and reflect the specific intentions of the donors who made these gifts. Concord Hospital and the Trust constitute the Obligated Group at September 30, 2012 and 2011 to certain debt described in Note 6.

Subsidiaries of the Hospital include:

Capital Region Physicians Group Corporation (CRPGC) is a not-for-profit corporation that was most recently comprised of one physician group. During fiscal 2011, the physician group moved out of the subsidiary into Concord Hospital.

Capital Region Health Care Development Corporation (CRHCDC) is a not-for-profit real estate corporation that owns and operates medical office buildings and other properties.

Capital Region Health Ventures Corporation (CRHVC) is a not-for-profit corporation that engages in health care delivery partnerships and joint ventures. It operates ambulatory surgery and diagnostic facilities in cooperation with other entities.

CH/DHC, Inc. d/b/a Dartmouth-Hitchcock-Concord (CH/DHC) is a not-for-profit corporation that provides clinical medical services through a multi-specialty group practice. CH/DHC was formed under a joint agreement between the Hospital and DH-Concord.

The Hospital, its subsidiaries and the Trust are collectively referred to as the System. The consolidated financial statements include the accounts of the Hospital, the Trust, CRHCDC, CRHVC, CRPGC (through a portion of fiscal 2011 as described above) and CH/DHC. All significant intercompany balances and transactions have been eliminated in consolidation.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011  
(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas which are affected by the use of estimates include the allowance for doubtful accounts and contractual adjustments, estimated third-party payor settlements, and actuarial assumptions used in determining pension expense, health benefit plan expense, workers' compensation costs and malpractice losses.

#### Concentration of Credit Risk

Financial instruments which subject the Hospital to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the Hospital's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Hospital's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts. The Hospital's investment portfolio consists of diversified investments, which are subject to market risk. Investments that exceeded 10% of investments include the Harbor Funds International Fund and the State Street S&P 500 CTF as of September 30, 2012.

#### Cash and Cash Equivalents

Cash and cash equivalents include money market funds and secured repurchase agreements with original maturities of three months or less, excluding assets whose use is limited or restricted.

The Hospital maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Hospital has not experienced any losses on such accounts.

#### Supplies

Supplies are carried at the lower of cost, determined on a weighted-average method, or market.

#### Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets held by trustees under indenture agreements, workers' compensation reserves, quasi-endowment funds, designated assets set aside by the Board of Trustees, over which the Board retains control and may, at its discretion, subsequently use for other purposes, and donor-restricted investments.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### *Investments and Investment Income*

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues and gains over expenses unless the income is restricted by donor or law. Gains and losses on investments are computed on a specific identification basis. Unrealized gains and losses on investments are excluded from the excess of revenues and gains over expenses unless the investments are classified as trading securities or losses are considered other-than-temporary. Periodically, management reviews investments for which the market value has fallen significantly below cost and recognizes impairment losses where they believe the declines are other-than-temporary.

#### *Beneficial Interest in Perpetual Trusts*

The System has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the System are unrestricted. The System's interest in the fair value of the trust assets is included in assets whose use is limited. Changes in the fair value of beneficial trust assets are reported as increases or decreases to permanently restricted net assets.

#### *Investment Policies*

The System's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The invested assets include endowment, specific purpose and board designated (unrestricted) funds.

Endowment funds are identified as permanent in nature, intended to provide support for current or future operations and other purposes identified by the donor. These funds are managed with disciplined longer-term investment objectives and strategies designed to accommodate relevant, reasonable, or probable events.

Temporarily restricted funds are temporary in nature, restricted as to time or purpose as identified by the donor or grantor. These funds have various intermediate/long-term time horizons associated with specific identified spending objectives.

Board designated funds have various intermediate/long-term time horizons associated with specific spending objectives as determined by the Board of Trustees.

Management of these assets is designed to increase, with minimum risk, the inflation adjusted principal and income of the endowment funds over the long term. The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011  
(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Spending Policy for Appropriation of Assets for Expenditure

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Spending policies may be adopted by the System, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The System has a current spending policy on various funds currently equivalent to 5% of twelve-quarter moving average of the funds' total market value.

#### Accounts Receivable and the Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for doubtful accounts, 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 System records a provision for doubtful accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The System's allowance for doubtful accounts for self-pay patients increased from 71% of self-pay accounts receivable at September 30, 2011 to 88% of self-pay accounts receivable at September 30, 2012. The total provision for the allowance for doubtful accounts and charity care was \$32,780 for the year ended September 30, 2012, of which \$5,215 is reflected within net patient service revenue, net of contractual allowances and discounts, in the accompanying consolidated statement of operations. The System's self-pay bad debt writeoffs increased \$8,388, from \$23,664 in 2011 to \$32,052 in 2012. The increase in the allowance as a percentage of self-pay accounts receivable and bad debt writeoffs was a result of collection trends.



# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011  
(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### *Property and Equipment*

Property and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed, less any reductions in carrying value for impairment and less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the years ended September 30, 2012 and 2011, depreciation expense was \$24,407 and \$22,593, respectively.

The System has also capitalized certain costs associated with property and equipment not yet in service. Construction in progress includes amounts incurred related to major construction projects, other renovations, and other capital equipment purchased but not yet placed in service. Interest capitalized as part of construction projects was \$166 and \$38 during 2012 and 2011, respectively.

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

#### *Federal Grant Revenue and Expenditures*

Revenues and expenses under federal grant programs are recognized as the grant expenditures are incurred.

#### *Bond Issuance Costs/Original Issue Discount or Premium*

Bond issuance costs incurred to obtain financing for construction and renovation projects and the original issue discount or premium are being amortized by the straight-line method, which approximates the effective interest method, over the life of the respective bonds. The original issue discount or premium is presented as a component of bonds payable.

#### *Charity Care*

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates (Note 11). Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### *Temporarily and Permanently Restricted Net Assets*

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported as either net assets released from restrictions (for noncapital related items) or as net assets released from restrictions used for capital purchases (capital related items). Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

#### *Net Patient Service Revenue*

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments and fee schedules. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the financial statements in the year in which they occur. For the years ended September 30, 2012 and 2011, net patient service revenue in the accompanying consolidated statements of operations increased by approximately \$3,256 and \$643, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements.

Revenues from the Medicare and Medicaid programs accounted for approximately 27% and 3% and 27% and 4% of the System's net patient service revenue for the years ended September 30, 2012 and 2011, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

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, the Hospital provides a discount approximately equal to that of its largest private insurance payors. 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 doubtful accounts related to uninsured patients in the period the services are provided. The provision for doubtful accounts for subsidiaries of the Hospital was not significant in 2012 and 2011. An estimated breakdown of patient service revenue, net of contractual allowances, discounts and provision for doubtful accounts recognized in 2012 from these major payor sources, is as follows for the Hospital:

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 1. Description of Organization and Summary of Significant Accounting Policies (Continued)

	Hospital			Net Patient Service Revenues Less Provision for Doubtful Accounts
	Gross Patient Service Revenues	Contractual Allowances and Discounts	Provision for Doubtful Accounts	
Private payors (includes coinsurance and deductibles)	\$414,684	\$(167,059)	\$ (8,816)	\$ 238,809
Medicaid	70,292	(59,771)	—	10,521
Medicare	381,971	(270,772)	(1,768)	109,431
Self-pay	<u>22,217</u>	<u>—</u>	<u>(16,978)</u>	<u>5,239</u>
	<u>\$889,164</u>	<u>\$(497,602)</u>	<u>\$ (27,562)</u>	<u>\$ 364,000</u>

#### Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and intentions to give are reported at fair value at the date the condition is met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

#### Excess of Revenues and Gains Over Expenses

The System has deemed all activities as ongoing, major or central to the provision of health care services and, accordingly, they are reported as operating revenue and expenses, except for unrestricted contributions and pledges, the related philanthropy expenses and investment income which are recorded as nonoperating income.

The consolidated statements of operations also include excess of revenues and gains over expenses. Changes in unrestricted net assets which are excluded from excess of revenues and gains over expenses, consistent with industry practice, include the change in net unrealized gains and losses on investments other than trading securities or losses considered other than temporary, permanent transfers of assets to and from affiliates for other than goods and services, the minimum pension liability adjustment and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

#### Estimated Workers' Compensation and Health Care Claims

The provision for estimated workers' compensation and health care claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011  
(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

#### Income Taxes

The Hospital, CRHCDC, CRHVC, CRPGC (through a portion of fiscal 2011 as described above), CH/DHC and the Trust are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. With few exceptions, the System is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2009.

#### Advertising Costs

The System expenses advertising costs as incurred, and such costs totaled approximately \$286 and \$197 for the years ended September 30, 2012 and 2011, respectively.

#### Reclassifications

Certain amounts in the 2011 consolidated statements of operations have been reclassified to reflect the adoption of changes to accounting principles generally accepted in the United States of America related to the presentation of the provision for doubtful accounts, which has been reclassified from an operating expense to a deduction from net patient service revenue (net of contractual allowances and discounts). There was no impact to the consolidated balance sheet or the excess of revenues and gains over expenses attributable to the System for all periods presented as a result of this change.

Additionally, certain other 2011 amounts have been reclassified to conform with the current year presentation.

#### Subsequent Events

Management of the System evaluated events occurring between the end of its fiscal year and December 14, 2012, the date the consolidated financial statements were available to be issued.

#### Recent Accounting Pronouncements

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (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*. The ASU is effective for fiscal years and interim periods beginning after December 31, 2011, with early adoption permitted. Changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations are applied retrospectively to all prior periods presented. The ASU states that a health care entity that recognizes significant amounts of patient service revenue at the time the services are rendered, even though it does not assess the patient's ability to pay, must present bad debts as a reduction of net patient revenue and not as a separate item in operating expenses. As discussed above, the System early adopted this guidance for the year ending September 30, 2012, and has reclassified amounts for 2011 in order to ensure consistency.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

In August 2010, the FASB issued ASU No. 2010-23, *Health Care Entities (Topic 954), Measuring Charity Care for Disclosure* (ASU 2010-23), which requires that cost be used as a measurement for charity care disclosure purposes and that cost be identified as the direct and indirect cost of providing the charity care. ASU 2010-23 also requires disclosure of the method used to identify or determine such costs. The System adopted ASU 2010-23 effective for the year ended September 30, 2012. Since ASU 2010-23 amends disclosure requirements only, its adoption did not impact the System's consolidated financial position, results of operations, or cash flows.

In August 2010, the FASB issued ASU No. 2010-24, which addresses the diversity in the accounting for medical malpractice and similar liabilities and their related anticipated insurance recoveries by healthcare entities that mostly have netted insurance recoveries against the accrued liability, although some have presented the anticipated insurance recovery and the liability on a gross basis. The amendments to Topic 954 clarify that a healthcare entity should not net insurance recoveries against a related claim liability; the amount of the claim liability should be determined without consideration of insurance recoveries. This ASU was effective for the fiscal year ending September 30, 2012 and the impact of this accounting pronouncement is discussed in the "malpractice loss contingencies" section of Note 7.

### 2. **Transactions With Affiliates**

The System provides funds to CRHC and its affiliates which are used for a variety of purposes. The System records the transfer of funds to CRHC and the other affiliates as either receivables or directly against net assets, depending on the intended use and repayment requirements of the funds. Generally, funds transferred for start-up costs of new ventures or capital related expenditures are recorded as charges against net assets. For the years ended September 30, 2012 and 2011, transfers made to CRHC were \$(32) and \$(39), respectively, and transfers received from Capital Region Health Care Services Corporation (CRHCSC) were \$290 and \$355, respectively.

A brief description of affiliated entities is as follows:

- CRHCSC is a for-profit provider of health care services, including an eye surgery center and assisted living facility.
- Concord Regional Visiting Nurse Association, Inc. and Subsidiary (CRVNA) provides home health care services.
- Riverbend, Inc. provides behavioral health services.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011  
(In thousands)

### 2. Transactions With Affiliates (Continued)

Amounts due the System, primarily from joint ventures, totaled \$3,407 and \$3,922 at September 30, 2012 and 2011, respectively. Amounts have been classified as current or long-term depending on the intentions of the parties involved. Beginning in 1999, the Hospital began charging interest on a portion of the receivables (\$1,002 and \$1,033 at September 30, 2012 and 2011, respectively) with principal and interest (6.75% at September 30, 2012) payments due monthly. Interest income amounted to \$69 and \$71 for the years ended September 30, 2012 and 2011, respectively.

Contributions to affiliates and other community organizations from temporarily restricted net assets were \$123 and \$137 in 2012 and 2011, respectively.

### 3. Investments and Assets Whose Use is Limited or Restricted

Investments totaling \$14,382 and \$20,368 at September 30, 2012 and 2011, respectively, are comprised primarily of cash and cash equivalents. Assets whose use is limited or restricted are carried at fair value and consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Board designated funds:		
Cash and cash equivalents	\$ 1,200	\$ 987
Fixed income securities	34,997	33,242
Marketable equity and other securities	125,808	105,418
Inflation-protected securities	<u>12,859</u>	<u>12,962</u>
	174,864	152,609
Held by trustees for workers' compensation reserves:		
Fixed income securities	3,655	3,275
Health insurance, debt service and other escrow funds:		
Cash and cash equivalents	863	863
Fixed income securities	773	450
Marketable equity securities	2,673	1,826
Guaranteed interest contract	<u>2</u>	<u>11,281</u>
	4,311	14,420
Donor restricted:		
Cash and cash equivalents	2,015	2,488
Fixed income securities	3,250	3,213
Marketable equity securities	12,719	11,247
Inflation-protected securities	1,357	1,421
Trust funds administered by others	10,212	9,314
Other	<u>89</u>	<u>135</u>
	<u>29,642</u>	<u>27,818</u>
	<u>\$212,472</u>	<u>\$198,122</u>

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 3. Investments and Assets Whose Use is Limited or Restricted (Continued)

Included in marketable equity and other securities above are \$69,967 and \$77,792 at September 30, 2012 and 2011, respectively, in so called alternative investments. See also note 14.

Investment income, net realized gains and losses and net unrealized gains and losses on assets whose use is limited or restricted, cash and cash equivalents, and other investments are as follows at September 30:

	<u>2012</u>	<u>2011</u>
Unrestricted:		
Interest and dividends	\$ 2,457	\$ 3,128
Investment income from trust funds administered by others	509	535
Net realized gains on sales of investments	<u>1,003</u>	<u>9,684</u>
	3,969	13,347
Restricted:		
Interest and dividends	220	290
Net realized gains on sales of investments	<u>116</u>	<u>1,169</u>
	<u>336</u>	<u>1,459</u>
	<u>\$ 4,305</u>	<u>\$ 14,806</u>
Other changes in net assets:		
Net unrealized gains (losses) on investments:		
Unrestricted	\$ 16,891	\$ (19,797)
Temporarily restricted	1,715	(1,958)
Permanently restricted	<u>898</u>	<u>(533)</u>
	<u>\$ 19,504</u>	<u>\$ (22,288)</u>

In compliance with the System's spending policy, portions of investment income and related fees are recognized in other operating revenue on the accompanying consolidated statements of operations. Investment income reflected in other operating revenue was \$2,284 and \$1,558 in 2012 and 2011, respectively.

Investment management fees expensed and reflected in nonoperating income were \$756 and \$842 for the years ended September 30, 2012 and 2011, respectively.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 3. Investments and Assets Whose Use is Limited or Restricted (Continued)

The following summarizes the Hospital's gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2012 and 2011:

	<u>Less Than 12 Months</u>		<u>12 Months or Longer</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
<u>2012</u>						
Marketable equity securities	\$ 4,753	\$ (341)	\$ 1,818	\$ (348)	\$ 6,571	\$ (689)
REIT	—	—	107	(2)	107	(2)
Fund-of-funds	—	—	18,612	(4,097)	18,612	(4,097)
	<u>\$ 4,753</u>	<u>\$ (341)</u>	<u>\$20,537</u>	<u>\$ (4,447)</u>	<u>\$25,290</u>	<u>\$ (4,788)</u>
<u>2011</u>						
Marketable equity securities	\$40,742	\$ (6,165)	\$ 6,861	\$ (2,436)	\$47,603	\$ (8,601)
ADR	294	(69)	—	—	294	(69)
REIT	378	(39)	—	—	378	(39)
Fund-of-funds	22,938	(4,319)	—	—	22,938	(4,319)
Fixed income securities	4,433	(468)	—	—	4,433	(468)
	<u>\$68,785</u>	<u>\$ (11,060)</u>	<u>\$ 6,861</u>	<u>\$ (2,436)</u>	<u>\$75,646</u>	<u>\$ (13,496)</u>

In evaluating whether investments have suffered an other-than-temporary decline, based on input from outside investment advisors, management evaluated the amount of the decline compared to cost, the length of time and extent to which fair value has been less than cost, the underlying creditworthiness of the issuer, the fair values exhibited during the year, estimated future fair values and the System's intent and ability to hold the security until a recovery in fair value or maturity. Based on evaluations of the underlying issuers' financial condition, current trends and economic conditions, management believes that unrealized losses related to securities that have suffered an other-than-temporary decline in value are not material to these consolidated financial statements.

### 4. Defined Benefit Pension Plan

The System has a noncontributory defined benefit pension plan (the Plan), covering all eligible employees of the System and subsidiaries. The Plan is a cash balance plan that provides benefits based on an employee's years of service, age and the employee's compensation over those years. The System's funding policy is to contribute annually the amount needed to meet or exceed actuarially determined minimum funding requirements of the *Employee Retirement Income Security Act of 1974* (ERISA).



# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011  
(In thousands)

### 4. Defined Benefit Pension Plan (Continued)

The System accounts for its defined benefit pension plan under ASC 715, *Compensation Retirement Benefits*. This Statement requires entities to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements.

The following table summarizes the Plan's funded status at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Pension benefits:		
Fair value of plan assets	\$ 117,798	\$ 98,213
Projected benefit obligation	<u>(186,897)</u>	<u>(155,288)</u>
	\$ <u>(69,099)</u>	\$ <u>(57,075)</u>
Activities for the year consist of:		
Benefit payments and administrative expenses	\$ 3,846	\$ 6,576
Net periodic cost	8,655	7,596

The table below presents details about the System's defined benefit pension plan, including its funded status, components of net periodic benefit cost, and certain assumptions used in determining the funded status and cost:

	<u>2012</u>	<u>2011</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$155,288	\$141,191
Service cost	7,733	6,967
Interest cost	7,799	7,742
Actuarial loss	19,923	5,964
Benefit payments and administrative expenses paid	<u>(3,846)</u>	<u>(6,576)</u>
Benefit obligation at end of year	<u>\$186,897</u>	<u>\$155,288</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 98,213	\$ 97,512
Actual return on plan assets	11,431	(3,323)
Employer contributions	12,000	10,600
Benefit payments and administrative expenses paid	<u>(3,846)</u>	<u>(6,576)</u>
Fair value of plan assets at end of year	<u>\$117,798</u>	<u>\$ 98,213</u>
Funded status and amount recognized in noncurrent liabilities at September 30	\$ <u>(69,099)</u>	\$ <u>(57,075)</u>

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 4. Defined Benefit Pension Plan (Continued)

Amounts recognized as a change in unrestricted net assets during the years ended September 30, 2012 and 2011 consist of:

	<u>2012</u>	<u>2011</u>
Net actuarial loss	\$17,874	\$18,024
Net amortized loss	(2,722)	(1,845)
Prior service credit amortization	<u>217</u>	<u>217</u>
Total amount recognized	<u>\$15,369</u>	<u>\$16,396</u>

### Pension Plan Assets

The fair values of the System's pension plan assets and target allocations as of September 30, 2012 and 2011, by asset category are as follows (see Note 14 for level definitions):

	Target Allo- cation					Percentage of Plan Assets September 30, 2012
	<u>2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Short-term investments:						
Money market funds	0 – 5%	\$ –	\$ –	\$ –	\$ –	0%
Equity securities:	40 – 70%					69%
Common stocks		6,532	–	–	6,532	
Mutual funds – international		29,738	–	–	29,738	
Foreign		–	661	–	661	
Funds-of-funds		–	14,965	28,766	43,731	
Fixed income securities:	10 – 60%					26%
U.S. government and agency obligations		2,575	12,439	–	15,014	
Mutual funds - REIT		473	–	–	473	
Mutual funds – fixed income		10,256	–	–	10,256	
Funds-of-funds		–	–	5,006	5,006	
Hedge funds:	0 – 20%					5%
Inflation hedge		<u>–</u>	<u>6,387</u>	<u>–</u>	<u>6,387</u>	
		<u>\$49,574</u>	<u>\$34,452</u>	<u>\$33,772</u>	<u>\$117,798</u>	

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011  
(In thousands)

### 4. Defined Benefit Pension Plan (Continued)

	Target Allo- cation <u>2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	Percentage of Plan Assets September 30, <u>2011</u>
Short-term investments:						
Money market funds	0 – 5%	\$ –	\$ –	\$ –	\$ –	0%
Equity securities:	40 – 70%					75%
Common stocks		16,543	–	–	16,543	
Mutual funds – international		22,787	–	–	22,787	
Foreign		–	647	–	647	
Funds-of-funds		–	–	33,495	33,495	
Fixed income securities:	10 – 60%					19%
U.S. government and agency obligations		4,047	2,911	–	6,958	
Mutual funds - REIT		353	–	–	353	
Mutual funds – fixed income		6,755	–	–	6,755	
Funds-of-funds		–	–	4,820	4,820	
Hedge funds:	0 – 20%					6%
Inflation hedge		–	5,855	–	5,855	
		<u>\$50,485</u>	<u>\$ 9,413</u>	<u>\$38,315</u>	<u>\$98,213</u>	

The funds-of-funds are invested with six investment managers and have various restrictions on redemptions. Three of the managers holding amounts totaling approximately \$15 million allow for monthly redemptions, with notices ranging from 5 to 15 days. Two managers holding amounts totaling approximately \$12 million allow for quarterly redemptions, with a notice of 45 or 65 days. One manager holding amounts totaling approximately \$7 million allow for annual redemptions with a 60-day notice. Two of the funds also require a one-year lock on initial deposit of funds.

The table below sets forth a summary of changes in plan assets using unobservable inputs (Level 3):

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$38,315	\$29,630
Unrealized (losses) gains related to instruments still held at the reporting date	<u>(4,543)</u>	<u>8,685</u>
Balance, end of year	<u>\$33,772</u>	<u>\$38,315</u>

The System considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from the System's actuaries and investment consultants, and long-term inflation assumptions. The System's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, and real estate.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 4. Defined Benefit Pension Plan (Continued)

The System's investment policy for its pension plan is to balance risk and returns using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, plan assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The System monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current benefit payment obligations. The System's Investment Committee provides oversight of the plan investments and the performance of the investment managers.

Amounts included in expense during fiscal 2012 and 2011 consist of:

	<u>2012</u>	<u>2011</u>
Components of net periodic benefit cost:		
Service cost	\$ 7,733	\$ 6,967
Interest cost	7,799	7,742
Expected return on plan assets	(9,382)	(8,737)
Amortization of prior service cost and gains and losses	<u>2,505</u>	<u>1,624</u>
Net periodic benefit cost	<u>\$ 8,655</u>	<u>\$ 7,596</u>

The accumulated benefit obligations for the plan at September 30, 2012 and 2011 were \$172,908 and \$142,427, respectively.

	<u>2012</u>	<u>2011</u>
Weighted average assumptions to determine benefit obligation:		
Discount rate	4.40%	5.15%
Rate of compensation increase	2.00	2.00
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate	5.15%	5.62%
Expected return on plan assets	8.00	8.00
Cash balance credit rate	5.00	5.00
Rate of compensation increase	2.00	3.00

In selecting the long-term rate of return on plan assets, the System considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plan. This included considering the plan's asset allocation and the expected returns likely to be earned over the life of the plan, as well as the historical returns on the types of assets held and the current economic environment.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2012 and 2011  
(In thousands)

**4. Defined Benefit Pension Plan (Continued)**

The loss and prior service credit amount expected to be recognized in net periodic benefit cost in 2013 are as follows:

Actuarial loss	\$ 4,724
Prior service credit	<u>(64)</u>
	<u>\$ 4,660</u>

The System funds the pension plan and no contributions are made by employees. The System funds the plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the System's actuary. However, the System may also fund the plan in excess of the minimum required amount.

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets. However, the System expects to fund \$12,000 in cash contributions to the plan for the 2013 plan year.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

<u>Year Ended September 30</u>	<u>Pension Benefits</u>
2013	\$ 8,917
2014	9,304
2015	10,111
2016	11,520
2017	13,886
2018 – 2022	80,013

**5. Estimated Third-Party Payor Settlements**

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient and outpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. In addition to this, the System is also reimbursed for medical education and other items which require cost settlement and retrospective review by the fiscal intermediary. Accordingly, the System files an annual cost report with the Medicare program after the completion of each fiscal year to report activity applicable to the Medicare program and to determine any final settlements.

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

#### 5. Estimated Third-Party Payor Settlements (Continued)

The physician practices are reimbursed on a fee screen basis.

##### Medicaid Enhancement Tax and Medicaid Disproportionate Share

Under the State of New Hampshire's tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.5% of net patient service revenues, with certain exclusions. The amount of tax incurred by the System for fiscal 2012 and 2011 was \$16,175 and \$21,542, respectively. Prior to 2011, this tax was recognized by the System in accordance with the System's fiscal year end. Beginning in fiscal 2011, the System changed the recognition of tax to correspond to the State of New Hampshire's fiscal year; therefore, the System recorded fifteen months of MET expense during fiscal 2011. Prior to fiscal year 2011, the State of New Hampshire had matched the MET paid by the System with a disproportionate share payment (DSH).

Disproportionate share funding has been in place in New Hampshire since 1991, however, in the fall of 2010 the State of New Hampshire adopted a new approach related to disproportionate share funding retroactive to July 1, 2010. Unlike the former funding method, the State's new approach led to a payment that is not directly based on, and may not equate to, the level of tax imposed. In 2011, the System received disproportionate share payments covering the period July 1, 2010 to June 30, 2011 that exceeded the tax paid for the same period by \$2,896 which was recognized by the System in 2011.

The State of New Hampshire eliminated the disproportionate share payment to certain New Hampshire hospitals, including Concord Hospital for the State biennial budget for the period ending June 30, 2013. As a result, the System was subject to the State of New Hampshire's MET based on 5.5% of net patient service revenues, with certain exclusions, but did not receive disproportionate share payments during the System's year ending September 30, 2012.

##### Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under fee schedules and cost reimbursement methodologies subject to various limitations or discounts. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid program.

The physician practices are reimbursed on a fee screen basis.

##### Other

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 5. Estimated Third-Party Payor Settlements (Continued)

The accrual for estimated third-party payor settlements reflected on the accompanying consolidated balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Hospital have been finalized through 2007 for Medicare and Medicaid.

### 6. Long-Term Debt and Notes Payable

Long-term debt consists of the following at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
1.3% to 5.6% New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds, Concord Hospital Issue, Series 2011; due in annual installments, including principal and interest of \$5,200 through 2026, net of unamortized original issue premium of \$270 in 2012 and \$291 in 2011	\$ 44,196	\$ 47,471
3.0% to 5.5% NHHEFA Hospital Revenue Bonds, Concord Hospital Issue, Series 2001; due in annual installments, including principal and interest of \$2,302 through 2031; net of unamortized original issue discount of \$391 in 2012 and \$413 in 2011	27,284	28,127
2.88% to 5.25% NHHEFA Hospital Revenue Bonds, Concord Hospital Issue Series 2004; due in annual installments, including principal and interest of \$4,264, payable through 2024; including unamortized original issue premium of \$1,167 in 2012 and \$1,265 in 2011	32,967	35,685
4% to 5% NHHEFA Revenue Anticipation Notes, Concord Hospital Issue, Series 2008; due in annual installments, including principal and interest ranging from \$2,861 to \$3,756 through 2013, net of unamortized original issue premium of \$66 in 2012 and \$178 in 2011	<u>2,786</u>	<u>5,914</u>
	107,233	117,197
Less current portion	<u>(9,721)</u>	<u>(9,755)</u>
	<u>\$ 97,512</u>	<u>\$107,442</u>

In March 2011, \$49,795 of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2011, were issued to assist in the funding of a significant facility improvement project and pay off the Series 1996 Revenue Bonds. The project included expansion and renovation of various Hospital departments, infrastructure upgrades, and acquisition of capital equipment. The project began during fiscal year 2011 and was completed in fiscal year 2012.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 6. Long-Term Debt and Notes Payable (Continued)

In October 2001, \$35,000 of NHHEFA Hospital Revenue Bonds, Concord Hospital Issue, Series 2001, were issued to assist in the funding of a significant facility improvement project. The project included expansion of outpatient diagnostic and radiology departments, reorientation of the Hospital's main entrance, expansion and renovation of various hospital departments, infrastructure upgrades, and acquisition of capital equipment.

In August 2004, \$43,360 of NHHEFA Hospital Revenue Bonds, Concord Hospital Issue, Series 2004, were issued to assist in the funding of a significant facility improvement project. The project included construction of a parking garage facility, expansion and renovation of various Hospital departments, infrastructure upgrades, and acquisition of capital equipment.

Substantially all the property and equipment relating to the aforementioned construction and renovation projects, as well as subsequent property and equipment additions thereto, and a mortgage lien on the facility, are pledged as collateral for the Series 2001, 2004 and 2011 Revenue Bonds. In addition, the gross receipts of the Hospital are pledged as collateral for the Series 2001, 2004 and 2011 Revenue Bonds. The Series 2008 Revenue bonds are unsecured. The most restrictive financial covenants require a 1.25 to 1.0 ratio of aggregate income available for debt service to total annual debt service and a day's cash on hand ratio of 90 days. The Hospital was in compliance with its debt covenants at September 30, 2012 and 2011.

The obligations of the Hospital under the 2011, 2004 and 2001 Revenue Bond Indentures are not guaranteed by any of the subsidiaries or affiliated entities.

Interest paid on long-term debt amounted to \$5,236 and \$5,552 for the years ended September 30, 2012 and 2011, respectively.

The aggregate principal payments on long-term debt for the next five fiscal years ending September 30 are as follows:

2013	\$ 9,721
2014	7,275
2015	7,555
2016	7,830
2017	8,155
Thereafter	<u>66,697</u>
	<u>\$107,233</u>



## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

#### 7. **Commitments and Contingencies**

##### *Malpractice Loss Contingencies*

Prior to February 1, 2011, the System was insured against malpractice loss contingencies under claims-made insurance policies. A claims-made policy provides specific coverage for claims made during the policy period. The System maintained excess professional and general liability insurance policies to cover claims in excess of liability retention levels. Effective February 1, 2011, the System insures its medical malpractice risks through a multiprovider captive insurance company under a claims-made insurance policy. Premiums paid are based upon actuarially determined amounts to adequately fund for expected losses. At September 30, 2012, there were no known malpractice claims outstanding for the System which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which required loss accruals. The captive retains and funds up to actuarial expected loss amounts, and obtains reinsurance at various attachment points for individual and aggregate claims in excess of funding in accordance with industry practices. The System's interest in the captive represents approximately 28% of the captive. Control of the captive is equally shared by participating hospitals. The System has recorded its interest in the captive's equity, totaling approximately \$1,335 and \$850 at September 30, 2012 and 2011, respectively, in other noncurrent assets on the accompanying consolidated balance sheets. Changes in the System's interest are included in nonoperating income on the accompanying consolidated statements of operations. The System has established reserves to cover professional liability exposures for incurred but unpaid or unreported claims. The amounts of the reserves have been determined by actuarial consultants and total \$6,502 and \$8,595 at September 30, 2012 and 2011 and are reflected in the accompanying consolidated balance sheets within accrued pension and other long-term liabilities. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

In accordance with ASU No. 2010-24, at September 30, 2012 and 2011, the Hospital recorded a liability of approximately \$715 and \$356, respectively, related to estimated professional liability losses. At September 30, 2012 and 2011, the Hospital also recorded a receivable of \$715 and \$356, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in accrued pension and other long-term liabilities, and bond issuance costs and other assets, respectively, on the consolidated balance sheets.

##### *Workers' Compensation*

The Hospital maintains workers' compensation insurance under a self-insurance plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the Hospital against excessive losses. The Hospital has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$2,995 and \$3,025 at September 30, 2012 and 2011, respectively, have been discounted at 6% and, in management's opinion, provide an adequate reserve for loss contingencies. A trustee held fund has been established as a reserve under the plan.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 7. Commitments and Contingencies (Continued)

#### Litigation

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's financial position, results of operations or cash flows.

#### Health Insurance

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System recognizes revenue for services provided to employees of the System during the year. The System is insured above a stop-loss amount of \$440 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2012 and 2011, have been recorded as a liability of \$6,662 and \$6,826, respectively, and are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

#### Operating Leases

The System has various operating leases relative to its office and offsite locations. Future annual minimum lease payments under noncancellable lease agreements as of September 30, 2012 are as follows:

Year Ending September 30:

2013	\$ 5,230
2014	4,229
2015	4,037
2016	3,929
2017	3,504
Thereafter	<u>23,535</u>
	<u>\$44,464</u>

Rent expense was \$8,207 and \$7,486 for the years ended September 30, 2012 and 2011, respectively.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 8. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Health education and program services	\$11,446	\$10,892
Capital acquisitions	652	762
Indigent care	709	301
For periods after September 30 of each year	<u>83</u>	<u>137</u>
	<u>\$12,890</u>	<u>\$12,092</u>

Income on the following permanently restricted net asset funds is available for the following purposes at September 30:

	<u>2012</u>	<u>2011</u>
Health education and program services	\$14,213	\$13,247
Capital acquisitions	606	606
Indigent care	1,883	1,810
For periods after September 30 of each year	<u>50</u>	<u>62</u>
	<u>\$16,752</u>	<u>\$15,725</u>

### 9. Net Patient Service Revenue

Net patient service revenue for the years ended September 30 is as follows:

	<u>2012</u>	<u>2011</u>
Gross patient service charges:		
Inpatient services	\$353,457	\$343,872
Outpatient services	432,131	388,564
Physician services	143,930	125,225
Less charitable services	<u>(40,354)</u>	<u>(38,666)</u>
	889,164	818,995
Less contractual allowances and discounts:		
Medicare	270,772	247,283
Medicaid	59,771	58,177
Other	<u>167,059</u>	<u>143,076</u>
	<u>497,602</u>	<u>448,536</u>
Total Hospital net patient service revenue (net of contractual allowances and discounts)	391,562	370,459
Other entities	<u>29,016</u>	<u>29,744</u>
	<u>\$420,578</u>	<u>\$400,203</u>

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 10. Functional Expenses

The System 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:

	<u>2012</u>	<u>2011</u>
Health care services	\$301,910	\$293,717
General and administrative	58,096	58,340
Depreciation and amortization	24,595	22,777
Medicaid enhancement tax	16,175	21,542
Interest expense	<u>4,918</u>	<u>5,440</u>
	<u>\$405,694</u>	<u>\$401,816</u>

Fundraising related expenses were \$614 and \$527 for the years ended September 30, 2012 and 2011, respectively.

### 11. Charity Care and Community Benefits (Unaudited)

The Hospital maintains records to identify and monitor the level of charity care it provides. The Hospital provides traditional charity care, as well as other forms of community benefits. The cost of all such benefits provided is as follows for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Community health services	\$ 2,197	\$ 1,833
Health professions education	3,573	4,482
Subsidized health services	16,211	13,811
Research	96	230
Financial contributions	1,003	1,040
Community building activities	365	21
Community benefit operations	49	21
Charity care costs (see Note 1)	<u>14,532</u>	<u>15,648</u>
	<u>\$38,026</u>	<u>\$37,086</u>

In addition, the Hospital incurred costs for services to Medicare and Medicaid patients in excess of the payment from these programs of \$51,317 and \$46,717 in 2012 and 2011, respectively.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 12. Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents of southern New Hampshire and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of September 30 is as follows:

	<u>2012</u>	<u>2011</u>
Patients	19%	22%
Medicare	34	31
Anthem Blue Cross	16	15
Cigna	6	4
Medicaid	6	8
Commercial	18	19
Workers' compensation	<u>1</u>	<u>1</u>
	<u>100%</u>	<u>100%</u>

### 13. Volunteer Services (Unaudited)

Total volunteer service hours received by the Hospital were approximately 38,545 in 2012 and 43,038 in 2011. The volunteers provide various nonspecialized services to the Hospital, none of which has been recognized as revenue or expense in the accompanying consolidated statements of operations.

### 14. Fair Value Measurements

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 14. Fair Value Measurements (Continued)

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following presents the balances of assets measured at fair value on a recurring basis at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2012</u>				
Cash and cash equivalents	\$ 49,755	\$ 1,425	\$ –	\$ 51,180
Fixed income securities	42,675	–	–	42,675
Marketable equity and other securities	35,623	35,610	69,967	141,200
Inflation-protected securities and other	14,305	–	–	14,305
Guaranteed interest contract	–	2	–	2
Trust funds administered by others	<u>–</u>	<u>–</u>	<u>10,212</u>	<u>10,212</u>
	<u>\$142,358</u>	<u>\$37,037</u>	<u>\$80,179</u>	<u>\$259,574</u>
<u>2011</u>				
Cash and cash equivalents	\$ 31,741	\$ 1,414	\$ –	\$ 33,155
Fixed income securities	40,180	–	–	40,180
Marketable equity and other securities	35,874	4,825	77,792	118,491
Inflation-protected securities and other	14,518	–	–	14,518
Guaranteed interest contract	–	11,281	–	11,281
Trust funds administered by others	<u>–</u>	<u>–</u>	<u>9,314</u>	<u>9,314</u>
	<u>\$122,313</u>	<u>\$17,520</u>	<u>\$87,106</u>	<u>\$226,939</u>

The System's Level 3 investments consist of so called alternative investments and trust funds administered by others. The alternative investments consist primarily of interests in limited partnership funds that are not publicly traded. The fair value measurement is based on significant unobservable inputs.

# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

### 14. Fair Value Measurements (Continued)

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

A reconciliation of the fair value measurements using significant unobservable inputs (Level 3) is as follows for 2012 and 2011:

	Trust Funds Administered by Others	Alternative Investments
Balance at September 30, 2010	\$ 9,847	\$ 60,718
Purchases	—	14,700
Net realized and unrealized gains (losses)	<u>(533)</u>	<u>2,374</u>
Balance at September 30, 2011	9,314	77,792
Sales	—	(15,778)
Net realized and unrealized gains	<u>898</u>	<u>7,953</u>
Balance at September 30, 2012	<u>\$10,212</u>	<u>\$ 69,967</u>

In accordance with ASU 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, the table below sets forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category:

	Fair Value	Unfunded Commit- ments	Redemption Frequency	Redemption Notice Period
September 30, 2012:				
Funds-of-funds	\$29,860	\$ —	Monthly	5 – 15 days
Funds-of-funds	31,138	—	Quarterly	45 – 65 days
Funds-of-funds	8,969	—	Annually	60 days
September 30, 2011:				
Funds-of-funds	\$39,499	\$ —	Monthly	5 – 15 days
Funds-of-funds	28,721	—	Quarterly	45 – 65 days
Funds-of-funds	9,572	—	Annually	60 days

## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

#### 14. Fair Value Measurements (Continued)

##### Investment Strategies

##### Fixed Income Securities

The primary purpose of fixed income investments is to provide a highly predictable and dependable source of income, preserve capital, and reduce the volatility of the total portfolio and hedge against the risk of deflation or protracted economic contraction.

##### Marketable Equity and Other Securities

The primary purpose of marketable equity investments is to provide appreciation of principal and growth of income with the recognition that this requires the assumption of greater market volatility and risk of loss. The total marketable equity portion of the portfolio will be broadly diversified according to economic sector, industry, number of holdings and other characteristics including style and capitalization. The System may employ multiple equity investment managers, each of whom may have distinct investment styles. Accordingly, while each manager's portfolio may not be fully diversified, it is expected that the combined equity portfolio will be broadly diversified.

The System invests in other securities that are considered alternative investments that consist of limited partnership interests in investment funds, which, in turn, invest in diversified portfolios predominantly comprised of equity and fixed income securities, as well as options, futures contracts, and some other less liquid investments. Management has approved procedures pursuant to the methods in which the System values these investments at fair value, which ordinarily will be the amount equal to the pro-rata interest in the net assets of the limited partnership, as such value is supplied by, or on behalf of, each investment from time to time, usually monthly and/or quarterly by the investment manager. These investments are classified as Level 2 or 3, depending on the nature of the underlying assets and valuation methodologies used as reported by the fund managers.

System management is responsible for the fair value measurements of investments reported in the consolidated financial statements. Such amounts are generally determined using audited financial statements of the funds and/or recently settled transactions. Because of inherent uncertainty of valuation of certain alternative investments, the estimate of the fund manager or general partner may differ from actual values, and differences could be significant. Management believes that reported fair values of its alternative investments at the balance sheet dates are reasonable.

##### Inflation-Protected Securities

The primary purpose of inflation-protected securities is to provide protection against the negative effects of inflation.



## CONCORD HOSPITAL, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012 and 2011

(In thousands)

#### 14. **Fair Value Measurements (Continued)**

##### *Fair Value of Other Financial Instruments*

Other financial instruments consist of accounts and pledges receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt and notes payable. The fair value of all financial instruments other than long-term debt and notes payable approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value. The fair value of the System's long-term debt and notes payable is estimated using discounted cash flow analyses, based on the System's current incremental borrowing rates for similar types of borrowing arrangements. The carrying value and fair value of the System's long-term debt and notes payable amounted to \$107,233 and \$121,350, respectively, at September 30, 2012, and \$117,197 and \$129,394, respectively, at September 30, 2011.

## INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Trustees  
Concord Hospital, Inc.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Baker Newman & Noyes*

Manchester, New Hampshire  
December 14, 2012

Limited Liability Company

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATING BALANCE SHEET**  
(With Consolidated Totals for September 30, 2011)

September 30, 2012

ASSETS  
(In thousands)

	2012						2011 Consol- idated
	<u>Concord Hospital (Obligated Group)</u>	<u>Capital Region Health Care Development Corporation</u>	<u>Capital Region Health Ventures Corporation</u>	<u>Concord Hospital/ Dartmouth Hitchcock- Concord</u>	<u>Elimi- nations</u>	<u>Consol- idated</u>	
Current assets:							
Cash and cash equivalents	\$ 32,719	\$ —	\$ 1	\$ —	\$ —	\$ 32,720	\$ 8,449
Investments	14,382	—	—	—	—	14,382	20,368
Accounts receivable, net	40,758	43	128	685	—	41,614	43,144
Due from affiliates	622	—	—	—	(382)	240	352
Supplies	682	—	58	—	—	740	832
Prepaid expenses	4,205	160	28	59	—	4,452	4,181
Total current assets	<u>93,368</u>	<u>203</u>	<u>215</u>	<u>744</u>	<u>(382)</u>	<u>94,148</u>	<u>77,326</u>
Assets whose use is limited or restricted:							
Board designated	174,864	—	—	—	—	174,864	152,609
Funds held by trustee:							
Workers' compensation reserves and self-insurance escrow	7,966	—	—	—	—	7,966	17,695
Donor-restricted	<u>29,642</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>29,642</u>	<u>27,818</u>
Total assets whose use is limited or restricted	<u>212,472</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>212,472</u>	<u>198,122</u>
Other noncurrent assets:							
Due from affiliates, net of current portion	18,193	—	2,165	—	(17,191)	3,167	3,570
Bond issuance costs and other assets	4,873	—	2,438	—	—	7,311	7,583
Total other noncurrent assets	<u>23,066</u>	<u>—</u>	<u>4,603</u>	<u>—</u>	<u>(17,191)</u>	<u>10,478</u>	<u>11,153</u>
Property and equipment:							
Land and land improvements	5,113	270	—	—	—	5,383	5,242
Buildings	122,032	35,835	26	—	—	157,893	159,443
Equipment	189,917	1,875	224	617	—	192,633	190,991
Construction in progress	<u>13,998</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,000</u>	<u>4,500</u>
	331,060	37,982	250	617	—	369,909	360,176
Less accumulated depreciation	<u>(191,781)</u>	<u>(20,265)</u>	<u>(159)</u>	<u>(603)</u>	<u>—</u>	<u>(212,808)</u>	<u>(201,906)</u>
Net property and equipment	<u>139,279</u>	<u>17,717</u>	<u>91</u>	<u>14</u>	<u>—</u>	<u>157,101</u>	<u>158,270</u>
	<u>\$ 468,185</u>	<u>\$ 17,920</u>	<u>\$ 4,909</u>	<u>\$ 758</u>	<u>\$ (17,573)</u>	<u>\$ 474,199</u>	<u>\$ 444,871</u>

**LIABILITIES AND NET ASSETS**

(In thousands)

	2012						2011 Consol- idated
	Concord Hospital (Obligated Group)	Capital Region Health Care Development Corporation	Capital Region Health Ventures Corporation	Concord Hospital/ Dartmouth Hitchcock- Concord	Elimi- nations	Consol- idated	
Current liabilities:							
Short-term notes payable	\$ —	\$ —	\$ —	\$ 701	\$ —	\$ 701	\$ 944
Accounts payable and accrued expenses	22,180	53	10	—	—	22,243	22,781
Accrued compensation and related expenses	22,222	—	—	—	—	22,222	20,449
Due to affiliates	—	382	—	—	(382)	—	—
Accrual for estimated third-party payor settlements	11,342	—	—	—	—	11,342	8,511
Current portion of long-term debt	9,721	—	—	—	—	9,721	9,755
Total current liabilities	<u>65,465</u>	<u>435</u>	<u>10</u>	<u>701</u>	<u>(382)</u>	<u>66,229</u>	<u>62,440</u>
Long-term debt, net of current portion	97,512	17,191	—	—	(17,191)	97,512	107,442
Accrued pension and other long-term liabilities	79,993	—	—	—	—	79,993	68,761
Total liabilities	<u>242,970</u>	<u>17,626</u>	<u>10</u>	<u>701</u>	<u>(17,573)</u>	<u>243,734</u>	<u>238,643</u>
Net assets:							
Unrestricted	195,573	294	4,899	57	—	200,823	178,411
Temporarily restricted	12,890	—	—	—	—	12,890	12,092
Permanently restricted	16,752	—	—	—	—	16,752	15,725
Total net assets	<u>225,215</u>	<u>294</u>	<u>4,899</u>	<u>57</u>	<u>—</u>	<u>230,465</u>	<u>206,228</u>
	<u>\$ 468,185</u>	<u>\$ 17,920</u>	<u>\$ 4,909</u>	<u>\$ 758</u>	<u>\$ (17,573)</u>	<u>\$ 474,199</u>	<u>\$ 444,871</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF OPERATIONS**  
(With Consolidated Totals for September 30, 2011)

Year Ended September 30, 2012

(In thousands)

	2012						2011
	Concord Hospital (Obligated Group)	Capital Region Health Care Development Corporation	Capital Region Health Ventures Corporation	Concord Hospital/ Dartmouth Hitchcock- Concord	Elimi- nations	Consol- idated	Consol- idated
Unrestricted revenue and other support							
Net patient service revenue (net of contractual allowances and discounts)	\$ 391,562	\$ —	\$ 1,055	\$ 27,961	\$ —	\$ 420,578	\$ 400,203
Provision for doubtful accounts	<u>27,562</u>	<u>—</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>27,565</u>	<u>24,173</u>
Net patient service revenue less provision for doubtful accounts	364,000	—	1,052	27,961	—	393,013	376,030
Other revenue	17,959	4,915	6,503	3	(4,606)	24,774	20,401
Disproportionate share revenue	—	—	—	—	—	—	20,537
Net assets released from restrictions for operations	<u>1,973</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,973</u>	<u>953</u>
Total unrestricted revenue and other support	383,932	4,915	7,555	27,964	(4,606)	419,760	417,921
Expenses:							
Salaries and wages	171,888	309	817	10	—	173,024	167,048
Employee benefits	43,667	87	186	3	—	43,943	43,271
Supplies and other	70,618	1,631	579	2,220	(3,059)	71,989	72,384
Purchased services	28,620	228	103	30,609	(503)	59,057	56,961
Professional fees	11,822	—	171	—	—	11,993	12,393
Depreciation and amortization	22,952	1,611	27	5	—	24,595	22,777
Medicaid enhancement tax	16,175	—	—	—	—	16,175	21,542
Interest expense	<u>4,861</u>	<u>1,044</u>	<u>—</u>	<u>57</u>	<u>(1,044)</u>	<u>4,918</u>	<u>5,440</u>
Total expenses	<u>370,603</u>	<u>4,910</u>	<u>1,883</u>	<u>32,904</u>	<u>(4,606)</u>	<u>405,694</u>	<u>401,816</u>
Income (loss) from operations	13,329	5	5,672	(4,940)	—	14,066	16,105
Nonoperating income:							
Unrestricted gifts and bequests	3,984	—	—	—	—	3,984	196
Investment income and other	<u>2,079</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,079</u>	<u>10,938</u>
Total nonoperating income	<u>6,063</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,063</u>	<u>11,134</u>
Excess (deficiency) of revenues and gains over expenses	\$ <u>19,392</u>	\$ <u>5</u>	\$ <u>5,672</u>	\$ <u>(4,940)</u>	\$ <u>—</u>	\$ <u>20,129</u>	\$ <u>27,239</u>