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Form <b>990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

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

<b>B</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	<b>C</b> Name of organization VNA Care Network Foundation Inc		<b>D</b> Employer identification number  04-2794849
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 120 Thomas Street	Room/suite	<b>E</b> Telephone number  (508) 786-0693
	City or town, state or country, and ZIP + 4 Worcester, MA 01608		<b>G</b> Gross receipts \$ 5,740,584
	<b>F</b> Name and address of principal officer Mary Ann O'Connor 120 Thomas Street Worcester, MA 01608		
		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)	

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




**J Website:**  **H(c) Group exemption number** 

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities VNA Care Network Foundation Inc primary exempt purpose is to raise and invest funds for the benefit of its affiliates to further their charitable activities Home Health Care Services as well as to provide operating facilities and management services		
	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	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	10
	6 Total number of volunteers (estimate if necessary)	6	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
7b Net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 803,033	Current Year 691,271
	9 Program service revenue (Part VIII, line 2g)	2,039,046	2,212,282
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	24,645	1,498,503
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,638,321	1,338,528
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	4,505,045	5,740,584
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	
14 Benefits paid to or for members (Part IX, column (A), line 4)			0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		1,088,110	1,229,209
16a Professional fundraising fees (Part IX, column (A), line 11e)			0
b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 230,892			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		3,426,200	4,508,589
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		4,514,310	5,737,798
19 Revenue less expenses Subtract line 18 from line 12		-9,265	2,786
Net Assets or Fund Balances	Beginning of Current Year		End of Year
	20 Total assets (Part X, line 16)	30,871,156	29,472,999
	21 Total liabilities (Part X, line 26)	9,131,707	5,644,124
	22 Net assets or fund balances Subtract line 21 from line 20	21,739,449	23,828,875

## 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.

<b>Sign Here</b>	<div> <div></div> <div>Signature of officer</div> </div>				<div> <div></div> <div>2013-11-12</div> </div>		
	<div> <div></div> <div>Stephanie Jackman-Havey Interim CFOVP of Finance</div> </div> <div>Type or print name and title</div>						
<b>Paid Preparer Use Only</b>	Print/Type 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

1

Briefly describe the organization’s mission

VNA Care Network Foundation Inc primary exempt purpose is to raise and invest funds for the benefit of its affiliates to further their charitable activities Home Health Care Services as well as to provide operating facilities and management services

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 5,222,380 including grants of \$ ) (Revenue \$ 5,740,584 )

VNA Care Network Foundation Inc primary exempt purpose is to raise and invest funds for the benefit of its affiliates to further their charitable activities Home Health Care Services as well as to provide operating facilities and management services

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 ▶ 5,222,380

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		No
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II		No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III		
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	Yes	
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII		No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX		No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV		No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV		No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)		No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H		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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, 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	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> 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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
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.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	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	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		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.		
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	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		No
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
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	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> 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.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
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.		
13c	Enter the amount of reserves on hand.		
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.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

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

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates? . . . . .	10a	Yes
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . . . .	10b	Yes
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	11a	No
11b	Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . . . .		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	12a	Yes
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .	12c	Yes
13	Did the organization have a written whistleblower policy? . . . . .	13	Yes
14	Did the organization have a written document retention and destruction policy? . . . . .	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official . . . . .	15a	Yes
15b	Other officers or key employees of the organization . . . . .	15b	Yes
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	16a	No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 Joanne M Kramer 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) Carol VanDeusen Lukas Director		X						0	0	0
(2) John Cogswell Director		X						0	0	0
(3) Frederick H Jamieson Second Vice Chairman		X		X				0	0	0
(4) Lenore Monahan Director		X						0	0	0
(5) Diane L Leclair Chairman		X		X				0	0	0
(6) Michael Morris Director		X						0	0	0
(7) Renee L Harper First Vice Chairman		X		X				0	0	0
(8) Karen H Green Former President and CEO	40 00 5 00	X					X	198,175	0	0
(9) Mary Ann O'Connor President and CEO	40 00 5 00	X		X				288,466	0	34,703
(10) Robin F Spaulding Clerk				X				0	0	0
(11) Janet Bovaird Assistant Clerk	40 00 5 00			X				55,774	0	13,013
(12) Joanne M Kramer Treasurer and CFO	40 00 5 00			X				263,751	0	11,240
(13) Barbara Brooks VP of Clinical Services	40 00 5 00				X	X		160,780	0	15,957
(14) Jane Woodbury VP Business and Development	40 00 5 00				X	X		200,135	0	16,392



## Part VII

(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			
<b>1b</b>	<b>Sub-Total</b>									
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A</b>									
<b>d</b>	<b>Total (add lines 1b and 1c)</b>							1,167,081		91,305

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶5

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

## **Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
Southboro Equity Partners 150 East 58th Street Suite 200 New York NY 10155	Property Manager	218,058
Winhall Realty 129 South Street Boston MA 02111	Property Manager	206,573
Lee Realty PO Box 215 Danvers MA 01923	Property Management	211,529

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►3

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			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	691,271		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f . . . . .		691,271		
Program Service Revenue	2a	Management Fees for Affiliates	Business Code 541610	2,201,009	2,201,009	
	b	Management Fees for Unemployment Pool	541610	11,273	11,273	
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .		2,212,282		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		750,645	
4		Income from investment of tax-exempt bond proceeds . .				
5		Royalties . . . . .				
6a		Gross rents	(i) Real 1,098,186	(ii) Personal		
b		Less rental expenses				
c		Rental income or (loss)	1,098,186			
d		Net rental income or (loss) . . . . .		1,098,186		
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)	747,858			
d		Net gain or (loss) . . . . .		747,858		2,786
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	Release from Restriction	900099	240,342	240,342		
b						
c						
d	All other revenue . . . . .					
e	Total. Add lines 11a-11d . . . . .		240,342			
12	Total revenue. See Instructions . . . . .		5,740,584	2,452,624		2,786

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.	1,072,488	892,364		180,124
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.	0			
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	79,648	75,147		4,501
9	Other employee benefits.	27,358	27,152		206
10	Payroll taxes.	49,715	40,515		9,200
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	0			
c	Accounting.	18,133		18,133	
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).	0			
12	Advertising and promotion.	0			
13	Office expenses.	27,994	27,994		
14	Information technology.	0			
15	Royalties.	0			
16	Occupancy.	973,119	973,119		
17	Travel.	12,608	7,991		4,617
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	2,484,031	2,484,031		
19	Conferences, conventions, and meetings.	0			
20	Interest.	0			
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	125,066	125,066		
23	Insurance.	263,662		263,662	
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	Telephone.	526,147	526,147		
b	Bank fees.	2,731		2,731	
c	Contracted services.	15,582	15,582		
d					
e	All other expenses.	59,516	27,272		32,244
25	<b>Total functional expenses.</b> Add lines 1 through 24e.	5,737,798	5,222,380	284,526	230,892
26	<b>Joint costs.</b> 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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		98,045	2	118,183
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net			4	
	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		228,720	9	100,404
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	4,615,823		
	b	Less accumulated depreciation	10b	3,371,162	1,342,554	10c1,244,661
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		29,158,244	12	27,966,158
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		43,593	15	43,593
	16	Total assets. Add lines 1 through 15 (must equal line 34)		30,871,156	16	29,472,999
Liabilities	17	Accounts payable and accrued expenses		1,218,499	17	1,056,270
	18	Grants payable			18	
	19	Deferred revenue			19	
	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		7,913,208	25	4,587,854
	26	Total liabilities. Add lines 17 through 25		9,131,707	26	5,644,124
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		17,688,157	27	19,460,683
	28	Temporarily restricted net assets		1,788,784	28	2,105,684
	29	Permanently restricted net assets		2,262,508	29	2,262,508
	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		21,739,449	33	23,828,875
	34	Total liabilities and net assets/fund balances		30,871,156	34	29,472,999

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	5,740,584
2	Total expenses (must equal Part IX, column (A), line 25)	2	5,737,798
3	Revenue less expenses Subtract line 2 from line 1	3	2,786
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	21,739,449
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	2,086,640
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	23,828,875

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

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public  
Inspection

Name of the organization VNA Care Network Foundation Inc	Employer identification number 04-2794849
---	--

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 IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	1,068,780	1,013,817	704,894	803,033	691,271	4,281,795
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	2,213,016	2,285,770	2,066,429	2,039,046	2,212,282	10,816,543
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	3,281,796	3,299,587	2,771,323	2,842,079	2,903,553	15,098,338
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.)						15,098,338

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	3,281,796	3,299,587	2,771,323	2,842,079	2,903,553	15,098,338
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	119,267	535,329	561,430	578,626	750,645	2,545,297
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c Add lines 10a and 10b	119,267	535,329	561,430	578,626	750,645	2,545,297
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.)	937,858	1,133,381	860,689	1,084,340	2,086,386	6,102,654
13 Total support. (Add lines 9, 10c, 11, and 12.)	4,338,921	4,968,297	4,193,442	4,505,045	5,740,584	23,746,289
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	63.580%
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	67.080%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	10.720%
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	7.660%

- 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 This is the gross rents, gains and losses of investments and release from restriction

Explanation
Part III Line 12 This is the gross rents, gains and losses of investments and release from restriction

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
VNA Care Network Foundation Inc

Employer identification number  
04-2794849

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year	35	
2 Aggregate contributions to (during year)	19,751	
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Part II

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

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

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

a Total number of conservation easements

b Total acreage restricted by conservation easements

c Number of conservation easements on a certified historic structure included in (a)

d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

	Held at the End of the Year
2a	
2b	
2c	
2d	

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

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

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

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

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

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

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

Part III

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items  

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items  

a Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☒ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance . . . . .	2,262,508	2,121,885	2,121,885	2,121,885	2,121,885
b Contributions . . . . .		140,623			
c Net investment earnings, gains, and losses					
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .					
f Administrative expenses . . . . .					
g End of year balance . . . . .	2,262,508	2,262,508	2,121,885	2,121,885	2,121,885

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

(i) unrelated organizations . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		12,000		12,000
b Buildings . . . . .		3,871,648	2,756,898	1,114,750
c Leasehold improvements . . . . .				
d Equipment . . . . .		732,175	641,440	90,735
e Other . . . . .				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,244,661

Schedule D (Form 990) 2012



<b>Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return</b>				
<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	3,253,768	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>		
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>		
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>		
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	3,253,768	
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	2,486,816	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	2,486,816	
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	5,740,584	
<b>Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return</b>				
<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	3,253,768	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25			
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>		
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>		
<b>c</b>	Other losses . . . . .	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>		
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	3,253,768	
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	2,484,012	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	2,484,012	
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	5,737,780	

<b>Part XIII Supplemental Information</b>		
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
V	4	This is permanent endowment fund. Any income generated is used to fund patient fee and charity care.
XII	4b	Adding back all transfers to affiliates and fundraising expenses and investment income.
XII	4b	Adding the transfers to affiliates and fundraising expenses.

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
VNA Care Network Foundation Inc

Employer identification number  
04-2794849

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all 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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use 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) Barbara Brooks VP of Clinical Services	(i) (ii)	153,935		6,845	4,618	11,339	176,737	
(4) Jane Woodbury VP Business and Development	(i) (ii)	168,427	21,431	10,277	5,052	11,339	216,526	
(5) 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
I	4b	Included in column C is the 457f plan for Mary Ann O'Connor



**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 Foundation Inc**Employer identification number**

04-2794849

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 the 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)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
VNA Care Network Foundation Inc

Employer identification number  
04-2794849

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 Inc  120 Thomas Street  Worcester, MA 01608 04-2103825	Home Health Care	MA	501c3	9	VNA Care Network Foundation Inc		No
(2) VNA Care Hospice Inc  120 Thomas Street  Worcester, MA 01608 04-3217872	Hospice Care	MA	501c3	9	VNA Care Network Foundation Inc		No
(3) VNA Care Advantage Inc  120 Thomas Street  Worcester, MA 01608 04-2953171	Day Care	MA	501c3	9	VNA Care Network Foundation Inc		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) Disproporionate 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

Yes

1e

No

1f

No

1g

No

1h

No

1i

Yes

1j

No

1k

Yes

1l

No

1m

No

1n

No

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			

Schedule R (Form 990) 2012

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

[illegible]

**Part VII**   **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Software ID: 12000057  
Software Version: 12.19.1011.1  
EIN: 04-2794849  
Name: VNA Care Network Foundation 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 Inc	I	897,226	Cost
VNA Care Hospice Inc	I	137,304	Cost
VNA Care Advantage Inc	I	63,656	Cost
VNA Care Network Inc	q	410,262	Cost
VNA Care Hospice Inc	k	645,054	Cost
VNA Care Network Inc	q	371,168	Cost
VNA Care Advantage Inc	d	2,000,000	Cost
VNA Care Network Inc	k	1,584,726	Cost
VNA Care Advantage Inc	k	22,010	Cost
VNA Care Hospice Inc	q	246,793	Cost

VNA CARE NETWORK FOUNDATION, INC.  
AND AFFILIATES

AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011



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**BRAD BORBIDGE, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
197 LOUDON ROAD, SUITE 350  
CONCORD, NEW HAMPSHIRE 03301  

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TELEPHONE 603/224-0849  
FAX 603/224-2397

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
VNA Care Network Foundation, Inc. and Affiliates  
Worcester, Massachusetts

We have audited the accompanying consolidated financial statements of VNA Care Network Foundation, Inc. and Affiliates (Association), 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 consolidated financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of VNA Care Network Foundation, Inc. and Affiliates 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.

### *Other Matters*

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

A handwritten signature in black ink, appearing to read "A. Dwyer", is located in the lower right quadrant of the page.

Concord, New Hampshire  
April 24, 2013

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
Current Assets		
Cash and cash equivalents	\$ 1,740,615	\$ 1,479,363
Temporary investments	-	521,551
Investments	23,105,398	24,079,074
Patient accounts receivable, less allowances for doubtful accounts of \$276,509 and \$348,452 at December 31, 2012 and 2011, respectively	8,061,217	4,950,960
Due from affiliate	37,123	-
Other current assets	574,594	509,555
Total Current Assets	33,518,947	31,540,503
Assets limited as to use	4,893,545	5,079,170
Other Assets		
Investment in limited liability company	2,434,588	2,384,550
Goodwill	2,467,235	-
Other assets	46,043	46,043
Property and equipment, net	8,896,079	7,034,989
TOTAL ASSETS	<u>\$ 52,256,437</u>	<u>\$ 46,085,255</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 4,641,535	\$ 2,968,684
Accrued payroll and related expenses	2,438,325	2,096,496
Due to affiliate	-	9,478
Due to third-party payers	518,447	479,232
Deferred revenue	1,677,073	1,135,308
Total Current Liabilities	9,275,380	6,689,198
Long-term debt	155,000	155,000
Total Liabilities	<u>9,430,380</u>	<u>6,844,198</u>
Net Assets		
Unrestricted	38,457,865	35,189,765
Temporarily restricted	2,105,684	1,788,784
Permanently restricted	2,262,508	2,262,508
Total Net Assets	<u>42,826,057</u>	<u>39,241,057</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,256,437</u>	<u>\$ 46,085,255</u>

(See accompanying notes to these consolidated financial statements)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS

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)	\$ 51,077,540	\$ 43,061,160
Provision for bad debt	<u>(150,000)</u>	<u>(150,000)</u>
Net Patient Service Revenue	50,927,540	42,911,160
Other operating revenue	445,454	826,672
Contributions and fundraising, net of expenses	901,314	673,012
Investment income (loss) in limited liability company	50,038	(49,984)
Net assets released from restriction for program services	<u>351,255</u>	<u>572,444</u>
Total Operating Revenue	<u>52,675,601</u>	<u>44,933,304</u>
Operating Expenses		
Salaries and benefits	37,049,271	35,010,110
Other operating expenses	14,191,551	11,640,378
Depreciation and amortization	<u>929,850</u>	<u>1,759,538</u>
Total Operating Expenses	<u>52,170,672</u>	<u>48,410,026</u>
OPERATING INCOME (LOSS)	504,929	(3,476,722)
Other Revenue, Gains and Losses		
Investment income, net of expenses	<u>753,089</u>	<u>583,344</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	1,258,018	(2,893,378)
Change in unrealized gain (loss) on investments	1,769,738	(1,216,117)
Net assets released for capital acquisition	<u>240,342</u>	<u>359,981</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u><u>\$ 3,268,098</u></u>	<u><u>\$ (3,749,514)</u></u>

(See accompanying notes to these consolidated financial statements)

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

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets:		
Excess (deficit) of revenue over expenses	\$ 1,258,018	\$ (2,893,378)
Change in unrealized gain (loss) on investments	1,769,738	(1,216,117)
Net assets released for capital acquisition	<u>240,342</u>	<u>359,981</u>
Change in Unrestricted Net Assets	<u>3,268,098</u>	<u>(3,749,514)</u>
Temporarily Restricted Net Assets:		
Realized gain (loss) on investments	11,930	(3,293)
Change in unrealized gain (loss) on investments	634,513	(331,111)
Donor restricted contributions	262,056	485,297
Net assets released for capital acquisition	(240,342)	(359,981)
Net assets released from restrictions for program services	<u>(351,255)</u>	<u>(572,444)</u>
Change in Temporarily Restricted Net Assets	<u>316,902</u>	<u>(781,532)</u>
Increase (Decrease) in Net Assets	3,585,000	(4,531,046)
Net assets, beginning of year	<u>39,241,057</u>	<u>43,772,103</u>
NET ASSETS, END OF YEAR	<u><u>\$ 42,826,057</u></u>	<u><u>\$ 39,241,057</u></u>

(See accompanying notes to these consolidated financial statements)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 3,585,000	\$ (4,531,046)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Provision for bad debt	150,000	150,000
Depreciation and amortization	929,850	1,759,538
Restricted contributions	(262,056)	(485,297)
Investment (income) loss in limited liability company	(50,038)	49,984
Change in unrealized (gain) loss on investments	(2,404,251)	1,547,228
Net realized (gain) loss on investment transactions	(72,141)	11,419
(Increase) decrease in the following assets:		
Temporary investments	521,551	1,021,197
Patient accounts receivable	(3,260,257)	1,134,631
Due from affiliate	(37,123)	213,193
Other current assets	(65,039)	(901)
Increase (decrease) in the following liabilities:		
Accounts payable and accrued expenses	1,672,851	324,583
Accrued payroll and related expenses	341,829	8,636
Due to affiliate	(9,478)	9,478
Due to third-party payers	39,215	(86,194)
Deferred revenue	541,765	(100,863)
Net Cash Provided By Operating Activities	<u>1,621,678</u>	<u>1,025,586</u>
Cash Flows From Investing Activities		
Capital expenditures	(2,458,175)	(743,007)
Acquisition of home health provider	(2,800,000)	-
Proceeds from sale of investments	9,285,341	5,987,515
Purchase of investments	(5,649,648)	(6,420,205)
Net Cash Used By Investing Activities	<u>(1,622,482)</u>	<u>(1,175,697)</u>

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Financing Activities		
Restricted contributions	<u>262,056</u>	<u>485,297</u>
Net Cash Provided By Financing Activities	<u>262,056</u>	<u>485,297</u>
Net Increase in Cash and Cash Equivalents	261,252	335,186
Cash and cash equivalents, beginning of year	<u>1,479,363</u>	<u>1,144,177</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,740,615</u></u>	<u><u>\$ 1,479,363</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ -	\$ -

(See accompanying notes to these consolidated financial statements)



VNA CARE NETWORK FOUNDATION, INC.  
AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The VNA Care Network Foundation, Inc. (Foundation) is a non-stock, not-for-profit corporation organized in Massachusetts. The Foundation's primary purposes are to act as a holding company, maintain an investment portfolio, fundraise, and provide management services to affiliated health care providers providing services to patients in the central and eastern Massachusetts area.

Subsidiaries

VNA Care Network, Inc. (Network) is a non-stock, not-for-profit corporation organized in Massachusetts, whose primary purpose is to provide home health care services.

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.

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.

Principles of Consolidation

The consolidated financial statements include the accounts of Foundation and its subsidiaries: Network, Hospice, and Advantage. These agencies will collectively be referred to as the Association. The affiliations are through a common board membership. All significant inter-company balances and transactions have been eliminated in consolidation.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Income Taxes

The Association consists of four public charities under Section 501(c)(3) of the Internal Revenue Code. As public charities, the Association 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 the Association's tax position and concluded that the Association has no unrelated business income or uncertain tax positions that require adjustment to the financial statements. Management believes the Association 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. Accordingly, 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 and temporary investments within the investment pool.

### Investments

Investments in equity and debt securities are reported at fair value. Investment income, realized gains and losses, and other than temporary impairments on investments are included in the excess of revenue over expenses unless otherwise stipulated by the donor or State law. Unrealized gains and losses are reported as an increase or decrease in unrestricted net assets, unless otherwise stipulated by the donor or State law. The Association reviews investments where the fair value is significantly below cost and in cases where the decline is considered to be other than temporary, an adjustment is recorded to reflect this amount in the excess of revenue over expenses.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investments (continued)

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

### Investment in Limited Liability Company

Beginning April 3, 2008, Advantage had 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. Advantage's investment in Home Staff is accounted for on the equity method, and Advantage's activities include its share of the net income of the limited liability company. A summary of the limited liability company's audited financial information is as follows:

	<u>2012</u>	<u>2011</u>
Total assets	\$ 4,925,801	\$ 4,677,188
Total liabilities	<u>(491,564)</u>	<u>(342,909)</u>
Member's capital	<u>\$ 4,434,237</u>	<u>\$ 4,334,279</u>
Net income (loss)	<u>\$ 99,958</u>	<u>\$ (98,599)</u>

### Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Association 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. The Association 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	\$ 348,452	\$ 369,240
Provision	150,000	150,000
Write-offs	<u>(221,943)</u>	<u>(170,788)</u>
Balance, end of year	<u>\$ 276,509</u>	<u>\$ 348,452</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 by trustees under indenture agreements, designated assets set aside by the board of directors and temporarily and permanently restricted net assets.

### 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 consolidated financial statements. The Association's capitalization threshold is \$5,000.

### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Association has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Association 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 as fair value at 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.

### 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 the Association's published sliding fee scale. Reductions in full charge are recognized when the service is rendered.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Excess (Deficit) of Revenues Over Expenses

The statements of operations reflect the excess (deficit) of revenues over expenses. Changes in unrestricted net assets, which are excluded from the excess (deficit) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, 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 and Hospice'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.

### Goodwill

On September 18, 2012, the Association 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 is tested annually for possible loss on the impairment of the asset's value. Total goodwill assets amounted to \$2,467,235 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 Association's previous home care acquisitions. Due to the competitive environment specific to the service areas involved in the goodwill, the length of time since acquisition and the inability to distinguish patient service revenue generated from the acquisition, in 2011 the Association 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

#### *Provision for Bad Debts*

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.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Recently Issued Accounting Pronouncements (continued)

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.

The amendment is effective for the fiscal year ending December 31, 2012. The amendment to the presentation of the provision for bad debts related to patient service revenue in the statement of operations is applied retroactively to all prior periods presented. The Association adopted the amendment for the year ended December 31, 2012.

### *Fair Value Measurements*

In May 2011, the FASB issued Accounting Standards Update 2011-04, Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRS, (ASU 2011-04).

ASU 2011-04 amended ASC 820 to converge the fair value measurement guidance in U.S. GAAP and International Financial Reporting Standards (IFRS). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Plan adopted the amendment as of January 1, 2012.

## NOTE 2 INVESTMENTS

Investments are identified as current assets and assets limited as to use, and are stated at fair value and consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 2,185,547	\$ 6,470,930
Marketable equity securities		
Consumer discretionary	-	281,650
Consumer Staples	-	73,404
Energy	-	406,012
Financial services	-	42,097
Health care	-	156,690
Industrials	-	237,564
Information technology	-	525,493
Materials	-	187,354
Telecommunication services	-	25,563
Mutual funds		
Equity funds	8,045,981	5,157,858
Fixed income funds	4,686,025	4,314,245
International equity	5,207,763	3,962,187
Other		
Alternative investments	7,348,274	6,701,112
Limited liability corporation	<u>2,434,588</u>	<u>2,384,550</u>
 Total Investments	 <u>\$29,908,178</u>	 <u>\$30,926,709</u>
 Current assets	 \$23,105,398	 \$24,079,074
Investment in a limited liability corporation	2,434,588	2,384,550
Assets limited as to use (Note 3)	<u>4,368,192</u>	<u>4,463,085</u>
 Total Investments	 <u>\$29,908,178</u>	 <u>\$30,926,709</u>

Cash and cash equivalents included in investments and assets limited as to use are not considered cash and cash equivalents for cash flow purposes.

Investments other than alternative investments and the investment in a limited liability corporation are maintained in an investment pool. Each investment fund is allocated realized and unrealized gains and losses based upon units. Units are calculated using the market value approach determined on the last day of the month the transaction took place.



## NOTE 2 INVESTMENTS (CONTINUED)

Investments at December 31, 2011 have been reclassified in the amount of \$559,802 decreasing mutual equity funds and increasing alternative investments.

Financial accounting standards have established a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs - quoted prices traded daily in active markets.
- Level 2 inputs - other than quoted prices for active markets that are traded less frequently than daily.
- Level 3 inputs - unobservable inputs.

The fair value of all of the Association's investments are measured on a recurring basis using level 1 inputs, with the exception of the alternative investments and the investment in the limited liability corporation, which are considered Level 3 inputs.

A summary of level 3 investments follows:

	Alternative Investments		Limited Liability Corporation	Total
	<u>Hedge Funds</u>	<u>REITs</u>		
Beginning balance	\$ 5,156,299	\$ 1,544,813	\$ 2,384,550	\$ 9,085,662
Sales	(10,633)	-	-	(10,633)
Dividends/interest	-	66,333	-	66,333
Fees	-	(14,076)	-	(14,076)
Realized gains	-	27,815	-	27,815
Unrealized gains	<u>285,672</u>	<u>292,053</u>	<u>50,038</u>	<u>627,763</u>
Ending balance	<u>\$ 5,431,338</u>	<u>\$ 1,916,938</u>	<u>\$ 2,434,588</u>	<u>\$ 9,782,864</u>

## NOTE 2 INVESTMENTS (CONTINUED)

The primary hedge fund valuation basis are audited financial statements and unaudited interim financial statements of the underlying portfolio funds. Where applicable, futures and forward contracts are based on the settlement price on the exchanges where they are traded, and when there is no settlement price, value will be based upon last trade price. In certain instances, modifications to the valuation may be determined, in good faith, based on such factors the hedge fund manager's judgment.

The REITs valuation is based on the underlying publicly traded securities included in the portfolio of the fund owned by the Association. The fund is reported as a level 3 because it is not publicly traded.

The limited liability corporation valuation basis is the audited financial statements.

Investment income and gains for assets limited as to use, cash equivalents, and other investments are comprised of the following for the years ended December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Unrestricted investment income		
Investment income	\$ 779,915	\$ 671,109
Investment in a limited liability company	50,038	(49,984)
Realized gain (loss) on investments	60,211	(8,126)
Less investment fees	(87,037)	(79,639)
Change in unrealized gain (loss) on investments	1,769,738	(1,216,117)
Temporarily restricted investment gain (loss)		
Realized gain (loss) on investments	11,930	(3,293)
Change in unrealized gain (loss) on investments	<u>634,513</u>	<u>(331,111)</u>
Total Investment income and change in unrealized gain (loss) on investments	<u>\$ 3,219,308</u>	<u>\$ (1,017,161)</u>

### NOTE 3 ASSETS LIMITED AS TO USE

Assets limited as to use consist of the following board designated and donor restricted net assets at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Designated by the governing board		
Board designation of 2010 investment spending policy for Tippet Hospice Home	\$ -	\$ 411,793
Net assets held in trust		
Unemployment insurance fund	221,530	311,333
Funds held for Sections 457(b) and 457(f) deferred compensation plan	303,823	304,752
Donor restricted		
Temporarily restricted for education	6,889	8,889
Temporarily restricted cumulative gains on endowment investments	2,098,795	1,779,895
	<u>2012</u>	<u>2011</u>
Permanently restricted for Endowment	<u>2,262,508</u>	<u>2,262,508</u>
Total Assets Limited as to Use	<u>\$ 4,893,545</u>	<u>\$ 5,079,170</u>

The composition of assets limited as to use at December 31, 2012 and 2011 follows:

	<u>2012</u>	<u>2011</u>
Funds held in trust	\$ 525,353	\$ 616,085
Investments (Note 2)	<u>4,368,192</u>	<u>4,463,085</u>
Total Assets Limited as to Use	<u>\$ 4,893,545</u>	<u>\$ 5,079,170</u>

#### NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2012</u>	<u>2011</u>
Land	\$ 926,823	\$ 926,823
Land improvements	330,224	330,224
Buildings and leasehold improvements	11,910,523	10,090,577
Furniture and equipment	<u>14,176,247</u>	<u>13,205,253</u>
Total	27,343,817	24,552,877
Less accumulated depreciation	<u>18,447,738</u>	<u>17,517,888</u>
Property and Equipment, Net	<u>\$ 8,896,079</u>	<u>\$ 7,034,989</u>

#### NOTE 5 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2012 and 2011 included the following:

	<u>2012</u>	<u>2011</u>
Donor restricted contributions		
Temporarily restricted for education	\$ 6,889	\$ 8,889
Cumulative realized and unrealized gains and losses on donor restricted net assets	<u>2,098,795</u>	<u>1,779,895</u>
Temporarily Restricted Net Assets	<u>\$ 2,105,684</u>	<u>\$ 1,788,784</u>

Permanently restricted net assets amounted to \$2,262,508 for years ended December 31, 2012 and 2011, which consisted of contributions to be held in perpetuity, the income from which is expendable to support operations.

#### NOTE 6 ENDOWMENTS

There are no board designated endowments. Donor restricted endowments consisted of an investment portfolio managed by a contracted investment manager with oversight by the Association's investment committee. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## NOTE 6 ENDOWMENTS (CONTINUED)

The State of Massachusetts continues to be guided by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Association has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor- restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment (also known as historical cost). Net appreciation in excess of the historical cost is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of procedure prescribed by UPMIFA.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, there were no deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2012 and 2011.

The Association has adopted spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The spending policy is determined as a percentage (allowed by UPMIFA) of the three-year rolling average of the combined funds available for release under the spending policy, plus the endowment funds. The endowment assets consist of a balanced portfolio of cash, certificates of deposits, debt and equity securities.

The following summarizes changes in endowment assets for years ended December 31, 2012 and 2011:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowments, December 31, 2010	\$ 2,449,757	\$ 2,262,508
Investment losses	(334,404)	-
Other	4,542	-
Spending policy expense	<u>(340,000)</u>	<u>-</u>
Endowments, December 31, 2011	1,779,895	2,262,508
Investment gains	646,443	-
Other	(4,543)	-
Spending policy expense	<u>(323,000)</u>	<u>-</u>
Endowments, December 31, 2012	<u>\$ 2,098,795</u>	<u>\$ 2,262,508</u>

## NOTE 7 LINE OF CREDIT

On December 1, 2008 the 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 was no outstanding balance at December 31, 2012 and 2011.

Under the terms of the agreement, Association must comply with certain 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 8 NOTES PAYABLE

Long term debt consisted of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Deferred note payable with principal due on November 19, 2033 with an option of extending the maturity for an additional 40 years. In 2005 the total accumulated, deferred simple interest of 5% was forgiven. The note is collateralized by property in Hospice.	\$ 125,000	\$ 125,000
Deferred note payable with simple interest of 10%. Principal and interest due on January 18, 2034. The note is collateralized by property in Hospice. Principal and interest will be forgiven if certain terms are met through the full 40 years.	<u>30,000</u>	<u>30,000</u>
Total long term debt	<u>\$ 155,000</u>	<u>\$ 155,000</u>

## NOTE 9 PATIENT SERVICE REVENUE

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

	<u>2012</u>	<u>2011</u>
Medicare	\$29,021,000	\$24,583,196
Medicaid	1,744,682	1,278,144
Other	<u>20,311,858</u>	<u>17,199,820</u>
Patient service revenue (net of contractual allowances and discounts)	<u>\$51,077,540</u>	<u>\$43,061,160</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.

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.

## NOTE 9 PATIENT SERVICE REVENUE (CONTINUED)

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.

Hospice provides a subsidy for free or reduced residential rates in each of their hospice houses, which Hospice considers to be charity care. Hospice estimates the cost of this charity care by applying the ratio of uncompensated room occupancy to total room occupancy to the total cost of operating each of the houses. The cost of providing free or reduced residential rates in the hospice houses amounted to \$207,644 and \$235,262 for the years ended December 31, 2012 and 2011, respectively.

The Association also provides resources and services to support numerous initiatives aimed at contributing to the physical and psychological well being of individuals in the Association's community. The Association is able to provide these services with a component of funds received through local community support and state grants. Local community support consists of contributions and the United Way.

## NOTE 10 MALPRACTICE INSURANCE

The Association 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. The Association intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

## NOTE 11 FUNCTIONAL EXPENSES

The Association 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	\$45,809,320	\$42,253,772
Administrative and general	5,840,288	5,743,700
Fundraising	<u>521,064</u>	<u>412,554</u>
Total	<u>\$52,170,672</u>	<u>\$48,410,026</u>



## NOTE 12 PENSION PLAN

The Association has adopted a defined contribution pension plan under the Internal Revenue Code 401(k) covering substantially all of its full-time employees. The pension expense related to the 401(k) plan amounted to \$730,384 and \$525,958 for the years ended December 31, 2012 and 2011, respectively.

During 2006, the Association established an unqualified deferred compensation plan under Internal Revenue Code Section 457(b) and 457(f) for certain key employees. Under this plan, participating employees can elect to defer their compensation within the Internal Revenue Code limits. For the years ended December 31, 2012 and 2011 the activity in the plan was as follows:

	<u>2012</u>	<u>2011</u>
Employee deferred compensation, net of withdrawals	\$ (32,602)	\$ 31,230
Investment gains (losses)	<u>33,532</u>	<u>(24,547)</u>
Total Deferred Compensation Activity	<u>\$ 930</u>	<u>\$ 6,683</u>

The total balance of the deferred compensation amounted to \$303,823 and \$304,752 for the years ended December 31, 2012 and 2011, respectively, and is reported as assets limited as to use under Note 3.

## NOTE 13 COMMITMENTS AND CONTINGENCIES

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental charged to operations as incurred.

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

<u>Year Ending December 31,</u>	<u>Minimum Lease Payments</u>
2013	\$ 301,900
2014	249,428
2015	257,516
2016	265,604
2017 and thereafter	<u>365,372</u>
Total	<u>\$ 1,439,820</u>

Rental expense, other than intercompany charges, amounted to \$626,148 and \$606,249 for the years ended December 31, 2012 and 2011, respectively.

#### NOTE 14 CONCENTRATIONS OF RISK

The Association maintained cash balances in excess of \$250,000 in banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The financial institutions have strong credit rating and management believes the credit risk related to the deposits is minimal.

The Association 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 55% of gross accounts receivable. No other individual payer source exceeded 10% of the gross accounts receivable balance.

#### NOTE 15 RELATED PARTY TRANSACTIONS

Beginning 2008, Advantage became a one-half interest member in Home Staff, LLC, a limited liability company organized in Massachusetts to provide private duty home health aide services.

#### NOTE 16 RELATED PARTY TRANSACTIONS (CONTINUED)

For the years ended December 31, 2012 and 2011, Network and Hospice purchased home health aide services from Home Staff, LLC, in the amount of \$735,397 and \$496,199, respectively.

Management provided management and administrative services to Home Staff, LLC, in the amount of \$39,691 and \$50,586 for the years ended December 31, 2012 and 2011.

At December 31, 2012 and 2011 the total net balance due (to) and due from amounted to \$37,123 and (\$9,478), respectively.

#### NOTE 17 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 issue.

## VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

## CONSOLIDATING BALANCE SHEETS

DECEMBER 31, 2012

## ASSETS

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2012 Consolidated Totals
Current Assets						
Cash and cash equivalents	\$ 118,183	\$ 763,382	\$ 824,510	\$ 34,540	\$ -	\$ 1,740,615
Temporary investments	-	-	-	-	-	-
Investments	23,105,398	-	-	-	-	23,105,398
Patient accounts receivable, net	-	5,917,004	2,141,164	3,049	-	8,061,217
Other current assets	100,404	373,496	100,694	-	-	574,594
Due from affiliates	-	37,123	6,925,331	-	(6,925,331)	37,123
Total Current Assets	23,323,985	7,091,005	9,991,699	37,589	(6,925,331)	33,518,947
Assets limited as to use	4,860,760	101,774	109,656	10,101	(188,746)	4,893,545
Other assets						
Investment in limited liability company	-	-	-	2,434,588	-	2,434,588
Goodwill	-	1,467,235	1,000,000	-	-	2,467,235
Other assets	43,593	2,450	-	-	-	46,043
Property and equipment, net	1,244,661	2,380,828	5,270,590	-	-	8,896,079
TOTAL ASSETS	\$ 29,472,999	\$ 11,043,292	\$ 16,371,945	\$ 2,482,278	\$ (7,114,077)	\$ 52,256,437

## LIABILITIES AND NET ASSETS

Current Liabilities						
Accounts payable and accrued expenses	\$ 729,158	\$ 3,034,214	\$ 1,044,001	\$ 22,908	\$ (188,746)	\$ 4,641,535
Accrued payroll and related expenses	327,112	1,724,647	358,711	27,855	-	2,438,325
Due to affiliates	4,587,854	1,294,426	-	1,043,051	(6,925,331)	-
Due to third-party payers	-	518,447	-	-	-	518,447
Deferred revenue	-	1,677,073	-	-	-	1,677,073
Total Current Liabilities	5,644,124	8,248,807	1,402,712	1,093,814	(7,114,077)	9,275,380
Long-term debt	-	-	155,000	-	-	155,000
Total Liabilities	5,644,124	8,248,807	1,557,712	1,093,814	(7,114,077)	9,430,380
Net Assets						
Unrestricted	19,460,683	2,794,485	14,814,233	1,388,464	-	38,457,865
Temporarily restricted	2,105,684	-	-	-	-	2,105,684
Permanently restricted	2,262,508	-	-	-	-	2,262,508
Total Net Assets	23,828,875	2,794,485	14,814,233	1,388,464	-	42,826,057
TOTAL LIABILITIES AND NET ASSETS	\$ 29,472,999	\$ 11,043,292	\$ 16,371,945	\$ 2,482,278	\$ (7,114,077)	\$ 52,256,437

## VNA CARE NETWORK FOUNDATION, INC AND AFFILIATES

## CONSOLIDATING BALANCE SHEETS

DECEMBER 31, 2011

## ASSETS

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2011 Consolidated Totals
Current Assets						
Cash and cash equivalents	\$ 98,045	\$ 645,886	\$ 660,217	\$ 75,215	\$ -	\$ 1,479,363
Temporary investments	-	521,551	-	-	-	521,551
Investments	24,079,074	-	-	-	-	24,079,074
Patient accounts receivable, net	-	3,799,246	1,142,943	8,771	-	4,950,960
Other current assets	228,720	270,556	10,279	-	-	509,555
Due from affiliates	-	613,075	8,435,818	-	(9,048,893)	-
Total Current Assets	24,405,839	5,850,314	10,249,257	83,986	(9,048,893)	31,540,503
Assets limited as to use	5,079,170	99,322	107,018	10,101	(216,441)	5,079,170
Other assets						
Investment in limited liability company	-	-	-	2,384,550	-	2,384,550
Other assets	43,593	2,450	-	-	-	46,043
Property and equipment, net	1,342,554	1,986,157	3,706,278	-	-	7,034,989
TOTAL ASSETS	\$ 30,871,156	\$ 7,938,243	\$ 14,062,553	\$ 2,478,637	\$ (9,265,334)	\$ 46,085,255

## LIABILITIES AND NET ASSETS

Current Liabilities						
Accounts payable and accrued expenses	\$ 1,021,394	\$ 1,329,641	\$ 819,727	\$ 14,363	\$ (216,441)	\$ 2,968,684
Accrued payroll and related expenses	197,105	1,582,380	291,349	25,662	-	2,096,496
Due to affiliates	7,913,208	9,479	-	1,135,684	(9,048,893)	9,478
Due to third-party payers	-	479,232	-	-	-	479,232
Deferred revenue	-	1,135,308	-	-	-	1,135,308
Total Current Liabilities	9,131,707	4,536,040	1,111,076	1,175,709	(9,265,334)	6,689,198
Long-term debt, less current maturities	-	-	155,000	-	-	155,000
Total Liabilities	9,131,707	4,536,040	1,266,076	1,175,709	(9,265,334)	6,844,198
Net Assets						
Unrestricted	17,688,157	3,402,203	12,796,477	1,302,928	-	35,189,765
Temporarily restricted	1,788,784	-	-	-	-	1,788,784
Permanently restricted	2,262,508	-	-	-	-	2,262,508
Total Net Assets	21,739,449	3,402,203	12,796,477	1,302,928	-	39,241,057
TOTAL LIABILITIES AND NET ASSETS	\$ 30,871,156	\$ 7,938,243	\$ 14,062,553	\$ 2,478,637	\$ (9,265,334)	\$ 46,085,255

## VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

## CONSOLIDATING STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2012 Consolidated Totals
Operating Revenue						
Patient service revenue						
(net of contractual allowances and discounts)	\$ -	\$ 39,899,352	\$ 12,420,099	\$ 530,438	\$ (1,772,349)	\$ 51,077,540
Provision for bad debt	-	(125,000)	(25,000)	-	-	(150,000)
Net Patient Service Revenue	-	39,774,352	12,395,099	530,438	(1,772,349)	50,927,540
Other operating revenue						
Management services	2,201,009	-	-	-	(2,201,009)	-
Governmental grants	-	244,745	-	-	-	244,745
Rental Income	1,098,186	-	-	-	(1,098,186)	-
United Way and other revenue	75,858	129,394	(4,543)	-	-	200,709
Equity in earnings of limited liability company	-	-	-	50,038	-	50,038
Contributions and fundraising, net of expenses	901,314	-	-	-	-	901,314
Transfers to (from) affiliates for donor contributions	(1,022,599)	246,762	775,837	-	-	-
Net assets released from restriction						
for program services	351,255	-	-	-	-	351,255
Transfers from affiliates for net assets released from						
restrictions for program services	(351,255)	163,500	187,755	-	-	-
Total Operating Revenue	3,253,768	40,558,753	13,354,148	580,476	(5,071,544)	52,675,601
Operating Expenses						
Salaries and benefits	1,229,208	30,187,581	5,253,568	378,914	-	37,049,271
Other operating expenses						
Professional fees and contracted services	33,715	5,358,357	3,571,029	9,571	(1,772,349)	7,200,323
Management services	-	1,584,727	594,272	22,010	(2,201,009)	-
Occupancy	973,120	915,503	295,992	63,656	(1,098,186)	1,150,085
Other	892,659	3,059,295	1,868,400	20,789	-	5,841,143
Depreciation and amortization	125,066	564,174	240,610	-	-	929,850
Total Operating Expenses	3,253,768	41,669,637	11,823,871	494,940	(5,071,544)	52,170,672
OPERATING INCOME (LOSS)	-	(1,110,884)	1,530,277	85,536	-	504,929
Other Revenue and Gains (Losses)						
Transfers (to) from affiliates for investments	(747,858)	501,065	246,793	-	-	-
Investment (loss) income, net of expense	750,644	2,101	344	-	-	753,089
Total Other Revenue and Gains (Losses)	2,786	503,166	247,137	-	-	753,089
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	2,786	(607,718)	1,777,414	85,536	-	1,258,018
Change in unrealized gain on investments	1,769,738	-	-	-	-	1,769,738
Net assets released for capital acquisition	240,342	-	-	-	-	240,342
Net assets transferred to (from) affiliates	(240,342)	-	240,342	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 1,772,524	\$ (607,718)	\$ 2,017,756	\$ 85,536	\$ -	\$ 3,268,098

## VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES

## CONSOLIDATING STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2011 Consolidated Totals
Operating Revenue						
Patient service revenue						
(net of contractual allowances and discounts)	\$ -	\$ 33,680,606	\$ 10,547,229	\$ 495,630	\$ (1,662,305)	\$ 43,061,160
Provision for bad debt	-	(125,000)	(25,000)	-	-	(150,000)
Net Patient Service Revenue	-	33,555,606	10,522,229	495,630	(1,662,305)	42,911,160
Other operating revenue						
Management services	2,028,076	-	-	-	(2,028,076)	-
Governmental grants	-	539,669	-	-	-	539,669
Rental Income	1,278,340	-	-	-	(1,278,340)	-
United Way and other revenue	92,287	185,079	7,189	2,448	-	287,003
Equity in earnings of limited liability company	-	-	-	(49,984)	-	(49,984)
Contributions and fundraising, net of expenses	673,012	-	-	-	-	673,012
Transfers to (from) affiliates for donor contributions	(846,775)	337,557	509,218	-	-	-
Net assets released from restriction for program services	572,444	-	-	-	-	572,444
Transfers from affiliates for net assets released from restrictions for program services	(572,444)	227,800	344,644	-	-	-
Total Operating Revenue	3,224,940	34,845,711	11,383,280	448,094	(4,968,721)	44,933,304
Operating Expenses						
Salaries and benefits	1,088,110	28,333,954	5,219,708	368,338	-	35,010,110
Other operating expenses						
Professional fees and contracted services	153,238	2,834,661	3,635,579	8,681	(1,662,305)	4,969,854
Management services	-	1,460,214	547,581	20,281	(2,028,076)	-
Occupancy	1,151,000	936,673	295,640	63,026	(1,278,340)	1,167,999
Other	739,162	2,872,040	1,865,171	26,152	-	5,502,525
Depreciation and amortization	127,340	1,105,080	527,118	-	-	1,759,538
Total Operating Expenses	3,258,850	37,542,622	12,090,797	486,478	(4,968,721)	48,410,026
OPERATING INCOME (LOSS)	(33,910)	(2,696,911)	(707,517)	(38,384)	-	(3,476,722)
Other Revenue and Gains (Losses)						
Transfers (to) from affiliates for investments	(553,981)	371,167	182,814	-	-	-
Investment (loss) income, net of expense	578,626	27,262	(22,574)	30	-	583,344
Total Other Revenue and Gains (Losses)	24,645	398,429	160,240	30	-	583,344
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	(9,265)	(2,298,482)	(547,277)	(38,354)	-	(2,893,378)
Change in unrealized gain on investments	(1,216,117)	-	-	-	-	(1,216,117)
Net assets released for capital acquisition	359,981	-	-	-	-	359,981
Net assets transferred to (from) affiliates	(359,981)	-	359,981	-	-	-
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ (1,225,382)	\$ (2,298,482)	\$ (187,296)	\$ (38,354)	\$ -	\$ (3,749,514)

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES  
CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2012 Consolidated Totals
Unrestricted Net Assets						
Excess (deficit) of revenue over expenses	\$ 2,786	\$ (607,718)	\$ 1,777,414	\$ 85,536	\$ -	\$ 1,258,018
Change in unrealized gain (loss) on investments	1,769,738	-	-	-	-	1,769,738
Net assets released for capital acquisition	240,342	-	-	-	-	240,342
Equity transfer to (from) affiliates	(240,342)	-	240,342	-	-	-
Change in Unrestricted Net Assets	1,772,524	(607,718)	2,017,756	85,536	-	3,268,098
Temporarily Restricted Net Assets						
Realized gain (loss) on investments	11,930	-	-	-	-	11,930
Change in unrealized gain on investments	634,513	-	-	-	-	634,513
Restricted contributions	240,342	-	21,714	-	-	262,056
Net assets released for capital acquisition	(240,342)	-	-	-	-	(240,342)
Net assets released from restrictions for program services	(329,541)	-	(21,714)	-	-	(351,255)
Change in Temporarily Restricted Net Assets	316,902	-	-	-	-	316,902
Decrease in Net Assets	2,089,426	(607,718)	2,017,756	85,536	-	3,585,000
Net assets, beginning of year	21,739,449	3,402,203	12,796,477	1,302,928	-	39,241,057
NET ASSETS, END OF YEAR	\$ 23,828,875	\$ 2,794,485	\$ 14,814,233	\$ 1,388,464	\$ -	\$ 42,826,057

VNA CARE NETWORK FOUNDATION, INC. AND AFFILIATES  
CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Foundation	Network	Hospice	Advantage	Consolidating Entries	2011 Consolidated Totals
Unrestricted Net Assets						
Excess (deficit) of revenue over expenses	\$ (9,265)	\$ (2,298,482)	\$ (547,277)	\$ (38,354)	\$ -	\$ (2,893,378)
Change in unrealized gain (loss) on investments	(1,216,117)	-	-	-	-	(1,216,117)
Net assets released for capital acquisition	359,981	-	-	-	-	359,981
Equity transfer to (from) affiliates	(359,981)	-	359,981	-	-	-
Change in Unrestricted Net Assets	(1,225,382)	(2,298,482)	(187,296)	(38,354)	-	(3,749,514)
Temporarily Restricted Net Assets						
Realized gain (loss) on investments	(3,293)	-	-	-	-	(3,293)
Change in unrealized gain on investments	(331,111)	-	-	-	-	(331,111)
Restricted contributions	485,297	-	-	-	-	485,297
Net assets released for capital acquisition	(359,981)	-	-	-	-	(359,981)
Net assets released from restrictions for program services	(572,444)	-	-	-	-	(572,444)
Change in Temporarily Restricted Net Assets	(781,532)	-	-	-	-	(781,532)
Permanently Restricted Net Assets						
Net assets transferred from (to) affiliate	140,623	(140,623)	-	-	-	-
Change in Permanently Restricted Net Assets	140,623	(140,623)	-	-	-	-
Decrease in Net Assets	(1,866,291)	(2,439,105)	(187,296)	(38,354)	-	(4,531,046)
Net assets, beginning of year	23,605,740	5,841,308	12,983,773	1,341,282	-	43,772,103
NET ASSETS, END OF YEAR	\$ 21,739,449	\$ 3,402,203	\$ 12,796,477	\$ 1,302,928	\$ -	\$ 39,241,057