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

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

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization HUDSON VALLEY HOSPITAL CENTER		D Employer identification number 13-1740120
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 1980 CROMPOND ROAD	Room/suite	E Telephone number (914) 734-3277
	City or town, state or country, and ZIP + 4 CORTLANDT MANOR, NY 10567		G Gross receipts \$ 177,823,823
	F Name and address of principal officer JOHN FEDERSPIEL 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ▶ (insert no) ☐ 4947(a)(1) or ☐ 527			
J Website: ▶ WWW.HVHC.ORG			

K Form of organization	☒ Corporation	☐ Trust	☐ Association	☐ Other	L Year of formation	1911	M State of legal domicile	NY
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Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY			
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	17	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	17	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	1,346	
6	Total number of volunteers (estimate if necessary)	211		
7a	Total unrelated business revenue from Part VIII, column (C), line 12	0		
7b	Net unrelated business taxable income from Form 990-T, line 34			
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	3,731,913	110,121
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	142,281,417	162,835,803
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,725,252	1,165,039
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,241,355	2,185,071
			150,979,937	166,296,034
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14	Benefits paid to or for members (Part IX, column (A), line 4)		0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	74,938,141	82,879,602
	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
	b	Total fundraising expenses (Part IX, column (D), line 25) ☐ 0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	64,437,841	76,809,053
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	139,375,982	159,688,655
	19	Revenue less expenses Subtract line 18 from line 12	11,603,955	6,607,379
	Net Assets or Fund Balances			Beginning of Current Year
20		Total assets (Part X, line 16)	223,918,686	240,664,077
21		Total liabilities (Part X, line 26)	119,282,605	127,243,625
22		Net assets or fund balances Subtract line 21 from line 20	104,636,081	113,420,452

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	***** Signature of officer			2013-10-31 Date	
	MARK WEBSTER VP FINANCE Type or print name and title				
Paid Preparer Use Only	Prnt/Type preparer's name KAREN L STAPLES CPA		Preparer's signature		Date 2013-10-31
	Check ☐ if self-employed		PTIN		
	Firm's name ▶ VANACOREDEBENEDICTUSDIGOVANNI&WEDDELL				Firm's EIN ▶
	Firm's address ▶ 11 RACQUET RD NEWBURGH, NY 12550				Phone no (845) 567-9000

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

HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY

2

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

☐ Yes ☒ No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 132,222,207 including grants of \$) (Revenue \$ 165,020,874)

HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY

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 ▶ 132,222,207

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	126	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	1,346
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	No
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		3b	
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)?		4a	No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
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?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	17	
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	17	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	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	No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
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	NY
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	MARGI QUAIL 1980 CROMPOND ROAD CORTLANDT MANOR, NY (914) 734-3277

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

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 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

[illegible]

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	5,142,357		773,452

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization: 148

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
NYU SCHOOL OF MEDICINE NYS SCHOOL OF MEDICINE 1 PARK AVENUE 10TH FLOOR 1 PARK AVENUE 10TH FLOOR NEW YORK NY 10016	MEDICAL SERVICE	1,067,634
HOSPITAL MEDICINE ASSOCIATES HOSPITAL MEDICINE ASSOCIATES 1985 CROMPOND ROAD 1985 CROMPOND ROAD CORTLANDT MANOR NY 10567	PHYSICIAN FEES	1,000,003
HUDSON VALLEY IMAGING PC HUDSON VALLEY IMAGING PC 2 FOXEY LANE 2 FOXEY LANE MAHOPAC NY 10541	RADIOLOGY	615,095
HUDSON VALLEY RADIATION ONCOLOGY HUDSON VALLEY RADIATION ONCOLOGY INTERNATIONAL BLVD STE 1130 INTERNATIONAL BLVD STE 1130 MAHWAH NJ 07495	MEDICAL SERVICE	600,000
WESTCHESTER ONCOLOGY & HEMATOLOGY WESTCHESTER ONCOLOGY & HEMATOLOGY 19 BRADHURST AVE 19 BRADHURST AVE HAWTHORNE NY 10532	MEDICAL SERVICE	533,870
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 19		

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	110,121			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		110,121			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code	162,835,803	162,835,803		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		162,835,803			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	855,155			855,155
4		Income from investment of tax-exempt bond proceeds . . .					
5		Royalties					
6a		Gross rents	(i) Real	(ii) Personal			
b		Less rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss)					
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			11,837,673				
			11,527,789				
			309,884				
b		Less cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss)	309,884			309,884	
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	EHR INCENTIVE REVENUE		2,185,071	2,185,071			
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		2,185,071				
12	Total revenue. See Instructions		166,296,034	165,020,874		1,165,039	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	4,985,702	4,128,161	857,541	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	61,206,649	50,679,105	10,527,544	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	3,081,097	2,551,148	529,949	
9	Other employee benefits.	9,106,200	7,539,934	1,566,266	
10	Payroll taxes.	4,499,954	3,725,962	773,992	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	379,212	313,988	65,224	
c	Accounting.	298,340	247,026	51,314	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	381,896	316,210	65,686	
12	Advertising and promotion.	1,072,204	887,784	184,420	
13	Office expenses.	1,299,974	1,076,379	223,595	
14	Information technology.				
15	Royalties.				
16	Occupancy.	3,884,500	3,216,366	668,134	
17	Travel.				
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	3,798,031	3,144,770	653,261	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	12,867,697	10,654,453	2,213,244	
23	Insurance.	2,809,261	2,326,068	483,193	
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	MEDICAL AND SURGICAL SUPP	21,332,633	17,663,420	3,669,213	
b	CONTRACTED SERVICES	7,594,365	6,288,134	1,306,231	
c	PHYSICIAN FEES	4,495,466	3,722,246	773,220	
d	BAD DEBT EXPENSE	4,151,569	3,437,499	714,070	
e	All other expenses	12,443,905	10,303,554	2,140,351	
25	Total functional expenses. Add lines 1 through 24e.	159,688,655	132,222,207	27,466,448	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		4,790,305	1	3,642,635
	2	Savings and temporary cash investments		14,801,882	2	10,120,436
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		19,505,620	4	22,922,083
	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		1,572,129	8	1,702,225
	9	Prepaid expenses and deferred charges		878,724	9	877,190
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a242,409,875			
	b	Less accumulated depreciation	10b113,535,159	130,007,961	10c	128,874,716
	11	Investments—publicly traded securities		18,748,564	11	25,527,775
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		33,613,501	15	46,997,017
	16	Total assets. Add lines 1 through 15 (must equal line 34)		223,918,686	16	240,664,077
Liabilities	17	Accounts payable and accrued expenses		19,572,131	17	22,727,436
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		68,648,141	20	67,007,797
	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		14,016,655	23	12,949,681
	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		17,045,678	25	24,558,711
	26	Total liabilities. Add lines 17 through 25		119,282,605	26	127,243,625
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		100,662,826	27	109,714,478
	28	Temporarily restricted net assets		2,298,636	28	2,031,355
	29	Permanently restricted net assets		1,674,619	29	1,674,619
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		104,636,081	33	113,420,452
	34	Total liabilities and net assets/fund balances		223,918,686	34	240,664,077

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	166,296,034
2	Total expenses (must equal Part IX, column (A), line 25)	2	159,688,655
3	Revenue less expenses Subtract line 2 from line 1	3	6,607,379
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	104,636,081
5	Net unrealized gains (losses) on investments	5	1,702,285
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	474,707
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	113,420,452

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
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	Yes	

Additional Data

Software ID:

Software Version:

EIN: 13-1740120

Name: HUDSON VALLEY HOSPITAL CENTER

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (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			
RON NUTOVITS MD DIRECTOR	1 00	X						0	0	0
EDWARD B MACDONALD JR CHAIRMAN	1 00	X		X				0	0	0
HONGEORGE OROS DIRECTOR	1 00	X						0	0	0
JAMES KANE VICE CHAIRMA	1 00	X		X				0	0	0
JEFFREY SWEET DIRECTOR	1 00	X						0	0	0
JOHN MCGURTY JR MD DIRECTOR	1 00	X						0	0	0
JOHN TESTA DIRECTOR	1 00	X						0	0	0
JUDY MEYER DIRECTOR	1 00	X						0	0	0
RODMAN PATTON DIRECTOR	1 00	X						0	0	0
MICHAEL A BALDUZZI DIRECTOR	1 00	X						0	0	0
MICHAEL DELFINO DIRECTOR	1 00	X						0	0	0
ARTHUR PIDORIANO MD DIRECTOR	1 00	X						0	0	0
ROBERT SPADACCIA DIRECTOR	1 00	X						0	0	0
SHEILA GUIDA DIRECTOR	1 00	X						0	0	0
VALERIE ZARCONE DO DIRECTOR	1 00	X						0	0	0
JOHN DARE SECRETARY	1 00	X		X				0	0	0
JAMES MARTIN TREASURER	1 00	X		X				0	0	0
JOHN FEDERSPIEL PRESIDENT	40 00			X				1,375,169	0	276,726
MARK WEBSTER VP FINANCE	40 00			X				563,639	0	109,486
WILLIAM HIGGINS VP MEDICAL A	40 00				X			414,745	0	21,522
KATHY WEBSTER VP NURSING	40 00				X			414,182	0	61,407
DEBBIE NEUENDORF VP ADMINISTR	40 00				X			370,096	0	66,299
JEANE COSTELLA VP OF HR	40 00				X			361,278	0	67,349
ED COLETTI VP FACILITIE	40 00				X			288,336	0	40,321
WILLIAM DAUSTER VP MARKETING	40 00				X			281,783	0	44,471

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (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			
LINDA PICCIRILLI VP QUALITY M	40 00				X			198,874	0	30,020
SUZANNE M MATEO ADM DIR NURS	40 00					X		180,229	0	8,086
FRANCES M CARL ASST NURSING	40 00					X		176,622	0	15,036
BETTY LANDIS DIR REHAB SE	40 00					X		175,653	0	8,460
MARYANN MAFFEI DIR EMERGENC	40 00					X		171,884	0	8,225
KATHLEEN A KIERNAN DIRECTOR DIA	40 00					X		169,867	0	16,044

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

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

Facts And Circumstances Test

Explanation

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization HUDSON VALLEY HOSPITAL CENTER	Employer identification number 13-1740120
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Part I

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

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

Part II

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

1

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

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

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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

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

a ☐ Public exhibition

b ☐ Scholarly research

c ☐ Preservation for future generations

d ☐ Loan or exchange programs

e ☐ Other

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

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

☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes ☐ No

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

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

2a Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes ☐ No

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

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	3,973,255	4,291,468	7,433,563	7,642,040	7,517,049
b Contributions	584,828	896,495	725,376	682,807	588,374
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs	-852,109	-1,214,708	-3,867,471	-891,284	-463,383
f Administrative expenses					
g End of year balance	3,705,974	3,973,255	4,291,468	7,433,563	7,642,040

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 ▶ 45 190 %

c Temporarily restricted endowment ▶ 54 810 %

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

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

(i) unrelated organizations

(ii) related organizations

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

	Yes	No
3a(i)		No
3a(ii)		No
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		945,544		945,544
b Buildings		145,627,557	46,440,530	99,187,027
c Leasehold improvements				
d Equipment		95,408,048	67,094,629	28,313,419
e Other		428,726		428,726
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				128,874,716

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

1	Total revenue, gains, and other support per audited financial statements	1	163,846,750
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,702,285
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-4,151,569
e	Add lines 2a through 2d	2e	-2,449,284
3	Subtract line 2e from line 1	3	166,296,034
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	166,296,034

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

1	Total expenses and losses per audited financial statements	1	155,537,086
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	155,537,086
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	4,151,569
c	Add lines 4a and 4b	4c	4,151,569
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	159,688,655

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
REVENUE AMOUNTS INCLUDED IN FINANCIALS - OTHER	SCHEDULE D, PAGE 4, PART XI, LINE 2D	PROVISION FOR BAD DEBTS -4,151,569
EXPENSE AMOUNTS INCLUDED ON RETURN - OTHER	SCHEDULE D, PAGE 4, PART XII, LINE 4B	PROVISION FOR BAD DEBTS 4,151,569

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☐ 200% ☒ Other <u>250 000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☒ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,620,654	2,453,340	4,167,314	2 670 %
b Medicaid (from Worksheet 3, column a)			13,296,263	7,506,619	5,789,644	3 720 %
c Costs of other means-tested government programs (from Worksheet 3, column b) .			1,270,667	1,053,439	217,228	0 130 %
d Total Financial Assistance and Means-Tested Government Programs .			21,187,584	11,013,398	10,174,186	6 520 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			1,733,385		1,733,385	1 110 %
f Health professions education (from Worksheet 5)			219,879		219,879	0 140 %
g Subsidized health services (from Worksheet 6)			3,298,434	2,033,074	1,265,360	0 810 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits			5,251,698	2,033,074	3,218,624	2 060 %
k Total . Add lines 7d and 7j .			26,439,282	13,046,472	13,392,810	8 580 %

Part III

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building		117,019		117,019	0.070 %
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total		117,019		117,019	0.070 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

4,151,569

3

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

3

3,528,834

4

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

Section B. Medicare

5

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

5

51,776,613

6

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

6

68,250,944

7

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

7

-16,474,331

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	HUDSON VALLEY HOSPITAL CENTER 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567	X	X					X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

HUDSON VALLEY HOSPITAL CENTER

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes		
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>250 0%</u> If "No," explain in Part VI the criteria the hospital facility used		10	Yes		
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 0%</u> If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a ☒ Income level					
b ☒ Asset level					
c ☒ Medical indigency					
d ☒ Insurance status					
e ☒ Uninsured discount					
f ☒ Medicaid/Medicare					
g ☒ State regulation					
h ☐ Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a ☒ The policy was posted on the hospital facility's website					
b ☒ The policy was attached to billing invoices					
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d ☒ The policy was posted in the hospital facility's admissions offices					
e ☒ The policy was provided, in writing, to patients on admission to the hospital facility					
f ☒ The policy was available upon request					
g ☐ Other (describe in Part VI)					
Billing and Collections					
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes		
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP					
a ☐ Reporting to credit agency					
b ☐ Lawsuits					
c ☐ Liens on residences					
d ☐ Body attachments					
e ☐ Other similar actions (describe in Part VI)					
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?				17	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
a ☐ Reporting to credit agency					
b ☐ Lawsuits					
c ☐ Liens on residences					
d ☐ Body attachments					
e ☐ Other similar actions (describe in Part VI)					

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

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

Part VI Supplemental Information

Complete this part to provide the following information

- 1

Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2

Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3

Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4

Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5

Promotion of community health. Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6

Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7

State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8

Facility reporting group(s). If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
RELATED ORGANIZATION INFORMATION	PART I LINE 6A	THE ANNUAL COMMUNITY BENEFIT REPORT WILL BE MAILED TO OUR SUPPORTERS BUSINESS LEADERS AND PUBLIC OFFICIALS AND DISTRIBUTED AT PUBLIC EVENTS THAT THE ORGANIZATION RUNS SUCH AS HEALTH SCREENINGS LECTURES ETC IT WILL ALSO BE MADE AVAILABLE UPON REQUEST
EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	PART I LINE 7 COLUMN F	BAD DEBT EXPENSE IN THE AMOUNT OF 4151569 WAS REMOVED FROM THE TOTAL FUNCTIONAL EXPENSES OF 159688655 LOCATED ON PAGE 10 LINE 25 COLUMN A THIS LEAVES TOTAL FUNCTIONAL EXPENSES OF 155537086 AND PROVIDES THE PERCENTAGE OF TOTAL EXPENSE LOCATED ON SCHEDULE H LINE 7 COLUMN F
COMMUNITY BUILDING ACTIVITIES	PART II	ACTIVITIES WITH THESE ORGANIZATIONS PROVIDES AN OPPORTUNITY TO SHARE IDEAS CONCEPTS AND EXPENSES AND FOSTERS MORE EFFECTIVE PLANNING BY HUDSON VALLEY HOSPITAL CENTER IN ORDER TO BETTER SERVICE THE COMMUNITY AND MEET THEIR NEEDS
BAD DEBT EXPENSE EXPLANATION	PART III LINE 4	THE PROCESS FOR ESTIMATING THE ULTIMATE COLLECTION OF RECEIVABLES INVOLVES SIGNIFICANT ASSUMPTIONS AND JUDGMENTS THE HOSPITAL HAS IMPLEMENTED A MONTHLY STANDARDIZED APPROACH TO ESTIMATE AND REVIEW THE COLLECTABILITY OF RECEIVABLES BASED ON THE PAYER CLASSIFICATION AND THE PERIOD THE RECEIVABLES HAVE BEEN OUTSTANDING PAST DUE BALANCES OVER 120 DAYS FROM DATE OF BILLING AND OVER A SPECIFIED AMOUNT ARE CONSIDERED DELINQUENT AND ARE REVIEWED INDIVIDUALLY FOR COLLECTABILITY ACCOUNT BALANCES ARE WRITTEN OFF AGAINST THE ALLOWANCE WHEN MANAGEMENT FEELS IT IS PROBABLE THE RECEIVABLE WILL NOT BE RECOVERED HISTORICAL COLLECTION AND PAYER REIMBURSEMENT EXPERIENCE IS AN INTEGRAL PART OF THE ESTIMATION PROCESS RELATED TO RESERVES FOR DOUBTFUL ACCOUNTS IN ADDITION THE HOSPITAL ASSESSES THE CURRENT STATE OF ITS BILLING FUNCTIONS IN ORDER TO IDENTIFY ANY KNOWN COLLECTION OR REIMBURSEMENT ISSUES IN ORDER TO QUANTIFY THE IMPACT IF ANY ON RESERVE ESTIMATES WHICH INVOLVES JUDGMENT THE HOSPITAL BELIEVES THAT THE COLLECTABILITY OF ITS RECEIVABLES IS DIRECTLY LINKED TO THE QUALITY OF ITS BILLING PROCESSES MOST NOTABLY THOSE RELATED TO OBTAINING THE CORRECT INFORMATION IN ORDER TO BILL EFFECTIVELY FOR THE SERVICES PROVIDED REVISIONS IN RESERVE FOR DOUBTFUL ACCOUNTS ESTIMATES ARE RECORDED AS AN ADJUSTMENT TO PROVISION FOR BAD DEBTS PLEASE SEE THE AUDITED FINANCIAL STATEMENTS PAGE 10 FOOTNOTE 3 REGARDING NET PATIENT SERVICE REVENUE ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS
MEDICARE EXPLANATION	PART III LINE 8	MEDICARE IS THE HOSPITALS LARGEST PAYER DURING 2012 THE MEDICARE ALLOWABLE COST OF CARE WAS 68250944 WHILE THE TOTAL MEDICARE REVENUE WAS 51776613 THIS LEFT A SHORTFALL OF 16474331 THE HOSPITAL PROVIDES BOTH INPATIENT AND OUTPATIENT SERVICES TO THE COMMUNITY IN SPITE OF THIS SHORTFALL AS STATED BY THE HOSPITALS MISSION HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE PROFESSIONAL RESPECTFUL MANNER WITHOUT REGARD TO RACE RELIGION NATIONAL ORIGIN OR DISEASE CATEGORY OFFERING STATEOFHEART DIAGNOSTIC TREATMENT EDUCATION AND PREVENTIVE SERVICES THE HOSPITAL IS COMMITTED TO IMPROVING THE QUALITY OF LIFE IN THE COMMUNITY IN FULFILLING THIS MISSION THE HOSPITAL WILL STRIVE TO CONTINUOUSLY IMPROVE THE CARE PROVIDED AND DEVELOP AND OFFER PROGRAMS FACILITIES SYSTEMS AND ALLIANCES THAT MOST EFFECTIVELY RESPOND TO COMMUNITY HEALTH CARE NEEDS
COLLECTION PRACTICES EXPLANATION	PART III LINE 9B	IF A PATIENT QUALIFIES FOR CHARITY ALL OPEN ACCOUNTS ARE WRITTEN OFF AT THAT TIME WE DO NOT QUALIFY PATIENTS ON A GO FORWARD BASIS BUT PATIENTS CAN REQUEST THAT THE ACCOUNT BE REVIEWED AND IF NECESSARY WE WILL REQUEST ADDITIONAL DOCUMENTATION IF A PATIENT IS APPLYING FOR CHARITY CARE THE ACCOUNT IS PUT ON HOLD WHILE THE DOCUMENTS ARE GATHERED AND COMPLETED IF THE PATIENT DOES NOT RETURN DOCUMENTS REQUESTED WITHIN 60 DAYS A LETTER IS SENT TO THEM REMINDING THEM OF THE REQUEST IF THERE IS STILL NO RESPONSE AFTER 30 DAYS THE ACCOUNT MAY BE REFERRED FOR COLLECTIONS STATING NO COOPERATION FROM THE PATIENT PER 501R 5 HUDSON VALLEY HOSPITAL CENTER HAS ESTABLISHED WRITTEN FINANCIAL ASSISTANCE AND EMERGENCY CARE POLICIES THE POLICIES INCLUDE A LIMIT ON AMOUNT CHARGED FOR THOSE WHO QUALIFY ALL REASONABLE EFFORTS ARE MADE TO DETERMINE WHETHER AN INDIVIDUAL IS ELIGIBLE FOR ASSISTANCE PRIOR TO SENDING AN ACCOUNT TO COLLECTION
NEEDS ASSESSMENT	PART VI	IN KEEPING WITH THE MISSION OF THE COMMISSIONER OF HEALTH OF NEW YORK HUDSON VALLEY HOSPITAL CENTER WORKING IN CONJUNCTION WITH OUR COMMUNITY PARTNERS HAS CONTINUED ASSESSING OUR PRESENT INITIATIVES STRATEGIC PLANS AND PREVENTION AGENDA PRIORITIES ASSESSING OUR COMMUNITYS HEALTH NEEDS HAS BEEN PARAMOUNT FOR THE HOSPITAL THE NEEDS OF THE COMMUNITY CONTINUE TO BE ASSESSED THROUGH PARTNERSHIPS WITH PATIENTS PHYSICIANS ELECTED OFFICIALS ORGANIZATIONS AREA BUSINESSES AND LOCAL DEPARTMENTS OF HEALTH THROUGH STATISTICAL STUDIES WITH A BUSINESS PARTNER USING STATE DATA THE HOSPITAL HAS IDENTIFIED NEEDS FOR CANCER SERVICES BARIATRIC SURGERY AND COLORECTAL SURGERY THE HOSPITAL CONTINUOUSLY REQUESTS INPUT FROM THE COMMUNITY THROUGH ITS VARIETY OF COMMUNICATION DEVICES INCLUDING NEWSLETTERS EBLASTS AND HEALTH FAIR SURVEYS
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI	THE HOSPITALS PRACTICE IS TO NOTE ON ALL PATIENT BILLS THAT FINANCIAL ASSISTANCE IS AVAILABLE OUR STATEMENTS INDICATE THAT IF REQUIRING ADDITIONAL INFORMATION PLEASE CONTACT THE BILLING OFFICE REGISTRATION PROVIDES NOTIFICATION OF THE FINANCIAL ASSISTANCE POLICY AND HAS THE FORMS AVAILABLE IN ALL AREAS OTHER AREAS SUCH AS NURSING AND QUALITY MANAGEMENT ARE ALSO AVAILABLE TO PATIENTS TO ASSIST IN DETERMINING ELIGIBILITY FOR ASSISTANCE THE FINANCIAL COUNSELOR REACHES OUT TO IN HOUSE PATIENTS WITHOUT INSURANCE AND WITHOUT SECONDARY INSURANCE TO EXPLAIN THE POLICY ALL BILLING STAFF IS EDUCATED ON THE ORGANIZATIONS POLICY AND PATIENTS ARE OFFERED THE ASSISTANCE APPLICATION WHEN CONTACTED BY PHONE FINANCIAL ASSISTANCE APPLICATIONS ARE AVAILABLE IN ENGLISH AND SPANISH THEY ARE AVAILABLE AT THE TIME OF SERVICE UPON REQUEST FROM THE PATIENT AND ARE AVAILABLE ON OUR WEBSITE HVHCORG ON THE MAIN PAGE SCROLL TO YOUR HOSPITAL STAY AND THE FINANCIAL ASSISTANCE DROP DOWN
COMMUNITY INFORMATION	PART VI	HUDSON VALLEY HOSPITAL CENTERS GEOGRAPHIC SERVICE AREA HAS REMAINED CONSTANT SERVING AN AREA IN THE HUDSON RIVER VALLEY THAT SPANS UPPER WESTCHESTER COUNTY INTO PUTNAM COUNTY AND REACHING SOUTHERN DUTCHESS COUNTY THIS SERVICE AREA REPRESENTS A TOTAL POPULATION OF 330000 WITH A TOTAL OF 140000 HOUSED IN THE PRIMARY SERVICE AREA AND 190000 IN THE SECONDARY SERVICE AREA THE HOSPITAL PROVIDES SERVICES TO A LARGE NUMBER OF FEDERALLY DESIGNATED MEDICALLY UNDERSERVED POPULATIONS IN THE COMMUNITY
HEALTH OF COMMUNITY IN RELATION TO EXEMPT PURPOSE	PART VI	THROUGH ITS UNDERSTANDING OF COMMUNITY NEEDS HUDSON VALLEY HOSPITAL CENTER HAS EXPANDED AND IMPLEMENTED NEW PROGRAMS BETTER SERVING PATIENTS AND THE COMMUNITY IN 2012 NUTRITIONAL SUPPORT BECAME THE FOCUS OF MANY OF OUR COMMUNITY OUTREACH PROGRAMS IN AN EFFORT TO COMBAT OBESITY AND AN INCREASE IN TYPE II DIABETES THE HOSPITAL HAS BEEN IMPLEMENTING A MULTIFACETED PLAN UNDER THE BANNER OF HARVEST FOR HEALTH THIS INCLUDED THE CREATION OF AN ORGANIC GARDEN FOR HEALING WHICH PROVIDED AN OUTDOOR CLASSROOM FOR NUTRITIONAL EDUCATION WITH CANCER PATIENTS THE HOSPITAL BEGAN HOLDING A FARMERS MARKET ONCE A MONTH IN THE HOSPITAL PARKING LOT THE MARKETS PROVIDE THE OPPORTUNITY FOR MEMBERS OF THE COMMUNITY TO HAVE ACCESS TO HEALTHIER FOODS AND ENCOURAGE A PLANTBASED DIET PROVEN TO BE BENEFICIAL TO MANY DIAGNOSES FROM CARDIOVASCULAR ISSUES TO DIABETES IN ADDITION THE HOSPITAL BEGAN THE PROCESS OF CONSTRUCTING A DEMONSTRATION KITCHEN TO PROVIDE THE COMMUNITY WITH COOKING AND NUTRITION CLASSES TO ENCOURAGE THE PREPARATION OF HEALTHY FOODS AT HOME BREASTFEEDING SUPPORT CONTINUES TO BE A MAJOR COMPONENT OF OUR MATERNITY DEPARTMENT THE HOSPITAL CONTINUES TO HOLD MONTHLY SUPPORT GROUPS FOR BREASTFEEDING MOTHERS AS WELL AS SUPPORT PROGRAMS FOR GRANDPARENTS AND OTHER FAMILY MEMBERS THE HOSPITAL HAS BEEN RECOGNIZED BY THE INTERNATIONAL BOARD OF LACTATION CONSULTANTS AND THE NEW YORK STATE HEALTH DEPARTMENT FOR ITS SUCCESS IN MAINTAINING AN EXCLUSIVE BREASTFEEDING RATE OF MORE THAN 90 PERCENT AMONG MOTHERS GIVING BIRTH AT HUDSON VALLEY HOSPITAL CENTER TO REDUCE THE NUMBER OF HOSPITAL READMISSIONS IN ELDERLY POPULATIONS THE HOSPITAL HAS EXPANDED ITS NICHE PROGRAM THE HOSPITALS DESIGNATION AS A NICHE HOSPITAL NURSES IMPROVING CARE FOR HEALTH SYSTEM ELDERLS HAS ALLOWED IT TO ADDRESS MANY ISSUES FACING ITS GROWING ELDERLY POPULATION FUELED BY FIVE NEARBY NURSING HOMES THIS IS DONE IN ADDITION TO OUR ANNUAL SENIOR AND CAREGIVERS HEALTH FAIR WHICH PROVIDES HEALTH SCREENINGS AND INFORMATION TO MORE THAN 250 SENIORS AND THEIR CAREGIVERS TWICE A YEAR THE HOSPITAL OPENED ITS NEW COMPREHENSIVE CANCER CARE CENTER IN 2012 THE CENTER INTEGRATES ALL THE MEDICAL AND PSYCHOSOCIAL NEEDS OF PATIENTS UNDER ONE ROOF OF THE CANCER CENTER BENEFITS BY THE SERVICES OF THE ASHIKARI BREAST CENTER THE NY GROUP FOR PLASTIC SURGARY AND THE WOMENS IMAGING CENTER THE WOMENS IMAGING CENTER PROVIDES A FULL RANGE OF ULTRASOUND DIGITAL MAMMOGRAPHY DIGITAL STEREOTACTIC BIOPSY AND BONE DENSITY TESTS THE HOSPITAL ALSO ADDED INTRAOPERATIVE RADIATION AS AN OPTION FOR WOMEN UNDERGOING BREAST CANCER SURGERY MORE THAN 200 PEOPLE ATTENDED A JAZZ UP YOUR FOUNDATION BREAST CANCER AWARENESS EVENT IN OCTOBER WITH EDUCATIONAL DISPLAYS AND HEALTH INFORMATION THE HOSPITAL WAS ALSO A MAJOR SPONSOR OF THE SUPPORT CONNECTION BREAST AND OVARIAN CANCER ANNUAL WALKATHON NOW ON STAFF AT HUDSON VALLEY HOSPITAL CENTER ARE THE SURGEONS OF THE NEW YORK BARIATRIC GROUP AMONG THE COUNTRY'S LEADING BARIATRIC SURGEONS OFFERING THE LATEST IN MINIMALLY INVASIVE WEIGHT LOSS SURGERY THE NEW YORK BARIATRIC GROUP PROVIDES SURGICAL OPTIONS SUCH AS LAPAROSCOPIC BANDING SLEEVE GASTRECTOMY AND GASTRIC BYPASS ALL THESE PROCEDURES ARE NOW BEING PERFORMED IN OUR MINIMALLY INVASIVE SURGERY CENTER WHICH INCLUDES THE LATEST TECHNOLOGY

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
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

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

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

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
SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS	SCHEDULE J, PAGE 1, PART I, LINE 4	JOHN FEDERSPIEL 0 245,246 0 MARK WEBSTER 0 87,964 0 KATHY WEBSTER 0 56,072 0 DEBBIE NEUENDORF 0 39,386 0 JEANE COSTELLA 0 45,383 0 ED COLETTI 0 14,101 0 WILLIAM DAUSTER 0 14,727 0 LINDA PICCIRILLI 0 16,551 0
OTHER ADDITIONAL INFORMATION	SCHEDULE J, PART III	HUDSON VALLEY HOSPITAL CENTER IS COMMITTED TO PROVIDING THE HIGHEST QUALITY HEALTH CARE IN THE HUDSON VALLEY. TO ACHIEVE THIS GOAL, THE BOARD OF THE HOSPITAL HAS RECOGNIZED THAT THE ADMINISTRATIVE TALENT DIRECTING THE OPERATIONS OF THE HOSPITAL IS A KEY INGREDIENT OF THIS GOAL. THE BOARD DEFINES THE MISSION OF THE HOSPITAL AND THE GOALS TO HELP ACHIEVE THAT MISSION AND THEN FULFILLS THE MISSION OF THE HOSPITAL UTILIZING THE TALENTS OF THE ADMINISTRATIVE TEAM. TO THAT END, THE BOARD HAS ESTABLISHED AN OBJECTIVE, PERFORMANCE BASED COMPENSATION STRUCTURE FOR THE MEMBERS OF THE ADMINISTRATIVE TEAM OF THE HOSPITAL IN RECOGNITION OF OBJECTIVE PERFORMANCE ATTAINMENT. THE BASE SALARIES OF THE ADMINISTRATORS ARE DETERMINED THROUGH BOARD ACTION UTILIZING EXTERNAL MEASURE OF THE REASONABLENESS AND COMPETITIVENESS OF THE SALARIES. THESE EXTERNAL RESOURCES ARE RETAINED BY AND REPORT DIRECTLY TO THE BOARD TO PROVIDE FOR AN OBJECTIVE MEASURE OF THESE SALARIES. THIS PROCESS IS REPEATED YEARLY FOR THE ESTABLISHMENT OF THE SALARIES. ANNUAL BONUSES ARE DETERMINED BY THE BOARD USING A FIVE CATEGORY STRUCTURE WITH QUANTIFIABLE MEASURES ESTABLISHED FOR THE YEAR DURING THE BUDGET SETTING PROCESSES. THE GOALS ARE ESTABLISHED PROACTIVELY AND THEN ACHIEVEMENT IS MEASURED AGAINST THOSE GOALS. BONUSES ARE AWARDED BASED ON THE DEGREE OF ATTAINMENT OF THOSE GOALS. IN COLUMN C, THERE IS A LISTING OF DEFERRED COMPENSATION FOR MEMBERS OF THE ADMINISTRATIVE TEAM. THESE AMOUNTS SHOWN ARE FOR DEPOSITS MADE INTO A TRUST ACCOUNT WHICH IS A HOSPITAL ACCOUNT, AND WHICH AMOUNTS ARE TO BE POTENTIALLY DISTRIBUTED. IF THE INDIVIDUAL MEMBER OF THE ADMINISTRATIVE TEAM MEETS VESTING REQUIREMENTS AND REMAINS IN GOOD STANDING WITH THE HOSPITAL, THESE AMOUNTS COULD BE PAID TO THE ADMINISTRATOR IF THE HOSPITAL IS FINANCIALLY VIABLE AT THE TIME OF THE PAYOUT. THERE IS ABSOLUTELY NO GUARANTEE OF THE PAYOUT OF THESE AMOUNTS. THESE FUNDS ARE NOT RESTRICTED AND ARE SUBJECT TO ATTACHMENT BY CREDITORS. THIS MEANS THAT THERE IS A VERY SUBSTANTIAL RISK OF FORFEITURE OF THIS MONEY AND THAT THE PAYOUT IS BY NO MEANS ASSURED. IT IS AN IRS REGULATION THAT CONTRIBUTIONS MADE TO THIS ACCOUNT FOR THE POSSIBLE BENEFIT OF THE ADMINISTRATOR BE SHOWN AS IF THE ADMINISTRATOR HAS ALREADY RECEIVED THE MONEY EVEN THOUGH THAT IS NOT THE CASE. THE SUMMARY OF THIS COMPENSATION POLICY IS THAT IT IS CONTROLLED AND ADMINSTRATED BY THE BOARD OF THE HOSPITAL, RELYING ON EXTERNAL PROFESSIONALS TO MAKE CERTAIN THAT THE AMOUNTS PAID ARE APPROPRIATE IN THE INDUSTRY AND CIRCUMSTANCES. THE PROCESS IS CLEARLY DEFINED BEFORE THE YEAR BEGINS, RELIES ON GOALS ESTABLISHED BY THE BOARD AND IS COMMUNICATED TO MEMBERS OF ADMINISTRATION, IS FAIRLY ADMINSTRATED AND IS CLEARLY COMMUNICATED. THE NUMBERS SHOWN ARE THE PRODUCT OF THAT PROCESS. COLUMN B(III) OF SCHEDULE J, PART II SHOWS 250,000 FOR ONE INDIVIDUAL. THIS AMOUNT WAS PAID PURSUANT TO BOARD ACTION UPON RECOMMENDATION OF EXTERNAL CONSULTANTS SO THAT THE INDIVIDUAL COULD SELF FUND A RETIREMENT FUND. THE AMOUNT IS CONSISTENT WITH INDUSTRY STANDARDS AND IS FULLY TAXABLE TO THE INDIVIDUAL.

Software ID:
Software Version:
EIN: 13-1740120
Name: HUDSON VALLEY HOSPITAL CENTER

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JOHN FEDERSPIEL	(i) (ii)	773,101	352,068	250,000	245,246	31,480	1,651,895	
MARK WEBSTER	(i) (ii)	403,601	160,038		87,964	21,522	673,125	
WILLIAM HIGGINS	(i) (ii)	307,324	107,421			21,522	436,267	
KATHY WEBSTER	(i) (ii)	298,490	115,692		56,072	5,335	475,589	
DEBBIE NEUENDORF	(i) (ii)	286,685	83,411		39,386	26,913	436,395	
JEANE COSTELLA	(i) (ii)	260,535	100,743		45,383	21,966	428,627	
ED COLETTI	(i) (ii)	209,666	78,670		14,101	26,220	328,657	
WILLIAM DAUSTER	(i) (ii)	236,783	45,000		14,727	29,744	326,254	
LINDA PICCIRILLI	(i) (ii)	198,874			16,551	13,469	228,894	
SUZANNE M MATEO	(i) (ii)	180,229				8,086	188,315	
FRANCES M CARL	(i) (ii)	176,622				15,036	191,658	
BETTY LANDIS	(i) (ii)	175,653				8,460	184,113	
MARYANN MAFFEI	(i) (ii)	171,884				8,225	180,109	
KATHLEEN A KIERNAN	(i) (ii)	169,867				16,044	185,911	

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A DORMITORY AUTHORITY OF NYS	14-6000293	649903WQ0	10-11-2007	77,799,827	CONSTRUCTION OF HOSPITAL FACILITY		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	3,955,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	84,115,140							
4	Gross proceeds in reserve funds	5,580,000							
5	Capitalized interest from proceeds	8,651,000							
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,235,609							
8	Credit enhancement from proceeds	1,367,989							
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	64,053,174							
11	Other spent proceeds								
12	Other unspent proceeds	226,117							
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?	X							
b	Name of provider	MBIA INC MBIS INC							
c	Term of GIC	288							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?		X						

Part VI

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

Identifier	Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	SCHEDULE K	DORMITORY AUTHORITY OF NYS 093012

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

HUDSON VALLEY HOSPITAL CENTER

Employer identification number

13-1740120

Identifier	Return Reference	Explanation
ORGANIZATION'S MISSION	FORM 990 - ORGANIZATION'S MISSION	HUDSON VALLEY HOSPITAL CENTER IS DEDICATED TO SERVING THE HEALTH CARE NEEDS OF THE COMMUNITY AND TO PROVIDING QUALITY, COMPREHENSIVE MEDICAL CARE IN A COMPASSIONATE, PROFESSIONAL, RESPECTFUL MANNER, WITHOUT REGARD TO RACE, RELIGION, NATIONAL ORIGIN OR DISEASE CATEGORY
RELATED PARTY INFORMATION AMONG OFFICERS	FORM 990, PAGE 6, PART VI, LINE 2	MARK WEBSTER KATHY WEBSTER VP FINANCE VP NURSING FAMILY MEMBERS
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	THE ORGANIZATION IS ORGANIZED AS A NOT-FOR-PROFIT CORPORATION WITH ONE MEMBER, WESTCHESTER PUTNAM HEALTH MANAGEMENT SYSTEM, INC
ORGANIZATION'S PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	A COPY OF THE ORGANIZATON'S FEDERAL FORM 990 WILL BE PROVIDED TO BOARD MEMBERS AT A MEETING OF THE BOARD THE BOARD WILL REVIEW AND APPROVE THE FEDERAL FORM 990 PRIOR TO FILING WITH THE INTERNAL REVENUE SERVICE
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	THE ORGANIZATION REQUIRES THAT ALL BOARD MEMBERS FILL OUT AN ANNUAL CONFLICT OF INTEREST STATEMENT
COMPENSATION PROCESS FOR TOP OFFICIAL	FORM 990, PAGE 6, PART VI, LINE 15A	THE EXECUTIVE COMMITTEE OF THE BOARD CONDUCTS A FORMAL PERFORMANCE EVALUATION OF THE PRESIDENT ON AN ANNUAL BASIS THE HOSPITAL PARTICIPATES IN SEVERAL EXECUTIVE COMPENSATION SURVEYS AND ALSO HAS AN INDEPENDENT COMPENSATION CONSULTANT PREPARE A COMPENSATION SURVEY OF COMPARABLE HOSPITALS IN THE REGION THE EXECUTIVE COMMITTEE REVIEWS THIS SURVEY IN DETAIL AND USES THE DATA TO SET THE PRESIDENT'S SALARY
COMPENSATION PROCESS FOR OFFICERS	FORM 990, PAGE 6, PART VI, LINE 15B	THE EXECUTIVE COMPENSATION SURVEY PREPARED BY THE INDEPENDENT COMPENSATION CONSULTANT INCLUDES SALARY SURVEY INFORMATION FOR OTHER KEY EMPLOYEES THE CONSULTANT SHARES THIS WITH THE EXECUTIVE COMMITTEE OF THE BOARD AND DETERMINES IF THE SALARIES FOR THESE EMPLOYEES IS APPROPRIATE
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION WILL MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
RECONCILIATION OF CHANGES - OTHER	FORM 990, PART XI, LINE 9	PROVISION FOR BAD DEBTS -4,151,569 PROVISION FOR BAD DEBTS 4,151,569
OTHER CHANGES IN NET ASSETS EXPLANATION	FORM 990, PART XI, LINE 9	HOSPITAL'S INT IN NET CONTR OF THE FOUNDATION 474,707
CHANGE IN ACCOUNTING METHOD EXPLANATION	FORM 990, PAGE 12, PART XII, LINE 1	OTHER CHANGES IN NET ASSETS RELATED TO AN INCREASE IN THE INTEREST OF THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER IN THE AMOUNT OF 474,707 THIS AMOUNT HAS NOT BEEN REPORTED ON PAGE 9, STATEMENT OF REVENUE, OR PAGE 10, STATEMENT OF FUNCTIONAL EXPENSES

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
HUDSON VALLEY HOSPITAL CENTER

Employer identification number
13-1740120

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) THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER 1980 CROMPOND RD CORTLANDT MANOR, NY 10567 13-3307781	SUPPORT	NY	501C3	11A	HVHC HUDSON VALLEY HOSPITAL CENTER	Yes	
(2) WESTCHESTER PUTNAM HEALTH MANAGEMENT SYSTEMS INC 1980 CROMPOND RD CORTLANDT MANOR, NY 10567 13-3420263	SUPPORT	NY	501C3	11A	N/A		No
(3) GI VENTURES INC 1980 CROMPOND RD CORTLANDT MANOR, NY 10567 45-4644781	SUPPORT	NY	501C3	3	WPHMS	Yes	

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) Dispropportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" 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
(1) HUDSON VALLEY VENTURES INC 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567 13-3611982	RENTAL	NY	N/A						No
(2) AC VENTURES INC 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567 13-3758209	RENTAL	NY	N/A						No
(3) KNOWA VENTURES INC 1980 CROMPOND ROAD CORTLANDT MANOR, NY 10567 13-3845922	RENTAL	NY	N/A						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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

Yes

Yes

No

No

No

No

No

No

Yes

No

No

Yes

Yes

No

No

Yes

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
(1) THE FOUNDATION OF HVHC THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER	C	110,121	
(2) THE FOUNDATION OF HVHC THE FOUNDATION OF HUDSON VALLEY HOSPITAL CENTER	O	455,426	

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:
Software Version:
EIN: 13-1740120
Name: HUDSON VALLEY HOSPITAL CENTER

Hudson Valley Hospital Center

Consolidated Financial Statements

December 31, 2012 and 2011

Hudson Valley Hospital Center

Index

December 31, 2012 and 2011

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Balance Sheets	2
Statements of Operations	3
Statements of Changes in Net Assets	4
Statements of Cash Flows	5
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Independent Auditor's Report

To the Board of Directors of
Hudson Valley Hospital Center

We have audited the accompanying consolidated financial statements of Hudson Valley Hospital Center (the "Hospital"), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated 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 the 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 our 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, we consider internal control relevant to the Company'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 Company'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 opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hudson Valley Hospital Center at December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the 2011 consolidated financial statements have been restated to correct an error in the presentation of insurance claims and related insurance recoveries in the consolidated balance sheet and the presentation of loans provided to physicians in the consolidated statement of cash flows.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

April 30, 2013

Hudson Valley Hospital Center
Consolidated Balance Sheets
December 31, 2012 and 2011

	2012	2011 <i>(Restated)</i>
Assets		
Current assets		
Cash and cash equivalents	\$ 8,105,042	\$ 8,346,296
Investments	32,750,667	31,266,027
Patient accounts receivable, less allowance for uncollectible accounts of \$2,518,528 in 2012 and \$2,497,973 in 2011	22,922,084	19,505,620
Other receivables	495,007	1,324,605
Supplies and prepaid expenses	2,579,415	2,450,853
Due from third party payors	422,308	-
Current portion of pledge receivable, net of allowance for uncollectible accounts of \$1,700,013 in 2012 and \$1,397,780 in 2011	1,546,727	1,380,440
Total current assets	68,821,250	64,273,841
Assets whose use is limited	5,622,057	4,146,592
Long-term investments	1,674,619	1,674,619
Property, plant and equipment, net	129,207,376	130,311,186
Pledge receivable, net of current portion	786,551	918,196
Other assets	26,032,986	23,027,554
Insurance receivables	9,264,804	9,572,545
Total assets	<u>\$241,409,643</u>	<u>\$233,924,533</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 3,010,449	\$ 2,894,185
Current portion of capital lease obligations	1,166,864	1,209,546
Accounts payable and accrued expenses	11,825,230	9,620,094
Accrued salaries and benefits	9,343,035	8,950,214
Due to third party payors	-	1,261,232
Total current liabilities	25,345,578	23,935,271
Long-term debt, net of current portion	73,693,054	76,729,666
Capital lease obligations, net of current portion	2,087,111	1,831,399
Due to third-party payors	11,637,982	12,608,688
Insurance liabilities	12,294,924	11,681,213
Other liabilities	2,607,284	2,068,913
Total liabilities	127,665,933	128,855,150
Net assets		
Unrestricted	110,037,736	101,096,128
Temporarily restricted	2,031,355	2,298,636
Permanently restricted	1,674,619	1,674,619
Total net assets	113,743,710	105,069,383
Total liabilities and net assets	<u>\$241,409,643</u>	<u>\$233,924,533</u>

The accompanying notes are an integral part of these consolidated financial statements

Hudson Valley Hospital Center
Consolidated Statements of Operations
Years Ended December 31, 2012 and 2011

	2012	2011
Operating revenues		
Net patient service revenue	\$ 159,411,471	\$ 139,867,255
Provision for bad debts	(4,151,569)	(3,608,456)
Net patient service revenue less provision for bad debts	155,259,902	136,258,799
Other operating revenue	3,424,332	2,196,078
Contribution revenue	773,005	152,320
Total operating revenues	159,457,239	138,607,197
Operating expenses		
Salaries	66,389,583	61,218,319
Physician fees	4,495,466	3,329,184
Fringe benefits	16,945,444	14,175,284
Supplies and other expenses	51,938,215	42,059,886
Interest	3,798,031	4,224,911
Depreciation and amortization	12,869,692	11,607,469
Total operating expenses	156,436,431	136,615,053
Operating income before other nonoperating income	3,020,808	1,992,144
Other nonoperating income		
Grant revenue	-	2,149,870
EHR Incentive revenue	2,185,071	371,122
Gain on sale of Yorktown	-	1,470,036
Gain on refinancing of 93 Bonds	-	2,285,706
Property donation	-	700,000
Investment income	2,883,620	192,730
Excess of revenues over expenses	8,089,499	9,161,608
Other changes in unrestricted net assets		
Net assets released from restriction for capital	852,109	1,214,708
Increase in unrestricted net assets	\$ 8,941,608	\$ 10,376,316

The accompanying notes are an integral part of these consolidated financial statements

Hudson Valley Hospital Center
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2012 and 2011

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances at December 31, 2010	\$ 90,719,812	\$ 2,616,849	\$ 1,674,619	\$ 95,011,280
Changes in net assets				
Excess of revenues over expenses	9,161,608	-	-	9,161,608
Contributions received by the Foundation of Hudson Valley Hospital Center	-	896,495	-	896,495
Net assets released for capital expenditures	1,214,708	(1,214,708)	-	-
Total changes in net assets	10,376,316	(318,213)	-	10,058,103
Balances at December 31, 2011	101,096,128	2,298,636	1,674,619	105,069,383
Changes in net assets				
Excess of revenues over expenses	8,089,499	-	-	8,089,499
Contributions received by the Foundation of Hudson Valley Hospital Center	-	584,828	-	584,828
Net assets released for capital expenditures	852,109	(852,109)	-	-
Total changes in net assets	8,941,608	(267,281)	-	8,674,327
Balances at December 31, 2012	<u>\$110,037,736</u>	<u>\$ 2,031,355</u>	<u>\$ 1,674,619</u>	<u>\$113,743,710</u>

The accompanying notes are an integral part of these consolidated financial statements

Hudson Valley Hospital Center

Consolidated Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011 (Restated)
Cash flows from operating activities		
Change in net assets	\$ 8,674,327	\$ 10,058,103
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	12,869,692	11,607,469
Provision for bad debts	4,151,569	3,608,456
Net gain on refinancing of debt	-	(1,865,956)
Net realized and unrealized (gains)/losses on investment	(1,990,547)	653,058
Net losses/(gains) on sale and disposal of property, plant and equipment	411,258	(1,470,334)
Net gain on assignment of mortgage note	-	(1,277,419)
Receipt of contributed securities	(40,920)	(58,482)
Receipt of contributed assets	(31,430)	(720,157)
Changes in assets and liabilities		
Patient accounts receivable	(7,568,033)	(7,640,257)
Other receivables, supplies and prepaid expenses and other assets	(541,253)	(20,611)
Accounts payable and accrued expenses	2,205,136	156,912
Accrued salaries and benefits	392,821	644,759
Due to/from third-party payors and other liabilities	(2,115,875)	59,094
Insurance, net	921,452	-
Pledge receivables, net	(34,642)	318,212
Net cash provided by operating activities	<u>17,303,555</u>	<u>14,052,847</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(10,654,324)	(10,622,134)
Proceeds from sale of property, plant and equipment	5,000	214,463
Purchase of investments and assets whose use is limited	(12,807,484)	(13,756,759)
Sales of investments and assets whose use is limited	11,837,673	12,244,250
Physician loan receivable	(1,763,143)	(1,700,000)
Sale of contributed securities	41,177	48,261
Net cash used in investing activities	<u>(13,341,101)</u>	<u>(13,571,919)</u>
Cash flows from financing activities		
Principal payments on long-term debt and capital lease obligations	(4,203,708)	(4,153,823)
Proceeds from debt offering	-	1,017,245
Deferred bond issuance costs	-	(419,750)
Proceeds from refinancing of debt	-	2,285,706
Net cash used in financing activities	<u>(4,203,708)</u>	<u>(1,270,622)</u>
Net decrease in cash and cash equivalents	(241,254)	(789,694)
Cash and cash equivalents		
Beginning of year	<u>8,346,296</u>	<u>9,135,990</u>
End of year	<u>\$ 8,105,042</u>	<u>\$ 8,346,296</u>
Supplemental information and noncash transactions		
Cash paid during the year for interest	\$ 3,798,031	\$ 4,224,911
Capital lease obligations	1,496,390	-
Contributed securities	40,920	58,482
Contributed assets	31,430	720,157

The accompanying notes are an integral part of these consolidated financial statements

Hudson Valley Hospital Center

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

1. Organization

Hudson Valley Hospital Center ("HVHC") is an acute care hospital providing healthcare services to residents of Westchester and Putnam Counties in the State of New York. The Hospital is organized under the not-for-profit corporation law of the State of New York and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The sole member of HVHC is Westchester Putnam Health Management Systems, Inc. ("Health Management"), a State of New York not-for-profit organization, which is also exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In March 2010, HVHC became the sole corporate member of the Foundation of Hudson Valley Hospital Center (the "Foundation"), a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. Health Management is the sole stockholder of Hudson Valley Ventures, Inc., A.C. Ventures, Inc., and KNOWA Ventures, Inc., New York for-profit corporations, and GI Ventures, Inc., which is a New York non-for-profit corporation.

On November 10, 1997, Health Management, Riverside Healthcare System, Inc. and Sound Shore Health System, Inc. entered into a healthcare alliance. As a result, Pinnacle Healthcare, Inc. ("Pinnacle") was formed for the charitable purpose of benefiting and supporting the healthcare alliance. Pinnacle was incorporated under Section 102(a)(5) of the State of New York Not-for-Profit Corporation Law and is the sole member of each of the three healthcare systems. As of December 31, 2007, Riverside Healthcare System, Inc. was no longer part of Pinnacle. Health Management divested its entire interest in Pinnacle effective August, 2011. The return of capital contribution was not material to the consolidated financial statements.

HVHC prepares consolidated financial statements to include the financial position and results of operations of the Foundation, as HVHC is the sole corporate member of the Foundation (collectively, the "Hospital"). The financial statements of the other affiliated organizations are not included in the Hospital's consolidated financial statements.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements of the Hospital include the accounts of the Foundation and have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated 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 reported period. The most significant estimates relate to reserves for contractual allowances, bad debt and settlements with third party payors. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid short-term investments with original maturity dates of three months or less from date of acquisition, which are not included in assets whose use is limited or investments.

Hudson Valley Hospital Center

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

At December 31, 2012 and 2011, the Hospital had cash balances in a financial institution that exceeded federal depository insurance limits. Management believes that the credit risk related to these deposits is minimal.

Inventories

The Hospital values its inventories, included in supplies and prepaid expenses, at the lower of cost or market using the FIFO (first-in, first-out) method.

Investments

The long term focus of the Hospital's investment portfolio is to support the Hospital's mission by providing a reliable source of funds for current and future use. All investments reported in the consolidated balance sheets are considered trading securities.

Equity securities and debt securities are carried at market value based on the last reported sales price at the end of the fiscal year. Fixed income securities are valued by the investment managers using pricing services from financial institutions.

Income from these investments, realized gains and losses, unrealized appreciation and depreciation and dividends on security transactions are included in the excess of revenues over expenses unless the income or loss is restricted by the donor or law. Unrealized gains and losses are determined by comparison of specific costs of acquisition to market values at the last day of the fiscal year.

Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses on sales of securities are determined on an average-cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded as earned on an accrual basis.

Assets Whose Use is Limited

Assets whose use is limited ("AWUIL") primarily includes funds externally restricted under bond indenture agreements for plant replacement.

Property, Plant and Equipment

Property, plant and equipment, including certain revenue producing equipment purchases are carried at cost and those acquired by gifts and bequests are carried at appraised or fair market value established at date of contribution. Capitalized leases are recorded at present value at the inception of the leases. When assets are retired or otherwise disposed of, the cost and the related depreciation are removed from the accounts, and any gain or loss is reflected in current operations. Repairs and maintenance expenditures are expensed as incurred. The Hospital provides for depreciation of property, plant and equipment including revenue producing equipment, on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 years
Buildings	30–40 years
Fixed and movable equipment	3–15 years

Capitalized Interest

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. These costs are amortized over the life of the related capital assets constructed.

Hudson Valley Hospital Center

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Temporarily and Permanently Restricted Net Assets

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

Donor-Restricted Gifts

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

Charity Care

Effective January 1, 2007, the New York State Public Health Law required all hospitals to implement financial aid policies and procedures. The law also requires hospitals to develop a summary of its financial aid policies and procedures that must be made publically available. All standards set forth in the law are minimum standards.

The Hospital provides a significant amount of partially or totally uncompensated patient care to patients who are unable to compensate the Hospital for their treatment either through third-party coverage or their own resources. Patients who meet certain criteria under the Hospital's charity care policy are provided care without charge or at amounts less than established rates. Because charity care amounts are not expected to be paid, they are not reported as revenue. The amount of charges foregone for total uncompensated care (includes uncompensated care reported as bad debt expense), based on established rates provided under the Hospital's policy for the years ended December 31, 2012 and 2011 was approximately \$15.6 million and \$13.9 million, respectively. Of the Hospital's \$155.5 million and \$136.0 million of total expenses reported in 2012 and 2011, respectively, an estimated \$4.7 million and \$4.1 million is attributable to providing services to charity patients. The estimated costs of providing charity services is based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of costs to charges is calculated based on the Hospital's total expenses divided by gross patient service revenues.

Performance Indicator

The consolidated statements of operations include excess of revenues over expenses as the performance indicator. During fiscal 2012 and 2011, there was approximately \$0.9 million and \$1.2 million, respectively, in changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, related to net assets released from restriction for capital.

The Hospital differentiates its operating activities through the use of operating income before other nonoperating income as an intermediate measure of operations. For the purposes of display, investment income, which management does not consider to be components of the Hospital's operating activities as well as grant and contribution revenue for capital, EHR incentive revenue, gain on sale of capital, gain on the refinancing of debt are excluded from the operating income and reported as nonoperating revenues in the consolidated statements of operations.

Hudson Valley Hospital Center

Notes to Consolidated Financial Statements

December 31, 2012 and 2011

Reclassification

Certain amounts in the 2011 consolidated financial statements have been reclassified to conform to the current year presentation

Recent Accounting Pronouncements

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Services Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 includes amendments to FASB's ASC Topic 954, Health Care Entities. The objective of the update is to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. The amendments require health care entities that recognize significant amounts of patient service revenue at the time services are rendered, even though they do not immediately assess the patients' ability to pay, to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. The guidance is effective for fiscal years beginning after December 15, 2011. The Hospital adopted this new guidance in fiscal 2012.

Restatement of the 2011 Consolidated Financial Statements

The Hospital has restated the 2011 consolidated financial statements to correct the accounting in the following two areas:

The Hospital increased its liabilities for and receivables related to Insurance, in accordance with *Presentation of Insurance Claims and Related Insurance Recoveries*. This standard prohibits offsetting of conditional or unconditional liabilities with anticipated insurance recoveries from third parties.

In addition, the Hospital corrected the presentation of loans provided to physicians in the consolidated Statement of Cash Flows.

The impact of the restatement to the 2011 consolidated financial statements is as follows:

Financial Statement Caption	As Reported	As Restated
Consolidated Balance Sheet		
Insurance receivables	\$ -	\$ 9,572,545
Total assets	224,351,988	233,924,533
Insurance liabilities	2,108,668	11,681,213
Total liabilities	119,282,605	128,855,150
Consolidated Statement of Cash Flows		
Other receivables, supplies and prepaids and other assets	\$ 6,779,389	\$ (20,611)
Net cash provided by operating activities	20,852,847	14,052,847
Physician loan receivable	(8,500,000)	(1,700,000)
Net cash used in investing activities	(20,371,919)	(13,571,919)

There was no impact to the 2011 consolidated Statement of Operations or net assets as a result of the restatement.

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Subsequent Events

The Hospital performed an evaluation of subsequent event through April 30, 2013, which is the date the consolidated financial statements were issued. The Hospital has determined that all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles, are included in the consolidated financial statements.

3. Net Patient Service Revenue, Accounts Receivable and Allowance for Uncollectible Accounts

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates (i.e., gross charges). Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Billings relating to services rendered are recorded as net patient service revenues and patient accounts receivable in the period in which the service is performed, net of contractual and other allowances which represent differences between gross charges and the estimated receipts under such programs. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. The Hospital has implemented a monthly standardized approach to estimate and review the collectibility of receivables based on the payer classification and the period the receivable have been outstanding. Past due balances over 90 days from date of billing and over a specified amount are considered delinquent and are reviewed individually for collectibility. Account balances are written off against the allowance when management feels it is probable the receivable will not be recovered. Historical collection and payer reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts. In addition, the Hospital assesses the current state of its billing functions in order to identify any known collection or reimbursement issues in order to assess the impact, if any, on reserve estimates, which involves judgment. The Hospital believes that the collectibility of its receivables is directly linked to the quality of its billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services provided. Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to provision for bad debts.

A summary of the payment arrangements with major third-party payers follows:

- **Medicare Payments** Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.
- **Non-Medicare Payments** The New York Health Care Reform Act of 1996, as updated, governs payments to hospitals in New York State. Under this system, hospitals and all non-Medicare payers, except Medicaid, workers' compensation and no-fault insurance programs, negotiate hospital's payment rates. If negotiated rates are not established, payers are billed at hospitals established charges. Medicaid, workers' compensation and no-fault payers pay hospital rates promulgated by the New York State Department of Health on a prospective

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basis. Adjustments to current and prior years' rates for these payers will continue to be made in the future.

There are also various other proposals at the federal and state level that could, among other things, reduce payment rates. The ultimate outcome of these proposals, regulatory changes, and other market conditions cannot presently be determined.

Revenue from the Medicare and Medicaid programs accounted for approximately 38 percent and 39 percent and 6 percent and 6 percent, respectively, of the Hospital's net patient service revenue for the years ended December 31, 2012 and 2011, respectively.

On February 19, 2004, the Secretary of Health and Human Services confirmed that hospitals can provide discounts for uninsured patients, which allowed the Hospital to implement a discount policy in accordance with state law. The Hospital's goal was to create a financial aid program that is consistent with the mission, values, and capacity of the Hospital, while considering an individual's ability to contribute to his or her care. The Hospital has a discount policy and provides discounts to uninsured patients. Under this policy, the discount offered to uninsured patients is reflected as a reduction to net patient service revenue at the time the uninsured billings are recorded.

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The Hospital has not changed its charity care or uninsured discount policies during fiscal year 2012.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Federal and state regulations provide for certain retrospective adjustments to current and prior years' payment rates based on industry-wide and hospital-specific data. The Hospital has estimated the potential impact of such retrospective adjustments based on information presently available and adjustments are accrued on an estimated basis in the period the services are rendered and are adjusted in future periods as additional information becomes available or final settlements are determined. The 2012 and 2011 net patient service revenue increased by approximately \$4.1 million and \$0.2 million, respectively, due to the net result of changes in third party allowances previously estimated. The Hospital's Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through December 31, 2008.

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Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Noncompliance with such laws and regulations could result in fines, penalties, and exclusion from such programs. The Hospital is not aware of any allegations of noncompliance that could have a material adverse effect on the consolidated financial statements and believes that it is in compliance with all applicable laws and regulations.

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors at December 31, 2012 and 2011, was as follows:

	2012	2011
Medicare (including managed care)	42 %	39 %
Medicaid	2	3
Blue Cross	17	15
Managed Care	18	16
Other third-party payors	16	21
Self-pay patients	5	6
	<u>100 %</u>	<u>100 %</u>

4. Investments and Assets Whose Use is Limited

Fair Value Accounting establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

The guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Hospital for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities

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Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities,
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e. replacement cost), and
- Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions the market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors.

HVHC's investment portfolio consisted of the following at December 31,

	2012	2011
Cash and cash equivalents	\$ 3,379,971	\$ 5,394,153
Money market funds	1,102,401	934,175
Equity securities	11,908,532	9,843,980
Mutual funds	6,951,613	3,744,348
United States government securities	758,304	823,635
Corporate bonds and notes	5,909,326	4,336,601
Certificate of deposit	2,580,484	5,436,461
	<u>\$ 32,590,631</u>	<u>\$ 30,513,353</u>

HVHC's assets whose use is limited due to financing agreements consisted of the following at December 31,

	2012	2011
Money market funds	<u>\$ 5,622,057</u>	<u>\$ 4,146,592</u>

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HVHC's investment income, which is included in the consolidated statements of operations, for the years ended December 31 was as follows

	2012	2011
Income		
Interest income	\$ 855,155	\$ 810,010
Net unrealized and realized gains (losses) on investments	2,012,169	(618,237)
	<u>\$ 2,867,324</u>	<u>\$ 191,773</u>

The fair value of the HVHC's financial assets that are measured on a recurring basis at December 31, 2012 are as follows

	Fair Value at December 31, 2012	Based on			Valuation Technique (1)
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Assets measured at fair value on a recurring basis					
Trading securities					
Equity securities - domestic	\$ 11 908 532	\$ 11 908 532	\$ -	\$ -	M
Mutual funds	6 951 613	-	6 951 613	-	M
Money market funds	6 724 458	-	6 724 458	-	M
Fixed Income					
United States government Securities	758 304	-	758 304	-	M/I
Corporate bonds notes and others	5 909 326	-	5 909 326	-	M/I
	<u>\$ 32 252 233</u>	<u>\$ 11 908 532</u>	<u>\$ 20 343 701</u>	<u>\$ -</u>	

⁽¹⁾The three valuation techniques are market approach (M), cost approach (C) and income approach (I)

There were no significant transfers between levels during the year ended December 31, 2012

At December 31, 2012, included in investments is approximately \$6.0 million, which consists of cash and cash equivalents of \$3.4 million and certificate of deposits of \$2.6 million that are not considered recurring fair value measures

Hudson Valley Hospital Center

Notes to Consolidated Financial Statements

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The fair value of the HVHC's financial assets that are measured on a recurring basis at December 31, 2011 are as follows

	Fair Value at December 31, 2011	Based on			Valuation Technique (1)
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Assets measured at Fair value on a recurring basis					
Trading securities					
Equity securities - domestic	\$ 9,843,980	\$ 9,843,980	\$ -	\$ -	M
Mutual funds	3,744,348	-	3,744,348	-	M
Money market funds	5,080,767	-	5,080,767	-	M
Fixed Income					
United States government Securities	823,635	-	823,635	-	M/I
Corporate bonds, notes and others	4,336,601	-	4,336,601	-	M/I
	<u>\$ 23,829,331</u>	<u>\$ 9,843,980</u>	<u>\$ 13,985,351</u>	<u>\$ -</u>	

⁽¹⁾The three valuation techniques are market approach (M), cost approach (C) and income approach (I)

There were no significant transfers between levels during the year ended December 31, 2011

At December 31, 2011, included in investments is approximately \$10.8 million, which consists of cash of \$5.4 million and certificate of deposits of \$5.4 million that are not considered recurring fair value measures

The Foundation's investment portfolio consisted of the following at December 31,

	2012	2011
Trading securities		
Equities	\$ -	\$ 10,125
Corporate bonds and notes	383,645	413,178
Cash and cash equivalents		
Certificate of deposits	1,451,010	2,003,990
	<u>\$ 1,834,655</u>	<u>\$ 2,427,293</u>

Included in the Foundation's investment portfolio are securities recorded at the net present value in accordance with charitable remainder trust agreements. Amounts related to such arrangements aggregated to \$0.4 million at December 31, 2012 and 2011

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Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The Foundation's investment income, which is included in the consolidated statements of operations, for the years ended December 31 was as follows

	2012	2011
Income		
Interest income	\$ 37,918	\$ 35,778
Change in net unrealized losses	(21,622)	(34,821)
	<u>\$ 16,296</u>	<u>\$ 957</u>

The fair value of the Foundation's financial assets that are measured on a recurring basis at December 31, 2012 are as follows

	Fair Value at December 31, 2012	Based on			Valuation Techniques (1)
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Assets and liabilities measured at fair value on a recurring basis					
Trading securities					
Corporate bonds and notes	\$ 383,645	\$ -	\$ 383,645	\$ -	M/I
Total	<u>\$ 383,645</u>	<u>\$ -</u>	<u>\$ 383,645</u>	<u>\$ -</u>	

⁽¹⁾The three valuation techniques are, market approach (M), cost approach (C) and income approach (I)

At December 31, 2012 included in the Foundation's investments are approximately \$1 5 million of certificate of deposits, which are not considered recurring fair value measures

The fair value of the Foundation's financial assets that are measured on a recurring basis at December 31, 2011 are as follows

	Fair Value at December 31, 2011	Based on			Valuation Techniques (1)
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Assets and liabilities measured at fair value on a recurring basis					
Trading securities					
Corporate bonds and notes	\$ 413,178	\$ -	\$ 413,178	\$ -	M/I
Equities	10,125	10,125	-	-	M
Total	<u>\$ 423,303</u>	<u>\$ 10,125</u>	<u>\$ 413,178</u>	<u>\$ -</u>	

⁽¹⁾The three valuation techniques are, market approach (M), cost approach (C) and income approach (I)

At December 31, 2011 included in the Foundation's investments are approximately \$2 0 million certificate of deposits, which are not considered recurring fair value measures

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Notes to Consolidated Financial Statements

December 31, 2012 and 2011

The following methods and assumptions were used to estimate the fair value of each class of investments included in the Hospitals consolidated financial statements

U S government securities and corporate bonds - The estimated fair values of debt securities are based on quoted market prices (Level 1) and/or other market data for the same or comparable instruments and transactions in establishing the prices (Level 2) Fair values of debt securities that do not trade on a regular basis in active markets are classified as Level 2

Equity securities - Fair value estimates for publicly traded equity securities are based on quoted market prices (Level 1)

Mutual funds and money market funds - Fair value estimates for mutual funds and money market funds are based on market data for the same or comparable instruments and transactions in establishing the prices and/or do not trade on a regular basis in active markets (Level 2)

There are no investments with unobservable inputs that cannot be corroborated by observable market data and therefore classified as Level 3

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date

5. Promises to Give

The Hospital's unconditional promises to give received by the Foundation included in pledges receivable at December 31, 2012 and 2011 were \$4 0 million and \$3 7 million, before allowance for doubtful accounts, respectively The Foundation determined that allowance for doubtful accounts of \$1 7 million and \$1 4 million were necessary at December 31, 2012 and 2011

Additionally, the Foundation receives contributions under deferred giving arrangements whereby donors are guaranteed an investment return on the contribution during the donors' lifetime or a specified number of years The Foundation recognizes the fair market value of its share of the gifts received

Hudson Valley Hospital Center
Notes to Consolidated Financial Statements
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Contributions receivable consisted of the following at December 31,

	2012	2011
Pledges receivable		
Due within one year	\$ 3,246,740	\$ 2,778,220
Due within two to four years	835,208	886,720
Due beyond five years	322	100,566
Total contributions receivable	4,082,270	3,765,506
Less Discount to present value 1.01% in 2012 and 1.77% in 2011	(48,979)	(69,090)
Total contributions receivable	4,033,291	3,696,416
Less Allowance	(1,700,013)	(1,397,780)
Total contribution receivable, net	<u>\$ 2,333,278</u>	<u>\$ 2,298,636</u>

6. Property, Plant and Equipment

Property, plant and equipment at December 31, 2012 and 2011 consist of the following

	2012	2011
Land	\$ 945,544	\$ 945,544
Land improvements	3,188,684	3,177,328
Buildings	142,438,873	137,646,352
Fixed and movable equipment	95,793,051	88,885,318
Total property, plant and equipment	242,366,152	230,654,542
Less Accumulated depreciation and amortization	113,587,502	101,727,888
	128,778,650	128,926,654
Construction in progress	-	491,581
Deferred financing costs, net of amortization	428,726	892,951
Net property, plant and equipment	<u>\$129,207,376</u>	<u>\$130,311,186</u>

Assets acquired through capital leases are included with property, plant and equipment at December 31, 2012 and 2011. The related amortization expense is included in depreciation and amortization expense in the consolidated statements of operations. Substantially all of the buildings, improvements and equipment under capital leases have been collateralized under various mortgage and lease agreements.

Construction in progress is made up of certain projects started but not completed at December 31, 2011. During fiscal 2012 and 2011, the Hospital completed construction projects and transferred approximately \$0.5 million and \$2.1 million, respectively, of assets from construction in progress to a depreciable asset class. The Hospital had no capitalization of interest during 2012 and 2011.

Hudson Valley Hospital Center

Notes to Consolidated Financial Statements

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7. Physician Loan Receivable

Included in other assets is a net loan receivable recorded by the Hospital due from Westchester Medical Practice, P C ("WMP") in the amount of \$9.4 million and \$7.6 million at December 31, 2012 and 2011, respectively. This receivable is related to a line of credit agreement established on January 1, 2007 whereby \$12.0 million can be drawn down by WMP over 6 years and starting in 2013 principal and interest are to be paid to the Hospital in accordance with the agreement. The Hospital has included a reserve of \$1.0 million against the gross amounts outstanding as of December 31, 2012 and 2011.

8. Capital Lease Obligations

The Hospital capitalized certain lease agreements which are accounted for in accordance with capital lease guidance. The Hospital's capital lease obligations are collateralized by the underlying equipment and bear interest at rates between 1.73% to 6.47%.

The future minimum lease payments under the capital lease obligations, together with the present value of the minimum lease payments as of December 31, 2012, are as follows:

Years

2013	\$ 1,258,386
2014	973,868
2015	643,203
2016	312,538
2017	234,403
	3,422,398
Less: Amount representing interest	168,423
Present value of net minimum lease payments	3,253,975
Less: Current portion	1,166,864
	\$ 2,087,111

The interest expense applicable to these leases was \$0.1 million and \$0.2 million in 2012 and 2011, respectively.

Hudson Valley Hospital Center
Notes to Consolidated Financial Statements
December 31, 2012 and 2011

9. Long-Term Debt

A summary of the Hospital's long-term debt at December 31 is as follows

	2012	2011
FHA insured Section 242 mortgage loan (a)	\$ 9,695,706	\$ 10,975,710
FHA insured Section 241 mortgage loan (b)	<u>67,007,797</u>	<u>68,648,141</u>
	76,703,503	79,623,851
Less Current portion	<u>(3,010,449)</u>	<u>(2,894,185)</u>
Long-term debt	<u>\$ 73,693,054</u>	<u>\$ 76,729,666</u>

- a In October 1993, the Hospital entered into a mortgage note with the New York State Medical Care Facilities Finance Corporation (MCFFA) to borrow \$22.7 million. The mortgage note is insured by the Federal Housing Administration (FHA) pursuant to Section 242 of the National Housing Act and is secured by substantially all of the property, buildings, equipment and gross receipts of the Hospital. The proceeds of the mortgage were used to finance an expansion and renovation project at the Hospital. MCFFA was succeeded by the Dormitory Authority of the State of New York (DASNY). The mortgage note called for monthly payments of principal and interest at 6.35% and was scheduled to mature in November 2020. On August 6, 2007, the mortgage note was modified to reduce the interest rate to 5.375% and shorten the maturity to October 1, 2019. On August 1, 2011, this mortgage was refinanced at a reduced fixed interest rate of 2.6% with the same October 1, 2019 maturity date. The mortgage note was assigned from DASNY to Prudential Huntton Paige Associates, LTD. As a result of the refinance, the Hospital recognized a gain of approximately \$2.3 million in the consolidated statement of operations for the year ended December 31, 2011.
- b In October 2007, the Hospital entered into a supplemental mortgage note with the DASNY to borrow up to \$71.7 million. The supplemental mortgage note is insured by the FHA under Section 241 of the National Housing Act. The proceeds of the mortgage loan were used to develop, construct and equip a new patient tower at the Hospital's campus. The supplemental loan, which was advanced for construction as the project progressed, is a second mortgage to the Section 242 loan described above and is subject to the financial covenants.

The supplemental mortgage note called for payments of interest only, at the rate of 6.2% through February 28, 2010. Commencing March 1, 2010, the interest rate was reduced to 5.0% and the note calls for monthly payments of principal and interest in the amount of \$0.4 million through March 1, 2035. During 2011, the Hospital received an advance of \$1.0 million, to complete the renovation project.

Pursuant to the mortgage notes and related documents, the Hospital is, among other things, required to maintain specific financial ratios, maintain a Mortgage Reserve Fund and obtain approval from FHA and DASNY to incur additional indebtedness if certain profitability and liquidity covenants are not met. The measures of financial performance include current ratio, debt service coverage, days in accounts payable, days in accounts receivable and days cash on hand. At December 31, 2012 and 2011, the Hospital was in compliance with these covenants.

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Notes to Consolidated Financial Statements

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Line of Credit

The Hospital has a \$10 million line of credit with Wells Fargo Bank available for general operating purposes. The Hospital did not borrow against the line of credit during 2012 and 2011.

Scheduled principal payments on debt for the next five years and thereafter are as follows:

Years	Amount
2013	\$ 3,010,449
2014	3,131,825
2015	3,258,551
2016	3,390,880
2017	3,529,073
Thereafter	<u>60,382,725</u>
	76,703,503
Less: Current portion	<u>(3,010,449)</u>
	<u>\$ 73,693,054</u>

10. Commitments and Contingencies

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

11. Insurance

The Hospital maintains a commercial claims-made policy for its medical malpractice insurance. The policy does not represent a transfer of risk for claims and incidents incurred but not reported ("IBNR") to the insurance carrier. Therefore, the Hospital has recorded an undiscounted estimated malpractice liability related to IBNR of approximately \$2.4 million and \$2.1 million at December 31, 2012 and 2011, respectively.

The Hospital is insured for workers compensation claims on an occurrence basis through Pennsylvania Manufacturers Association.

Total amounts accrued under medical malpractice and workers' compensation insurance programs as long-term liabilities approximate \$12.3 million and \$11.7 million at December 31, 2012 and 2011. Amounts recognized as insurance receivables related to the claims approximate \$9.3 million and \$9.6 million at December 31, 2012 and 2011 and are included in insurance receivables in the consolidated balance sheets. Insurance recoveries are measured on the same basis as the liability subject to the need for valuation allowance for uncollectible amounts.

12. Pension Plan

The Hospital provides pension coverage for its eligible employees through a defined contribution pension plan (the "Plan"). Under the Plan, the Hospital contributes 4% to 5.5% of each eligible employee's annual compensation for each Plan year. The Hospital recorded pension expense of \$3.1 million and \$2.9 million in 2012 and 2011, respectively.

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Notes to Consolidated Financial Statements

December 31, 2012 and 2011

13. Functional Expenses

HVHC provides general health care services to residents within its geographic location, including general acute care with a full range of inpatient and outpatient services. Expenses related to providing these services for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Health care services	\$128,784,706	\$111,068,038
General and administrative	26,752,379	24,896,875
	<u>\$155,537,085</u>	<u>\$135,964,913</u>

The Foundation's principal activity is the solicitation of contributions from the public through direct mailings and fund-raising programs. Expenses related to providing these services for the years ended December 31, 2012 and 2011, are as follows:

	2012	2011
Fund-raising expenses	\$ 850,608	\$ 615,514
General and administrative	48,738	34,626
	<u>\$ 899,346</u>	<u>\$ 650,140</u>

14. Related Party Transactions

Hudson Valley Ventures, Inc.

Hudson Valley Ventures, Inc. ("Ventures") is a for-profit corporation incorporated in 1991. Ventures subleases office building space to the Hospital. For the years ended December 31, 2012 and 2011, rental payments aggregated \$29,823 and common charges aggregated \$41,525 in 2012 and \$37,350 in 2011.

As of December 31, 2012 and 2011, Ventures owed the Hospital \$2.8 million and \$1.8 million, respectively. These amounts represent various expenses incurred by the Hospital on behalf of Ventures, and are included in other long-term assets in the consolidated balance sheets.

A.C. Ventures, Inc.

A.C. Ventures, Inc. ("A.C.") is a for-profit corporation incorporated in 1994. The corporation was formed to purchase and lease office space to various physicians in Cold Spring, New York and Putnam Valley, New York.

A.C. subleases office building space to the Hospital. For the years ended December 31, 2012 and 2011, rental payments aggregated \$0.2 million.

As of December 31, 2012 and 2011, A.C. owed the Hospital \$1.1 million and \$1.0 million, respectively. These amounts represent various expenses incurred by the Hospital on behalf of A.C., and are included in other long-term assets in the consolidated balance sheets.

KNOWA Ventures, Inc.

KNOWA Ventures, Inc. ("KNOWA") is a for-profit corporation incorporated in 1995. The corporation was formed to lease and sublease office space to various physicians in Yorktown, New York.

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York During 1997 and 1996, the Hospital loaned KNOWA approximately \$1.1 million to pay for the lease rental and renovations to the office space

As of December 31, 2012 and 2011, KNOWA owed the Hospital \$0.7 million. These amounts represent various expenses incurred by the Hospital on behalf of KNOWA, and are included in other long-term assets in the consolidated balance sheets.

Westchester Putnam Health Management Systems, Inc.

As of December 31, 2012 and 2011, Health Management owed the Hospital \$8.8 million and \$9.0 million, respectively. The Hospital funded Health Management approximately \$9.0 million to build a parking garage on Health Management property. The project was completed in early 2011. Starting in 2011, the balance owed to the Hospital is reduced by rental expense the Hospital owes monthly to Health Management for the use of the garage. This along with various expenses incurred by the Hospital on behalf of Health Management is included in other long-term assets in the consolidated balance sheets.

GI Ventures, Inc.

GI Ventures, Inc. (GI) is a not-for-profit corporation incorporated in 2011. This corporation was formed to have a 12% ownership interest in an Endoscopy Center called Hudson Valley Center. As of December 31, 2012, GI Ventures owed the Hospital \$72,029. These amounts represent GI Ventures' share of capital contributions to Hudson Valley Center.

The Hospital has established an allowance for uncollectible accounts associated with the related party receivables described above in the amount of approximately \$1.3 million and \$1.0 million at December 31, 2012 and 2011.

15. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available at December 31, 2012 and 2011 for the following purposes:

	2012	2011
Time restricted contributions and contributions for capital asset acquisition	<u>\$ 2,031,355</u>	<u>\$ 2,298,636</u>

The capital asset acquisition is supported primarily by the Foundation. The Foundation's principal activity is the solicitation, receipt, holding, investment and administration of gifts, contributions and grants primarily for the benefit and support of the Hospital and other not-for-profit entities affiliated with the Hospital.

Permanently restricted net assets at December 31, 2012 and 2011 relate to:

	2012	2011
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as investment income)	<u>\$ 1,674,619</u>	<u>\$ 1,674,619</u>

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Temporarily restricted net assets are those funds whose use has been limited by donors to a specified time period and/or purpose. Temporarily restricted net assets are available for the funding of health care services and capital acquisitions. Permanently restricted net assets have been restricted by donors to be held in perpetuity and the income is expendable to support various health care services. Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor restricted.

On September 17, 2010, New York State enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA governs management and spending of donor – restricted endowment funds and permanently restricted gifts. UPMIFA allows organizations to appropriate funds for spending from underwater endowments provided it is deemed prudent under the organization's spending policies in the absence of specific donor directives. Guidance issued in 2008 provides accounting guidance in terms of UPMIFA.

New York's law also contains aspects which differ from the general law including specific written policy requirements and standards to ensure prudent spending, presumption of imprudence calculation and written notification for spending on underwater endowments to endowment donors. The adoption of this guidance did not have a material impact on the Hospital's consolidated financial statements.

Management of the Hospital have interpreted accounting pronouncements as requiring the preservation of the fair value of the donor restricted endowments funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies permanently restricted net assets as the original value of gifts donated to the permanent endowment. The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation of 25%-50% equity-based investments, 35% fixed income, 15%-25% cash investments in accordance with the Hospital investment policy.

Endowment net assets composition by type of fund as of December 31, 2012 and 2011

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,674,619	\$ 1,674,619
Total funds	\$ -	\$ -	\$ 1,674,619	\$ 1,674,619

16. Fair Value of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments

Cash and Cash Equivalents

The carrying amount reported in the consolidated balance sheet for cash and cash equivalents approximates its fair value

Investments

Fair values, which are the amounts reported in the consolidated balance sheets, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities

Assets Whose Use is Limited

These assets consist primarily of cash, long-term investments, and interest receivable. The carrying amount reported in the consolidated balance sheets approximates its fair value.

Accounts Payable and Accrued Expenses

The carrying amount reported in the consolidated balance sheets for accounts payable and accrued expenses approximates its fair value.

Estimated Third-Party Payor Settlements

The carrying amount reported in the consolidated balance sheets for estimated third-party payor settlements approximates its fair value.

Long-Term Debt

Fair value of the Hospital's FHA insured mortgage notes are based on current traded value, which approximates \$83.0 million and \$83.6 million at December 31, 2012 and 2011, respectively. The carrying value of the Hospital's FHA debt are \$76.7 million and \$79.6 million at December 31, 2012 and 2011, respectively. The fair value of the Hospital's remaining debt approximates its carrying value.