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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

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

☐ Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization
Brattleboro Retreat

Doing Business As

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

Room/suite

City or town, state or country, and ZIP + 4
Brattleboro, VT 05302

F Name and address of principal officer
Robert E Simpson Jr
1 Anna Marsh Lane
Brattleboro, VT 05302

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.brattlebororetreat.org

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other ▶

L Year of formation 1834

M State of legal domicile VT

Part I

Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities Offering a continuum of care including Inpatient, Partial Hospitalization, Residential and Outpatient Treatment for Children, Adolescents, Adults, and Older Adults throughout the Northeast		
	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	12
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	802
Revenue	6	Total number of volunteers (estimate if necessary)	6	0
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	392,726
	b	Net unrelated business taxable income from Form 990-T, line 34	7b	-35,825
Expenses	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	436,886	2,914,401
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	48,006,205	53,511,374
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	332,263	377,706
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	84,984	62,033
			48,860,338	56,865,514
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
Net Assets or Fund Balances	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	32,427,198	39,305,446
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶227,148		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	14,422,131	15,257,853
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	46,849,329	54,563,299
	19	Revenue less expenses Subtract line 18 from line 12	2,011,009	2,302,215
			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	37,481,218	40,044,107
	21	Total liabilities (Part X, line 26)	22,552,076	22,809,631
	22	Net assets or fund balances Subtract line 21 from line 20	14,929,142	17,234,476

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

Robert E Simpson Jr President & CEO

Type or print name and title

2013-11-01

Date

Paid Preparer Use Only

Prnt/Type preparer's name
Barbara J McGuan CPA

Preparer's signature

Date
2013-11-01

Check ☐ if self-employed

PTIN
P00219457

Firm's name ▶ Berry Dunn McNeil & Parker LLC

Firm's EIN ▶ 01-0523282

Firm's address ▶ PO Box 1100
Portland, ME 041041100

Phone no (207) 775-2387

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 (2012)

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

Inspired by the courage of our patients, the Brattleboro Retreat is dedicated to children, adolescents and adults in their pursuit of recovery from mental illness, psychological trauma and addiction We are committed to excellence in treatment, advocacy, education, research and community service We provide hope, healing, safety and privacy through a full continuum of medical and holistic services delivered by expert caregivers in a uniquely restorative Vermont setting

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 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 \$ 45,657,844 including grants of \$) (Revenue \$ 50,764,028)

Offering a continuum of care including inpatient, partial hospitalization, residential and outpatient treatment for children, adolescents, adults and older adults throughout the Northeast Patient Days Inpatient 33,334, Partial 8,399, Residential 11,132, Outpatient 24,144

4b

(Code) (Expenses \$ 206,489 including grants of \$) (Revenue \$ 215,391)

Continuing education program providing up to 28 workshops and seminars throughout the year for Psychiatrists, Physicians, Social Workers, Psychologists, Therapists, Alcohol Counselors, Nurses and Other Healthcare Professionals

4c

(Code) (Expenses \$ 1,370,553 including grants of \$) (Revenue \$ 2,075,297)

Vermont accredited school serving children and adolescent inpatients, residential, and partial hospitalization The curriculum meets the educational, clinical and behavioral needs of our students and the requirements of Vermont's educational standards Patient School Days 12,150

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses

47,234,886

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 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 lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <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 direct or indirect 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, Part II, III, or IV, and Part V, line 1</i>	34		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, 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		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	101	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	802	
2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		Yes	
3b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		Yes	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			No
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			No
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
7 Organizations that may receive deductible contributions under section 170(c).			
7a 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?		Yes	
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?		Yes	
7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
7e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			No
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			No
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
9a Did the organization make any taxable distributions under section 4966?		9a	
9b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
10a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
11a Gross income from members or shareholders.		11a	
11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	12	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	11	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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?	7a	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	VT
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
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 during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	Brattleboro Retreat 1 Anna Marsh Lane Brattleboro, VT (802) 258-4312

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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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) Bette Abrams Board Secretary	1 00	X		X				0	0	0
(2) Jeffrey Morse Trustee	1 00	X						0	0	0
(3) Mary Faucher Trustee	1 00	X						0	0	0
(4) Michael Sarsynski Trustee	1 00	X						0	0	0
(5) Peter Sherlock Board Chair	1 00	X		X				0	0	0
(6) Robert Simpson Jr President & CEO	40 00	X		X				442,988	0	25,341
(7) Tammy Richards Trustee	1 00	X						0	0	0
(8) Tonia Wheeler Trustee	1 00	X						0	0	0
(9) Patricia O'Donnell Trustee	1 00	X						0	0	0
(10) David Dunn Trustee	1 00	X						0	0	0
(11) Daniel Normandeau Trustee	1 00	X						0	0	0
(12) John Blaha Treasurer & CFO	40 00			X				190,973	0	20,267
(13) Frederick Engstrom Medical Staff Director	40 00					X		257,817	0	25,798
(14) Robyn Ostrander Asst Medical Staff Directo	40 00					X		245,429	0	28,795
(15) Timothy Rowland Physician	40 00					X		216,247	0	27,504
(16) Nels Kloster Physician	40 00					X		215,340	0	14,702
(17) Cory Nohl Physician	40 00					X		214,097	0	23,088

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	1,782,891	0	165,495

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 37

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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)	(B)	(C)
Name and business address	Description of services	Compensation
Engleberth Construction 463 Mountain View Drive Colchester VT 05446	Construction	2,722,905
Sodexo 153 Second Avenue Waltham MA 02254	Cafe/Dietary/Housekeeping/Facilities	2,621,274
HP Cummings PO Box 269 Woodsville NH 03785	Construction	1,573,436
Melanson Co Inc PO Box 523 Keene NH 03431	Construction	1,554,737
GPI Construction 436 Canal St Brattleboro VT 05301	Construction	1,209,856

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 ►22

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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	155,314		
	d	Related organizations	1d			
	e	Government grants (contributions)	1e	2,589,350		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	169,737		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		2,914,401		
Program Service Revenue	2a	Patient Service Revenue	Business Code			
			900099	51,518,841	51,518,841	
	b	Miscellaneous	900099	880,571	880,571	
	c	Daycare	624410	456,658		392,726
	d	MSO Revenue	621300	330,461	330,461	
	e	Conference Revenue	611710	215,391	215,391	
	f	All other program service revenue		109,452	109,452	
	g	Total. Add lines 2a-2f		53,511,374		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		373,629		373,629
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			247,635			
	b	Less rental expenses				
			167,739			
	c	Rental income or (loss)				
			79,896			
	d	Net rental income or (loss)		79,896		79,896
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
			8,621,841	2,496		
	b	Less cost or other basis and sales expenses				
			8,620,260	0		
	c	Gain or (loss)				
			1,581	2,496		
	d	Net gain or (loss)		4,077		4,077
	8a	Gross income from fundraising events (not including \$ 155,314 of contributions reported on line 1c) See Part IV, line 18				
			a	31,643		
	b	Less direct expenses	b	49,506		
	c	Net income or (loss) from fundraising events		-17,863		-17,863
	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						
b						
c						
d	All other revenue					
e	Total. Add lines 11a-11d					
12	Total revenue. See Instructions		56,865,514	53,054,716	392,726	503,671

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).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
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.	679,569		679,569	
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.	31,890,653	28,642,708	3,065,425	182,520
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	800,469	703,612	96,857	
9	Other employee benefits.	3,696,251	3,250,150	446,101	
10	Payroll taxes.	2,238,504	1,968,215	270,289	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	450,431		450,431	
c	Accounting.	58,165		58,165	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	38,625		38,625	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	7,016,308	6,025,026	974,887	16,395
12	Advertising and promotion.	240,664	240,664		
13	Office expenses.	1,250,810	974,964	266,486	9,360
14	Information technology.	246,805	246,805		
15	Royalties.				
16	Occupancy.	1,161,115	1,161,115		
17	Travel.	137,455	36,498	97,438	3,519
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	149,416	92,747	46,133	10,536
20	Interest.	365,209	365,209		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	1,375,403	1,375,403		
23	Insurance.	432,470	432,470		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	Provider Tax.	878,766	878,766		
b	Equipment Rental and Maintenance.	687,386	376,924	306,738	3,724
c	Meals.	464,568	377,428	87,140	
d	Dues & Subscriptions.	187,472	40,829	145,576	1,067
e	All other expenses.	116,785	45,353	71,405	27
25	Total functional expenses. Add lines 1 through 24e.	54,563,299	47,234,886	7,101,265	227,148
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		86,387	1	178,462
	2	Savings and temporary cash investments		7,816,354	2	1,485,505
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		6,782,891	4	8,323,567
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		158,436	8	137,985
	9	Prepaid expenses and deferred charges		378,026	9	298,975
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a45,799,846			
	b	Less accumulated depreciation	10b27,457,039	10,569,809	10c	18,342,807
	11	Investments—publicly traded securities		10,819,663	11	10,444,192
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		869,652	15	832,614
	16	Total assets. Add lines 1 through 15 (must equal line 34)		37,481,218	16	40,044,107
Liabilities	17	Accounts payable and accrued expenses		5,137,775	17	5,952,682
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		11,300,000	20	11,255,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other 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		4,923,603	23	4,349,677
	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		1,190,698	25	1,252,272
	26	Total liabilities. Add lines 17 through 25		22,552,076	26	22,809,631
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		14,816,147	27	16,984,027
	28	Temporarily restricted net assets		112,995	28	155,294
	29	Permanently restricted net assets			29	95,155
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		14,929,142	33	17,234,476
	34	Total liabilities and net assets/fund balances		37,481,218	34	40,044,107

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	56,865,514
2	Total expenses (must equal Part IX, column (A), line 25)	2	54,563,299
3	Revenue less expenses Subtract line 2 from line 1	3	2,302,215
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,929,142
5	Net unrealized gains (losses) on investments	5	3,119
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	17,234,476

Part XII Financial Statements and Reporting

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

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

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

2012

Open to Public
Inspection

Name of the organization Brattleboro Retreat	Employer identification number 03-0107360
---	--

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 described in section 170(b)(1)(A)(i).
2	☐	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	☒	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	☐	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state _____
5	☐	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
6	☐	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	☐	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II)
8	☐	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	☐	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III)
10	☐	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	☐	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated
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 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 monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 2012 (line 6, column (f) divided by line 11, column (f))	14		
15 Public support percentage for 2011 Schedule A, Part II, line 14	15		
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a 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—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. 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—2011. 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Brattleboro Retreat

Employer identification number
03-0107360

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes☐ No	

Part II

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

Complete lines 2a through 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, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

Using the organization's acquisition, 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 XIII

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 XIII and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	11,804,134	10,524,393	9,351,252	11,583,990	12,208,986
b Contributions			750,000		
c Net investment earnings, gains, and losses	436,455	1,279,741	423,141	192,262	475,004
d Grants or scholarships					
e Other expenditures for facilities and programs	1,300,000			2,425,000	1,100,000
f Administrative expenses					
g End of year balance	10,940,589	11,804,134	10,524,393	9,351,252	11,583,990

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment ▶ 100 000 %

b

Permanent endowment ▶

c

Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations

(ii) related organizations

	Yes	No
3a(i)		No
3a(ii)		No

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

3b

4

Describe in Part XIII 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		120,033		120,033
b Buildings		32,830,911	20,827,809	12,003,102
c Leasehold improvements				
d Equipment		6,756,570	5,397,825	1,358,745
e Other		6,092,332	1,231,405	4,860,927
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				18,342,807

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	57,085,878
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	3,119
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	217,245
e	Add lines 2a through 2d	2e	220,364
3	Subtract line 2e from line 1	3	56,865,514
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 XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	56,865,514

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	54,780,544
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 XIII)	2d	217,245
e	Add lines 2a through 2d	2e	217,245
3	Subtract line 2e from line 1	3	54,563,299
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 XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	54,563,299

Part XIII

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, line 2, Part XI, lines 2d and 4b, and Part XII, 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	These funds consist of assets held by a trustee under an indenture agreement and funds set aside by the Board for capital improvements, over which the Board retains control and may, at its discretion, use for other purposes such as short-term operating needs
Part XI, Line 2d - Other Adjustments		Rental Expenses 167,739 Fundraising Expenses 49,506
Part XII, Line 2d - Other Adjustments		Rental Expenses 167,739 Fundraising Expenses 49,506

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Brattleboro Retreat

Employer identification number
03-0107360

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

1

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

a

☐ Mail solicitations

e

☐ Solicitation of non-government grants

b

☐ Internet and email solicitations

f

☐ Solicitation of government grants

c

☐ Phone solicitations

g

☐ Special fundraising events

d

☐ In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes

☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

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

3

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

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

Revenue		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
		<u>Golf Tournament</u>	<u>Ride for Heroes</u>	<u>1</u>	(add col (a) through	
		(event type)	(event type)	(total number)	col (c))	
	1	Gross receipts	61,170	14,992	110,795	186,957
	2	Less Contributions . . .	50,472	9,047	95,795	155,314
3	Gross income (line 1 minus line 2)	10,698	5,945	15,000	31,643	
Direct Expenses	4	Cash prizes				
	5	Noncash prizes . . .	4,066	2,361	250	6,677
	6	Rent/facility costs . . .	7,088		9,814	16,902
	7	Food and beverages .	5,138	1,709	11,725	18,572
	8	Entertainment			1,500	1,500
	9	Other direct expenses .	1,500	1,355	3,000	5,855
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶				(49,506)
	11	Net income summary Combine line 3, column (d), and line 10 ▶				-17,863

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

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

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

13 Indicate the percentage of gaming activity operated in

a The organization's facility	13a	
b An outside facility	13b	

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

Name ▶

Address ▶

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

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

c If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

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

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

2012

Open to Public Inspection

Name of the organization
Brattleboro Retreat

Employer identification number
03-0107360

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)			114,255		114,255	0 210 %
b Medicaid (from Worksheet 3, column a)			25,625,057	21,967,611	3,657,446	6 700 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			25,739,312	21,967,611	3,771,701	6 910 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			103,136		103,136	0 190 %
f Health professions education (from Worksheet 5)			295,038		295,038	0 540 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			36,231		36,231	0 070 %
j Total Other Benefits			434,405		434,405	0 800 %
k Total. Add lines 7d and 7j			26,173,717	21,967,611	4,206,106	7 710 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing		716		716	0 %
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members		1,304		1,304	0 %
6	Coalition building					
7	Community health improvement advocacy		10,785		10,785	0 020 %
8	Workforce development					
9	Other					
10	Total		12,805		12,805	0 020 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?

1

Yes

2

Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount

2

619,649

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit

3

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME)

5

7,030,242

6

Enter Medicare allowable costs of care relating to payments on line 5

6

9,464,673

7

Subtract line 6 from line 5 This is the surplus (or shortfall)

7

-2,434,431

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used

☐

Cost accounting system

☒

Cost to charge ratio

☐

Other

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, and primary website address

Other (Describe)	Facility reporting group	ER-other	ER-24 hours	Research facility	Critical access hospital	Teaching hospital	Children's hospital	General medical & surgical	Licensed hospital
									X

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Brattleboro Retreat

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	☒ A definition of the community served by the hospital facility		
b	☒ Demographics of the community		
c	☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☒ How data was obtained		
e	☒ The health needs of the community		
f	☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☒ The process for consulting with persons representing the community's interests		
i	☒ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	☒ Hospital facility's website		
b	☒ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☒ Execution of the implementation strategy		
c	☐ Participation in the development of a community-wide plan		
d	☐ Participation in the execution of a community-wide plan		
e	☒ Inclusion of a community benefit section in operational plans		
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☒ Prioritization of health needs in its community		
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☒ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 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)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☒ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 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		17	Yes
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☐

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	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	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☒ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

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

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Brattleboro Retreat

Employer identification number

03-0107360

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. ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☐ Compensation survey or study ☒ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		No
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4c		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		No
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III.	5b		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6b		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is 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, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(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 as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Robert Simpson Jr President & CEO	(i)	375,488	67,500	0	10,000	15,341	468,329	0
	(ii)	0	0	0	0	0	0	0
(2) John Blaha Treasurer & CFO	(i)	181,973	9,000	0	7,821	12,446	211,240	0
	(ii)	0	0	0	0	0	0	0
(3) Frederick Engstrom Medical Staff Director	(i)	250,817	7,000	0	10,000	15,798	283,615	0
	(ii)	0	0	0	0	0	0	0
(4) Robyn Ostrander Asst Medical Staff Directo	(i)	238,429	7,000	0	10,000	18,795	274,224	0
	(ii)	0	0	0	0	0	0	0
(5) Timothy Rowland Physician	(i)	216,247	0	0	8,827	18,677	243,751	0
	(ii)	0	0	0	0	0	0	0
(6) Nels Kloster Physician	(i)	215,340	0	0	0	14,702	230,042	0
	(ii)	0	0	0	0	0	0	0
(7) Cory Nohl Physician	(i)	214,097	0	0	8,723	14,365	237,185	0
	(ii)	0	0	0	0	0	0	0

Part III **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
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Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Brattleboro Retreat

Employer identification number
03-0107360

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 Vermont Educational Health & Buildings	23-7154467	924166DY4	12-01-2011	11,300,000	Refund Series 2007 Bonds & new money for capital improvements		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	45,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	11,300,000							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	149,961							
8	Credit enhancement from proceeds	58,992							
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	8,790,993							
11	Other spent proceeds	1,467,844							
12	Other unspent proceeds	787,210							
13	Year of substantial completion	2011							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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 of bond-financed property?		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						
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	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X							
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?		X						

Part VI

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

**Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
► Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

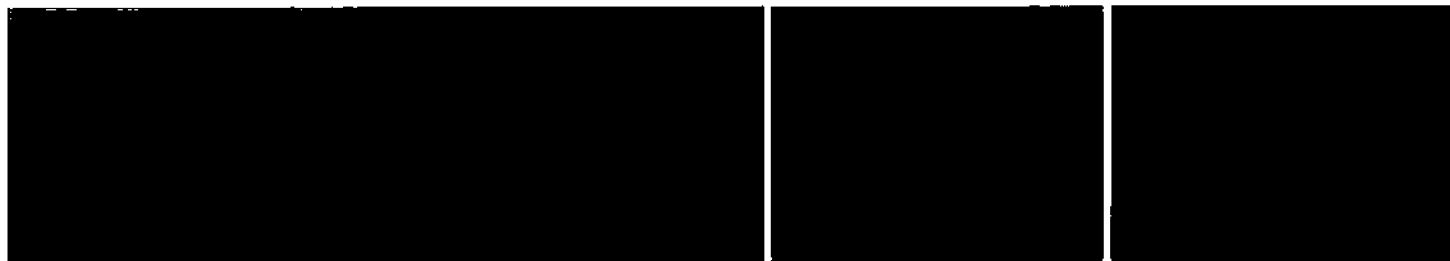
**Open to Public
Inspection**

Name of the organization
Brattleboro Retreat

Employer identification number

03-0107360

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The Governing Body receives the prepared 990 electronically for their review followed by a presentation at their next full board meeting prior to filing the return
	Form 990, Part VI, Section B, line 12c	At the Annual Meeting, Board Members complete the document entitled "Brattleboro Retreat Questionnaire on Conflict of Interest" They are required to revise it during the course of the year if anything changes
	Form 990, Part VI, Section B, line 15	The Board Compensation Committee reviews comparative data for the CEO The CEO does review benchmarking/comparative data for VPs and other key employees
	Form 990, Part VI, Section C, line 19	All governing documents, conflict of interest policy, and audited financial statements are available upon request
Other Fees	Form 990, Part IX, line 11g	Other Fees Program service expenses 6,025,026 Management and general expenses 974,887 Fundraising expenses 16,395 Total expenses 7,016,308
Oversight of Audit	Form 990, Part XII, Line 2c	The process by which the committee oversees the review and selects the independent accountant has not changed from the prior year
	Form 990, Part VIII, Line 1f	The organization received \$2,400,000 from the State of Vermont - Department of Building and General Services Brattleboro Retreat agreed to provide a treatment environment on an interim basis for displaced patients from the Vermont State Hospital In order to provide this environment of care appropriately and suitably, The Brattleboro Retreat needed, and agreed, to make certain improvements and alterations to its facility In consideration of the services to be performed by The Brattleboro Retreat under this contract for the facility renovations, the State agreed to pay The Brattleboro Retreat for the renovations



Brattleboro Retreat

FINANCIAL STATEMENTS

December 31, 2012 and 2011

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Brattleboro Retreat

Report on the Financial Statements

We have audited the accompanying financial statements of Brattleboro Retreat, which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brattleboro Retreat as of December 31, 2012 and 2011, and the results of its operations, changes in its net assets, and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
April 29, 2013
Registration No. 92-0000278

BRATTLEBORO RETREAT

Balance Sheets

December 31, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current assets		
Cash	\$ 178,462	\$ 86,387
Assets limited as to use	3,750	3,750
Accounts receivable, net of allowance for uncollectible accounts of \$2,096,820 in 2012 and \$1,505,205 in 2011	8,323,567	6,782,891
Supplies	137,985	158,436
Prepaid expenses	<u>298,975</u>	<u>378,026</u>
Total current assets	<u>8,942,739</u>	<u>7,409,490</u>
Assets limited as to use		
Board designated funds	10,936,839	11,800,384
By bond agreement held by trustee for future capital projects	787,210	6,831,883
By donor restriction	<u>201,898</u>	<u>-</u>
Assets limited as to use, net of current portion	<u>11,925,947</u>	<u>18,632,267</u>
Property and equipment, net	18,342,807	10,569,809
Cash surrender value of life insurance policies and annuity contracts	602,334	620,619
Other assets	<u>230,280</u>	<u>249,033</u>
Total assets	<u>\$ 40,044,107</u>	<u>\$ 37,481,218</u>

The accompanying notes are an integral part of these financial statements

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current liabilities		
Bank overdraft	\$ 605,890	\$ 399,904
Line of credit	-	210,863
Current portion of long-term debt	596,851	618,493
Accounts payable and accrued expenses	2,135,308	2,140,641
Accrued salaries and related amounts	3,817,374	2,997,134
Due to third-party payors	484,973	384,973
Current portion of deferred compensation obligation	<u>41,275</u>	<u>48,813</u>
Total current liabilities	7,681,671	6,800,821
Deferred compensation obligation, excluding current portion	120,134	146,145
Long-term debt, excluding current portion	<u>15,007,826</u>	<u>15,605,110</u>
Total liabilities	22,809,631	22,552,076
Commitments and contingencies (Notes 5, 9, and 10)		
Unrestricted net assets	16,984,027	14,816,147
Temporarily restricted net assets	155,294	112,995
Permanently restricted net assets	<u>95,155</u>	<u>-</u>
Total net assets	<u>17,234,476</u>	<u>14,929,142</u>
Total liabilities and net assets	<u>\$ 40,044,107</u>	<u>\$ 37,481,218</u>

BRATTLEBORO RETREAT**Statements of Operations****Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Unrestricted revenues, gains, and other support		
Patient service revenue (net of contractual allowances and discounts)	\$ 52,999,484	\$ 46,021,620
Less provision for bad debts	<u>1,480,643</u>	<u>1,427,195</u>
Net patient service revenue	51,518,841	44,594,425
Grant revenue	195,100	220,784
Other revenues	2,333,341	2,328,522
Net assets released from restrictions for operations	<u>46,058</u>	<u>14,038</u>
Total unrestricted revenues, gains, and other support	<u>54,093,340</u>	<u>47,157,769</u>
Expenses		
Operating expenses	53,039,932	44,036,997
Depreciation and amortization	1,375,403	1,354,510
Interest expense	<u>365,209</u>	<u>151,803</u>
Total expenses	<u>54,780,544</u>	<u>45,543,310</u>
(Loss) income from operations	<u>(687,204)</u>	<u>1,614,459</u>
Other income (losses)		
Investment income	373,629	353,017
Net realized gains (losses) on the sales of investments	1,581	(19,760)
Loss on early extinguishment of long-term debt	<u>-</u>	<u>(132,445)</u>
Total other income	<u>375,210</u>	<u>200,812</u>
(Deficiency) excess of revenues, gains, and other support over expenses and losses	<u>\$ (311,994)</u>	<u>\$ 1,815,271</u>

The accompanying notes are an integral part of these financial statements

BRATTLEBORO RETREAT

Statements of Changes in Net Assets

Years Ended December 31, 2012 and 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances, January 1, 2011	\$ <u>12,849,453</u>	\$ <u>52,663</u>	\$ <u>-</u>	\$ <u>12,902,116</u>
Excess of revenues, gains, and other support over expenses and losses	1,815,271	-		1,815,271
Change in net unrealized gains on investments	148,462	-	-	148,462
Restricted contributions	-	77,331	-	77,331
Net assets released from restrictions for operations	-	(14,038)	-	(14,038)
Net assets released from restrictions for property and equipment	<u>2,961</u>	<u>(2,961)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>1,966,694</u>	<u>60,332</u>	<u>-</u>	<u>2,027,026</u>
Balances, December 31, 2011	<u>14,816,147</u>	<u>112,995</u>	<u>-</u>	<u>14,929,142</u>
Deficiency of revenues, gains, and other support over expenses and losses	(311,994)	-	-	(311,994)
Change in net unrealized gains on investments	3,119	-	-	3,119
Restricted contributions	-	102,964	95,155	198,119
Net assets released from restrictions for operations	-	(46,058)	-	(46,058)
Net assets released from restrictions for property and equipment	14,607	(14,607)	-	-
Contributions restricted for property and equipment	<u>2,462,148</u>	<u>-</u>	<u>-</u>	<u>2,462,148</u>
Change in net assets	<u>2,167,880</u>	<u>42,299</u>	<u>95,155</u>	<u>2,305,334</u>
Balances, December 31, 2012	<u>\$ 16,984,027</u>	<u>\$ 155,294</u>	<u>\$ 95,155</u>	<u>\$ 17,234,476</u>

The accompanying notes are an integral part of these financial statements

BRATTLEBORO RETREAT**Statements of Cash Flows****Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 2,305,334	\$ 2,027,026
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,375,403	1,354,510
Provision for bad debts	1,480,643	1,427,195
Net realized and unrealized gains on investments	(4,700)	(128,702)
Restricted contributions	(198,119)	(77,331)
Loss on early extinguishment of long-term debt	-	132,445
(Increase) decrease in		
Accounts receivable	(3,021,319)	(2,216,720)
Supplies	20,451	(33,647)
Prepaid expenses	79,051	(117,404)
Cash surrender value of life insurance policies and annuity contracts	18,285	48,448
Increase (decrease) in		
Accounts payable and accrued expenses	(5,333)	835,347
Accrued salaries and related amounts	820,240	987,474
Due to third-party payors	100,000	(364,628)
Deferred compensation obligation	(33,549)	(23,815)
Net cash provided by operating activities	<u>2,936,387</u>	<u>3,850,198</u>
Cash flows from investing activities		
Purchases of property and equipment	(9,135,769)	(4,142,187)
Proceeds from sales of investments	8,621,841	6,499,660
Purchases of investments	(1,904,700)	(14,482,582)
Net cash used by investing activities	<u>(2,418,628)</u>	<u>(12,125,109)</u>
Cash flows from financing activities		
Increase (decrease) in bank overdraft	205,986	(6,607)
Payments on long-term debt	(618,926)	(7,360,075)
Proceeds from long-term debt	-	16,180,000
Net payments on line of credit	(210,863)	(346,735)
Additions to bond issuance costs	-	(250,255)
Restricted contributions	198,119	77,331
Net cash (used) provided by financing activities	<u>(425,684)</u>	<u>8,293,659</u>
Net increase in cash	92,075	18,748
Cash, beginning of year	<u>86,387</u>	<u>67,639</u>
Cash, end of year	<u>\$ 178,462</u>	<u>\$ 86,387</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 365,209</u>	<u>\$ 153,909</u>

The accompanying notes are an integral part of these financial statements

BRATTLEBORO RETREAT

Notes to Financial Statements

December 31, 2012 and 2011

Organization and Description of Business

The Brattleboro Retreat (Retreat), a not-for-profit corporation, is principally a facility for the treatment of psychiatric illness and drug and alcohol dependency. The Retreat also offers educational programs to school-age children receiving rehabilitative care.

1. Summary of Significant Accounting Policies

Use of Estimates

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

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

In evaluating the collectibility of accounts receivable, the Retreat analyzes past results 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. Data for each major payor source is regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. For receivables relating to services provided to patients having third-party coverage, the Retreat analyzes contractually due amounts and provides an allowance for doubtful accounts and a corresponding provision for bad debts. For receivables relating to 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 Retreat records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible. The difference between the standard rates (or discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

During 2012, the Retreat increased its estimate from \$1,505,205 to \$2,096,820 in the allowance for doubtful accounts relating to self-pay patients. The change resulted from an increase in self-pay balances.

BRATTLEBORO RETREAT
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Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the (deficiency) excess of revenues, gains, and other support over expenses and losses unless the income or loss is restricted by donor or law. Unrealized gains and temporary unrealized losses on investments are excluded from the (deficiency) excess of revenues, gains, and other support over expenses and losses.

Supplies

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

Assets Limited as to Use

Assets limited as to use primarily consist of assets set aside by the Board of Trustees (the Board) for capital improvements, over which the Board retains control and may at its discretion use for other purposes. Assets limited as to use also consist of assets held by a trustee under a bond indenture agreement and donor-restricted funds.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the lesser of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Bond Issuance Costs

The costs incurred to obtain long-term financing are being amortized over the life of the bonds using the straight-line method. The costs are included in other assets. Accumulated amortization at December 31, 2012 and 2011, was \$14,195 and \$1,563, respectively.

Net Assets

Funds used for operating purposes have been classified as and are a component of unrestricted net assets in the accompanying balance sheets. Temporarily and permanently restricted net assets are those whose use by the Retreat has been limited by donors to a specific time period or purpose.

BRATTLEBORO RETREAT

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(Deficiency) Excess of Revenues, Gains, and Other Support Over Expenses and Losses

The statements of operations include (deficiency) excess of revenues, gains, and other support over expenses and losses. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include net unrealized gains and temporary unrealized losses on investments and contributions of property and equipment.

Net Patient Service Revenue

The Retreat has agreements with third-party payors that provide for payments to the Retreat at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges, and per diem payments. 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.

Charity Care

The Retreat 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 Retreat does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Retreat are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

Accounting for Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed

The Retreat reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed are reported at the lower of carrying amounts or fair value, less cost to sell. The Retreat evaluates the recoverability of the carrying amounts of long-lived assets based on estimated cash flows to be generated by each of such assets as compared to the original estimates used in measuring such assets. To the extent impairment is identified, the Retreat would reduce the carrying value of such assets. To date, the Retreat has not experienced any such impairments.

BRATTLEBORO RETREAT

Notes to Financial Statements

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Functional Expenses

The Retreat provides specialized health care services to residents within its geographic location. Expenses related to providing these services were as follows for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 45,159,557	\$ 37,395,435
General and administrative	<u>9,620,987</u>	<u>8,147,875</u>
	<u>\$ 54,780,544</u>	<u>\$ 45,543,310</u>

Income Taxes

The Retreat is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code), and is exempt from federal income taxes on related income.

Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the current year's presentation.

New Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board (FASB) amended Accounting Standards Codification (ASC) 954, *Health Care Entities*, to require health care entities to change the presentation of the statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, enhanced disclosures are required about the policies for recognizing revenue and assessing bad debts. The amendments also require disclosure of qualitative and quantitative information about significant changes in the allowance for doubtful accounts. The amendments to ASC 954 were effective for the Retreat beginning January 1, 2012 and have been incorporated into the Retreat's December 31, 2012 financial statements.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. generally accepted accounting principles, the Retreat has considered transactions or events occurring through April 29, 2013, which was the date the financial statements were issued.

BRATTLEBORO RETREAT

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2. Charity Care

The Retreat maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The following information measures the level of charity care provided during the years ended December 31:

	<u>2012</u>	<u>2011</u>
Charges foregone, based on established rates	\$ <u>272,000</u>	\$ <u>248,000</u>
Estimated costs incurred to provide charity care	\$ <u>124,000</u>	\$ <u>114,000</u>
Equivalent percentage of charity care services to all services	<u>0.22</u> %	<u>0.24</u> %

The cost of providing charity care has been estimated based on an overall financial statement ratio of costs to charges applied to charity care charges forgone.

3. Net Patient Service Revenue

The Retreat has agreements with third-party payors that provide for payments to the Retreat 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 paid at prospectively determined rates based upon a patient classification system. These rates vary based on clinical, diagnostic, and other factors. Amounts not paid by Medicare beneficiaries are reimbursed through the annual cost reports. As of December 31, 2012, final settlement has been made by Medicare for all years through 2008.

Medicaid

Services rendered to Medicaid program beneficiaries are paid under prospectively determined rates and fee schedules.

Revenue from the Medicare and Medicaid programs accounted for approximately 18% and 48%, respectively, of the Retreat's patient revenue for the year ended December 31, 2012, and 17% and 45%, respectively, of the Retreat's patient revenue for the year ended December 31, 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2012 and 2011 net patient service revenue decreased approximately \$50,000 and increased approximately \$422,500, respectively, due to changes in estimates and retroactive adjustments in excess of amounts previously estimated.

BRATTLEBORO RETREAT

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Other Payors

The Retreat has also entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Retreat under these agreements includes prospectively determined daily rates and discounts from established rates.

The Retreat recognizes patient service revenue associated with services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services. For uninsured patients that do not qualify for charity care, the Retreat recognizes revenue on the basis of its standard rates (or on the basis of discounted rates, if negotiated or provided by policy). Based on historical trends, a significant portion of the Retreat's uninsured patients will be unable or unwilling to pay for the services rendered. Thus, the Retreat records a provision for bad debts related to uninsured patients in the period the services are rendered. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during fiscal year ended December 31, 2012 totaled \$52,999,484, of which \$51,907,677 were revenues from third-party payors and \$1,091,807 were revenues from self-pay patients.

Patient service revenue, contractual, and other allowances consisted of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Gross patient service revenue	\$ <u>123,115,799</u>	\$ <u>102,076,774</u>
Less Medicare and Medicaid allowances	50,334,839	37,494,794
Less other contractual allowances	19,509,440	18,312,921
Less charity care and other discounts	<u>272,036</u>	<u>247,439</u>
	<u>70,116,315</u>	<u>56,055,154</u>
Patient service revenue (net of contractual allowances and discounts)	52,999,484	46,021,620
Less provision for bad debts	<u>1,480,643</u>	<u>1,427,195</u>
Net patient service revenue	\$ <u>51,518,841</u>	\$ <u>44,594,425</u>

BRATTLEBORO RETREAT
Notes to Financial Statements
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4. Assets Limited as to Use

The composition of assets limited at to use, including the current portion, at December 31, 2012 and 2011, is set forth in the following table. Investments are stated at fair value.

	<u>2012</u>	<u>2011</u>
Internally designated for capital acquisitions		
Cash and short-term investments	\$ 571,100	\$ 980,721
Corporate bonds	5,933,738	6,206,853
U.S. Treasury securities and government-sponsored enterprises	4,332,001	4,612,810
Mutual funds	<u>100,000</u>	<u>-</u>
	<u>10,936,839</u>	<u>11,800,384</u>
Held by trustee under indenture agreement		
Cash and cash equivalents	<u>790,960</u>	<u>6,835,633</u>
Donor restricted		
Cash and cash equivalents	123,445	-
Mutual funds	<u>78,453</u>	<u>-</u>
	<u>201,898</u>	<u>-</u>
	<u>\$11,929,697</u>	<u>\$18,636,017</u>

5. Property and Equipment

A summary of property and equipment follows:

	<u>2012</u>	<u>2011</u>
Land and land improvements	\$ 2,211,394	\$ 1,662,144
Buildings and improvements	32,830,911	25,576,210
Fixed equipment	870,052	1,053,268
Major moveable equipment	<u>5,886,518</u>	<u>5,579,995</u>
	<u>41,798,875</u>	<u>33,871,617</u>
Less accumulated depreciation and amortization	<u>27,457,039</u>	<u>26,219,746</u>
	<u>14,341,836</u>	<u>7,651,871</u>
Construction in progress	<u>4,000,971</u>	<u>2,917,938</u>
	<u>\$18,342,807</u>	<u>\$10,569,809</u>

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Depreciation expense for the years ended December 31, 2012 and 2011, was \$1,362,771 and \$1,340,016, respectively.

The Retreat leased certain equipment under capital leases that expired during 2012. Included in property and equipment is \$184,791 of cost, and \$184,791 and \$147,687 of accumulated depreciation as of December 31, 2012 and 2011, respectively, related to assets held under capital lease arrangements.

During 2011 and 2012, the Retreat began numerous projects expected to total approximately \$7.7 million for building renovations and roof repairs, of which approximately \$6.9 million has been incurred as of December 31, 2012. These projects will be completed during 2013 and are being funded by bond proceeds and operations.

6. Long-Term Debt

Long-term debt consisted of the following as of December 31

	<u>2012</u>	<u>2011</u>
Vermont Educational and Health Buildings Financing Agency (VEHBFA), 2011 Series A, Variable Rate Demand Revenue Bonds (0.12% at December 31, 2012), payable in varying amounts of principal and interest through December 2031, principal payments range from \$45,000 in 2013 to \$1,065,000 in 2031.	\$ 11,255,000	\$11,300,000
3.97% loan payable to a bank, due in monthly installments of \$59,547, including interest, through December 2019; collateralized by investments.	4,349,677	4,880,000
Various capital leases, bearing interest at fixed rates ranging from 6.68% to 9.91%, maturing through October 2012; collateralized by equipment.	<u>-</u>	<u>43,603</u>
	15,604,677	16,223,603
Less current portion	<u>596,851</u>	<u>618,493</u>
Long-term debt, excluding current portion	<u>\$ 15,007,826</u>	<u>\$15,605,110</u>

BRATTLEBORO RETREAT

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VEHBFA Variable Rate Demand Revenue Bonds (The Brattleboro Retreat Project) 2011 Series A in the amount of \$11,300,000 were issued in December 2011. Interest on the Bonds is based on available weekly rates as determined by the remarketing agent based on prevailing market conditions, not to exceed 10% per annum. The Retreat may at any time exercise an option to convert to a fixed rate. No conversion will be effective unless all Bonds have been remarketed and sold. The Retreat may prepay certain of the Bonds according to the terms of the loan and trust agreement. The Bonds are collateralized by the gross receipts and equipment of the Retreat and letter of credit agreement. The Bonds were issued to refund the Series 2007 bonds.

While interest on the Bonds accrues on a weekly variable rate, the Retreat is required to maintain a credit facility in an amount not less than the principal amount of the outstanding Bonds plus accrued interest for 35 days at the maximum interest rate noted above. To comply with this requirement, the Retreat has obtained a irrevocable direct pay letter of credit from TD Bank (the Bank) in the amount of \$11,362,925. The letter of credit expires on November 30, 2016 and is collateralized by a pledge agreement of the investments of the Retreat. The Retreat is required to pay the Bank annual fee at the rate of 1% of the letter of credit commitment amount as defined in the agreement. Interest on draws is paid at a variable base rate. The base rate will be equal to the Wall Street Journal's prime rate plus 0% to 2% depending on the amount of days outstanding and the type of draw.

There are various restrictive covenants, which include compliance with certain financial ratios and a detail of events constituting defaults. The Retreat is in compliance with these requirements at December 31, 2012.

Scheduled principal repayments on long-term debt and capital lease obligations are as follows:

	Long-Term <u>Debt</u>
2013 (included in current liabilities)	\$ 596,851
2014	619,162
2015	647,376
2016	671,245
2017	696,645
Thereafter	<u>12,373,398</u>
	<u>\$ 15,604,677</u>

7. Line of Credit

The Retreat has an unsecured \$2,500,000 variable rate line of credit available with a bank. Interest on borrowings is charged at one-month LIBOR plus 2.75% with a floor of 3.25% (3.25% at December 31, 2012). The line of credit expires May 31, 2013. The outstanding balance was \$0 and \$210,863 at December 31, 2012 and 2011, respectively.

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Notes to Financial Statements
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8. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2012</u>	<u>2011</u>
Plant and replacement expansion	\$ 52,330	\$ 50,271
Healthcare services	82,834	37,724
Other special purpose	<u>20,130</u>	<u>25,000</u>
	<u>\$155,294</u>	<u>\$112,995</u>

Permanently restricted net assets are available for the following purposes:

Investments to be held in perpetuity, the income from which is expendable to support health care services	\$ <u>95,155</u>	\$ <u>-</u>
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9. Concentrations

Credit Risk

The Retreat grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows

	<u>2012</u>	<u>2011</u>
Medicare	19 %	20 %
Medicaid	47	34
Blue Cross	11	15
Other third-party payors	19	28
Patients	<u>4</u>	<u>3</u>
	<u>100 %</u>	<u>100 %</u>

The Retreat maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Retreat has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk with respect to these accounts.

Labor Force

The Retreat's unionized labor workforce are members of the United Nurses and Allied Professionals Local Unit #5086 and Local Unit #5087. The union contracts are in effect through October 31, 2013.

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Notes to Financial Statements
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10. Commitments and Contingencies

Medical Malpractice Claims

The Retreat insures against malpractice losses by obtaining a claims-made policy which provides specified coverage for claims reported during the policy term. The policy contains a provision which allows the Retreat to purchase "tail" coverage for an indefinite period to avoid any future lapse in insurance coverage. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the Retreat. In the event a loss contingency should occur, the Retreat would give appropriate recognition to it in its financial statements in conformity with FASB ASC 450, *Contingencies*. As of December 31, 2012, there are no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor are there any unasserted claims or incidents which require loss accrual. The Retreat intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

Operating Leases

The Retreat has leased building space and equipment under operating leases expiring at various dates through 2022. Total rental expense for the years ended December 31, 2012 and 2011, for the operating leases was approximately \$214,400 and \$89,500, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of December 31, 2012, that have initial or remaining lease terms in excess of one year.

2013	\$ 227,350
2014	182,883
2015	182,883
2016	182,883
2017	182,883
Thereafter	<u>448,849</u>
	<u>\$ 1,407,731</u>

Litigation

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

BRATTLEBORO RETREAT

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Asset Retirement Obligation

FASB ASC 410, *Asset Retirement Obligations*, requires entities to record asset retirement obligations at fair value if they can be reasonably estimated. The State of Vermont requires special disposal procedures relating to building materials containing asbestos. The Retreat buildings contain asbestos, but a liability has not been recognized. This is because there are no current plans to renovate or dispose of the buildings that would require the removal of the asbestos; accordingly, the liability has an indeterminate settlement date and its fair value cannot be reasonably estimated.

11. Pension Plan

The Retreat has a contributory defined contribution plan (Pension Plan) available to substantially all employees. The Retreat contributes 3% of gross compensation up to maximum amounts allowed under Internal Revenue Service regulations. In addition, employees may elect to contribute up to 20% of gross compensation up to the maximum amount allowed per year to the Pension Plan with the Retreat contributing an additional \$.50 for each \$1.00 of participant contribution. This matching contribution is limited to one percent of the participant's compensation.

Total expense related to the Pension Plan for the years ended December 31, 2012 and 2011, was approximately \$800,000 and \$694,000, respectively

12. Deferred Compensation

In 1983, the Retreat implemented a deferred compensation plan (Plan) intended to provide postretirement income for employees approved by the Board. The Plan was adopted by the Board to ensure the continuation of the performance of valuable services to the Retreat by certain employees up to their retirement, as well as to aid in providing retirement and death benefits to the employee and his or her beneficiaries.

Each employee, approved by the Board of Trustees to participate in the Plan, executed a Stated Benefit Deferred Compensation Agreement with the Retreat. Under the terms of these agreements, if the employee retires or dies while employed by the Retreat, the Retreat will make a standard payment as stated in the agreement to the employee or the stated beneficiary within six months and for the 14 years thereafter. If the employee ends employment with the Retreat, the Retreat will commence payments to the employee or the beneficiary in 15 equal annual installments as set forth in each executed agreement. There are no employee contributions allowed under the terms of the Plan. All distributions of the Plan are taxable to the employee or beneficiary as income.

As allowable under the Plan, the Retreat has obtained insurance policies on the lives of the employees participating in the Plan. The policies are owned by the Retreat and the cash surrender values of these policies are assets of the Retreat and may be used to meet future obligations of the Plan

As of December 31, 2012 and 2011, the Retreat has borrowed approximately \$123,000 and \$152,000 against the policies, respectively

BRATTLEBORO RETREAT

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13. Fair Value of Financial Instruments

FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and liabilities measured at fair value on a recurring basis are summarized below. Fair values were primarily determined using a market approach.

<u>Fair Value Measurements at December 31, 2012, Using</u>				
	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets:				
Cash and cash equivalents	\$ 1,485,505	\$ 1,485,505	\$ -	\$ -
Corporate bonds				
AAA	852,917	-	852,917	-
AA	1,690,693	-	1,690,693	-
A	2,571,431	-	2,571,431	-
BBB	818,697	-	818,697	-
Total corporate bonds	5,933,738	-	5,933,738	-
U S Treasury securities and government-sponsored enterprises	4,332,001	4,332,001	-	-
Mutual funds	178,453	178,453	-	-
Total assets	\$ 11,929,697	\$ 5,995,959	\$ 5,933,738	\$ -

BRATTLEBORO RETREAT

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	Fair Value Measurements at December 31, 2011, Using			
	<u>Total</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Cash and cash equivalents	\$ 7,816,354	\$ 7,816,354	\$ -	\$ -
Corporate bonds.				
AAA	1,406,804	-	1,406,804	-
AA	2,688,776	-	2,688,776	-
A	1,238,088	-	1,238,088	-
BBB	<u>873,185</u>	<u>-</u>	<u>873,185</u>	<u>-</u>
Total corporate bonds	6,206,853	-	6,206,853	-
U S. Treasury securities and government-sponsored enterprises	<u>4,612,810</u>	<u>4,612,810</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>18,636,017</u>	\$ <u>12,429,164</u>	\$ <u>6,206,853</u>	\$ <u>-</u>

The fair value for Level 2 assets is primarily based on market prices of comparable securities.

The Retreat's financial instruments consist of cash and cash equivalents, investments, trade accounts receivable and payable, estimated third-party payor settlements, and long-term debt. The fair values of all financial instruments approximate their carrying values at December 31, 2012.

