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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

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization VNA Care Network Inc		D Employer identification number 04-2103825
	Doing Business As		E Telephone number (508) 786-0693
	Number and street (or P O box if mail is not delivered to street address) Room/suite 120 Thomas Street		
	City or town, state or country, and ZIP + 4 Worcester, MA 01608		

I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527	F Name and address of principal officer: Mary Ann O'Connor 120 Thomas Street Worcester, MA 01608	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number
J Website:		L Year of formation: 1921 M State of legal domicile: MA

K Form of organization: Corporation Trust Association Other

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: Home Health Care - The VNA provides Health Care Services in Home and Community settings. These services are designed to promote and maintain community health.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	5
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	4
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	619
	6 Total number of volunteers (estimate if necessary)	6	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	1,290,105	784,401
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	33,680,606	39,774,352
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	398,429	503,166
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	35,369,140	41,061,919
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		0
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	28,333,954	30,187,581
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) <u>318,842</u>		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	9,333,668	11,482,056
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	37,667,622	41,669,637	
19 Revenue less expenses Subtract line 18 from line 12	-2,298,482	-607,718	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	7,938,243	11,043,292
	21 Total liabilities (Part X, line 26)	4,536,040	8,248,807
22 Net assets or fund balances Subtract line 21 from line 20	3,402,203	2,794,485	

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: _____ Date: 2013-11-12	
	Stephanie Jackman-Havey, Interm. Treasurer VP of Finance Type or print name and title	
Paid Preparer Use Only	Preparer's name: _____ Preparer's signature: _____ Date: _____	Check <input type="checkbox"/> if self-employed PTIN: _____
	Firm's name: _____ Firm's EIN: _____	
	Firm's address: _____ Phone no: _____	

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III Yes No

1 Briefly describe the organization's mission

Home Health Care - The VNA provides Health care services in Home and community settings These services are designed to promote and maintain community health

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 \$ 35,475,062 including grants of \$) (Revenue \$ 39,774,352)

Home Health Care - The VNA Provides Home care for nursing, physical therapy, social workers, occupational therapist, speech therapist and home health aides to patients in their home and the community

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

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

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

4e Total program service expenses 35,475,062

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		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? <i>If "Yes," complete Schedule C, Part III</i>		
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		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? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>	Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>	Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>	Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>	Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> <input checked="" type="checkbox"/>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
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	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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. 1a 91		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1b 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. 2a 619		
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?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O		
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).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	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?		No
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		No
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		No
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?		
12b	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		
13b	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		
13c	Enter the amount of reserves on hand. 13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	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 [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a (5), 1b (4), 2 (No), 3 (No), 4 (No), 5 (No), 6 (No), 7a (No), 7b (No), 8a (Yes), 8b (Yes), 9 (No).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a (Yes), 10b (Yes), 11a (No), 12a (Yes), 12b (Yes), 12c (Yes), 13 (Yes), 14 (Yes), 15a (Yes), 15b (Yes), 16a (No), 16b.

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed MA
18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply. [] Own website [] Another's website [X] 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. Stephanie Jackman-Havey 333 Turnpike Road Southborough, MA (508) 786-0693

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) James F Cosgrove Director		X						0	0	0
(2) Rita S Advani Clerk		X		X				0	0	0
(3) Renee Harper Chairman		X		X				0	0	0
(4) Zayda Vallejo Director		X						0	0	0
(5) Karen H Green Former President and CEO	15 00 15 00	X		X	X		X	0	198,175	0
(6) Mary Ann O'Connor President and CEO	15 00 15 00	X		X	X			0	288,466	34,703
(7) Janet Bovaird Assistant Clerk	15 00 15 00			X				0	55,774	13,013
(8) Joanne M Kramer Treasurer and CFO	15 00 15 00			X	X			0	263,751	11,240
(9) Paula Schultz Director of Clinical	15 00 15 00							116,044	0	14,652
(10) William Maher RN	15 00 15 00							116,077	0	14,822
(11) Rebecca Johnson Physical Therapist	15 00 15 00							110,016	0	14,640
(12) Karen Kushin Physical Therapist	15 00 15 00							103,757	0	6,602
(13) Lisa Lessard Physical Therapist	15 00 15 00							151,198	0	0

Part VIII Statement of Revenue

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns 1a _____					
	b Membership dues 1b _____					
	c Fundraising events 1c _____					
	d Related organizations 1d _____					
	e Government grants (contributions) 1e _____ 114,674					
	f All other contributions, gifts, grants, and similar amounts not included above 1f _____ 669,727					
	g Noncash contributions included in lines 1a-1f \$ _____					
	h Total. Add lines 1a-1f ▶	784,401				
Program Service Revenue	2a Program Service Revenue _____ Business Code 621610	39,899,352	39,899,352			
	b _____					
	c _____					
	d _____					
	e _____					
	f All other program service revenue _____					
	g Total. Add lines 2a-2f ▶	39,774,352				
	Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶	503,166			503,166
4 Income from investment of tax-exempt bond proceeds ▶						
5 Royalties ▶						
6a Gross rents		(i) Real				
		(ii) Personal				
		b Less rental expenses				
		c Rental income or (loss)				
d Net rental income or (loss) ▶						
7a Gross amount from sales of assets other than inventory		(i) Securities				
		(ii) Other				
		b Less cost or other basis and sales expenses				
		c Gain or (loss)				
d Net gain or (loss) ▶						
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 a						
		b Less direct expenses b				
		c Net income or (loss) from fundraising events ▶				
9a Gross income from gaming activities See Part IV, line 19 a						
		b Less direct expenses b				
	c Net income or (loss) from gaming activities ▶					
10a Gross sales of inventory, less returns and allowances a						
	b Less cost of goods sold b					
	c Net income or (loss) from sales of inventory ▶					
Miscellaneous Revenue _____ Business Code _____						
11a _____						
b _____						
c _____						
d All other revenue						
e Total. Add lines 11a-11d ▶						
12 Total revenue. See Instructions ▶	41,061,919	39,774,352		503,166		

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	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	0			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	25,804,860	23,233,775	2,310,263	260,822
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	483,603	419,411	57,115	7,077
9	Other employee benefits	2,020,359	1,819,059	180,879	20,421
10	Payroll taxes	1,878,759	1,692,018	167,725	19,016
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	191,580		191,580	
c	Accounting	48,395		48,395	
d	Lobbying	0			
e	Professional fundraising services. See Part IV, line 17				
f	Investment management fees	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	4,918,636	4,626,311	292,325	
12	Advertising and promotion	0			
13	Office expenses	784,477	538,663	245,814	
14	Information technology	583,257	583,257		
15	Royalties	0			
16	Occupancy	915,503	915,503		
17	Travel	934,445	910,881	22,427	1,137
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	0			
21	Payments to affiliates	1,584,726		1,584,726	
22	Depreciation, depletion, and amortization	564,174		564,174	
23	Insurance	0			
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	Recruitment	150,497	150,497		
b	Miscellaneous	806,366	585,687	210,310	10,369
c					
d					
e	All other expenses	0			
25	Total functional expenses. Add lines 1 through 24e	41,669,637	35,475,062	5,875,733	318,842
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 <input type="checkbox"/> 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) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing		1	
	2 Savings and temporary cash investments	1,167,437	2	763,382
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	3,799,246	4	5,917,004
	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		8	
	9 Prepaid expenses and deferred charges	270,556	9	373,496
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 15,322,749		
	b Less accumulated depreciation	10b 12,941,921	1,986,157	10c 2,380,828
	11 Investments—publicly traded securities		11	
	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	714,847	15	1,608,582
16 Total assets. Add lines 1 through 15 (must equal line 34)	7,938,243	16	11,043,292	
Liabilities	17 Accounts payable and accrued expenses	2,912,021	17	4,758,861
	18 Grants payable		18	
	19 Deferred revenue	1,135,308	19	1,677,073
	20 Tax-exempt bond liabilities		20	
	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		23	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	488,711	25	1,812,873
	26 Total liabilities. Add lines 17 through 25	4,536,040	26	8,248,807
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	3,402,203	27	2,794,485
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	3,402,203	33	2,794,485	
34 Total liabilities and net assets/fund balances	7,938,243	34	11,043,292	

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	41,061,919
2	Total expenses (must equal Part IX, column (A), line 25)	2	41,669,637
3	Revenue less expenses Subtract line 2 from line 1	3	-607,718
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,402,203
5	Net unrealized gains (losses) on investments	5	
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	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,794,485

Part XII Financial Statements and Reporting

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

	Yes	No
1 Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis		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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis	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	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?		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		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization

VNA Care Network Inc

Employer identification number

04-2103825

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						0

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	0 %
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 III Support 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.")	1,524,894	1,247,141	1,311,009	1,290,105	784,401	6,157,550
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	37,139,678	37,708,685	37,163,365	33,680,606	39,774,352	185,466,686
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	38,664,572	38,955,826	38,474,374	34,970,711	40,558,753	191,624,236
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)						191,624,236

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	38,664,572	38,955,826	38,474,374	34,970,711	40,558,753	191,624,236
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	205,833	279,282	426,526	398,429	503,166	1,813,236
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c Add lines 10a and 10b	205,833	279,282	426,526	398,429	503,166	1,813,236
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)	371,349	167,500				538,849
13 Total support. (Add lines 9, 10c, 11, and 12)	39,241,754	39,402,608	38,900,900	35,369,140	41,061,919	193,976,321
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	98 790 %
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	98 200 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	0 930 %
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	1 350 %

- 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

Part III Line 12 Prior years reflected a release from restriction

Explanation

Part III Line 12 Prior years reflected a release from restriction

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization VNA Care Network Inc

Employer identification number 04-2103825

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

Table with 3 columns: (a) Donor advised funds, (b) Funds and other accounts, and a Yes/No column. Rows include total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advisement and grant purposes.

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

Form for Part II Conservation Easements. Includes checkboxes for types of easements (land for public use, natural habitat, open space, historic structure), questions about monitoring, expenses, and reporting requirements.

Table titled 'Held at the End of the Year' with rows 2a, 2b, 2c, and 2d.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Includes questions about reporting requirements and amounts for revenues and assets.

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

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

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

b If "Yes," explain the arrangement in Part 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	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance		140,623	140,623	140,623	140,623
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs		140,623			
f Administrative expenses					
g End of year balance			140,623	140,623	140,623

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

- a** Board designated or quasi-endowment
 - b** Permanent endowment 100.000 %
 - 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

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

4 Describe in Part 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				
b Buildings				
c Leasehold improvements		2,003,920	1,187,914	816,006
d Equipment		13,318,829	12,712,851	1,564,822
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				2,380,828

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	40,558,753
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	40,558,753
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	503,166	
c	Add lines 4a and 4b		4c	503,166
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)		5	41,061,919

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

1	Total expenses and losses per audited financial statements		1	41,669,637
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		
e	Add lines 2a through 2d		2e	
3	Subtract line 2e from line 1		3	41,669,637
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	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)		5	41,669,637

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
XII	Line 4b	Investment income net of expenses
V	Line 4	Donor restricted permanent fund income generated is unrestricted Temporarily restricted funds are for patients needing free care This fund was moved to the VNA Care Network Foundation, Inc company to be consistent with all investments

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2012

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
VNA Care Network Inc

Employer identification number

04-2103825

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items
- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e g , maid, chauffeur, chef) |

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

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

3 Indicate which, if any, of the following the 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

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input checked="" type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

- a** The organization?
- b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

- a** The organization?
- b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

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

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

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

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) Karen H Green Former President and CEO	(i)							
	(ii)	153,824		44,351			198,175	
(2) Joanne M Kramer Treasurer and CFO	(i)							
	(ii)	218,499	28,420	16,832	6,555	4,686	274,992	
(3) Mary Ann O'Connor President and CEO	(i)							
	(ii)	271,466		17,000	23,363	11,340	323,169	

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
------------	------------------	-------------

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
VNA Care Network Inc

Employer identification number

04-2103825

Identifier	Return Reference	Explanation
		Form 990 Part VI Section B Line 15a The Executive Compensation Committee made up of independent Board Members obtains a competitive salary survey from an outside independent source The Executive Compensation Committee then deliberates and decides on the executive compensation
		Form 990 Part VI Section C Line 19 If a formal request is made we will send copies
		Form 990 Part VI Section B Line 15b Other officers and key employees salaries are determined by the CEO and the executive committee This is based on comparable data that was obtained by a competitive salary survey from an outside independent source
		Form 990 Part VI Section B Line 12c Annually the Board is asked to sign a conflict of interest statement Also, at the beginning of all Board meetings the Board chair asks if there is any conflicts with any of the agenda items
		Form 990 Part VI Section B Line 11b 990 compiled and reviewed by the CEO and CFO and sent to the Finance Committee for review The Finance Committee presents to the Board for approval Board members are offered a copy of the 990 at that time

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

**Open to Public
Inspection**

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

Department of the Treasury
Internal Revenue Service

Name of the organization
VNA Care Network Inc

Employer identification number

04-2103825

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) VNA Care Network Foundation Inc 120 Thomas Street Worcester, MA 01608 04-2794849	Management Company	MA	501c3	9	N/A		No
(2) VNA Care Hospice Inc 120 Thomas Street Worcester, MA 01608 04-3217872	Hospice Care	MA	501c3	9	N/A		No
(3) VNA Care Advantage Inc 120 Thomas Street Worcester, MA 01608 04-2953171	Day Care	MA	501c3	9	N/A		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Home Staff LLC 40 Millbrook Street Worcester, MA 01608 42-1757904	Home Care	MA	N/A					No			No	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

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

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

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

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

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

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

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

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l	Yes	
1m	Yes	
1n	Yes	
1o		No
1p		No
1q		No
1r	Yes	
1s		No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
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Additional Data[Return to Form](#)

Software ID: 12000057
Software Version: 12.19.1011.1
EIN: 04-2103825
Name: VNA Care Network Inc

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
VNA Care Network FoundationInc	j	897,226	Cost
VNA Care Network Foundation Inc	r	410,262	Cost
VNA Care Network Foundation Inc	l	1,584,726	Cost
VNA Care Hospice Inc	k	21,682	Cost
VNA Care Hospice Inc	k	1,700,026	Cost
VNA Care Advantage Inc	k	5,587	Cost
VNA Care Hospice Inc	l	62,124	Cost
VNA Care Network Foundation Inc	r	501,065	Cost
VNA Care Hospice Inc	k	730,000	Cost
Home Staff LLC	k	77,682	Cost
Home Staff LLC	l	71,342	Cost

VNA CARE NETWORK, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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BRAD BORBIDGE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
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CONCORD, NEW HAMPSHIRE 03301

TELEPHONE 603/224-0849
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
VNA Care Network, Inc.
Worcester, Massachusetts

We have audited the accompanying financial statements of VNA Care Network, Inc. (Network), 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VNA Care Network, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "A. O'Neil", is located on the right side of the page.

Concord, New Hampshire
April 24, 2013

VNA CARE NETWORK, INC.
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
Current Assets		
Cash and cash equivalents	\$ 763,382	\$ 645,886
Temporary investments	-	521,551
Patient accounts receivable, less allowances for doubtful accounts of \$190,306 and \$285,848 at December 31, 2012 and 2011, respectively	5,917,004	3,799,246
Due from affiliates	37,123	613,075
Other current assets	373,496	270,556
Total Current Assets	7,091,005	5,850,314
Assets Limited As To Use	101,774	99,322
Other Assets		
Goodwill	1,467,235	-
Other assets	2,450	2,450
Property and Equipment, Net	2,380,828	1,986,157
TOTAL ASSETS	\$ 11,043,292	\$ 7,938,243

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 3,034,214	\$ 1,329,641
Accrued payroll and related expenses	1,724,647	1,582,380
Due to affiliates	1,294,426	9,479
Due to third-party payers	518,447	479,232
Deferred revenue	1,677,073	1,135,308
Total Current Liabilities	8,248,807	4,536,040
Net Assets		
Unrestricted	2,794,485	3,402,203
TOTAL LIABILITIES AND NET ASSETS	\$ 11,043,292	\$ 7,938,243

(See accompanying notes to these financial statements)

VNA CARE NETWORK, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Revenue		
Patient service revenue (net of contractual allowances and discounts)	\$ 39,899,352	\$ 33,680,606
Provision for bad debt	(125,000)	(125,000)
Net Patient Service Revenue	<u>39,774,352</u>	<u>33,555,606</u>
Other operating revenue	374,139	724,748
Contributions	246,762	337,557
Affiliate's contribution of net assets released from restriction for program services	163,500	227,800
Total Operating Revenue	<u>40,558,753</u>	<u>34,845,711</u>
Operating Expenses		
Salaries and benefits	30,187,581	28,333,954
Other operating expenses	10,917,882	8,103,588
Depreciation and amortization	564,174	1,105,080
Total Operating Expenses	<u>41,669,637</u>	<u>37,542,622</u>
OPERATING LOSS	<u>(1,110,884)</u>	<u>(2,696,911)</u>
Other Revenue and Gains		
Affiliate's contributions of investment income	501,065	371,167
Investment income	2,101	27,262
Total Other Revenue and Gains	<u>503,166</u>	<u>398,429</u>
DEFICIT OF REVENUE OVER EXPENSES	<u>(607,718)</u>	<u>(2,298,482)</u>
DECREASE IN UNRESTRICTED NET ASSETS	<u>(607,718)</u>	<u>(2,298,482)</u>

(See accompanying notes to these financial statements)

VNA CARE NETWORK, INC.
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Unrestricted Net Assets:		
Deficit of revenue over expenses	\$ (607,718)	\$ (2,298,482)
Change in Unrestricted Net Assets	(607,718)	(2,298,482)
Permanently Restricted Net Assets		
Transfer to affiliate	-	(140,623)
Change in Permanently Restricted Net Assets	-	(140,623)
Decrease Increase in Net Assets	(607,718)	(2,439,105)
Net assets, beginning of year	3,402,203	5,841,308
NET ASSETS, END OF YEAR	\$ 2,794,485	\$ 3,402,203

(See accompanying notes to these financial statements)

VNA CARE NETWORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows From Operating Activities		
Change in net assets	\$ (607,718)	\$ (2,439,105)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debt	125,000	125,000
Depreciation and amortization	564,174	1,105,080
(Increase) decrease in the following assets:		
Temporary investments	521,551	(2,381)
Patient accounts receivable	(2,242,758)	306,564
Due from affiliates	575,952	1,525,920
Other current assets	(102,940)	75,665
Increase (decrease) in the following liabilities:		
Accounts payable and accrued expenses	1,704,573	(47,714)
Accrued payroll and related expenses	142,267	51,353
Due to affiliates	1,284,947	9,479
Due to third-party payers	39,215	(86,194)
Deferred revenue	541,765	(100,863)
Net Cash Provided By Operating Activities	2,546,028	522,804
Cash Flows From Investing Activities		
Capital expenditures	(958,845)	(211,141)
Goodwill recognized in acquisition	(1,467,235)	-
(Increase) decrease in assets limited as to use	(2,452)	154,707
Net Cash Used By Investing Activities	(2,428,532)	(56,434)
Net Increase In Cash And Cash Equivalents	117,496	466,370
Cash and cash equivalents, beginning of year	645,886	179,516
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 763,382	\$ 645,886
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ -	\$ -

(See accompanying notes to these financial statements)

VNA CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

VNA Care Network, Inc. (Network) is a non-stock, not-for-profit corporation organized in Massachusetts, which provides various health care services in home and community settings. Home health services provided are designed to promote and maintain community health. Network is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

Affiliates

Network is a wholly-owned subsidiary through common board membership of VNA Care Network Foundation, Inc. (Foundation). Foundation is a non-stock, not-for-profit corporation organized in Massachusetts and is exempt from federal income taxes under the Internal Revenue code section 501(c)(3). Foundation's primary purposes are to act as a holding company, maintain an investment portfolio, fund raise, and provide management services to affiliated health care providers.

VNA Care Hospice, Inc. (Hospice) is a non-stock, not-for-profit corporation organized in Massachusetts, whose primary purpose is to provide hospice and palliative care services. Hospice is exempt from federal income taxes under the Internal Revenue code section 501(c)(3). Hospice is a subsidiary of Foundation through common board membership.

VNA Care Advantage, Inc. (Advantage) is a non-stock, not-for-profit corporation organized in Massachusetts, whose primary purposes are to provide personal care, homemaker and child care services. Advantage is exempt from federal income taxes under the Internal Revenue code section 501(c)(3). Advantage is a subsidiary of Foundation through common board membership.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Network is a public charity under Section 501(c)(3) of the Internal Revenue Code. As a public charity, Network is exempt from state and federal income taxes on income earned in accordance with its tax exempt purpose. Unrelated business income is subject to state and federal income tax. Management has evaluated Network's tax position and concluded that Network has no unrelated business income or uncertain tax positions that require adjustment to the financial statements. Management believes the Network is no longer subject to income tax examinations for years prior to 2009.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less, excluding assets limited as to use.

Temporary Investments

Temporary investments include investments in liquid debt instruments with original maturities of more than three months, excluding assets limited as to use.

Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, Network analyzes its past history and identifies trends for all funding sources in the aggregate. In addition, balances in excess of one year are 100% reserved. Management regularly reviews data about revenue in evaluating the sufficiency of the allowance for doubtful accounts. Amounts not collected after all reasonable collection efforts have been exhausted are applied against the allowance for doubtful accounts. Network has not changed its methodology for estimating the allowance for doubtful accounts during the years ended December 31, 2012 and December 31, 2011.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts (Continued)

A reconciliation of the allowance for doubtful accounts follows:

	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 285,848	\$ 322,697
Provision	125,000	125,000
Write-offs	<u>(220,542)</u>	<u>(161,849)</u>
Balance, end of year	<u>\$ 190,306</u>	<u>\$ 285,848</u>

The moderate decrease in the allowance for doubtful accounts during the year ended December 31, 2012 was primarily a result of management's determination that the balance had excessive reserves that were not warranted.

Assets Limited As To Use

Assets limited as to use include assets held for unemployment claims held by the United Way Unemployment Insurance Pool.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Network's capitalization threshold is \$5,000.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to Network are reported at fair market value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value as of the date the gift 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 released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Gifts of Long-lived Assets

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

Patient Service Revenue

Standard charges for services to all patients are recorded as revenue when services are rendered. Clients unable to pay full charge, who do not have other third-party resources, are charged a reduced amount based on Network's published sliding fee scale. Reductions in full charge are recognized when the service is rendered.

Deficit of Revenue Over Expenses

The statements of operations include deficit of revenue over expenses. Changes in unrestricted net assets which are excluded from deficit of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and service and contributions of investment income and donor contributions, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Contributed Services

A number of volunteers have donated substantial amounts of their time to Network's program services. No amounts have been reflected in the financial statements for these volunteer services, since the contributed services did not meet the criteria for recognition under Accounting Standards Codification Topic 958-605-25-16.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

On September 18, 2012, the Foundation purchased a business unit of a hospital located in central Massachusetts that provided home health and hospice services. The cost of the purchase was \$2,800,000, which included furniture and equipment amounting to \$332,765. The remaining goodwill, valued at the time of the purchase, amounted to \$2,467,235. Goodwill was recorded by Hospice of \$1,000,000 and Network of \$1,467,235. Goodwill is tested annually for possible loss on the impairment of the asset's value. Total goodwill assets amounted to \$1,467,235 and \$0 for the years ended December 31, 2012 and 2011, respectively.

Prior to the fiscal year ended December 31, 2011, goodwill was reported from the Foundation's previous home care acquisitions. Due to the competitive environment specific to the service areas involved in the goodwill, in 2011 the Foundation fully recognized the impairment of goodwill. The total reported loss on impairment of goodwill (amortization expense) for the year ended in December 31, 2011 was \$944,053. There was no reported loss on impairment of goodwill for the year ended December 31, 2012.

Recently Issued Accounting Pronouncements

In July 2011, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standards 2011-07 - Health Care Entities - Topic 954-Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities.

The objective of the update is to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts.

The amendment requires certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts).

Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendment also requires disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

The amendment is effective for fiscal years beginning on or after December 15, 2011, with early adoption permitted. Network adopted the amendment as of January 1, 2012 and retrospectively applied the amendment for the year ended December 31, 2011.

NOTE 2 ASSETS LIMITED AS TO USE

Assets limited as to use are comprised of funds held by others for unemployment insurance, and consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Funds held by others for unemployment insurance	\$ 101,774	\$ 99,322
Total assets limited as to use	<u>\$ 101,774</u>	<u>\$ 99,322</u>

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Buildings and leasehold improvements	\$ 2,003,920	\$ 2,003,920
Capital leases	860,222	860,222
Furniture and equipment	<u>12,458,608</u>	<u>11,499,763</u>
Total	15,322,750	14,363,905
Less accumulated depreciation	<u>12,941,922</u>	<u>12,377,748</u>
Property and Equipment, Net	<u>\$ 2,380,828</u>	<u>\$ 1,986,157</u>

NOTE 4 LINE OF CREDIT

On December 1, 2008 Foundation entered into a revolving line of credit in the amount of \$7,000,000 with TD Bank in which Network is the Guarantor. The interest rate on the line is set at 0.5% above the Wall Street Journal prime rate (3.25%), which equated to 3.75% at December 31, 2012. The line of credit is secured by all assets of the Association. There were no outstanding balance at December 31, 2012 and 2011.

NOTE 4 LINE OF CREDIT (CONTINUED)

Under the terms of the agreement, Foundation and its affiliates must comply with covenants relating to maintaining a minimum balance of \$28,000,000 in unrestricted net assets at all times and other financial covenants. At December 31, 2012 and 2011, there were no known reportable violations.

NOTE 5 PATIENT SERVICE REVENUE

Patient service revenue provided for the years ended December 31, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Medicare	\$ 20,249,756	\$ 17,198,772
Medicaid	1,365,804	1,035,260
Other	<u>18,283,792</u>	<u>15,446,574</u>
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 39,899,352</u>	<u>\$ 33,680,606</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. The Association believes that it is in substantial compliance with all applicable laws and regulations. However, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known.

Network has a policy of providing health care services without charge to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since Network does not expect payment, estimated charges for charity care are not included in revenue. Network estimates the costs associated with providing charity care to patients who are eligible for free care by multiplying the number of free care visits by the cost per visit, by service type, as determined by the Medicare cost report methodology. The estimated costs incurred in these activities amounted to \$104,828 and \$60,903 for the years December 31, 2012 and 2011, respectively.

NOTE 5 PATIENT SERVICE REVENUE (CONTINUED)

Network also provides medically necessary services to Medicaid patients at costs exceeding Medicaid reimbursement, which Network considers to be partial charity care. Network estimates the loss from providing services to Medicaid patients by applying the difference between the Medicaid visit reimbursement rate, by service type, and the cost of providing those services under the Medicare cost report methodology. The estimated costs incurred in these activities amounted to \$1,235,240 and \$1,176,990 for the years December 31, 2012 and 2011, respectively.

Network provides other patient care services that are either not covered by insurance providers or are reimbursed at rates below the cost of providing these services. Network estimates the cost of this charity care by applying the difference between the insurance providers' visit reimbursement rate, by service type, and the cost of providing those services under the Medicare cost report methodology. The estimated costs incurred in these activities amounted to \$191,160 and \$227,900 for the years December 31, 2012 and 2011, respectively.

NOTE 6 MALPRACTICE INSURANCE

Network insures its medical malpractice risks on a claims-made basis. There were no known malpractice claims outstanding at December 31, 2012, 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. Network intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

NOTE 7 FUNCTIONAL EXPENSES

Network provides various services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2012</u>	<u>2011</u>
Program services	\$ 35,475,063	\$ 31,274,335
Administrative and general	5,875,732	5,940,299
Fundraising	<u>318,842</u>	<u>327,988</u>
Total	<u>\$ 41,669,637</u>	<u>\$ 37,542,622</u>

NOTE 8 PENSION PLAN

Network has adopted a defined contribution pension plan under the Internal Revenue Code 401(k) covering substantially all of its full-time employees. Pension expense amounted to \$483,604 and \$427,062 for the years ended December 31, 2012 and 2011, respectively.

NOTE 9 COMMITMENTS

Network has entered into operating leases for certain office equipment and office space. Certain leases provide for renewal options, and some contain provisions requiring the Network to pay its proportionate share of operating costs in addition to base rent. Most rent expense is paid by Foundation and allocated back to Network through intercompany transfers (Note 13).

At December 31, 2012 the aggregate future rental commitments under the operating leases executed by Network are as follows:

Year Ending <u>December 31,</u>	<u>Minimum Lease Payments</u>
2013	194,916
2014	249,428
2015	257,516
2016	265,604
2017	273,692
Thereafter	<u>91,680</u>
Total	<u>\$ 1,332,836</u>

NOTE 10 CONCENTRATION OF RISK

Network maintains a cash balance in excess of \$250,000 in a bank, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The financial institution has a strong credit rating and management believes the credit risk related to the deposits is minimal.

Network grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. At December 31, 2012, Medicare represented 56% and Tufts Health Plans represented 11% of gross accounts receivable. No other individual payer source exceeded 10% of the gross accounts receivable balance.

NOTE 11 RELATED PARTY TRANSACTIONS

Foundation provides various management and administrative services to its affiliates. Fees for these services are based on approximate cost. For the years ended December 31, 2012 and 2011, the total cost for management services provided to Network amounted to \$1,584,727 and \$1,460,215, respectively.

Foundation contributes all net investment income (interest, dividends and realized gains and losses) to the affiliates, Network and Hospice, based on a budgeted allocation percentage. For the years ended December 31, 2012 and 2011 the budgeted allocation to Network was 67%, or \$501,065 and \$371,168, respectively.

Network is charged a pro-rata share of occupancy cost by the Foundation, under the terms of a lease agreement. For the years ended December 31, 2012 and 2011, total expenses under the lease agreement amounted to \$897,226 and \$922,864 and are included in occupancy cost.

Foundation receives all donor contributions on behalf of the affiliated companies. For the years ended December 31, 2012 and 2011 Foundation received and transferred to Network donor contributions amounting to \$246,762 and \$337,557, respectively.

For the years ended December 31, 2012 and 2011, Network provided services to Advantage in the amount of \$5,587 and \$5,241, respectively and to Hospice in the amount of \$1,705,613 and \$1,594,952, respectively.

Advantage has a one-half interest as a member in Home Staff, LLC, a limited liability company organized in Massachusetts to provide private duty home health aide services. For the years ended December 31, 2012 and 2011, Network purchased home health aide services from Home Staff, LLC, in the amount of \$735,397 and \$496,199, respectively. Network provided administrative services to Home Staff, LLC, in the amount of \$39,691 and \$51,120 for the years ended December 31, 2012 and 2011.

The net amounts due from and (due to) the affiliated organizations at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Hospice	\$ 4,823,855	\$ 3,167,935
Advantage	(599,396)	(548,908)
Foundation	(5,518,885)	(2,005,952)
Home Staff, LLC, net	<u>37,123</u>	<u>(9,479)</u>
Net due to (from) affiliates	<u>\$ (1,257,303)</u>	<u>\$ 603,596</u>

NOTE 12 SUBSEQUENT EVENTS

On February 1, 2013 Atrius Health, Inc., a Massachusetts nonprofit, tax-exempt corporation, became the sole member of Foundation.

In November 2012, the Foundation signed a non-binding letter of intent with the Visiting Nurse Association of Boston Foundation, Inc. to explore potential affiliation. The Foundation began due diligence procedures in December 2012 that continued in 2013. No agreement has been signed as of April, 24, 2013.

For financial reporting purposes, subsequent events have been evaluated by management through April 24, 2013, which is the date the financial statements were available to be issued.