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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>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization HUNTERDON MEDICAL CENTER		<b>D</b> Employer identification number  22-1537688	
	Doing Business As		<b>E</b> Telephone number  (908) 788-6153	
	Number and street (or P O box if mail is not delivered to street address) Room/suite 2100 WESCOTT DRIVE	Suite		
	City or town, state or country, and ZIP + 4 FLEMINGTON, NJ 08822			<b>G</b> Gross receipts \$ 274,877,325
<b>F</b> Name and address of principal officer ROBERT P WISE 2100 WESCOTT DRIVE FLEMINGTON, NJ 08822		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number ▶		
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				
<b>J Website:</b> ▶ WWW.HUNTERDONHEALTHCARE.ORG				
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L</b> Year of formation 1948	<b>M</b> State of legal domicile NJ

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities STRIVES TO PROVIDE TO THE MAXIMUM EXTENT POSSIBLE COMPREHENSIVE QUALITY HEALTHCARE SERVICES WHICH ARE REQUIRED BY THE PEOPLE OF THE COMMUNITY AND SURROUNDING AREAS AND APPROPRIATE TO THE ORGANIZATION			
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	16	
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	12	
	<b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a)	<b>5</b>	2,656	
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	465	
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	371,194	
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	-5,498		
<b>Revenue</b>			<b>Prior Year</b>	<b>Current Year</b>
	<b>8</b> Contributions and grants (Part VIII, line 1h)		5,577,303	4,192,930
	<b>9</b> Program service revenue (Part VIII, line 2g)		243,347,511	262,359,650
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)		1,198,671	1,454,572
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		1,926,179	1,858,135
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		252,049,664	269,865,287
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0	0
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)		0	0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		140,458,529	161,038,745
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)		0	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <sup>0</sup>			
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		92,204,091	97,116,652
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		232,662,620	258,155,397
<b>19</b> Revenue less expenses Subtract line 18 from line 12		19,387,044	11,709,890	
<b>Net Assets or Fund Balances</b>			<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>20</b> Total assets (Part X, line 16)		280,677,612	289,299,072
	<b>21</b> Total liabilities (Part X, line 26)		146,435,543	152,369,750
<b>22</b> Net assets or fund balances Subtract line 21 from line 20		134,242,069	136,929,322	

**Part II Signature Block**

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

<b>Sign Here</b>	***** Signature of officer	2013-11-11 Date
	GAIL KOSYLA CFO Type or print name and title	

<b>Paid Preparer Use Only</b>	Prnt/Type preparer's name Scott Manani	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ WithumSmithBrown PC			Firm's EIN ▶	
	Firm's address ▶ 465 South St Ste 200 Morristown, NJ 079606497			Phone no (973) 898-9494	

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

PLEASE REFER TO SCHEDULE O FOR A DETAILED MISSION AND COMMUNITY BENEFIT STATEMENT

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If "Yes," describe these new services on Schedule O

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If "Yes," describe these changes on Schedule O

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

**4a** (Code ) (Expenses \$ 45,122,356 including grants of \$ 0 ) (Revenue \$ 35,620,642 )

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY PHYSICIAN PRACTICE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

**4b** (Code ) (Expenses \$ 28,236,201 including grants of \$ 0 ) (Revenue \$ 22,582,595 )

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY MEDICAL/SURGICAL SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

**4c** (Code ) (Expenses \$ 27,963,638 including grants of \$ 0 ) (Revenue \$ 43,050,355 )

EXPENSES INCURRED IN PROVIDING MEDICALLY NECESSARY OPERATING ROOM SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO SCHEDULE O FOR THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT

**4d** Other program services (Describe in Schedule O )  
(Expenses \$ 123,642,423 including grants of \$ 0 ) (Revenue \$ 161,440,521 )

**4e Total program service expenses** 224,964,618

**Part IV Checklist of Required Schedules**

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

**Part IV Checklist of Required Schedules** *(continued)*

<b>21</b>	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> . . . . .	<b>21</b>		No
<b>22</b>	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> . . . . .	<b>22</b>		No
<b>23</b>	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> . . . . .	<b>23</b>	Yes	
<b>24a</b>	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> . . . . .	<b>24a</b>	Yes	
<b>b</b>	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>		No
<b>c</b>	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>		No
<b>d</b>	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>		No
<b>25a</b>	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	<b>25a</b>		No
<b>b</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> . . . . .	<b>25b</b>		No
<b>26</b>	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> . . . . .	<b>26</b>		No
<b>27</b>	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> . . . . .	<b>27</b>		No
<b>28</b>	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)			
<b>a</b>	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28a</b>		No
<b>b</b>	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28b</b>	Yes	
<b>c</b>	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> . . . . .	<b>28c</b>	Yes	
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>29</b>		No
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>30</b>		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<b>31</b>		No
<b>32</b>	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> . . . . .	<b>32</b>		No
<b>33</b>	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> . . . . .	<b>33</b>		No
<b>34</b>	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> . . . . .	<b>34</b>	Yes	
<b>35a</b>	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>35a</b>	Yes	
<b>b</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> . . . . .	<b>35b</b>	Yes	
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	<b>36</b>		No
<b>37</b>	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> . . . . .	<b>37</b>		No
<b>38</b>	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b>	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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. <b>1a</b> 234		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. <b>1b</b> 0		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
<b>2a</b>	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. <b>2a</b> 2,656		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
<b>b</b>	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year. <b>7d</b>		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10 Section 501(c)(7) organizations.</b>	Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12.		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
<b>11 Section 501(c)(12) organizations.</b>	Enter		
<b>11a</b>	Gross income from members or shareholders.		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>13b</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.		
<b>13c</b>	Enter the amount of reserves on hand.		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		No
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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

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

**Section A. Governing Body and Management**

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

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

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

**Section C. Disclosure**

- 17** List the States with which a copy of this Form 990 is required to be filed **NJ**
- 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  
**DEBORAH L HOSKINS 2100 WESCOTT DRIVE FLEMINGTON, NJ (908) 788-6676**





**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	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . . . <b>1a</b>					
	<b>b</b> Membership dues . . . . . <b>1b</b>					
	<b>c</b> Fundraising events . . . . . <b>1c</b>					
	<b>d</b> Related organizations . . . . . <b>1d</b>	349,729				
	<b>e</b> Government grants (contributions) . . . . . <b>1e</b>	3,707,226				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . . . . <b>1f</b>	135,975				
	<b>g</b> Noncash contributions included in lines 1a-1f \$					
	<b>h Total.</b> Add lines 1a-1f . . . . .	4,192,930				
<b>Program Service Revenue</b>	<b>2a</b> NET PATIENT SERVICE REVENUE					
		Business Code				
		541900	254,591,923	254,591,923		
	<b>b</b> STATE OF NJ CHARITY SUBSIDY	541900	1,633,480	1,633,480		
	<b>c</b> HEALTH AND WELLNESS	713940	3,629,032	3,592,301	36,731	
	<b>d</b> OTHER HEALTHCARE RELATED REVENUE	541900	2,505,215	2,505,215		
	<b>e</b>					
<b>f</b> All other program service revenue						
<b>g Total.</b> Add lines 2a-2f . . . . .		262,359,650				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .		1,304,498		1,304,498	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .		3,541		3,541	
	<b>5</b> Royalties . . . . .		0			
	<b>6a</b> Gross rents	(i) Real	897,304			
		(ii) Personal				
		<b>b</b> Less rental expenses	138,593			
		<b>c</b> Rental income or (loss)	758,711	0		
	<b>d</b> Net rental income or (loss) . . . . .		758,711		758,711	
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities	4,773,628	246,350		
		(ii) Other				
		<b>b</b> Less cost or other basis and sales expenses	4,641,828	231,617		
		<b>c</b> Gain or (loss)	131,800	14,733		
	<b>d</b> Net gain or (loss) . . . . .		146,533		146,533	
	<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	<b>a</b>				
	<b>b</b> Less direct expenses . . . . . <b>b</b>					
<b>c</b> Net income or (loss) from fundraising events . . . . .		0				
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>					
	<b>b</b> Less direct expenses . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities . . . . .		0			
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>					
	<b>b</b> Less cost of goods sold . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory . . . . .		0			
Miscellaneous Revenue		Business Code				
<b>11a</b> CHILD CARE	624410	687,217		334,463	352,754	
<b>b</b> CAFETERIA	722320	389,657			389,657	
<b>c</b> VENDING MACHINE	722320	22,550			22,550	
<b>d</b> All other revenue . . . . .						
<b>e Total.</b> Add lines 11a-11d . . . . .		1,099,424				
<b>12 Total revenue.</b> See Instructions . . . . .		269,865,287	262,322,919	371,194	2,978,244	

**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

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
<b>1</b>	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
<b>2</b>	Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
<b>4</b>	Benefits paid to or for members	0			
<b>5</b>	Compensation of current officers, directors, trustees, and key employees	7,392,224	6,431,932	960,292	0
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
<b>7</b>	Other salaries and wages	116,543,003	101,490,061	15,052,942	0
<b>8</b>	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	14,750,737	12,845,647	1,905,090	
<b>9</b>	Other employee benefits	13,441,496	11,705,106	1,736,390	
<b>10</b>	Payroll taxes	8,911,285	7,759,956	1,151,329	
<b>11</b>	Fees for services (non-employees)				
<b>a</b>	Management	1,082,823		1,082,823	
<b>b</b>	Legal	771,950		771,950	
<b>c</b>	Accounting	159,250		159,250	
<b>d</b>	Lobbying	45,233		45,233	
<b>e</b>	Professional fundraising services. See Part IV, line 17	0			
<b>f</b>	Investment management fees	0			
<b>g</b>	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	1,456,529		1,456,529	
<b>12</b>	Advertising and promotion	999,901	870,715	129,186	
<b>13</b>	Office expenses	1,637,528	1,425,961	211,567	
<b>14</b>	Information technology	0			
<b>15</b>	Royalties	0			
<b>16</b>	Occupancy	4,759,412	4,144,501	614,911	
<b>17</b>	Travel	31,006	27,000	4,006	
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
<b>19</b>	Conferences, conventions, and meetings	434,733	378,566	56,167	
<b>20</b>	Interest	2,403,925	2,403,925		
<b>21</b>	Payments to affiliates	0			
<b>22</b>	Depreciation, depletion, and amortization	13,604,914	13,604,914		
<b>23</b>	Insurance	3,707,023	3,228,079	478,944	
<b>24</b>	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)				
<b>a</b>	MEDICAL SUPPLIES	31,229,172	31,229,172		
<b>b</b>	MAINTENANCE/SERVICE CONTRACT	9,028,875	7,862,353	1,166,522	
<b>c</b>	PURCHASED SERVICES	7,181,416	6,253,584	927,832	
<b>d</b>	PHYSICIAN SALARIES & FEES	6,622,011	6,622,011		
<b>e</b>	All other expenses	11,960,951	6,681,135	5,279,816	
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24e	258,155,397	224,964,618	33,190,779	0
<b>26</b>	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**

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

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	8,322	<b>1</b>	8,467
	<b>2</b> Savings and temporary cash investments . . . . .	46,319,481	<b>2</b>	43,377,398
	<b>3</b> Pledges and grants receivable, net . . . . .	980,008	<b>3</b>	777,834
	<b>4</b> Accounts receivable, net . . . . .	29,420,582	<b>4</b>	33,619,178
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	17,220	<b>5</b>	0
	<b>6</b> 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 . . . . .	0	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net . . . . .	3,219,873	<b>7</b>	2,346,588
	<b>8</b> Inventories for sale or use . . . . .	931,972	<b>8</b>	1,336,715
	<b>9</b> Prepaid expenses and deferred charges . . . . .	2,695,268	<b>9</b>	2,557,362
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .	<b>10a</b> 254,415,608		
	<b>b</b> Less accumulated depreciation . . . . .	<b>10b</b> 151,978,782	104,036,950	<b>10c</b> 102,436,826
	<b>11</b> Investments—publicly traded securities . . . . .	0	<b>11</b>	0
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .	0	<b>12</b>	0
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .	87,102,767	<b>13</b>	90,785,454
	<b>14</b> Intangible assets . . . . .	0	<b>14</b>	0
	<b>15</b> Other assets See Part IV, line 11 . . . . .	5,945,169	<b>15</b>	12,053,250
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	280,677,612	<b>16</b>	289,299,072	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	21,705,345	<b>17</b>	21,203,226
	<b>18</b> Grants payable . . . . .	0	<b>18</b>	0
	<b>19</b> Deferred revenue . . . . .	0	<b>19</b>	0
	<b>20</b> Tax-exempt bond liabilities . . . . .	49,764,675	<b>20</b>	48,274,953
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	0	<b>21</b>	0
	<b>22</b> 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 . . . . .	0	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	263,351	<b>23</b>	459,323
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b>	0
	<b>25</b> 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 . . . . .	74,702,172	<b>25</b>	82,432,248
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	146,435,543	<b>26</b>	152,369,750
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	113,018,674	<b>27</b>	116,282,312
	<b>28</b> Temporarily restricted net assets . . . . .	6,995,499	<b>28</b>	5,400,147
	<b>29</b> Permanently restricted net assets . . . . .	14,227,896	<b>29</b>	15,246,863
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	134,242,069	<b>33</b>	136,929,322	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	280,677,612	<b>34</b>	289,299,072	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	269,865,287
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	258,155,397
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	11,709,890
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	134,242,069
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	3,019,249
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	-12,041,886
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	136,929,322

**Part XII Financial Statements and Reporting**

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

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

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 22-1537688  
**Name:** HUNTERDON MEDICAL 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			
ROBERT J CODY MD CHAIRMAN - TRUSTEE	3 0	X		X				0	0	0
BARRY GOODMAN ESQ VICE CHAIRMAN - TRUSTEE	3 0	X		X				0	0	0
CAROL HARDING SECRETARY - TRUSTEE	3 0	X		X				0	0	0
WILLIAM ATWATER TRUSTEE	3 0	X						0	0	0
ROBERT BOGGIANO MD TRUSTEE	3 0	X						0	0	0
ANTHONY GRANATO MD TRUSTEE	40 0	X						435,302	0	0
JAMES H GRIFFITH TRUSTEE	3 0	X						0	0	0
ELLEN LOCKER TRUSTEE	3 0	X						0	0	0
JAMES LYNCH TRUSTEE	3 0	X						0	0	0
PAUL MADURA MD TRUSTEE	3 0	X						0	0	0
ROBERT MORE MD TRUSTEE	3 0	X						0	0	0
JOHN RICE TRUSTEE	3 0	X						0	0	0
RENEE SELMAN TRUSTEE	3 0	X						0	0	0
PETER TEUBER PHD TRUSTEE	3 0	X						0	0	0
GEORGE C WATTS ESQ TRUSTEE	3 0	X						0	0	0
ROBERT P WISE TRUSTEE, EX-OFFICIO - PRES/CEO	50 0	X		X				1,881,623	0	245,225
DANIEL J DEETS TREASURER/CFO Retired 12/31/12	50 0			X				384,266	0	88,418
GAIL KOSYLA CFO (Effective 10/15/12)	50 0			X				72,115	0	66
LAWRENCE N GRAND EXECUTIVE VP/COO	50 0			X				389,426	0	101,403
DEBORAH L HOSKINS DIRECTOR OF FINANCE	50 0			X				277,520	0	88,710
GLEN A MAMARY VP, CHIEF INFORMATION OFFICER	50 0				X			276,416	0	112,669
GEORGE ROKSVAAG MD VP MEDICAL MANAGEMENT	50 0				X			449,975	0	89,198
NEIL HUDES VP PROFESSIONAL SERVICES	50 0				X			299,807	0	108,857
PATRICIA STEINGALL VP PATIENT CARE	50 0				X			289,891	0	92,879
ROBERT COATES MD VPMA	50 0				X			289,670	0	120,532

**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				
DONALD R PINNER VP, COO-HRCH	50 0				X			258,913	0	83,789	
VIOLET T KOCSIS VP HUMAN RESOURCES	50 0				X			239,858	0	84,660	
CHRISTOPHER E SICKELS VP FOUNDATION	50 0				X			175,038	0	21,731	
DEBRA PORCELLI VP MARKETING	50 0				X			155,678	0	45,249	
DARLENE L MITCHELL DIRECTOR CORPORATE COMPLIANCE	50 0				X			193,215	0	40,128	
KEITH T GOLDSTEIN MD PHYSICIAN	40 0					X		997,692	0	47,665	
JEFFREY D HARTFORD MD PHYSICIAN	40 0					X		712,299	0	32,868	
MARTIN FIDEL LANSANG MD PHYSICIAN	40 0					X		609,946	0	30,332	
DAVID B COHN MD PHYSICIAN	40 0					X		500,936	0	52,710	
JOSEPH L GUGLIOTTA MD PHYSICIAN	40 0					X		467,563	0	26,333	

**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.

Name of the organization  
HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

**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
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

(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	
<b>Total</b>									

**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
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public support.</b> 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
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total support</b> (Add lines 7 through 10)						
<b>12</b> Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> 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 <b>stop here</b> . . . . . ▶						

**Section C. Computation of Public Support Percentage**

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

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (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
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						
<b>14 First five years.</b> 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 <b>stop here</b> ▶ <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2012</b> (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2011</b> Schedule A, Part III, line 17	<b>18</b>	

- 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).

<b>Facts And Circumstances Test</b>
-------------------------------------

<b>Explanation</b>

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2012

Open to Public Inspection

For Organizations Exempt From Income Tax Under section 501(c) and section 527
- Complete if the organization is described below. - Attach to Form 990 or Form 990-EZ.
- See separate instructions.

Department of the Treasury Internal Revenue Service

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Table with 2 columns: Name of the organization (HUNTERDON MEDICAL CENTER) and Employer identification number (22-1537688)

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV
2 Political expenditures \$
3 Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 \$
2 Enter the amount of any excise tax incurred by organization managers under section 4955 \$
3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? Yes No
4a Was a correction made? Yes No
b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities \$
2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities \$
3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b \$
4 Did the filing organization file Form 1120-POL for this year? Yes No
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization

**Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

- A** Check  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B** Check  if the filing organization checked box A and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying)														
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)														
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)														
<b>d</b> Other exempt purpose expenditures														
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)														
<b>f</b> Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)														
<b>h</b> Subtract line 1g from line 1a If zero or less, enter -0-														
<b>i</b> Subtract line 1f from line 1c If zero or less, enter -0-														
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
<b>a</b> Volunteers?		No	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
<b>c</b> Media advertisements?		No	
<b>d</b> Mailings to members, legislators, or the public?		No	
<b>e</b> Publications, or published or broadcast statements?		No	
<b>f</b> Grants to other organizations for lobbying purposes?		No	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
<b>i</b> Other activities?	Yes		45,233
<b>j</b> Total Add lines 1c through 1i			45,233
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

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

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

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

**Part IV Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1I	DURING 2012, THE ORGANIZATION PAID AN OUTSIDE LOBBYING FIRM \$30,000 FOR LOBBYING ON A FEDERAL AND STATE LEVEL RELATED TO MEDICARE, MEDICAID AND OTHER HEALTHCARE LEGISLATIVE MATTERS. IN ADDITION, THE ORGANIZATION IS A MEMBER OF THE NEW JERSEY HOSPITAL ASSOCIATION AND THE NEW JERSEY BUSINESS & INDUSTRY ASSOCIATION WHICH BOTH ENGAGE IN LOBBYING EFFORTS ON BEHALF OF THEIR MEMBER HOSPITALS. A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS HAS BEEN ALLOCATED TO LOBBYING ACTIVITIES PERFORMED ON BEHALF OF THE ORGANIZATION. THIS ALLOCATION AMOUNTED TO \$15,233 DURING THE YEAR ENDED DECEMBER 31, 2012.

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization HUNTERDON MEDICAL CENTER

Employer identification number 22-1537688

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

Table with 3 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 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...?, 6 Did the organization inform all grantees...?

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

Table with 2 columns: Description, Held at the End of the Year. Rows include: 1 Purpose(s) of conservation easements..., 2 Complete lines 2a through 2d..., 3 Number of conservation easements..., 4 Number of states..., 5 Does the organization have a written policy..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement..., 9 In Part XIII, describe how the organization reports...

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.

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116..., 1b If the organization elected, as permitted under SFAS 116..., 2 If the organization received or held works of art, historical treasures, or other similar assets...

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

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

- a**  Public exhibition
- b**  Scholarly research
- c**  Preservation for future generations
- d**  Loan or exchange programs
- e**  Other

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

**5** During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

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

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

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

	Amount
<b>1c</b> Beginning balance	
<b>1d</b> Additions during the year	
<b>1e</b> Distributions during the year	
<b>1f</b> Ending balance	

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance . . . . .	15,956,024	16,050,078	15,223,818	13,551,717	17,327,673
<b>b</b> Contributions . . . . .					
<b>c</b> Net investment earnings, gains, and losses	1,065,759	29,719	1,011,759	1,814,442	-3,224,603
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .	107,520	123,773	185,499	142,341	551,353
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .	16,914,263	15,956,024	16,050,078	15,223,818	13,551,717

**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  90 140 %
  - c** Temporarily restricted endowment  9 860 %
- The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

**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
<b>1a</b> Land . . . . .		6,796,849		6,796,849
<b>b</b> Buildings . . . . .		95,179,067	38,045,354	57,133,713
<b>c</b> Leasehold improvements . . . . .		3,389,139	2,271,244	1,117,895
<b>d</b> Equipment . . . . .		138,170,098	107,742,552	30,427,546
<b>e</b> Other . . . . .		10,880,455	3,919,632	6,960,823
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				102,436,826



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

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	273,023,129
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	3,019,249
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	138,593
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	3,157,842
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	269,865,287
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	269,865,287

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

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	258,293,990
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25		
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	138,593
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	138,593
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	258,155,397
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	258,155,397

**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
ENDOWMENT FUNDS	SCHEDULE D, PART V, QUESTION 4	RESTRICTED FUNDS ARE USED TO SUPPORT THE CHARITABLE ACTIVITIES AND PROGRAMS OF THE ORGANIZATION AND ITS AFFILIATES
TEXT OF FIN 48 AUDITED FINANCIAL STATEMENT FOOTNOTE	SCHEDULE D, PART X	THE ORGANIZATION IS AN AFFILIATE WITHIN THE HUNTERDON HEALTHCARE SYSTEM, INC ("SYSTEM"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM THE SYSTEM'S PARENT ENTITY IS HUNTERDON HEALTHCARE SYSTEM, INC AN INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SYSTEM AND ALL ENTITIES WITHIN THE SYSTEM FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011, INCLUDING THIS ORGANIZATION, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS IN ADDITION, AN INDEPENDENT CPA FIRM AUDITED THE FINANCIAL STATEMENTS OF HUNTERDON MEDICAL CENTER FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE AUDITED FINANCIAL STATEMENTS THE FOLLOWING FOOTNOTE IS INCLUDED IN THE ORGANIZATION'S 2012 AUDITED FINANCIAL STATEMENTS THAT REPORTS THE ORGANIZATION'S LIABILITY FOR UNCERTAIN TAX PROVISIONS UNDER FIN 48 THE MEDICAL CENTER IS A TAX-EXEMPT NOT-FOR-PROFIT ORGANIZATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE ACCORDINGLY, NO PROVISION FOR FEDERAL OR STATE INCOME TAXES IS REQUIRED THE MEDICAL CENTER RECOGNIZES INCOME TAX POSITIONS WHEN IT IS MORE-LIKELY-THAN-NOT THAT THE POSITION WILL BE SUSTAINABLE BASED ON THE MERITS OF THE POSITION MANAGEMENT HAS CONCLUDED THAT THERE ARE NO MATERIAL TAX LIABILITIES THAT NEED TO BE RECORDED
RECONCILIATION OF REVENUE PER AUDITED FINANCIAL STATEMENTS	SCHEDULE D, PART XI, LINE 2D	OTHER RECONCILIATION ITEMS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART VIII, LINE 12 INCLUDE - RENTAL EXPENSES - \$138,593
RECONCILIATION OF EXPENSES PER AUDITED FINANCIAL STATEMENTS	SCHEDULE D, PART XII, LINE 2D	OTHER RECONCILIATION ITEMS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART IX, LINE 25 INCLUDE - RENTAL EXPENSES - \$138,593

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 22-1537688  
**Name:** HUNTERDON MEDICAL CENTER

### Form 990, Schedule D, Part VIII - Investments— Program Related

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) SHORT-TERM INVESTMENTS	14,813,789	F
(2) ASSETS WHOSE USE IS LIMITED	1,071,958	F
(3) FUNDS HELD BY TRUSTEE	3,245,635	F
(4) AGENCY FUNDS	0	F
(5) BOARD DESIGNATED FUNDS	45,507,259	F
(6) DONOR RESTRICTED ASSETS	15,054,589	F
(7) BENEFICIAL INTEREST IN TRUSTS	2,003,084	F
(8) INVESTMENTS - LAND	213,099	F
(9) ASSETS OF HMC FOUNDATION	8,876,041	F

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy... 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor... 3b Did the organization use FPG as a factor... 4 Did the organization's financial assistance policy... 5a Did the organization budget amounts... 5b If "Yes," did the organization's financial assistance expenses... 5c If "Yes" to line 5b... 6a Did the organization prepare a community benefit report... 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs and Other Benefits.

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing	1		478,428	67,677	410,751	0.160 %
2 Economic development						
3 Community support	1		1,129		1,129	
4 Environmental improvements	1		122,406	12,186	110,220	0.040 %
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
<b>10 Total</b>	<b>3</b>		<b>601,963</b>	<b>79,863</b>	<b>522,100</b>	<b>0.200 %</b>

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
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 10,147,469
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 2,536,867
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	56,964,106
6	Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	66,497,241
7	Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	-9,533,135
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

9a	Did the organization have a written debt collection policy during the tax year? . . . . .	9a	Yes
9b	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	HUNTERDON MEDICAL CENTER 2100 WESCOTT DRIVE FLEMINGTON, NJ 08822 WWW.HUNTERDONHEALTHCARE.ORG	X	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)

HUNTERDON MEDICAL 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) \_\_\_\_\_

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	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)	<b>1</b>	
<b>a</b>	<input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input type="checkbox"/> Demographics of the community		
<b>c</b>	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input type="checkbox"/> How data was obtained		
<b>e</b>	<input type="checkbox"/> The health needs of the community		
<b>f</b>	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
<b>3</b>	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 . . . . .	<b>3</b>	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	
<b>5</b>	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)	<b>5</b>	
<b>a</b>	<input type="checkbox"/> Hospital facility's website		
<b>b</b>	<input type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	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 . . . . .	<b>7</b>	
<b>8a</b>	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)? . . . . .	<b>8a</b>	
<b>b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b>	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)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	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?	<b>9</b> Yes	
<b>10</b>	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>300</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	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>500</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b> Yes	
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input checked="" type="checkbox"/> Asset level		
<b>c</b>	<input type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input checked="" type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	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)	<b>14</b> Yes	
<b>a</b>	<input type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b> Yes	
<b>16</b>	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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> 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**

**19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

If "No," indicate why

- 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)

	Yes	No
<b>19</b>	Yes	

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

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- a**  The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b**  The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c**  The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d**  Other (describe in Part VI)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No



**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 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
ELIGIBILITY FOR DISCOUNTED CARE	PART I, LINE 3C	THE INCOME BASED CRITERIA USED TO DETERMINE ELIGIBILITY IS PER NEW JERSEY ADMINISTRATIVE CODE 10 52 SUB CHAPTERS 11, 12 AND 13, AND BASED UPON THE 2012 POVERTY GUIDELINES (DEPARTMENT OF HEALTH AND SENIOR SERVICES) FPG ARE INCLUDED IN THE CRITERIA FOR DETERMINING ELIGIBILITY FOR CHARITY AND DISCOUNTED CARE
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, QUESTION 6A	NOT APPLICABLE

Identifier	ReturnReference	Explanation
SUBSIDIZED HEALTH SERVICES	SCHEDULE H, PART I, QUESTION 7	NO COSTS RELATING TO SUBSIDIZED HEALTHCARE SERVICES ARE ATTRIBUTABLE TO ANY PHYSICIAN CLINICS
CHARITY CARE AND CERTAIN OTHER COMMUNITY BENEFIT COST	SCHEDULE H, PART I, QUESTION 7	WORKSHEET 2 WAS USED FOR THE COST TO CHARGE RATIO

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	THE TWO PRIMARY ACTIVITIES ARE SUBSIDIZED HOUSING FOR THE MEDICAL RESIDENTS OF HUNTERDON MEDICAL CENTER, AND OUR IN-HOUSE RECYCLING AND SHREDDING PROGRAMS
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, QUESTION 4	<p>BAD DEBT EXPENSE WAS CALCULATED USING THE PROVIDERS' BAD DEBT EXPENSE FROM ITS AUDITED FINANCIAL STATEMENTS, NET OF ACCOUNTS WRITTEN OFF AT CHARGES. THE ORGANIZATION ISSUED AUDITED FINANCIAL STATEMENTS. THE ORGANIZATION'S ALLOWANCE FOR DOUBTFUL ACCOUNTS (BAD DEBT EXPENSE) METHODOLOGY AND CHARITY CARE POLICIES ARE CONSISTENTLY APPLIED. BELOW DESCRIBES IT IN MORE DETAIL. PATIENT ACCOUNTS RECEIVABLE: THE MEDICAL CENTER HAS AGREEMENTS WITH THIRD-PARTY PAYORS THAT PROVIDE FOR PAYMENT AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES. PAYMENT ARRANGEMENTS INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE, REIMBURSED COSTS, DISCOUNTED CHARGES, AND PER DIEM PAYMENTS. MANAGEMENT REGULARLY REVIEWS ACCOUNTS AND CONTRACTS AND PROVIDES APPROPRIATE CONTRACTUAL ALLOWANCES AND DISCOUNTS THAT ARE NETTED AGAINST PATIENT ACCOUNTS RECEIVABLE IN THE STATEMENTS OF FINANCIAL POSITION. PATIENT ACCOUNTS RECEIVABLE ARE FURTHER REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS. THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS THE MEDICAL CENTER'S BEST ESTIMATE OF THE AMOUNT OF PROBABLE CREDIT LOSSES IN THE MEDICAL CENTER'S EXISTING PATIENT ACCOUNTS RECEIVABLE. THE MEDICAL CENTER DETERMINES THE ALLOWANCE BASED ON HISTORICAL WRITE-OFF EXPERIENCE AND IDENTIFIES TRENDS BY EACH OF ITS MAJOR PAYER SOURCES OF PATIENT SERVICE REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS. FOR PATIENT ACCOUNTS RECEIVABLE ASSOCIATED WITH SELF-PAY PATIENTS, WHICH INCLUDES THOSE PATIENTS WITHOUT INSURANCE COVERAGE AND PATIENTS WITH DEDUCTIBLES AND COPAYMENT BALANCES FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR A PORTION OF THE BILL, THE MEDICAL CENTER RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS FOR PATIENTS THAT ARE UNABLE OR UNWILLING TO PAY FOR THE PORTION OF THE BILL REPRESENTING THEIR FINANCIAL RESPONSIBILITY. PAST DUE BALANCES ARE REVIEWED INDIVIDUALLY FOR COLLECTABILITY. ACCOUNT BALANCES ARE CHARGED OFF AGAINST THE ALLOWANCE AFTER ALL MEANS OF COLLECTION HAVE BEEN EXHAUSTED AND THE POTENTIAL FOR RECOVERY IS CONSIDERED REMOTE. THE ACTUAL FINANCIAL STATEMENT FOOTNOTE IS CONTAINED ON PAGE 9 OF THE ATTACHED STATEMENTS.</p> <p>CHARITY CARE AND UNCOMPENSATED CARE IN FURTHERANCE OF ITS CHARITABLE PURPOSE, THE MEDICAL CENTER PROVIDES A WIDE VARIETY OF BENEFITS TO THE COMMUNITY, INCLUDING OFFERING VARIOUS COMMUNITY-BASED PROGRAMS, SUCH AS LIFELINE, HEALTH SCREENINGS, TRAINING FOR EMERGENCY SERVICE PERSONNEL, SOCIAL SERVICE, SUPPORT COUNSELING FOR PATIENTS AND FAMILIES, PASTORAL CARE, AND CRISIS INTERVENTION. ADDITIONALLY, A LARGE NUMBER OF HEALTH-RELATED EDUCATIONAL PROGRAMS ARE PROVIDED FOR THE BENEFIT OF THE COMMUNITY, INCLUDING HEALTH ENHANCEMENTS AND WELLNESS, CLASSES ON SPECIFIC CONDITIONS, AND TELEPHONE INFORMATION SERVICES DESIGNED TO IMPROVE THE GENERAL STANDARDS OF THE HEALTH OF THE COMMUNITY. THE MEDICAL CENTER ALSO PROVIDES MEDICAL CARE WITHOUT CHARGE OR AT REDUCED COSTS TO RESIDENTS OF ITS COMMUNITY WHO MEET THE CRITERIA UNDER STATE REGULATION FOR CHARITY CARE. THE MEDICAL CENTER'S DEFINITION OF CHARITY CARE INCLUDES SERVICES PROVIDED AT NO CHARGE OR AT REDUCED CHARGE TO PATIENTS WHO ARE UNINSURED OR UNDERINSURED. THE MEDICAL CENTER MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES. THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FORGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY. AN OVERALL COST TO CHARGE RATIO WAS APPLIED TO ARRIVE AT THE COST OF CHARITY CARE, AND AS A RESULT THE COST OF CHARITY CARE AMOUNTED TO \$9,808,923 AND \$7,779,238 IN 2012 AND 2011, RESPECTIVELY. BECAUSE THE MEDICAL CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE. THE STATE PROVIDES CERTAIN SUBSIDY PAYMENTS TO QUALIFIED HOSPITALS TO PARTIALLY FUND UNCOMPENSATED CARE AND CERTAIN OTHER COSTS. SUBSIDY PAYMENTS RECOGNIZED AS REVENUE AMOUNTED TO \$1,633,480 AND \$1,641,695 FOR 2012 AND 2011, RESPECTIVELY, AND ARE INCLUDED IN OTHER REVENUE.</p>

Identifier	Return/Reference	Explanation
COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, QUESTION 8	<p>MEDICARE COSTS WERE DERIVED FROM THE 2012 MEDICARE COST REPORT. MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS ARE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. THE ORGANIZATION DID NOT INCLUDE MEDICARE UNDERPAYMENTS (SHORTFALL) AND BAD DEBT IN THE CALCULATION OF THEIR COMMUNITY BENEFIT PERCENTAGE. HOWEVER, THE ORGANIZATION FEELS THAT MEDICARE UNDERPAYMENTS (SHORTFALL) AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS SHOULD BE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I AS OUTLINED MORE FULLY BELOW. THE ORGANIZATION BELIEVES THAT THESE SERVICES AND RELATED COSTS PROMOTE THE HEALTH OF THE COMMUNITY AS A WHOLE AND ARE RENDERED IN CONJUNCTION WITH THE ORGANIZATION'S CHARITABLE TAX-EXEMPT PURPOSES AND MISSION IN PROVIDING MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER WITHOUT REGARD TO RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY AND CONSISTENT WITH THE COMMUNITY BENEFIT STANDARD PROMULGATED BY THE IRS. THE COMMUNITY BENEFIT STANDARD IS THE CURRENT STANDARD FOR A HOSPITAL FOR RECOGNITION AS A TAX-EXEMPT AND CHARITABLE ORGANIZATION UNDER INTERNAL REVENUE CODE ("IRC") 501(C)(3). THE ORGANIZATION IS RECOGNIZED AS A TAX-EXEMPT ENTITY AND CHARITABLE ORGANIZATION UNDER 501(C)(3) OF THE IRC. ALTHOUGH THERE IS NO DEFINITION IN THE TAX CODE FOR THE TERM "CHARITABLE," A REGULATION PROMULGATED BY THE DEPARTMENT OF THE TREASURY PROVIDES SOME GUIDANCE AND STATES THAT "[T]HE TERM CHARITABLE IS USED IN 501(C)(3) IN ITS GENERALLY ACCEPTED LEGAL SENSE," AND PROVIDES EXAMPLES OF CHARITABLE PURPOSES, INCLUDING THE RELIEF OF THE POOR OR UNPRIVILEGED, THE PROMOTION OF SOCIAL WELFARE, AND THE ADVANCEMENT OF EDUCATION, RELIGION, AND SCIENCE. NOTE IT DOES NOT EXPLICITLY ADDRESS THE ACTIVITIES OF HOSPITALS. IN THE ABSENCE OF EXPLICIT STATUTORY OR REGULATORY REQUIREMENTS APPLYING THE TERM "CHARITABLE" TO HOSPITALS, IT HAS BEEN LEFT TO THE IRS TO DETERMINE THE CRITERIA HOSPITALS MUST MEET TO QUALIFY AS IRC 501(C)(3) CHARITABLE ORGANIZATIONS. THE ORIGINAL STANDARD WAS KNOWN AS THE CHARITY CARE STANDARD. THIS STANDARD WAS REPLACED BY THE IRS WITH THE COMMUNITY BENEFIT STANDARD WHICH IS THE CURRENT STANDARD. CHARITY CARE STANDARD IN 1956, THE IRS ISSUED REVENUE RULING 56-185, WHICH ADDRESSED THE REQUIREMENTS HOSPITALS NEEDED TO MEET IN ORDER TO QUALIFY FOR IRC 501(C)(3) STATUS. ONE OF THESE REQUIREMENTS IS KNOWN AS THE "CHARITY CARE STANDARD." UNDER THE STANDARD, A HOSPITAL HAD TO PROVIDE, TO THE EXTENT OF ITS FINANCIAL ABILITY, FREE OR REDUCED-COST CARE TO PATIENTS UNABLE TO PAY FOR IT. A HOSPITAL THAT EXPECTED FULL PAYMENT DID NOT, ACCORDING TO THE RULING, PROVIDE CHARITY CARE. BASED ON THE FACT THAT SOME PATIENTS ULTIMATELY FAILED TO PAY, THE RULING EMPHASIZED THAT A LOW LEVEL OF CHARITY CARE DID NOT NECESSARILY MEAN THAT A HOSPITAL HAD FAILED TO MEET THE REQUIREMENT SINCE THAT LEVEL COULD REFLECT ITS FINANCIAL ABILITY TO PROVIDE SUCH CARE. THE RULING ALSO NOTED THAT PUBLICLY SUPPORTED COMMUNITY HOSPITALS WOULD NORMALLY QUALIFY AS CHARITABLE ORGANIZATIONS BECAUSE THEY SERVE THE ENTIRE COMMUNITY, AND A LOW LEVEL OF CHARITY CARE WOULD NOT AFFECT A HOSPITAL'S EXEMPT STATUS IF IT WAS DUE TO THE SURROUNDING COMMUNITY'S LACK OF CHARITABLE DEMANDS. COMMUNITY BENEFIT STANDARD IN 1969, THE IRS ISSUED REVENUE RULING 69-545, WHICH "REMOVED" FROM REVENUE RULING 56-185 "THE REQUIREMENTS RELATING TO CARING FOR PATIENTS WITHOUT CHARGE OR AT RATES BELOW COST." UNDER THE STANDARD DEVELOPED IN REVENUE RULING 69-545, WHICH IS KNOWN AS THE "COMMUNITY BENEFIT STANDARD," HOSPITALS ARE JUDGED ON WHETHER THEY PROMOTE THE HEALTH OF A BROAD CLASS OF INDIVIDUALS IN THE COMMUNITY. THE RULING INVOLVED A HOSPITAL THAT ONLY ADMITTED INDIVIDUALS WHO COULD PAY FOR THE SERVICES (BY THEMSELVES, PRIVATE INSURANCE, OR PUBLIC PROGRAMS SUCH AS MEDICARE), BUT OPERATED A FULL-TIME EMERGENCY ROOM THAT WAS OPEN TO EVERYONE. THE IRS RULED THAT THE HOSPITAL QUALIFIED AS A CHARITABLE ORGANIZATION BECAUSE IT PROMOTED THE HEALTH OF PEOPLE IN ITS COMMUNITY. THE IRS REASONED THAT BECAUSE THE PROMOTION OF HEALTH WAS A CHARITABLE PURPOSE ACCORDING TO THE GENERAL LAW OF CHARITY, IT FELL WITHIN THE "GENERALLY ACCEPTED LEGAL SENSE" OF THE TERM "CHARITABLE," AS REQUIRED BY TREAS. REG. 1.501(C)(3)-1(D)(2). THE IRS RULING STATED THAT THE PROMOTION OF HEALTH, LIKE THE RELIEF OF POVERTY AND THE ADVANCEMENT OF EDUCATION AND RELIGION, IS ONE OF THE PURPOSES IN THE GENERAL LAW OF CHARITY THAT IS DEEMED BENEFICIAL TO THE COMMUNITY AS A WHOLE. EVEN THOUGH THE CLASS OF BENEFICIARIES ELIGIBLE TO RECEIVE A DIRECT BENEFIT FROM ITS ACTIVITIES DOES NOT INCLUDE ALL MEMBERS OF THE COMMUNITY, SUCH AS INDIGENT MEMBERS OF THE COMMUNITY, PROVIDED THAT THE CLASS IS NOT SO SMALL THAT ITS RELIEF IS NOT OF BENEFIT TO THE COMMUNITY. THE IRS CONCLUDED THAT THE HOSPITAL WAS "PROMOTING THE HEALTH OF A CLASS OF PERSONS THAT IS BROAD ENOUGH TO BENEFIT THE COMMUNITY" BECAUSE ITS EMERGENCY ROOM WAS OPEN TO ALL AND IT PROVIDED CARE TO EVERYONE WHO COULD PAY, WHETHER DIRECTLY OR THROUGH THIRD-PARTY REIMBURSEMENT. OTHER CHARACTERISTICS OF THE HOSPITAL THAT THE IRS HIGHLIGHTED INCLUDED THE FOLLOWING: ITS SURPLUS FUNDS WERE USED TO IMPROVE PATIENT CARE, EXPAND HOSPITAL FACILITIES, AND ADVANCE MEDICAL TRAINING, EDUCATION, AND RESEARCH; IT WAS CONTROLLED BY A BOARD OF TRUSTEES THAT CONSISTED OF INDEPENDENT CIVIC LEADERS, AND HOSPITAL MEDICAL STAFF PRIVILEGES WERE AVAILABLE TO ALL QUALIFIED PHYSICIANS. MEDICARE UNDERPAYMENTS AND BAD DEBT ARE COMMUNITY BENEFIT AND ASSOCIATED COSTS ARE INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. THE AMERICAN HOSPITAL ASSOCIATION ("AHA") FEELS THAT MEDICARE UNDERPAYMENTS (SHORTFALL) AND BAD DEBT ARE COMMUNITY BENEFIT AND THUS INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. THIS ORGANIZATION AGREES WITH THE AHA POSITION AS OUTLINED IN THE AHA LETTER TO THE IRS DATED AUGUST 21, 2007 WITH RESPECT TO THE FIRST PUBLISHED DRAFT OF THE NEW FORM 990 AND SCHEDULE H, THE AHA FELT THAT THE IRS SHOULD INCORPORATE THE FULL VALUE OF THE COMMUNITY BENEFIT THAT HOSPITALS PROVIDE BY COUNTING MEDICARE UNDERPAYMENTS (SHORTFALL) AS QUANTIFIABLE COMMUNITY BENEFIT FOR THE FOLLOWING REASONS: - PROVIDING CARE FOR THE ELDERLY AND SERVING MEDICARE PATIENTS IS AN ESSENTIAL PART OF THE COMMUNITY BENEFIT STANDARD - MEDICARE, LIKE MEDICAID, DOES NOT PAY THE FULL COST OF CARE. RECENTLY, MEDICARE REIMBURSES HOSPITALS ONLY 92 CENTS FOR EVERY DOLLAR THEY SPEND TO TAKE CARE OF MEDICARE PATIENTS. THE MEDICARE PAYMENT ADVISORY COMMISSION ("MEDPAC") IN ITS MARCH 2007 REPORT TO CONGRESS CAUTIONED THAT UNDERPAYMENT WILL GET EVEN WORSE, WITH MARGINS REACHING A 10-YEAR LOW AT NEGATIVE 5.4 PERCENT. - MANY MEDICARE BENEFICIARIES, LIKE THEIR MEDICAID COUNTERPARTS, ARE POOR. MORE THAN 46 PERCENT OF MEDICARE SPENDING IS FOR BENEFICIARIES WHOSE INCOME IS BELOW 200 PERCENT OF THE FEDERAL POVERTY LEVEL. MANY OF THOSE MEDICARE BENEFICIARIES ARE ALSO ELIGIBLE FOR MEDICAID -- SO CALLED "DUAL ELIGIBLES." THERE IS EVERY COMPELLING PUBLIC POLICY REASON TO TREAT MEDICARE AND MEDICAID UNDERPAYMENTS SIMILARLY FOR PURPOSES OF A HOSPITAL'S COMMUNITY BENEFIT AND INCLUDE THESE COSTS ON FORM 990, SCHEDULE H, PART I. MEDICARE UNDERPAYMENT MUST BE SHOULDERED BY THE HOSPITAL IN ORDER TO CONTINUE TREATING THE COMMUNITY'S ELDERLY AND POOR. THESE UNDERPAYMENTS REPRESENT A REAL COST OF SERVING THE COMMUNITY AND SHOULD COUNT AS A QUANTIFIABLE COMMUNITY BENEFIT. BOTH THE AHA AND THIS ORGANIZATION ALSO FEEL THAT PATIENT BAD DEBT IS A COMMUNITY BENEFIT AND THUS INCLUDABLE ON THE FORM 990, SCHEDULE H, PART I. LIKE MEDICARE UNDERPAYMENT (SHORTFALLS), THERE ALSO ARE COMPELLING REASONS THAT PATIENT BAD DEBT SHOULD BE COUNTED AS QUANTIFIABLE COMMUNITY BENEFIT AS FOLLOWS: - A SIGNIFICANT MAJORITY OF BAD DEBT IS ATTRIBUTABLE TO LOW-INCOME PATIENTS, WHO, FOR MANY REASONS, DECLINE TO COMPLETE THE FORMS REQUIRED TO ESTABLISH ELIGIBILITY FOR HOSPITALS' CHARITY CARE OR FINANCIAL ASSISTANCE PROGRAMS. A 2006 CONGRESSIONAL BUDGET OFFICE ("CBO") REPORT, NONPROFIT HOSPITALS AND THE PROVISION OF COMMUNITY BENEFITS, CITED TWO STUDIES INDICATING THAT "THE GREAT MAJORITY OF BAD DEBT WAS ATTRIBUTABLE TO PATIENTS WITH INCOMES BELOW 200% OF THE FEDERAL POVERTY LINE." - THE REPORT ALSO NOTED THAT A SUBSTANTIAL PORTION OF BAD DEBT IS PENDING CHARITY CARE. UNLIKE BAD DEBT IN OTHER INDUSTRIES, HOSPITAL BAD DEBT IS COMPLICATED BY THE FACT THAT HOSPITALS FOLLOW THEIR MISSION TO THE COMMUNITY AND TREAT EVERY PATIENT THAT COMES THROUGH THEIR EMERGENCY DEPARTMENT, REGARDLESS OF ABILITY TO PAY. PATIENTS WHO HAVE OUTSTANDING BILLS ARE NOT TURNED AWAY, UNLIKE OTHER INDUSTRIES. BAD DEBT IS FURTHER COMPLICATED BY THE AUDITING INDUSTRY'S STANDARDS ON REPORTING CHARITY CARE. MANY PATIENTS CANNOT OR DO NOT PROVIDE THE NECESSARY, EXTENSIVE DOCUMENTATION REQUIRED TO BE DEEMED CHARITY CARE BY AUDITORS. AS A RESULT, ROUGHLY 40% OF BAD DEBT IS PENDING CHARITY CARE. - THE CBO CONCLUDED THAT ITS FINDINGS "SUPPORT THE VALIDITY OF</p>
COLLECTION POLICY	SCHEDULE H, PART III, SECTION B, QUESTION 9B	<p>ACCOUNTS CONSIDERED TO BE CHARITY CARE ARE NOT INCLUDED IN THE BAD DEBT EXPENSE, BUT RATHER, ACCOUNTED FOR AS AN ALLOWANCE. IT IS THE POLICY OF HUNTERDON MEDICAL CENTER, TO TREAT ALL PATIENTS EQUALLY REGARDLESS OF INSURANCE AND THEIR ABILITY TO PAY. FOR ACCOUNTS DETERMINED TO BE "SELF-PAY" AND/OR ACCOUNTS WITH BALANCE AFTER PRIMARY INSURANCE PAYMENTS, THE COLLECTION POLICY REQUIRES SENDING THREE STATEMENTS, A MINIMUM OF ONE PRE-COLLECTION LETTER, TELEPHONE CONTACT FOR ANY ACCOUNT OVER \$5,000.00 OR AT THE DISCRETION OF THE ACCOUNT REPRESENTATIVE AND/OR SUPERVISOR. THE FACILITY ALSO HAS A CHARITY CARE ACCESS POLICY TO ASSURE PATIENTS ARE PROVIDED WITH CHARITY CARE ASSISTANCE DETERMINED BY STATE AND FEDERAL REGULATIONS. IT IS THE POLICY TO INFORM ALL PATIENTS DEEMED SELF-PAY OF THE APPROPRIATE ASSISTANCE PROGRAMS AVAILABLE. PATIENTS APPLYING FOR CHARITY CARE ASSISTANCE WILL BE FINANCIALLY SCREENED BY A RESOURCE ADVISOR TO DETERMINE ELIGIBILITY ACCORDING TO STATE AND FEDERAL GUIDELINES AND WILL BE INFORMED OF DOCUMENTATION NEEDED TO COMPLETE A CHARITY CARE APPLICATION. PATIENTS NOT ELIGIBLE FOR CHARITY CARE WILL BE FINANCIALLY COUNSELED FOR ALL OTHER OPTIONS. QUALIFIED PATIENTS WILL BE REFERRED TO ALL APPROPRIATE AGENCIES OR PROGRAMS TO MEET OTHER FINANCIAL NEEDS. AT THE TIME OF THE PATIENT VISIT AND PART OF THE REGISTRATION PROCESS AT THE FACILITY, THE FOLLOWING OPTIONS ARE MADE AVAILABLE TO PATIENTS: - FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR MEDICAL ASSISTANCE INCLUDING MEDICAID AND SSI, - FINANCIAL COUNSELING FOR POSSIBLE ELIGIBILITY FOR THE NEW JERSEY HOSPITAL CARE PAYMENT ASSISTANCE PROGRAM, - FINANCIAL COUNSELING FOR A HOSPITAL INITIATED DISCOUNT PROGRAM FOR THOSE WITH NO INSURANCE OR WHO ARE UNDERINSURED AND DON'T MEET THE STATEMENT REQUIREMENTS FOR FREE CARE. THE HOSPITAL-INITIATED DISCOUNT PROGRAM RATES ARE REFLECTIVE OF OUR BEST MANAGED CARE PLAN, AND -FINANCIAL ARRANGEMENTS INCLUDING 1. CASH/CREDIT CARD (AMERICAN EXPRESS, DISCOVER, VISA, MASTERCARD), OR 2. FLEXIBLE PAYMENT PLANS.</p>

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTIONS 1J, 3, 4, 5C, 6I & 7	NOT APPLICABLE
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QS 10,11,12H,14G,16E,17E,18E,19C,19D,21&22	NOT APPLICABLE

Identifier	ReturnReference	Explanation
FACILITY INFORMATION	SCHEDULE H, PART V, SECTION B, QUESTION 20D	THE MEDICAL CENTER DETERMINES, DURING THE TAX YEAR, THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE BY USING THE "LOOK-BACK" METHOD DESCRIBED IN THE IRS AND TREASURY'S RULES ON THE PATIENT PROTECTION AND AFFORDABLE CARE ACT. THE MEDICAL CENTER USED MEDICAL CLAIMS DATA FROM THE PAST YEAR TO DETERMINE WHAT PORTION OF GROSS CHARGES ARE TYPICALLY PAID FOR CLAIMS FOR EMERGENCY AND MEDICALLY NECESSARY CARE WHERE THE PRIMARY PAYER WAS A PRIVATE COMMERCIAL INSURER. THIS ANALYSIS RESULTED IN A REDUCTION TO THE GROSS CHARGE WHICH WAS THEN OFFERED THROUGH THE HOSPITAL SPONSORED ASSISTANCE PROGRAM TO THOSE INDIVIDUALS WITH INCOME GREATER THAN 500% OF THE POVERTY LEVEL. THE MEDICAL CENTER RE-CALCULATES THIS DISCOUNT PERCENTAGE EACH YEAR.
NEEDS ASSESSMENT	SCHEDULE H, PART VI, QUESTION 2	UNDER THE BYLAWS OF HMC, THE HOSPITAL HAS A NEEDS COMMITTEE WHICH ANALYZES THE HEALTHCARE SERVICES THAT ARE CONSIDERED NECESSARY TO MEET THE HEALTHCARE NEEDS OF THE COMMUNITY. THE COMMITTEE IS COMPRISED OF HEALTHCARE ADMINISTRATION, PHYSICIANS AND COMMUNITY MEMBERS. THIS COMMITTEE WORKS TOWARD ENSURING THERE IS AN APPROPRIATE SUPPLY OF PHYSICIANS TO MEET THE NEEDS OF THE POPULATION. HUNTERDON MEDICAL CENTER ALSO CONTINUES TO WORK WITH THE "PARTNERSHIP FOR HEALTH", WHICH IS A GROUP OF ORGANIZATIONS IN THE COUNTY INCLUDING THE HUNTERDON COUNTY DEPARTMENT OF HEALTH, THE UNITED WAY OF HUNTERDON COUNTY AND MANY OTHER ORGANIZATIONS. THE EFFORTS OF THIS ORGANIZATION ARE TO IMPROVE THE HEALTH STATUS OF THE COMMUNITY AND FOCUS ON SUCH ISSUES AS DIABETES, BEHAVIORAL HEALTH AND WEIGHT MANAGEMENT. THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS BEGUN IN OCTOBER 2011 WHEN QUANTITATIVE AND QUALITATIVE DATA WAS COLLECTED. SIX FOCUS GROUPS WERE CREATED TO IDENTIFY COMMUNITY THEMES AND STRENGTHS. THE LOCAL PUBLIC HEALTH SYSTEM WAS ASSESSED. A GROUP OF COMMUNITY MEMBERS INCLUDING HIGH SCHOOL SUPERINTENDENTS, THE MAYOR, PHYSICIANS, PROSECUTOR, FAITH LEADERS AND BUSINESS LEADERS ASSESSED THE COMMUNITY'S HEALTH AND IDENTIFIED FIVE FORCES OF CHANGE OCCURRING IN THE COUNTY THAT WAS IMPACTING THE HEALTH OF THE COMMUNITY MEMBERS. FINALLY STATEWIDE DATA SOURCES WERE USED AS BENCHMARKS TO COMPARE THE RESULTS OF HUNTERDON COUNTY IN PARTICULAR. THE ASSESSMENT WAS COMPLETED IN FEBRUARY 2013 AND IDENTIFIED FOUR PRIORITY HEALTH ISSUES TO BE ADDRESSED BY HUNTERDON HEALTHCARE SYSTEM: OBESITY/OVERWEIGHT, SUBSTANCE ABUSE, LATINO HEALTH DISPARITIES & AGE RELATED ISSUES.

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, QUESTION 3	THE MEDICAL CENTER PROVIDES FINANCIAL COUNSELING TO ALL PATIENTS REGARDLESS OF INSURANCE STATUS THEY RECEIVE A WRITTEN NOTICE IN ENGLISH OR SPANISH FORMAT OF THE FINANCIAL ASSISTANCE PROGRAMS AVAILABLE AT THE TIME OF ADMISSION OR DURING THE OUTPATIENT REGISTRATION PROCESS FINANCIAL COUNSELING SERVICES ARE AVAILABLE TO ALL PATIENTS THROUGH THE PATIENT ACCOUNTS DEPARTMENT DURING OR AFTER THE PROVISION OF SERVICES ALL PATIENTS DEEMED SELF-PAY ARE SCREENED FOR FINANCIAL ASSISTANCE BY A RESOURCE ADVISOR ACCORDING TO THE FEDERAL POVERTY GUIDELINES AND REFERRED TO APPROPRIATE AGENCIES OR PROGRAMS VERBIAGE STATING FINANCIAL ASSISTANCE IS AVAILABLE IS INCLUDED ON EACH PATIENT'S BILLING STATEMENT THE MESSAGE READS AS FOLLOWS "IF YOU CANNOT PAY THIS BILL AND REQUIRE FINANCIAL ASSISTANCE OR PAYMENT ARRANGEMENTS, PLEASE CONTACT OUR PATIENT ACCOUNTS DEPARTMENT " CHARITY CARE SIGNS ARE ALSO POSTED THROUGHOUT THE FACILITY, MAINLY IN PATIENT REGISTRATION AREAS SIGNS ARE POSTED IN BOTH ENGLISH AND SPANISH
COMMUNITY INFORMATION	SCHEDULE H, PART VI, QUESTION 4	HUNTERDON MEDICAL CENTER'S PRIMARY SERVICE AREA IS HUNTERDON COUNTY, NEW JERSEY, BUT ALSO SERVES PART OF SOMERSET, WARREN AND MERCER COUNTIES THE CENSUS FOR HUNTERDON COUNTY AS OF 2010 WAS 128,349 IT IS PART OF THE NY METROPOLITAN AREA AND THE COUNTY SEAT IS FLEMINGTON THE RACIAL MAKE-UP OF THE COUNTY IS 91 4% CAUCASIAN, 2 7% AFRICAN AMERICAN, 0 1% NATIVE AMERICAN, 3 3% ASIAN AND 5 2% HISPANIC/LATINO HUNTERDON COUNTY HAS BEEN RANKED AS HAVING THE 4TH HIGHEST INCOME PER CAPITA IN THE U S

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, QUESTION 5	<p>HUNTERDON MEDICAL CENTER HAS FURTHERED ITS EXEMPT PURPOSE IN SUCH PROGRAMS AS 1) LATINO HEALTH INITIATIVE FOCUSED ON LOW-INCOME IMMIGRANTS HEALTH NEEDS, 2) CREATION OF A MEDICATION ACCESS PROGRAM IN COLLABORATION WITH THE PHARMACEUTICAL INDUSTRY TO DISTRIBUTE FREE PRESCRIPTION DRUGS TO PATIENTS UNABLE TO PAY, AND 3) ANNUAL FREE HEALTH SCREENING PROGRAMS FOR THE ENTIRE COUNTY FOR BREAST CANCER, PROSTATE CANCER, COLON CANCER, HEARING LOSS, ALZHEIMER'S DISEASE, PRE-NATAL AND DIABETES CARE, AMONG OTHERS THE FOUR PRIORITY HEALTH ISSUES IDENTIFIED THROUGH THE COMMUNITY HEALTH NEEDS PROCESS WILL BEGIN TO BE ADDRESSED IN 2013 THROUGH THE 2013 IMPLEMENTATION PLAN ADOPTED BY THE MEDICAL CENTER BOARD AT ITS SEPTEMBER 2013 MEETING THE GOALS INCLUDED 1) REDUCE THE PREVALENCE OF OBESITY AMONG HUNTERDON COUNTY RESIDENTS THROUGH A VARIETY OF COMMUNITY PROGRAMS AND EDUCATIONAL SESSIONS 2) REDUCE THE PREVALENCE OF SUBSTANCE ABUSE OF HUNTERDON COUNTY RESIDENTS THROUGH THE STRENGTHENING OF EXISTING PROGRAMS AND THE ENHANCEMENT OF TRAINING AMONG PHYSICIANS TO EFFECTIVELY IDENTIFY THE USE OF SUBSTANCES AMONG THE COMMUNITY'S MEMBERS 3) REDUCE LATINO HEALTH DISPARITY BY PROVIDING BROCHURES, INFORMATION MATERIALS, AND EDUCATIONAL SESSIONS IN SPANISH AND BY IMPROVING ACCESS TO PRENATAL CARE THROUGH THE MEDICAL CENTER'S FAMILY HEALTH CENTER IN LAMBERTVILLE 4) IMPROVING QUALITY OF LIFE OF SENIORS (65 YEARS AND OVER) LIVING IN HUNTERDON COUNTY BY OFFERING SUPPORT GROUPS, INCREASING THE UTILIZATION OF HOSPICE SERVICES TO COMMUNITY MEMBERS, AND EDUCATING NURSES TO PROPERLY ASSESS AND ADDRESS SENIOR HEALTH ISSUES</p>
AFFILIATED HEALTHCARE SYSTEM	SCHEDULE H, PART VI, QUESTION 6	<p>THIS ORGANIZATION IS AN AFFILIATE OF THE HUNTERDON HEALTHCARE SYSTEM ALL AFFILIATES ARE COMMITTED TO ENHANCING THE OVERALL HEALTH STATUS OF THE COMMUNITY BY PROVIDING THE HIGHEST QUALITY HEALTHCARE AND RELATED SERVICES THE HUNTERDON HEALTHCARE SYSTEM STRIVES TO EXCEED THE PATIENTS' EXPECTATIONS EMPHASIZING COMMITMENT, COMPETENCE, COLLABORATION, COMMUNICATION, AND COMPASSION OUTLINED BELOW IS A SUMMARY OF THE ENTITIES WHICH COMPRISE THE HUNTERDON HEALTHCARE SYSTEM, INC NOT FOR PROFIT HUNTERDON HEALTHCARE SYSTEM ENTITIES HUNTERDON HEALTHCARE SYSTEM, INC HUNTERDON HEALTHCARE SYSTEM, INC ("HHS") IS THE TAX-EXEMPT PARENT OF THE HUNTERDON HEALTHCARE SYSTEM, INC ("SYSTEM") THIS INTEGRATED HEALTHCARE DELIVERY SYSTEM CONSISTS OF A GROUP OF AFFILIATED HEALTHCARE ORGANIZATIONS THE SOLE MEMBER OR STOCKHOLDER OF EACH ENTITY IS EITHER HHS OR ANOTHER SYSTEM AFFILIATE CONTROLLED BY HHS THE SYSTEM IS AN INTEGRATED NETWORK OF HEALTHCARE PROVIDERS THROUGHOUT THE STATE OF NEW JERSEY HUNTERDON HEALTHCARE SYSTEM, INC IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A SUPPORTING ORGANIZATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(3) HUNTERDON HEALTHCARE SYSTEM, INC STRIVES TO CONTINUALLY DEVELOP AND OPERATE A HEALTHCARE SYSTEM WHICH PROVIDES SUBSTANTIAL COMMUNITY BENEFIT THROUGH THE PROVISION OF A COMPREHENSIVE SPECTRUM OF HEALTHCARE SERVICES TO THE RESIDENTS OF NEW JERSEY AND SURROUNDING COMMUNITIES HUNTERDON HEALTHCARE SYSTEM, INC ENSURES THAT HUNTERDON MEDICAL CENTER PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY NO INDIVIDUALS ARE DENIED NECESSARY MEDICAL CARE, TREATMENT OR SERVICES HUNTERDON MEDICAL CENTER OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545 1 THE ORGANIZATION PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS, 2 THE ORGANIZATION OPERATES AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS, WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR, 3 THE ORGANIZATION MAINTAINS A CLOSED MEDICAL STAFF, WITH PRIVILEGES AVAILABLE TO ALL QUALIFIED PHYSICIANS, AND 4 CONTROL OF THE ORGANIZATION RESTS WITH ITS BOARD OF TRUSTEES AND THE BOARD OF TRUSTEES OF HUNTERDON HEALTHCARE SYSTEM, INC BOTH BOARDS ARE COMPRISED OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY 5 SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE, PROGRAMS AND ACTIVITIES HUNTERDON MEDICAL CENTER HUNTERDON MEDICAL CENTER ("HMC") IS A 178-BED LICENSED NON-PROFIT COMMUNITY HOSPITAL LOCATED IN FLEMINGTON, NEW JERSEY HMC IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS AN INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION PURSUANT TO ITS CHARITABLE PURPOSES, HMC PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY MOREOVER, HMC OPERATES CONSISTENTLY WITH THE CRITERIA OUTLINED IN IRS REVENUE RULING 69-545 BRITESIDE ADULT DAY CENTERS, INC BRITESIDE ADULT DAY CENTERS, INC IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(1) THE ORGANIZATION PROVIDES ADULT DAY CARE SERVICES TO INDIVIDUALS HUNTERDON MEDICAL CENTER FOUNDATION HUNTERDON MEDICAL CENTER FOUNDATION IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(1) THROUGH FUNDRAISING ACTIVITIES THE ORGANIZATION SUPPORTS THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF HUNTERDON MEDICAL CENTER, A RELATED INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION, THAT PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY HUNTERDON REGIONAL COMMUNITY HEALTH, INC HUNTERDON REGIONAL COMMUNITY HEALTH, INC IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(3) THE ORGANIZATION SUPPORTS THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF HUNTERDON MEDICAL CENTER, A RELATED INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION, THAT PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY HUNTERDON HOSPICE HUNTERDON HOSPICE IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(1) THE ORGANIZATION PROVIDES CARE AND SUPPORT FOR TERMINALLY ILL PATIENTS AND THEIR FAMILIES IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY HUNTERDON HOSPICE HAS PROVIDED EXCEPTIONAL PHYSICAL, EMOTIONAL AND SPIRITUAL SUPPORT TO PATIENTS AND THEIR FAMILIES DURING LIFE'S FINAL STAGES WHETHER AT HOME, IN THE HOSPITAL, OR IN A LONG-TERM CARE OR ASSISTED LIVING FACILITY, THEIR DEDICATED, HIGHLY SKILLED TEAM STRIVES TO IMPROVE QUALITY OF LIFE WHILE PROVIDING COMFORT, PRESERVING DIGNITY, AND HONORING THE UNIQUE WISHES OF EACH PATIENT AND FAMILY VISITING HEALTH &amp; SUPPORTIVE SERVICES VISITING HEALTH &amp; SUPPORTIVE SERVICES IS AN ORGANIZATION RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS TAX-EXEMPT PURSUANT TO INTERNAL REVENUE CODE 501(C)(3) AND AS A NON-PRIVATE FOUNDATION PURSUANT TO INTERNAL REVENUE CODE 509(A)(1) THE ORGANIZATION SUPPORTS THE CHARITABLE PURPOSES, PROGRAMS AND SERVICES OF HUNTERDON MEDICAL CENTER, A RELATED INTERNAL REVENUE CODE 501(C)(3) TAX-EXEMPT ORGANIZATION, THAT PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY FOR PROFIT HUNTERDON HEALTHCARE SYSTEM ENTITIES MIDJERSEY HEALTH CORPORATION A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS HUNTERDON HEALTHCARE SYSTEM, INC ("HHS") THIS ENTITY PROVIDES OVERSIGHT TO VARIOUS ENTITIES IN THE HHS DEL VALLEY OFFICE ASSOCIATION A PARTNERSHIP WHICH PROVIDES PROPERTY MANAGEMENT SERVICES FOR BOTH HHS ENTITIES AND NON-HHS ENTITIES HUNTERDON MEDICAL OFFICE ASSOCIATES A PARTNERSHIP WHICH PROVIDES PROPERTY MANAGEMENT SERVICES FOR BOTH HHS ENTITIES AND NON-HHS ENTITIES NORTH HUNTERDON MEDICAL ASSOCIATES A PARTNERSHIP WHICH PROVIDES PROPERTY MANAGEMENT SERVICES FOR BOTH HHS ENTITIES AND NON-HHS ENTITIES HUNTERDON CENTER FOR SURGERY LLC A PARTNERSHIP WHICH PROVIDES SURGERY SERVICES TO INDIVIDUALS HUNTERDON IMAGING ASSOCIATES A PARTNERSHIP WHICH PROVIDES IMAGING SERVICES TO INDIVIDUALS HUNTERDON COMMUNITY CARE, INC A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS HUNTERDON REGIONAL COMMUNITY HEALTH, INC ("HRCH") THIS ENTITY PROVIDES HEALTHCARE SERVICES TO INDIVIDUALS HUNTERDON REGIONAL PHARMACY, INC A FOR-PROFIT ENTITY WHOSE SOLE SHAREHOLDER IS HRCH THIS ENTITY OPERATES A PHARMACY AT THE HUNTERDON MEDICAL CENTER, FLEMINGTON, HUNTERDON COUNTY, NEW JERSEY HUNTERDON HEALTHCARE PARTNERS A PARTNERSHIP WHICH PROVIDES INTEGRATED HEALTHCARE DELIVERY SYSTEM SERVICES HUNTERDON HEALTHCARE PARTNERS A PARTNERSHIP WHICH PROVIDES INTEGRATED HEALTHCARE DELIVERY SYSTEM SERVICES</p>

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, QUESTION 7	NOT APPLICABLE
FACILITY REPORTING GROUP(S)	SCHEDULE H, PART VI, QUESTION 8	NOT APPLICABLE THE HOSPITAL HAS ONLY ONE HOSPITAL FACILITY REFLECTED IN PART V, SECTION A

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 22-1537688  
**Name:** HUNTERDON MEDICAL CENTER

**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility****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?

23

Name and address	Type of Facility (describe)
HUNTERDON H & W CENTER AT CLINTON 1738 ROUTE 31 NORTH CLINTON, NJ 08809	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
WESCOTT MEDICAL ARTS BUILDING 9100 WESCOTT DRIVE FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
SANDHILL MEDICAL OFFICE BUILDING 6 SAND HILL ROAD FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON WOMEN'S IMAGING CENTER 121 ROUTE 31 SOUTH FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HMC HOME HEALTH SERVICES 315 ROUTE 31 FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HMC MOBILE INTENSIVE CARE SERVICES 130 BELVIDERE ROAD PHILIPSBURG, NJ 08865	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON DOCTORS OFFICE BUILDING 1100 WESCOTT DRIVE FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
SSB BUILDING 1 WESCOTT DRIVE FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HMC PAVILION 190 HIGHWAY 31 SUITE 100 FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
DEL VAL FAMILY HEALTH CENTER 200 FRENCHTOWN ROAD MILFORD, NJ 08848	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON H & W CENTER - WHITEHOUSE 537 ROUTE 22 EAST WHITEHOUSE STATION, NJ 08889	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
PHILLIPS BARBER FAMILY HEALTH CENTER 73 ALEXANDER AVENUE LAMBERTVILLE, NJ 08530	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HMC AT WASHINGTON 140 BOULEVARD WASHINGTON, NJ 07882	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
MOBILE INTENS CARE SVCS at GLEN GARDNER 2168 ROUTE 31 GLEN GARDNER, NJ 08826	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON PEDIATRICS ASSOCIATES 8 READING ROAD FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON SPORTS & PHYSICAL THERAPY 222 ROUTE 31 NORTH FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HIGHLANDS FAMILY HEALTH CENTER 61 FRONTAGE ROAD HAMPTON, NJ 08827	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
BRANCBURG FAMILY HEALTH CENTER 2143 SOUTH BRANCH ROAD SOMERVILLE, NJ 08876	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HOPEWELL FAMILY PRACTICE 84 EAST BROAD STREET HOPEWELL, NJ 08525	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HOPEWELL FAMILY PRACTICE 84 ROUTE 31 SUITE 103 PENNINGTON, NJ 08534	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
ASBURYPATTENBURG OFFICE 75 FRONTAGE ROAD ASBURY, NJ 08802	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON BEHAVIORAL HEALTH - SELF HELP 52 EAST MAIN STREET FLEMINGTON, NJ 08822	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC
HUNTERDON HEALTHCARE MED OFFICE-RARITAN 903 STATE HIGHWAY 202 NORTH RARITAN, NJ 08869	PEDIATRICS, PHYSICAL THERAPY, SLEEP CENTER, HEALTH & WELLNESS CENTER, LAB, FHC

**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

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

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

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

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

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

**a** Receive a severance payment or change-of-control payment?

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**c** Participate in, or receive payment from, an equity-based compensation arrangement?  
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

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

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

**a** The organization?

**b** Any related organization?

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

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

**a** The organization?

**b** Any related organization?

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

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

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

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

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

**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
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 1B	THE ORGANIZATION PAID ROTARY CLUB DUES FOR ROBERT P WISE, PRESIDENT/CEO OF THE ORGANIZATION UTILIZATION OF THIS MEMBERSHIP WAS PRIMARILY FOR THE BENEFIT OF HUNTERDON MEDICAL CENTER
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 4B	THE AMOUNTS REFLECTED IN COLUMN B(III) FOR THE FOLLOWING INDIVIDUALS INCLUDES PARTICIPATION IN AN INTERNAL REVENUE CODE SECTION 457(F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) THE AMOUNTS OUTLINED HEREIN WERE INCLUDED IN EACH INDIVIDUAL'S 2012 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES ROBERT P WISE, \$1,120,983, DANIEL J DEETS, \$75,551, LAWRENCE N GRAND, \$32,024, DEBORAH L HOSKINS, \$33,192, GLEN A MAMARY, \$36,779, GEORGE ROKSVAAG, M D, \$24,619, NEIL HUDES, \$20,039, PATRICIA STEINGALL, \$23,032, DONALD R PINNER, \$15,250 AND VIOLET T KOCSIS, \$15,469 THE DEFERRED COMPENSATION AMOUNT IN COLUMN C FOR THE FOLLOWING INDIVIDUALS INCLUDES UNVESTED BENEFITS IN AN INTERNAL REVENUE CODE SECTION 457(F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) WHICH ARE SUBJECT TO A SUBSTANTIAL RISK OF COMPLETE FORFEITURE ACCORDINGLY, THE INDIVIDUALS MAY NEVER ACTUALLY RECEIVE THIS UNVESTED BENEFIT AMOUNT THE AMOUNTS OUTLINED HEREIN WERE NOT INCLUDED IN EACH INDIVIDUAL'S 2012 FORM W-2, AS TAXABLE WAGES ROBERT P WISE, \$73,281, DANIEL J DEETS, \$24,413, LAWRENCE N GRAND, \$39,790, DEBORAH L HOSKINS, \$18,187, GLEN A MAMARY, \$20,789, GEORGE ROKSVAAG, M D, \$25,702, NEIL HUDES, \$20,695, PATRICIA STEINGALL, \$25,937, ROBERT COATES, M D \$29,812, DONALD R PINNER, \$16,161, VIOLET T KOCSIS, \$18,850, CHRISTOPHER E SICKELS, \$14,647 AND DEBRA PORCELLI, \$16,302
COMPENSATION INFORMATION	SCHEDULE J, PART I, QUESTION 7	CERTAIN INDIVIDUALS INCLUDED IN SCHEDULE J, PART II RECEIVED A BONUS DURING CALENDAR YEAR 2012 WHICH AMOUNTS WERE INCLUDED IN COLUMN B(II) HEREIN AND IN EACH INDIVIDUAL'S 2012 FORM W-2, BOX 5, AS TAXABLE MEDICARE WAGES PLEASE REFER TO THIS SECTION OF THE FORM 990, SCHEDULE J FOR THIS INFORMATION BY PERSON BY AMOUNT
COMPENSATION INFORMATION	SCHEDULE J, PART II, COLUMN F	THE AMOUNT REPORTED IN SCHEDULE J, PART II, COLUMN F FOR THE FOLLOWING INDIVIDUALS INCLUDE VESTED BENEFITS IN AN INTERNAL REVENUE CODE SECTION 457(F) PLAN (NON-QUALIFIED DEFERRED COMPENSATION PLAN) BECAUSE THE AMOUNTS WERE NO LONGER SUBJECT TO A substantial RISK OF COMPLETE FORFEITURE THESE AMOUNTS WERE REPORTED IN SCHEDULE J, PART II, COLUMN C AS RETIREMENT AND OTHER DEFERRED COMPENSATION ON PRIOR YEAR'S FORMS 990 THESE AMOUNTS WERE TREATED AS TAXABLE INCOME AND REPORTED ON EACH INDIVIDUAL'S 2012 FORM W-2, BOX 5 AS TAXABLE MEDICARE WAGES ROBERT P WISE, \$1,120,983, DANIEL J DEETS, \$75,551, LAWRENCE N GRAND, \$32,024, DEBORAH L HOSKINS, \$33,192, GLEN A MAMARY, \$36,779, GEORGE ROKSVAAG, M D, \$24,619, NEIL HUDES, \$20,039, PATRICIA STEINGALL, \$23,032, DONALD R PINNER, \$15,250 AND VIOLET T KOCSIS, \$15,469

**Software ID:**  
**Software Version:**  
**EIN:** 22-1537688  
**Name:** HUNTERDON MEDICAL 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				
ANTHONY GRANATO MD	(i)	0	0	435,302	0	0	435,302	0
	(ii)	0	0	0	0	0	0	0
ROBERT P WISE	(i)	515,834	198,282	1,167,507	132,482	112,743	2,126,848	1,120,983
	(ii)	0	0	0	0	0	0	0
DANIEL J DEETS	(i)	210,667	80,190	93,409	74,961	13,457	472,684	75,551
	(ii)	0	0	0	0	0	0	0
LAWRENCE N GRAND	(i)	260,436	70,725	58,265	98,991	2,412	490,829	32,024
	(ii)	0	0	0	0	0	0	0
DEBORAH L HOSKINS	(i)	206,715	36,785	34,020	69,888	18,822	366,230	33,192
	(ii)	0	0	0	0	0	0	0
GLEN A MAMARY	(i)	205,723	29,755	40,938	79,990	32,679	389,085	36,779
	(ii)	0	0	0	0	0	0	0
GEORGE ROKSVAAG MD	(i)	325,985	91,066	32,924	84,903	4,295	539,173	24,619
	(ii)	0	0	0	0	0	0	0
NEIL HUDES	(i)	210,811	58,339	30,657	79,396	29,461	408,664	20,039
	(ii)	0	0	0	0	0	0	0
PATRICIA STEINGALL	(i)	182,075	78,291	29,525	75,638	17,241	382,770	23,032
	(ii)	0	0	0	0	0	0	0
ROBERT COATES MD	(i)	221,104	40,759	27,807	88,513	32,019	410,202	
	(ii)	0	0	0	0	0	0	0
DONALD R PINNER	(i)	185,560	51,522	21,831	72,941	10,848	342,702	15,250
	(ii)	0	0	0	0	0	0	0
VIOLET T KOCSIS	(i)	189,638	34,002	16,218	54,062	30,598	324,518	15,469
	(ii)	0	0	0	0	0	0	0
CHRISTOPHER E SICKELS	(i)	162,617	11,151	1,270	21,113	618	196,769	0
	(ii)	0	0	0	0	0	0	0
DEBRA PORCELLI	(i)	148,478	6,900	300	23,031	22,218	200,927	0
	(ii)	0	0	0	0	0	0	0
DARLENE L MITCHELL	(i)	169,879	23,086	250	28,365	11,763	233,343	0
	(ii)	0	0	0	0	0	0	0
KEITH T GOLDSTEIN MD	(i)	606,045	374,647	17,000	20,000	27,665	1,045,357	0
	(ii)	0	0	0	0	0	0	0
JEFFREY D HARTFORD MD	(i)	697,424	14,875	0	0	32,868	745,167	0
	(ii)	0	0	0	0	0	0	0
MARTIN FIDEL LANSANG MD	(i)	296,942	296,004	17,000	0	30,332	640,278	0
	(ii)	0	0	0	0	0	0	0
DAVID B COHN MD	(i)	337,805	146,131	17,000	22,500	30,210	553,646	0
	(ii)	0	0	0	0	0	0	0
JOSEPH L GUGLIOTTA MD	(i)	364,612	87,169	15,782	0	26,333	493,896	0
	(ii)	0	0	0	0	0	0	0

**Schedule K  
(Form 990)**

OMB No 1545-0047

**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.**

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
HUNTERDON MEDICAL CENTER

Employer identification number

22-1537688

**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
<b>A</b>	NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FZG1	12-01-2009	12,765,000	REPAY 1990 BOND SERIES & PURCHASE		X		X		X
<b>B</b>	NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FLL5	12-12-2006	17,915,132	CONSTRUCTION OF CLINTON CAMPUS		X		X		X
<b>C</b>	NJ HEALTH CARE FACILITIES FINANCING AUTHORITY	22-1987084	64579FHC0	01-05-2006	23,002,609	IS EQUIPMENT & CONST PARKING GAR		X		X		X

**Part II Proceeds**

		A		B		C		D	
<b>1</b>	Amount of bonds retired	0		0		0			
<b>2</b>	Amount of bonds legally defeased	0		0		0			
<b>3</b>	Total proceeds of issue	12,765,000		17,915,132		23,002,609			
<b>4</b>	Gross proceeds in reserve funds	0		1,183,889		2,059,849			
<b>5</b>	Capitalized interest from proceeds	0		982,960		479,866			
<b>6</b>	Proceeds in refunding escrows	8,041,504		0		0			
<b>7</b>	Issuance costs from proceeds	300,162		414,074		562,217			
<b>8</b>	Credit enhancement from proceeds	0		0		0			
<b>9</b>	Working capital expenditures from proceeds	0		0		0			
<b>10</b>	Capital expenditures from proceeds	4,988,388		18,629,117		20,003,097			
<b>11</b>	Other spent proceeds	565,055		3,294,908		102,421			
<b>12</b>	Other unspent proceeds	0		0		0			
<b>13</b>	Year of substantial completion	2011		2008		2007			
		Yes	No	Yes	No	Yes	No	Yes	No
<b>14</b>	Were the bonds issued as part of a current refunding issue?	X			X		X		
<b>15</b>	Were the bonds issued as part of an advance refunding issue?		X		X		X		
<b>16</b>	Has the final allocation of proceeds been made?	X		X		X			
<b>17</b>	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

**Part III Private Business Use**

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

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
<b>b</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?								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
<b>d</b> 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?								
<b>4</b> 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		0%		0%		0%		%
<b>5</b> 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		%		%		%		%
<b>6</b> Total of lines 4 and 5		%		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test?	X		X		X			
<b>8a</b> 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		X		X		
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		
<b>9</b> 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		X		X		

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T?		X	X		X			
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet?	X							
<b>b</b> Exception to rebate?								
<b>c</b> No rebate due?								
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
<b>3</b> Is the bond issue a variable rate issue?	X			X		X		
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		
<b>b</b> Name of provider	0		0		0			
<b>c</b> Term of hedge								
<b>d</b> Was the hedge superintegrated?								
<b>e</b> Was a hedge terminated?								

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
<b>b</b> Name of provider	0		0		0			
<b>c</b> Term of GIC								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
<b>6</b> Were any gross proceeds invested beyond an available temporary period?		X	X		X			
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148?		X		X		X		

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> 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		X		X		

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

Identifier	Return Reference	Explanation
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Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b. Attach to Form 990 or Form 990-EZ. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization HUNTERDON MEDICAL CENTER

Employer identification number 22-1537688

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 \$
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization \$

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No)

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) MERCK SHARP DOHME CORPORATION	TRUSTEE - OFFICER OF CO	338,456	PURCHASE MEDICAL SUPPLIES		No
(2) REBECCA WISE	TRUSTEE - FAMILY MEMBER	24,446	EMPLOYEE		No

**Part V Supplemental Information**

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV	ELLEN LOCKER AND ROBERT J CODY, M D ARE BOTH TRUSTEES OF THE ORGANIZATION MS LOCKER AND DR CODY ARE BOTH KEY EMPLOYEES OF MERCK, SHARP AND DOHME CORPORATION, A PUBLICLY TRADED PHARMACEUTICAL COMPANY THE ORGANIZATION UTILIZED THE SERVICES AND GOODS OF MERCK, SHARP AND DOHME CORPORATION, DURING 2012 TOTAL FEES PAID TO MERCK, SHARP AND DOHME CORPORATION WERE \$338,456 SERVICES WERE RENDERED AND SUPPLIES FURNISHED AT FAIR MARKET VALUE RATES PURSUANT TO ARM'S LENGTH NEGOTIATIONS

**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.**

**2012**

**Open to Public  
Inspection**

Name of the organization  
HUNTERDON MEDICAL CENTER

**Employer identification number**

22-1537688

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>HUNTERDON MEDICAL CENTER ("HMC") IS A GENERAL ACUTE CARE TEACHING HOSPITAL. HMC PROVIDES A FULL RANGE OF PREVENTIVE, DIAGNOSTIC, AND THERAPEUTIC INPATIENT AND OUTPATIENT HOSPITAL &amp; COMMUNITY SERVICES. HMC IS RECOGNIZED BY THE IRS AS AN INTERNAL REVENUE CODE SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION. PURSUANT TO ITS CHARITABLE PURPOSES, HMC PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN OR ABILITY TO PAY. MOREOVER, HMC OPERATES CONSISTENTLY WITH THE FOLLOWING CRITERIA OUTLINED IN IRS REVENUE RULING 69-545: 1. HMC PROVIDES MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY, INCLUDING CHARITY CARE, SELF-PAY, MEDICARE AND MEDICAID PATIENTS; 2. HMC OPERATES AN ACTIVE EMERGENCY ROOM FOR ALL PERSONS, WHICH IS OPEN 24 HOURS A DAY, 7 DAYS A WEEK, 365 DAYS PER YEAR; 3. HMC MAINTAINS A CLOSED MEDICAL STAFF, WITH PRIVILEGES AVAILABLE BASED ON COMMUNITY NEED; 4. CONTROL OF HMC RESTS WITH ITS BOARD OF TRUSTEES AND THE BOARD OF TRUSTEES OF HUNTERDON HEALTHCARE SYSTEM, INC. BOTH BOARDS ARE COMPRISED OF INDEPENDENT CIVIC LEADERS AND OTHER PROMINENT MEMBERS OF THE COMMUNITY; 5. SURPLUS FUNDS ARE USED TO IMPROVE THE QUALITY OF PATIENT CARE, EXPAND AND RENOVATE FACILITIES AND ADVANCE MEDICAL CARE, PROGRAMS AND ACTIVITIES. THE OPERATIONS OF HMC, AS SHOWN THROUGH THE FACTORS OUTLINED ABOVE AND OTHER INFORMATION CONTAINED HEREIN, CLEARLY DEMONSTRATE THE HOSPITAL PROVIDES SUBSTANTIAL COMMUNITY BENEFIT AND THAT THE USE AND CONTROL OF HMC IS FOR THE BENEFIT OF THE PUBLIC AND THAT NO PART OF THE INCOME OR NET EARNINGS OF THE ORGANIZATION INURES TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL NOR IS ANY PRIVATE INTEREST BEING SERVED OTHER THAN INCIDENTALLY. HMC'S SOLE CORPORATE MEMBER IS HUNTERDON HEALTHCARE SYSTEM, INC. ("HHS"). HHS IS THE TAX-EXEMPT PARENT OF HUNTERDON MEDICAL CENTER. THIS TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM CONSISTS OF A GROUP OF AFFILIATED HEALTHCARE ORGANIZATIONS. THE SOLE MEMBER OR STOCKHOLDER OF EACH ENTITY IS EITHER HHS OR ANOTHER SYSTEM AFFILIATE CONTROLLED BY HHS. MISSION: HUNTERDON MEDICAL CENTER STRIVES TO PROVIDE TO THE MAXIMUM EXTENT POSSIBLE COMPREHENSIVE QUALITY HEALTHCARE SERVICES WHICH ARE REQUIRED BY THE PEOPLE OF HUNTERDON COUNTY AND SURROUNDING AREAS AND APPROPRIATE TO THE MEDICAL CENTER ORGANIZATION. HMC WILL ASSUME AN APPROPRIATE ROLE IN THE EDUCATION OF PHYSICIANS AND OTHER HEALTHCARE PROFESSIONALS. CARE AND TREATMENT WILL BE EQUALLY ACCESSIBLE TO ALL PERSONS. VISION: HUNTERDON HEALTHCARE SYSTEM IS RECOGNIZED AS A NATIONAL MODEL FOR PROVIDING COMMUNITY FOCUSED HEALTHCARE THAT IS PATIENT-CENTERED AND DRIVEN BY A PASSION FOR CLINICAL EXCELLENCE. HUNTERDON MEDICAL CENTER: HUNTERDON MEDICAL CENTER WAS CREATED IN 1953 WITH THE VISION OF AN INTEGRATED HEALTHCARE DELIVERY SYSTEM IN MIND. NAMELY, THAT PRIMARY CARE WOULD BE DELIVERED BY FAMILY PHYSICIANS IN THE COMMUNITY, THAT CONSULTATIVE AND SPECIALTY CARE WOULD BE HOSPITAL-BASED WITH PATIENTS RETURNED TO THEIR PERSONAL PHYSICIANS AND FINALLY, THAT THE HOSPITAL WOULD BE A TRAINING CENTER FOR FAMILY PHYSICIANS. THIS SYSTEM HAS WORKED REMARKABLY WELL WITH HUNTERDON MEDICAL CENTER CURRENTLY ENJOYING ONE OF THE BEST QUALITY CARE OUTCOMES IN THE COUNTRY, AS WELL AS HAVING ONE OF THE LOWEST PER CAPITA COSTS FOR HOSPITALIZATION IN THE NATION. FAMILY MEDICINE IS REAL IN HUNTERDON COUNTY. THE CENTERPIECE OF THE HUNTERDON HEALTHCARE SYSTEM IS HUNTERDON MEDICAL CENTER. THE MEDICAL CENTER HAS 178 BEDS, INCLUDING ADVANCED MEDICAL AND SURGICAL UNITS, A 12-BED INTENSIVE CARE/CORONARY CARE UNIT, A 20-BED SAME DAY SURGERY CENTER, A 20-BED MATERNITY AND NEWBORN CARE CENTER WHICH WAS ONE OF THE FIRST SINGLE-ROOM MATERNITY CENTERS IN NEW JERSEY, A 10-BED PEDIATRIC UNIT AND A 14-BED BEHAVIORAL HEALTH WING. HUNTERDON LED THE NATION BY IMPLEMENTING THE FIRST, YEAR-ROUND NIGHT FLOAT SYSTEM FOR FAMILY MEDICINE RESIDENCY PROGRAMS. THIS SYSTEM ALLEVIATES RESIDENT FATIGUE AND ELIMINATES THE EXHAUSTION WHICH CAN BE DETRIMENTAL TO RESIDENTS, THEIR FAMILIES AND PATIENT CARE. THIS HAS BECOME THE NATIONAL NORM FOR RESIDENCY SCHEDULING WITH THE IMPLEMENTATION OF NEW WORK HOUR REGULATIONS. SENIOR RESIDENTS COVER THE HOSPITAL FROM 7:00 PM TO 7:00 AM IN A DESIGNED NIGHT FLOAT ROTATION. THEY THEN HAVE A 12 HOUR DUTY FREE PERIOD TO REST AND REJUVENATE IN THE COMFORT OF THEIR OWN HOMES. FIRST YEAR RESIDENTS ALSO WORK A 12 HOUR SHIFT FROM 7 PM TO 7AM IN A SIMILAR ROTATION. THEY FUNCTION TO HELP WITH ADMISSIONS IN CONJUNCTION WITH THE SENIOR RESIDENTS AND THE NOCTURNIST FROM 7PM TO 10 PM. THUS ALLOWING THEM TO GET SUPERVISED INSTRUCTION IN THIS IMPORTANT SKILLS SET. FROM 10 PM TO 7AM THE FIRST YEAR RESIDENT WORKS IN AN EMERGENCY DEPARTMENT ROTATION UNDER THE SUPERVISION OF A BOARD CERTIFIED EMERGENCY MEDICINE PHYSICIAN WHERE THEY LEARN IMPORTANT TRIAGE AND TREATMENT SKILLS IN THIS SETTING. FIRST YEAR RESIDENT</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>S ARE IN A TRUE CALL SITUATION ONLY TO COVER WEEKEND SHIFTS WITH SENIOR RESIDENT SUPERVISI ON SECOND AND THIRD YEAR RESIDENTS AVERAGE CALL ONE NIGHT IN SIX THIS GUARANTEES AN ADEQU ATE VOLUME AND EXPERIENCE TO DEVELOP MASTERY IN COMMON PROBLEM MANAGEMENT THIRD YEAR RESI DENTS ALSO COVER OUTPATIENT CALL FOR THE FAMILY HEALTH CENTERS ON AVERAGE ONE NIGHT IN SIX THE COMBINATION OF NIGHT FLOAT AND THE APPROPRIATE FREQUENCY OF NIGHT CALL COMBINE TO CR EATE THE BEST POSSIBLE CALL SCHEDULE RADIOLOGY AND LAB SERVICES ARE STATE-OF-THE-ART MOS T OF THE MEMBERS OF THE SPECIALTY MEDICAL STAFF HAVE OFFICES IN THE HUNTERDON DOCTORS' OFF ICE BUILDING ADJACENT TO THE MEDICAL CENTER OR WITHIN CLOSE VICINITY TO THE HOSPITAL HUNTE RDON MEDICAL CENTER HAS ACHIEVED WIDESPREAD RECOGNITION FOR ITS ROLE AS A PROVIDER OF COMMUNITY HEALTH SERVICES BEYOND THOSE NORMALLY ASSOCIATED WITH A HOSPITAL PATIENT AND COMMUNITY HEALTH EDUCATION PROGRAMS, PUBLIC HEALTH SCREENING AND DETECTION SERVICES, A CERTIFIED HOME HEALTH AGENCY, BEHAVIORAL HEALTH SERVICES, AND END OF LIFE SERVICES COMPLEMENT THE M EDICAL CENTER'S COMPREHENSIVE IN-HOSPITAL SERVICES ON THE GROUNDS OF THE MEDICAL CENTER IS A CHILD CARE FACILITY AVAILABLE TO CHILDREN OF EMPLOYEES AND STAFF AS WELL AS TO OTHER MEMBERS OF THE COMMUNITY GERIATRICS IS ONE OF ITS MAJOR INITIATIVES OF THE HUNTERDON MEDIC AL CENTER, WITH A FULL TIME DIRECTOR AND COMPREHENSIVE HOSPITAL AND AMBULATORY SERVICES FOUR OF OUR FACULTY PHYSICIANS HOLD THE CERTIFICATE OF ADDED QUALIFICATIONS IN GERIATRICS A ND ALL HAVE COMPLETED A FELLOWSHIP HUNTERDON MEDICAL CENTER HAS RECEIVED ACCREDITATION AN D NATIONAL RECOGNITION THAT VERIFIES OUR POSITION AS A LEADING PROVIDER OF QUALITY HEALTHC ARE THE ADMINISTRATION AND STAFF OF HUNTERDON MEDICAL CENTER IS EXTREMELY PROUD OF THE MA NY AWARDS THE COMMUNITY HOSPITAL HAS EARNED EACH ONE IS RECOGNITION THAT HUNTERDON MEDICA L CENTER RANKS WITHIN THE TOP 10% OF NATIONAL AND NEW JERSEY HOSPITALS IN MANY PERFORMANCE INDICATORS FOR QUALITY HEALTHCARE HUNTERDON MEDICAL CENTER HAS ACHIEVED NUMEROUS AWARDS INCLUDING MAGNET RE-DESIGNATION - THE MAGNET RECOGNITION PROGRAM RECOGNIZES HEALTHCARE OR GANIZATIONS THAT PROVIDE NURSING EXCELLENCE RECOGNIZING QUALITY PATIENT CARE, NURSING EXC ELLENCE AND INNOVATIONS IN PROFESSIONAL NURSING PRACTICE, THE MAGNET RECOGNITION PROGRAM P ROVIDES CONSUMERS WITH THE ULTIMATE BENCHMARK TO MEASURE THE QUALITY OF CARE THAT THEY CAN EXPECT TO RECEIVE THE PROGRAM IS ADMINISTERED BY THE AMERICAN NURSES CREDENTIALING CENTE R BEING A MAGNET™ ORGANIZATION HELPS DISTINGUISH HUNTERDON MEDICAL CENTER AS AN ORGANIZA TION MARKED BY QUALITY INPATIENT CARE 100 MOST WIRED HOSPITALS &amp; HEALTH NETWORKS TWELVE O UT OF THE LAST FOURTEEN YEARS BEING A "MOST WIRED" HOSPITAL CONFIRMS THAT AN ORGANIZATION USES INFORMATION TECHNOLOGY TO BENEFIT ITS QUALITY, CUSTOMER SERVICE, PUBLIC HEALTH AND S AFETY, BUSINESS PROCESSES AND WORKFORCE BECAUSE OUR MEDICAL RECORDS ARE LINKED ELECTRONIC ALLY, PATIENTS CAN BE CONFIDENT THAT, WITH CONSENT, ANY PHYSICIAN WHO NEEDS TO ACCESS PATI ENT RECORDS CAN DO SO THROUGHOUT THE HUNTERDON HEALTHCARE SYSTEM NEW JERSEY TOP DOCTORS - HUNTERDON MEDICAL CENTER WAS RECENTLY NAMED BY HOSPITALS AND HEALTH NETWORKS MAGAZINE AS ONE OF THE "100 MOST WIRED HOSPITALS AND HEALTH SYSTEMS" IN AMERICA BEING A "MOST WIRED" HOSPITAL CONFIRMS THAT AN ORGANIZATION USES INFORMATION TECHNOLOGY TO BENEFIT ITS QUALITY, CUSTOMER SERVICE, PUBLIC HEALTH AND SAFETY, BUSINESS PROCESSES AND WORKFORCE BECAUSE OUR MEDICAL RECORDS ARE LINKED ELECTRONICALLY, PATIENTS CAN BE CONFIDENT THAT, WITH CONSENT, ANY PHYSICIAN WHO NEEDS TO ACCESS PATIENT RECORDS CAN DO SO THROUGHOUT THE HUNTERDON HEALT HCARE SYSTEM</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>NICHE DESIGNATION - NURSES IMPROVING CARE TO HEALTH SYSTEM ELDERLY (NICHE) IS A NATIONAL GERIATRIC NURSING PROGRAM. THE PROGRAM'S VISION IS FOR ALL PATIENTS 65 AND OVER TO BE GIVEN SENSITIVE AND EXEMPLARY CARE. THE MISSION OF NICHE IS TO RAISE AWARENESS OF PRINCIPLES AND TOOLS THAT CAN ACHIEVE PATIENT-CENTERED CARE FOR OLDER ADULTS.</p> <p>ACCREDITATION BY THE JOINT COMMISSION FOR THE ACCREDITATION OF HEALTHCARE ORGANIZATIONS - THE JOINT COMMISSION FOR THE ACCREDITATION OF HEALTHCARE ORGANIZATIONS SETS THE STANDARDS BY WHICH HEALTHCARE QUALITY IS MEASURED IN AMERICA AND AROUND THE WORLD. IT IS AN INDEPENDENT, NOT-FOR-PROFIT ORGANIZATION THAT ACCREDITS AND CERTIFIES OVER 17,000 HEALTHCARE ORGANIZATIONS AND PROGRAMS. TO MAINTAIN AND EARN ACCREDITATION, ORGANIZATIONS MUST HAVE AN EXTENSIVE ON-SITE REVIEW BY A TEAM OF TJC HEALTHCARE PROFESSIONALS, AT LEAST ONCE EVERY THREE YEARS.</p> <p>AWARDED LEAPFROG HOSPITAL RECOGNITION PROGRAM™ FOR EXCELLENCE IN QUALITY AND SAFETY - THE LEAPFROG HOSPITAL RECOGNITION PROGRAM™ (LHRP) RECOGNIZED HOSPITALS FOR EXCELLENCE IN SEVERAL CLINICAL FOCUS AREAS. THE 2012 REPORTS CONTAIN DATA FROM 1,121 GENERAL HOSPITALS IN 47 STATES. HUNTERDON MEDICAL CENTER SCORED ONE OF THE BEST IN QUALITY AND SAFETY IN THE TOP THIRD DECILE IN THE COUNTRY. IN JUNE AND NOVEMBER 2012, HUNTERDON WAS AWARDED A GRADE A FOR HOSPITAL SAFETY WEBSITE TRANSPARENCY EXCELLENCE AWARD WITH HONORS - URAC ANNOUNCED TODAY THE RECIPIENTS OF THE 2012 ACKNOWLEDGEMENT OF EXCELLENCE IN HOSPITAL WEBSITE TRANSPARENCY, PRESENTED IN CONJUNCTION WITH THE LEAPFROG GROUP. THE ACKNOWLEDGEMENT COMES AS PART OF AN OVERALL EXCELLENCE IN HOSPITAL WEBSITE TRANSPARENCY AWARDS PROGRAM, WHICH IDENTIFIES OUTSTANDING HOSPITAL WEBSITES PROMOTING TRANSPARENCY OF SAFETY AND QUALITY MEASURES IN A MANNER THAT IS USEFUL AND USER-FRIENDLY FOR CONSUMERS. ALL HOSPITALS WHO PUBLICALLY REPORT THEIR LEAPFROG HOSPITAL SURVEY RESULTS WERE ELIGIBLE. "THESE AWARDS ARE A UNIQUE CELEBRATION OF HOSPITALS THAT SHOW INITIATIVE IN PROTECTING CONSUMERS THROUGH TRANSPARENCY AND QUALITY REPORTING. IT IS ENCOURAGING TO SEE SO MANY HOSPITALS THAT HAVE IMPLEMENTED LEADING INITIATIVES IN AN EFFORT TO MAKE A DIFFERENCE IN THE LIVES OF THE CONSUMERS THEY SERVE," SAID JOHN D. JONES, URAC CHAIRMAN OF THE BOARD. THE ACKNOWLEDGEMENT OF EXCELLENCE IN HOSPITAL WEBSITE TRANSPARENCY IS AN EVALUATION OF A HOSPITAL'S OVERALL WEBSITE TRANSPARENCY INCLUDING ELEMENTS RELATED TO DESIGN, CREDIBILITY, LITERACY AND CONNECTIVITY. THIS ACKNOWLEDGEMENT IS BASED ON A SET OF OBJECTIVE CRITERIA ESTABLISHED IN ACCORDANCE WITH THE NATIONAL QUALITY FORUM'S GUIDELINES FOR CONSUMER-FOCUSED, INTERNET-BASED PUBLIC REPORTING OF HEALTH PERFORMANCE DATA AS WELL AS THE MODEL PUBLIC REPORT ELEMENTS PREPARED FOR THE AGENCY FOR HEALTHCARE RESEARCH AND QUALITY (AHRQ) AND OTHER RESEARCH-BASED CRITERIA. ALL HOSPITALS APPLYING AND QUALIFYING FOR THE ACKNOWLEDGEMENT WERE ELIGIBLE TO APPLY FOR THE BEST PRACTICES IN HOSPITAL WEBSITE TRANSPARENCY AWARD. WINNERS OF THIS AWARD WILL BE ANNOUNCED AT A LATER DATE. SEVEN HOSPITALS RECEIVED THE 2012 ACKNOWLEDGEMENT OF EXCELLENCE IN HOSPITAL WEBSITE TRANSPARENCY, WITH TWO OF THOSE HOSPITALS ALSO RECEIVING A DISTINCTION WITH HONORS FOR THEIR OUTSTANDING WORK IN HOSPITAL WEBSITE TRANSPARENCY.</p> <p>CLINICAL SERVICE LINES ===== HEART AND VASCULAR CARE -----</p> <p>HEART AND VASCULAR CARE AT HUNTERDON MEDICAL CENTER COMBINES A KNOWLEDGEABLE STAFF OF PHYSICIANS AND SPECIALISTS WITH STATE-OF-THE-ART TECHNOLOGY TO BRING THE PATIENT THE BEST CARDIOVASCULAR CARE IN HUNTERDON AND ITS SURROUNDING COUNTIES. OUR SUPERIOR STAFF AND TECHNOLOGICAL SUPPORT ENABLES US TO DIAGNOSE HEART AND VASCULAR DISEASE AND PERFORM INTERVENTIONAL PROCEDURES ON PATIENTS SUSPECTED OF HEART AND/OR VASCULAR DISEASE.</p> <p>CANCER CARE -----</p> <p>HUNTERDON REGIONAL CANCER CENTER IS ACCREDITED BY THE AMERICAN COLLEGE OF SURGEONS' COMMISSION ON CANCER AS A COMMUNITY HOSPITAL CANCER PROGRAM. THE COMMISSION HAS RECOGNIZED THE CANCER PROGRAM AT HUNTERDON MEDICAL CENTER AS OFFERING HIGH QUALITY CANCER CARE. ONLY ONE IN FOUR HOSPITALS THAT TREAT CANCER RECEIVES THIS SPECIAL APPROVAL. THE RECOGNITION OF THIS QUALITY AND COMMITMENT ALLOWS THE PATIENT ACCESS TO THE EXPERT MEDICAL SPECIALISTS WHO ARE INVOLVED IN DIAGNOSING AND TREATING CANCER. APPROVAL BY THE COMMISSION IS GIVEN ONLY TO THOSE FACILITIES THAT HAVE VOLUNTARILY COMMITTED TO PROVIDE THE BEST IN DIAGNOSIS AND TREATMENT OF CANCER. TO MEET THE STANDARDS NECESSARY FOR COMMISSION APPROVAL, EACH CANCER PROGRAM, AND THE ORGANIZATION THAT CONTROLS IT, MUST UNDERGO A RIGOROUS EVALUATION PROCESS AND A REVIEW OF ITS PERFORMANCE. IN ORDER TO MAINTAIN APPROVAL, FACILITIES WITH APPROVED CANCER PROGRAMS MUST UNDERGO AN ON-SITE REVIEW EVERY THREE YEARS. RECEIVING CARE AT AN APPROVED CANCER PROGRAM ENSURES THAT THE PATIENT WILL RECEIVE - QUALITY CARE CLOSE TO HOME - COMPREHENSIVE CARE OFFERING A RANGE OF STATE-OF-THE-ART SERVICES AND EQUIPMENT - A MULTIDISCIPLINARY TEAM.</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>AM APPROACH TO COORDINATE THE BEST TREATMENT OPTIONS AVAILABLE - ACCESS TO CANCER-RELATED INFORMATION, EDUCATION, AND SUPPORT - A CANCER REGISTRY THAT COLLECTS DATA ON TYPE AND STAGE OF CANCERS AND TREATMENT RESULTS, AND OFFERS LIFELONG PATIENT FOLLOW-UP - ONGOING MONITORING AND IMPROVEMENT OF CARE - INFORMATION ABOUT ONGOING CANCER CLINICAL RESEARCH STUDIES AND NEW TREATMENT OPTIONS SURGICAL CARE --</p> <p>----- HUNTERDON MEDICAL CENTER PROVIDES THE PATIENT ACCESS TO THE MOST ADVANCED TECHNOLOGY, EXPERT SURGEONS AND PERSONALIZED PATIENT CARE IN A COMFORTING ENVIRONMENT SKILLED PROFESSIONAL STAFF WORK AS A TEAM WITH THE PHYSICIAN TO INDIVIDUALIZE PATIENT CARE AND RECOVERY WITH THE GOAL TO IMPROVE BODILY FUNCTION AND RETURN THE PATIENT TO DAILY ACTIVITIES AS SAFELY AND QUICKLY AS POSSIBLE HUNTERDON MEDICAL CENTER'S SURGERY DEPARTMENT PERFORMS SLIGHTLY MORE THAN 5,000 SURGERIES PER YEAR TYPES OF SURGERY INCLUDE, AMONG OTHERS - ABDOMINAL SURGERY - APPENDECTOMY - ARTHROSCOPY - BARIATRIC SURGERY - BREAST SURGERY - CATARACT SURGERY - DILATION &amp; CURETTAGE (D&amp;C) - GALLBLADDER SURGERY - HERNIA SURGERY - HYSTERECTOMY - LAMINECTOMY - NEUROSURGERY - PLASTIC SURGERY - SPINE SURGERY - TOTAL JOINT REPLACEMENT SURGERY - VASCULAR SURGERY - UROLOGIC SURGERY THE CENTER FOR BONE AND JOINT HEALTH OFFERS A COMPREHENSIVE APPROACH THAT REVOLVES AROUND HEALTH AND WELLNESS THE CENTER OFFERS PREVENTIVE THERAPIES, NUTRITION COUNSELING AND A FULL SPECTRUM OF NON-INVASIVE TREATMENTS THAT MAY COMPLETELY ELIMINATE THE NEED FOR SURGICAL OPTIONS BUT IF SURGERY IS ULTIMATELY NEEDED, THE CENTER'S WELLNESS APPROACH GETS YOU BACK TO A NORMAL QUALITY OF LIFE WEEKS SOONER THAN WITH TRADITIONAL OPTIONS THE CIRCLE OF CARE REFERS TO THE COORDINATED, COMPREHENSIVE SERVICES THAT THE CENTER FOR BONE AND JOINT HEALTH OFFERS TO PATIENTS THE PROGRAM COORDINATOR CAN GUIDE PATIENTS THROUGH ALL OF THEIR OPTIONS AND HELP COORDINATE THESE SERVICES NEUROSCIENCES ----- THE NEUROSCIENCES CLINICAL SERVICE LINE'S MAIN FOCUS IS TO EVALUATE AND STAGE STRATEGIC INITIATIVES RELATED TO STROKE CARE, SLEEP MEDICINE, SPINE CARE, NEUROLOGICAL DISORDERS, AND BEHAVIORAL HEALTH THE SERVICE LINE'S STROKE SUBCOMMITTEE HAS FULLY IMPLEMENTED THE PRIMARY STROKE CENTER DESIGNATION, INCLUDING STAFF AND COMMUNITY EDUCATION PROGRAMS A SPINE CARE PROGRAM HAS BEEN DEVELOPED STEPS NEEDED FOR INCEPTION OF A CONCUSSION CARE PROGRAM ARE BEING ADDRESSED THEY WILL CONTINUE TO IDENTIFY PROGRAMS AND SERVICES WHICH ARE MOST IN ALIGNMENT WITH THE SYSTEM'S OVERALL MISSION AND MEET THE NEEDS OF OUR PATIENTS, ADDRESS PATIENT CARE EFFICIENCIES AND ENHANCE THE PATIENT CARE EXPERIENCE PRIMARY CARE ----- AT THE HEART OF THE PRIMARY CARE SERVICE LINE IS THE PATIENT CENTERED MEDICAL HOME WHICH AIMS TO GIVE THE RIGHT CARE IN THE RIGHT PLACE THE FIRST TIME MEDICAL HOME CERTIFICATION IS GRANTED TO PRACTICES THAT GO THROUGH A VOLUNTARY RECOGNITION PROCESS BY A NON-GOVERNMENTAL ENTITY TO DEMONSTRATE THAT THEY HAVE THE CAPABILITIES TO PROVIDE PATIENT CENTERED SERVICES CONSISTENT WITH THE MEDICAL HOME MODEL THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE (NCQA) HAS GRANTED PATIENT CENTERED MEDICAL HOME CERTIFICATION AT THE HIGHEST LEVEL TO CERTAIN HUNTERDON HEALTHCARE PHYSICIAN PRACTICES IN A PATIENT CENTERED MEDICAL HOME CERTIFIED PRACTICE, A TEAM HEADED BY THE PATIENT'S PERSONAL PHYSICIAN DELIVERS CARE THE PERSONAL PHYSICIAN TRACKS AND COORDINATES THE PATIENT'S CARE OVER TIME THE PHYSICIAN AND THE PATIENT CREATE A PARTNERSHIP AND MAKE DECISIONS ABOUT HEALTHCARE TOGETHER QUALITY AND SAFETY DRIVE THE DECISIONS, USING GUIDELINES BASED ON EVIDENCE RATHER THAN TRADITION OF COURSE, THIS MAY MEAN THAT MORE CARE IS NOT ALWAYS BETTER CARE HUNTERDON HEALTHCARE PARTNERS HAS WORKED HARD TO ENSURE THAT EVIDENCE-BASED GUIDELINES ARE USED IN OUR SYSTEM</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>HUNTERDON HEALTHCARE IS COMMITTED TO CARE THAT IS COORDINATED AND INTEGRATED ACROSS ALL ELEMENTS OF THE COMPLEX HEALTHCARE SYSTEM (SUBSPECIALTY CARE, HOSPITALS, HOME HEALTH AGENCIES, NURSING HOMES) AND THE PATIENT'S COMMUNITY (FAMILY, PUBLIC AND PRIVATE COMMUNITY-BASED SERVICES) HUNTERDON HEALTHCARE'S COLLABORATION GUIDELINE AND AGREEMENT AMONG PRIMARY CARE AND SPECIALTY CARE PHYSICIANS IS INTEGRAL TO THIS, RECOGNIZING THE IMPORTANCE OF TRANSITIONS OF CARE IN THE OUTPATIENT SETTING, THE EMERGENCY DEPARTMENT, AND DURING HOSPITALIZATION HUNTERDON HEALTHCARE'S MEDICAL HOME PRACTICES PROVIDE DISTINCTLY DIFFERENT OPTIONS FOR THEIR PATIENTS TO SUPPORT THEIR PERSONAL HEALTH GOALS WE EMPHASIZE SELF-MANAGEMENT SUPPORT THE PATIENT, WITH SUPPORT FROM A TEAM OF PHYSICIAN, NURSES, SOCIAL WORKERS, CARE MANAGERS, DIETITIANS, PHARMACISTS, PHYSICAL AND OCCUPATIONAL THERAPISTS, AND OTHER HEALTHCARE PROFESSIONALS, BECOMES ENGAGED IN HIS HEALTHCARE</p> <p>WOMEN'S &amp; CHILDREN'S SERVICE LINE ----- HUNTERDON HEALTHCARE'S WOMEN'S CIRCLE OF CARE IS A COMPREHENSIVE APPROACH TO WOMEN'S NEEDS WE OFFER RESOURCES RELATED TO A WOMAN'S REPRODUCTIVE, GYNECOLOGICAL AND OVERALL HEALTH, SUPPORT FOR GROWING FAMILIES, PREVENTION AND TREATMENT FOR DISEASES AND CONDITIONS, EMOTIONAL SUPPORT, AND RESOURCES FOR MENOPAUSE AND HEALTHY AGING AS PRIMARY CAREGIVERS, WOMEN OFTEN ASSUME RESPONSIBILITY FOR MAKING HEALTHCARE DECISIONS FOR THEMSELVES AND THEIR FAMILIES HUNTERDON HEALTHCARE OFFERS A FULL RANGE OF HEALTHCARE SERVICES AND EDUCATIONAL PROGRAMS TO SUPPORT WOMEN IN THIS CRITICAL ROLE THE HUNTERDON HEALTHCARE SYSTEM OFFERS SERVICES TO MEET THE NEEDS OF THE GROWING FAMILY FROM A CHILD'S BIRTH THROUGH COLLEGE GRADUATION OFFERINGS INCLUDE WELL VISITS, SICK CARE, SPORTS MEDICINE, BEHAVIORAL HEALTH SERVICES AND EMERGENCY CARE TO MEET ALL OF YOUR CHILD'S GROWING NEEDS THE FULL CIRCLE OF CARE MEANS COMPREHENSIVE, COORDINATED, SEAMLESS SERVICES THAT OFFER THE BEST PATIENT EXPERIENCE POSSIBLE OTHER SERVICES -----</p> <p>BEHAVIORAL HEALTH ----- HUNTERDON BEHAVIORAL HEALTH ("HBH") PROVIDES HIGH-QUALITY, COMPREHENSIVE MENTAL HEALTH AND ADDICTION SERVICES HBH DIAGNOSES, TREATS AND CARES FOR ADOLESCENTS AND ADULTS WITH MENTAL ILLNESS, EMOTIONAL DIFFICULTIES OR ADDICTION EXPERT CLINICAL STAFF IS HIGHLY TRAINED IN TREATING INDIVIDUALS IN NEED OF PSYCHIATRIC AND PSYCHOLOGICAL SUPPORT OR ADDICTION TREATMENT HUNTERDON BEHAVIORAL HEALTH OFFERS - EVALUATION, MEDICATION MONITORING AND THERAPY FOR INDIVIDUALS WITH MENTAL HEALTH ISSUES - COUNSELING FOR FAMILIES IN CRISIS TO HELP PROVIDE A STABLE HOME ENVIRONMENT - SUPPORT FOR ADOLESCENTS AND ADULTS STRUGGLING WITH ALCOHOL OR DRUG ADDICTION - EMPLOYEE ASSISTANCE TO WORK WITH EMPLOYERS TO RESOLVE PERSONAL ISSUES HUNTERDON BEHAVIORAL HEALTH PROVIDES TREATMENT FOR CHILDREN, ADOLESCENTS AND ADULTS WHO EXPERIENCE - MENTAL ILLNESS - DRUG OR ALCOHOL ADDICTION - FAMILY CRISES - DIFFICULTIES IN THEIR WORK OR SCHOOL ENVIRONMENT - DEPRESSION - ANXIETY DISORDERS - ATTENTION DISORDERS - SLEEP DISORDERS - EATING DISORDERS - EMOTIONAL AND BEHAVIORAL ISSUES - PEER PRESSURE</p> <p>CARDIOPULMONARY REHABILITATION &amp; CARDIAC CATHETERIZATION LAB -----</p> <p>- CARDIOPULMONARY REHABILITATION IS A MEDICALLY SUPERVISED PROGRAM OF HEALTH EDUCATION AND PHYSICAL ACTIVITY FOR WOMEN AND MEN OF ANY AGE THEIR MISSION IS TO TREAT THE BODY, MIND, AND SPIRIT OF PEOPLE WITH HEART OR LUNG DISEASE SO THEY MAY LEAD SATISFYING, PRODUCTIVE, AND HEALTHY LIVES THEIR PROFESSIONAL TEAM INCLUDES PHYSICIANS, RESPIRATORY THERAPISTS, REGISTERED NURSES, AND EXERCISE PHYSIOLOGISTS SPECIALLY TRAINED IN EXERCISE THERAPY AND DISEASE MANAGEMENT NATIONAL RECOGNITION BOTH THE CARDIAC AND PULMONARY REHABILITATION PROGRAM ARE NATIONALLY CERTIFIED BY THE AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION THIS CERTIFICATION PROCESS IS DESIGNED TO REVIEW AND MONITOR ADHERENCE TO THE HIGH STANDARDS AND GUIDELINES DEVELOPED BY THE AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION AND OTHER PROFESSIONAL SOCIETIES TO BEST SERVE THE PATIENTS PROGRAMS INCLUDE - PHASE II CARDIAC REHABILITATION - PHASE II PULMONARY REHABILITATION - PHASE III CARDIOPULMONARY REHABILITATION THE CARDIAC CATHETERIZATION LABORATORY OFFERS STATE-OF-THE-ART TECHNOLOGY TO BRING YOU THE BEST CARDIOVASCULAR CARE IN HUNTERDON COUNTY AND ITS SURROUNDING COUNTIES SUPERIOR STAFF AND TECHNOLOGICAL SUPPORT ENABLE THE DIAGNOSIS OF HEART AND VASCULAR DISEASE THE LAB PERFORMS INTERVENTIONAL PROCEDURES ON PATIENTS SUSPECTED OF HEART OR VASCULAR DISEASE HUNTERDON MEDICAL CENTER HAS BEEN DESIGNATED A PRIMARY STROKE CENTER BY THE NEW JERSEY STATE DEPARTMENT OF HEALTH AND SENIOR SERVICES</p> <p>SLEEP DISORDERS ----- SLEEP DISORDERS ARE ASSOCIATED WITH A LONG LIST OF MEDICAL PROBLEMS, INCLUDING - HEART ATTACK - STROKE - IRREGULAR HEARTBEAT - HIGH BLOOD PRESSURE - HEART FAILURE - OBESITY - DIAB</p>

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COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>ETES THE SLEEP DISORDERS CENTER AT HUNTERDON MEDICAL CENTER AND CLINTON HEALTH &amp; WELLNESS CENTER TREATS MANY TYPES OF SLEEP DISORDERS, INCLUDING - SLEEP APNEA WHICH IS A MEDICAL D ISORDER IN WHICH A PERSON, USUALLY A LOUD SNORER, EXPERIENCES AN OBSTRUCTION IN THE THROAT DURING SLEEP LACK OF SUFFICIENT AIR CAUSES THE INDIVIDUAL TO AWAKEN, USUALLY WITH A COUGH OR A GASP THAT OPENS THE AIRWAY AIRFLOW IS RE-ESTABLISHED AND BREATHING RESUMES DURING THE NEXT EPISODE PEOPLE WITH SLEEP APNEA HAVE TO WAKE UP BRIEFLY TO BREATHE, SOMETIMES HU NDREDS OF TIMES DURING THE NIGHT, ALTHOUGH THERE IS NO MEMORY OF THESE BRIEF AWAKENINGS - PERIODIC LIMB MOVEMENT SYNDROME MAY COEXIST WITH OBSTRUCTIVE SLEEP APNEA MULTIPLE JERKIN G MOVEMENTS, TYPICALLY OF THE LEGS, AWAKEN THOSE WITH THE DISORDER REPEATEDLY THROUGH THE NIGHT - RESTLESS LEGS SYNDROME IS A CONDITION INVOLVING SENSATIONS IN THE LEGS, AND SOMET IMES ARMS, WHILE THE INDIVIDUAL IS AWAKE THE SENSATIONS USUALLY OCCUR WHEN THE INDIVIDUAL IS LYING DOWN AND THE ONLY RELIEF IS TO MOVE THE LIMBS, KEEPING THE INDIVIDUAL AWAKE - N ARCOLEPSY IS A NEUROLOGICAL DISORDER CHARACTERIZED BY EXCESSIVE DAY TIME SLEEPINESS INDIVI DUALS WITH NARCOLEPSY FALL ASLEEP AT INAPPROPRIATE, AND OCCASIONALLY, DANGEROUS TIMES - I NSOMNIA REFERS TO A CHRONIC INABILITY TO INITIATE OR SUSTAIN SLEEP, RESULTING IN SLEEP DEP RIVATION AND DAY TIME FATIGUE THERE ARE NUMEROUS CAUSES FOR INSOMNIA, INCLUDING STRESS, AN XIETY, DEPRESSION, CHRONIC ILLNESS, MEDICATIONS, POOR SLEEP HABITS AND CIRCADIAN RHYTHM DI SORDERS OCCASIONALLY, A SLEEP STUDY MAY BE PART OF THE EVALUATION, ESPECIALLY IF OBSTRUCT IVE SLEEP APNEA IS CONTRIBUTING HOSPITAL OWNED PHYSICIAN SPECIALTY SERVICES =====</p> <p>===== - ENDOCRINOLOGY - GASTROENTEROLOGY - INFECTIOUS DISEASE - D ERMATOLOGY - PSY CHIATRY - CENTER FOR HEALTH AGING - PULMONARY &amp; CRITICAL CARE - CARDIOLOG Y COMMUNITY CARE SERVICES ===== THE HUNTERDON HEALTH AND WELLNESS CENTER -----</p> <p>----- THE HUNTERDON HEALTH AND WELLNESS CENTER HAS TWO PREMIER FITNESS FACILITIES LOCATED IN WHITEHOUSE STATION AND CLINTON, NEW JERSEY IN HUNTE RDON COUNTY MEMBERS BENEFIT FROM ACCESS TO HUNTERDON HEALTHCARE STAFF FOR GUIDANCE IN ATT AINING THEIR OPTIMAL HEALTH ACCESS TO HEALTH EDUCATION STAFF AND WELLNESS CLASSROOMS FOR PROGRAMS WHICH FOCUS ON A VARIETY OF TOPICS DESIGNED TO IMPROVE LIFESTYLE IS ALSO A COMMUN ITY BENEFIT BRIGHT TOMORROWS CHILD CARE CENTER -----</p> <p>----- THE QUA LITY OF THE STAFF AT BRIGHT TOMORROWS CHILDCARE CENTER IS AN IMPORTANT ELEMENT IN THE QUAL ITY OF THE PROGRAM THAT OUR CENTER OFFERS BRIGHT TOMORROWS PROVIDES - A DEVELOPMENTALLY APPROPRIATE CURRICULUM - DAILY NUTRITIOUS LUNCH AND SNACKS - MONTHLY THEMES, CLASS TRIPS A ND SPECIAL GUESTS - DIAPERS AND WIPES PROVIDED FOR INFANTS AND TODDLERS - AN ANNUAL BACK T O SCHOOL NIGHT BRIGHT TOMORROWS STRIVES TO MAINTAIN SUPERIOR STAFFING BY PROVIDING COMPETI TIVE WAGES WITHIN OUR INDUSTRY AND BY ENSURING THAT EACH STAFF MEMBER IS ACTIVELY ENGAGED IN ONGOING PROFESSIONAL DEVELOPMENT A PREVENTATIVE APPROACH TO DISCIPLINE TEACHES POSITIV E BEHAVIORS, RATHER THAN PUNISHING FOR MISBEHAVIORS THE GOAL IS TO PROVIDE CHILDREN WITH MOTIVATION AND AN OPPORTUNITY TO MAKE CHOICES LEARNING SOCIAL SKILLS THROUGH GENTLE, ENCO URAGING GUIDANCE, THE CHILDREN LEARN TO RESPECT THE NEEDS OF OTHERS, TO ADAPT TO ROUTINES AND SIMPLE RULES, AND THEY BECOME RESPONSIBLE GROUP MEMBERS PARENT INVOLVEMENT IS A VERY IMPORTANT PART OF THE PROGRAM THE CENTER MAINTAINS AN "OPEN DOOR" POLICY AT ALL TIMES ALL OWING PARENTS TO COME AND OBSERVE THEIR CHILD AT ANY TIME PARENTS ARE ALSO WARMLY INVITED TO JOIN US AS A CHAPERONE ON A FIELD TRIP AT BRIGHT TOMORROWS, COMMUNICATION WITH THE FA MILIES IS ONE OF THE MOST IMPORTANT ASPECTS OF OUR JOB</p>

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COMMUNITY BENEFIT STATEMENT CONTINUED	CORE FORM, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	<p>HOME HEALTH SERVICES ----- HOME HEALTH SERVICES IS A NON-PROFIT HOME HEALTH AGENCY CERTIFIED BY THE FEDERAL GOVERNMENT, LICENSED BY THE NEW JERSEY DEPARTMENT OF HEALTH, AND ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS AT HOME HEALTH SERVICES, EACH PATIENT'S PROGRAM IS CAREFULLY GUIDED AND PLANNED SO THAT ALL CARE IS INTEGRATED FOR MAXIMUM BENEFIT THE TEAM INCLUDES - HOME CARE NURSES - PHYSICAL THERAPISTS - OCCUPATIONAL THERAPISTS - SPEECH PATHOLOGISTS - MEDICAL SOCIAL WORKER - HOME HEALTH AIDES PHYSICIAN PATIENT EDUCATOR IN ORDER TO BE ELIGIBLE FOR ADMISSION TO HOME HEALTH SERVICES, PATIENTS - MUST BE HOMEBOUND (UNABLE TO LEAVE HOME WITHOUT ASSISTANCE) - HAVE ONGOING MEDICAL SUPERVISION AND ORDERS FROM A PHYSICIAN - REQUIRE PERIODIC VISITS FROM AT LEAST ONE OF FOUR PRIMARY SERVICES 1 SKILLED NURSING 2 PHYSICAL THERAPY 3 OCCUPATIONAL THERAPY 4 SPEECH LANGUAGE THERAPY IF HOME HEALTHCARE IS NOT INDICATED, A REFERRAL MAY BE MADE TO ANOTHER COMMUNITY AGENCY OR SERVICE - HOME HEALTH AIDES - HOME INFUSION - HOSPICE - RESPITE CARE - COMPANION SERVICE - LIFELINE PERSONAL EMERGENCY RESPONSE SERVICE HUNTERDON FAMILY MEDICINE RESIDENCY ===== THE PRIMARY MISSION OF THE HUNTERDON MEDICAL CENTER FAMILY MEDICINE RESIDENCY PROGRAM IS TO EDUCATE RESIDENTS UTILIZING THE VALUES AND PRECEPTS WHICH ARE FUNDAMENTAL TO THE WAY MEDICINE IS PRACTICED BY FAMILY PHYSICIANS IN HUNTERDON COUNTY, NEW JERSEY, SO THAT THEY THEMSELVES MAY GRADUATE AS FAMILY PHYSICIANS WHO CAN PROVIDE THIS MODEL OF EXEMPLARY PRIMARY CARE TO THEIR PATIENTS, THEIR PATIENTS' FAMILIES AND THE COMMUNITIES WHICH THEY SERVE BECAUSE OF THE RESPECT THAT FAMILY MEDICINE ENJOYS IN HUNTERDON COUNTY, RESIDENTS HAVE A UNIQUE OPPORTUNITY TO SEE HOW EFFECTIVE A FAMILY PHYSICIAN CAN BE EVERY FACET OF HUNTERDON'S INTEGRATED DELIVERY SYSTEM IS UTILIZED TO ENHANCE THE RESIDENT'S UNDERSTANDING OF THE FULL IMPACT OF FAMILY PRACTICE IN THIS COUNTRY OUR MISSION ALLOWS US TO MOVE TOWARD OUR ULTIMATE VISION IN FAMILY MEDICINE EDUCATION THIS VISION IS TO CREATE A HUMANISTIC AND COMPASSIONATE FORM OF EDUCATION WHICH MODELS COMPLETELY THE HUMANISM AND COMPASSION THAT WE TEACH IN THE DOCTOR-PATIENT RELATIONSHIP OUR COMPETENCY-BASED CURRICULUM IS CENTRAL TO BOTH OUR MISSION AND OUR VISION IT IS RECOGNIZED THAT EVERY RESIDENT HAS UNIQUE EDUCATIONAL STYLES AND NEEDS OUR EDUCATIONAL SYSTEM IS DESIGNED TO CREATE A "CORE" CURRICULUM FOR EVERY RESIDENT AND A UNIQUE EDUCATIONAL EXPERIENCE BASED ON THEIR PASSIONS AND INTERESTS RESIDENTS CAN DEVELOP AN AREA OF CONCENTRATION AND FOCUS DURING THEIR THIRD YEAR WITH A RANGE OF OPPORTUNITIES INCLUDING SPORTS MEDICINE, GLOBAL HEALTH, GERIATRICS, PALLIATIVE CARE, AND OTHERS UNIVERSITY AFFILIATION ----- HUNTERDON MEDICAL CENTER HAS ENJOYED A MAJOR TEACHING AFFILIATION WITH THE UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY-ROBERT WOOD JOHNSON MEDICAL SCHOOL SINCE 1972 AND HAS BEEN INVOLVED WITH THE TEACHING OF MEDICAL STUDENTS IN PHYSICAL DIAGNOSIS, OFFICE PRECEPTORSHIPS, THIRD-YEAR CLINICAL ROTATIONS AND FOURTH-YEAR ELECTIVES AND SUB-INTERNSHIPS THIS AFFILIATION ALLOWS EXTENDED LEARNING BEYOND HUNTERDON, INCLUDING A VARIETY OF EXCEPTIONAL PROGRAMS SUCH AS ADVANCED LIFESAVING IN OBSTETRICS, CONFERENCES ON PROFESSIONALISM, CAREER DEVELOPMENT, MEDICAL-LEGAL ISSUES, CONTRACTING AND NEGOTIATIONS, RESEARCH AND OTHER SCHOLARLY ACTIVITIES COMMUNITY SUPPORT AND EDUCATION ===== - ALCOHOLICS ANONYMOUS MEETINGS - ALZHEIMERS SUPPORT GROUP - ARTHRITIS &amp; OSTEOPOROSIS SUPPORT GROUP - BEREAVEMENT SUPPORT GROUP - BRAIN INJURY SUPPORT GROUP - BREASTFEEDING SUPPORT GROUP - CAREGIVER SUPPORT GROUPS - CELIAC DISEASE SUPPORT GROUP - CHILDREN OF DIVORCE - DEPRESSION SUPPORT GROUP - DIABETES SUPPORT GROUP - FAMILY CANCER RISK ASSESSMENT PROGRAM - FAMILY SUPPORT GROUP - LOOK GOOD FEEL BETTER EDUCATIONAL GROUP - MENTAL ILLNESS FAMILY SUPPORT GROUPS - NARCOTICS ANONYMOUS MEETINGS - OVEREATERS ANONYMOUS - "SMART" RECOVERY DISCUSSION GROUP - SOCIAL SKILLS GROUP - MOM TIME SUPPORT GROUP (POSTPARTUM ADJUSTMENT/DEPRESSION SUPPORT - BABY STEPS, FAMILY SUPPORT GROUP - TODDLER STEPS, FOR FAMILIES OF TODDLERS - ALZHEIMER'S GROUP - ANGER MANAGEMENT GROUP - ANGER MANAGEMENT GROUP FOR ADOLESCENTS - MULTIFAMILY SUPPORT GROUP, ADDICTIONS TREATMENT - NEW BEGINNINGS SUPPORT GROUP FOR POST BARIATRIC SURGERY PATIENTS - BARIATRIC SURGERY SUPPORT GROUP FOR POTENTIAL CLIENTS CONSIDERING BARIATRIC SURGERY - WEIGH TO GO, WEIGHT MANAGEMENT PROGRAM FOR KIDS - WHY CAN'T I LOSE WEIGHT, WEIGHT MANAGEMENT PROGRAM FOR ADULTS - MONTHLY HEALTH EDUCATION SERIES AT THE HUNTERDON HEALTH AND WELLNESS CENTERS - LIVING WITH A MEDICAL CONDITION FOR ADOLESCENTS - HOSPICE ART BEREAVEMENT PROGRAM - ADULT BEREAVEMENT PROGRAM THROUGH HUNTERDON HOSPICE</p>

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STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENT	CORE FORM, PART III, QUESTION 4D	EXPENSES INCURRED IN PROVIDING VARIOUS OTHER MEDICALLY NECESSARY HEALTHCARE SERVICES TO ALL INDIVIDUALS IN A NON-DISCRIMINATORY MANNER REGARDLESS OF RACE, COLOR, CREED, SEX, NATIONAL ORIGIN, RELIGION OR ABILITY TO PAY PLEASE REFER TO THE ORGANIZATION'S COMMUNITY BENEFIT STATEMENT INCLUDED IN SCHEDULE O

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION A, QUESTION 2	ELLEN LOCKER AND ROBERT J. CODY, M.D. - BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION A, QUESTIONS 6 & 7	HUNTERDON HEALTHCARE SYSTEM, INC ("HHS") IS THE SOLE MEMBER OF THIS ORGANIZATION HHS HAS THE RIGHT TO ELECT THE MEMBERS OF THIS ORGANIZATION'S BOARD OF TRUSTEES AND HAS CERTAIN RESERVED POWERS AS DEFINED IN THIS ORGANIZATION'S BYLAWS

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 11B	THE ORGANIZATION'S FEDERAL FORM 990 WAS PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY (ITS BOARD OF TRUSTEES) PRIOR TO THE FILING OF THE FEDERAL FORM 990 WITH THE INTERNAL REVENUE SERVICE ("IRS") AND AFTER PRESENTATION AND REVIEW BY THE ORGANIZATION'S AUDIT COMMITTEE. AS PART OF THE TAX RETURN PREPARATION PROCESS THE ORGANIZATION HIRED A PROFESSIONAL CPA FIRM WITH EXPERIENCE AND EXPERTISE IN BOTH HEALTHCARE AND NOT-FOR-PROFIT TAX RETURN PREPARATION TO PREPARE THE FEDERAL FORM 990. THE CPA FIRM'S TAX PROFESSIONALS WORKED CLOSELY WITH THE ORGANIZATION'S FINANCE PERSONNEL AND VARIOUS OTHER INDIVIDUALS OF THE ORGANIZATION TO OBTAIN THE INFORMATION NEEDED IN ORDER TO PREPARE A COMPLETE AND ACCURATE TAX RETURN. THE CPA FIRM PREPARED A DRAFT FEDERAL FORM 990 AND FURNISHED IT TO THE ORGANIZATION'S FINANCE PERSONNEL AND OTHER INDIVIDUALS FOR THEIR REVIEW. THE ORGANIZATION'S FINANCE PERSONNEL AND OTHER INDIVIDUALS REVIEWED THE DRAFT FEDERAL FORM 990 AND DISCUSSED QUESTIONS AND COMMENTS WITH THE CPA FIRM. REVISIONS WERE MADE TO THE DRAFT FEDERAL FORM 990 WHERE NECESSARY AND A FINAL DRAFT WAS FURNISHED BY THE CPA FIRM TO THE ORGANIZATION'S FINANCE PERSONNEL AND VARIOUS OTHER INDIVIDUALS FOR FINAL REVIEW. AFTER THIS REVIEW THE FORM 990 WAS PRESENTED TO THE MEMBERS OF THE ORGANIZATION'S AUDIT COMMITTEE FOR REVIEW AND THEREAFTER PROVIDED TO EACH VOTING MEMBER OF THIS ORGANIZATION'S GOVERNING BODY PRIOR TO FILING WITH THE IRS.

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 12	A CONFLICT OF INTEREST DISCLOSURE STATEMENT IS OBTAINED ANNUALLY FROM ALL TRUSTEES, SENIOR STAFF, AND OTHER KEY EMPLOYEES WHO ARE CURRENTLY SERVING THE ORGANIZATION. A REPORT SUMMARIZING THE DISCLOSURE STATEMENT RESPONSES IS PROVIDED TO THE BOARD OF TRUSTEES ANNUALLY. IT IS THE ORGANIZATION'S POLICY THAT IN THE EVENT OF A CONFLICT THEY DO THE FOLLOWING: IF THERE IS A CONFLICT RELEVANT TO A MATTER REQUIRING ACTION BY THE BOARD OF TRUSTEES, THE INTERESTED PERSON SHALL CALL IT TO THE ATTENTION OF THE BOARD OF TRUSTEES, AND THE TRUSTEE CONCERNED SHALL NOT VOTE ON THE MATTER. MOREOVER, THE PERSON HAVING A CONFLICT SHALL RETIRE FROM THE ROOM IN WHICH THE BOARD IS MEETING AND SHALL NOT PARTICIPATE IN THE DELIBERATION OR DECISION REGARDING THE MATTER UNDER CONSIDERATION. WHEN THERE IS DOUBT AS TO WHETHER A CONFLICT OF INTEREST EXISTS, THE MATTER SHALL BE RESOLVED BY VOTE OF THE BOARD OF TRUSTEES OR A COMMITTEE THEREOF, EXCLUDING FROM THE ROOM AND THE VOTE OF THE PERSON WHOSE SITUATION WILL BE DISCUSSED. WHEN A CONFLICT OF INTEREST ARISES FOR ANY STAFF MEMBER EXCEPT THE PRESIDENT, THAT STAFF MEMBER SHALL REPORT IT TO THE PRESIDENT IN WRITING. A CONFLICT OF INTEREST RELATING TO THE PRESIDENT SHALL BE REPORTED IN WRITING TO THE CHAIRMAN OF THE BOARD.

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION B, QUESTION 15	<p>THE ORGANIZATION'S BOARD OF TRUSTEES HAS AN EXECUTIVE COMPENSATION COMMITTEE ("COMMITTEE") THE COMMITTEE HAS ADOPTED A WRITTEN EXECUTIVE COMPENSATION PHILOSOPHY WHICH IT FOLLOWS WHEN IT REVIEWS THE COMPENSATION AND BENEFITS OF THE ORGANIZATION'S SENIOR MANAGEMENT, INCLUDING THE PRESIDENT/CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENT/CHIEF OPERATING OFFICER THE COMMITTEE REVIEWS THE "TOTAL COMPENSATION" OF THE INDIVIDUALS WHICH IS INTENDED TO INCLUDE BOTH CURRENT AND DEFERRED COMPENSATION AND ALL EMPLOYEE BENEFITS, BOTH QUALIFIED AND NON-QUALIFIED THE COMMITTEE'S REVIEW IS DONE ON AT LEAST AN ANNUAL BASIS AND ENSURES THAT THE "TOTAL COMPENSATION" OF SENIOR MANAGEMENT OF THE ORGANIZATION IS REASONABLE IN 2012, THE EXECUTIVE COMPENSATION COMMITTEE REPORTED TO THE FULL BOARD FOR RATIFICATION THE ACTIONS TAKEN BY THE COMMITTEE ENABLE THE ORGANIZATION TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 4958 WITH RESPECT TO THE TOTAL COMPENSATION OF CERTAIN MEMBERS OF THE SENIOR MANAGEMENT TEAM, INCLUDING THE PRESIDENT/CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENT/CHIEF OPERATING OFFICER THE THREE FACTORS WHICH MUST BE SATISFIED IN ORDER TO RECEIVE THE REBUTTABLE PRESUMPTION OF REASONABLENESS ARE THE FOLLOWING 1 THE COMPENSATION ARRANGEMENT IS APPROVED IN ADVANCE BY AN "AUTHORIZED BODY" OF THE APPLICABLE TAX-EXEMPT ORGANIZATION WHICH IS COMPOSED ENTIRELY OF INDIVIDUALS WHO DO NOT HAVE A "CONFLICT OF INTEREST" WITH RESPECT TO THE COMPENSATION ARRANGEMENT, 2 THE AUTHORIZED BODY OBTAINED AND RELIED UPON "APPROPRIATE DATA AS TO COMPARABILITY" PRIOR TO MAKING ITS DETERMINATION, AND 3 THE AUTHORIZED BODY "ADEQUATELY DOCUMENTED THE BASIS FOR ITS DETERMINATION" CONCURRENTLY WITH MAKING THAT DETERMINATION THE COMMITTEE IS COMPRISED OF MEMBERS OF THE BOARD OF TRUSTEES EACH OF WHO ARE INDEPENDENT AND ARE FREE FROM ANY CONFLICTS OF INTEREST THE COMMITTEE RELIED UPON APPROPRIATE COMPARABLE DATA, SPECIFICALLY THE COMMITTEE OBTAINED A WRITTEN COMPENSATION STUDY FROM AN INDEPENDENT FIRM WHICH SPECIALIZES IN THE REVIEWING OF HOSPITAL AND HEALTHCARE SYSTEM EXECUTIVE COMPENSATION AND BENEFITS THROUGHOUT THE UNITED STATES THIS STUDY USED COMPARABLE GEOGRAPHIC AND DEMOGRAPHIC MARKET DATA INCLUDING BUT NOT LIMITED TO SIMILARLY SIZED HEALTHCARE SYSTEMS AND HOSPITALS, # OF LICENSED BEDS AND NET PATIENT SERVICE REVENUE IN ADDITION, THE COMMITTEE REVIEWS AND APPROVES EXECUTIVE COMPENSATION ADJUSTMENTS BASED ON MARKET SURVEYS DEVELOPED BY INDEPENDENT CONSULTANTS, INDUSTRY AVERAGE COMPARISON, YEARS OF SERVICE AND OTHER EXEMPT ORGANIZATIONS IN THE GEOGRAPHIC AREA AFTER A REVIEW OF THE INDIVIDUAL'S PERFORMANCE FOR THE YEAR AND RELYING ON COMPARABLE INFORMATION AND OTHER OBJECTIVE DATA, THE EXECUTIVE COMMITTEE WILL RECOMMEND AN ADJUSTMENT TO THE INDIVIDUAL'S COMPENSATION ANY DETERMINATIONS ARE DOCUMENTED CONTEMPORANEOUSLY IN THE EXECUTIVE COMMITTEE MINUTES THE COMMITTEE ADEQUATELY DOCUMENTED ITS BASIS FOR ITS DETERMINATION THROUGH THE TIMELY PREPARATION OF WRITTEN MINUTES OF THE COMPENSATION COMMITTEE MEETINGS DURING WHICH THE EXECUTIVE COMPENSATION AND BENEFITS WAS REVIEWED AND SUBSEQUENTLY APPROVED THE ACTIONS OUTLINED ABOVE WITH RESPECT TO THE COMMITTEE AND THE ESTABLISHMENT OF THE REBUTTABLE PRESUMPTION OF REASONABLENESS APPLIES TO CERTAIN SENIOR MANAGEMENT PERSONNEL, INCLUDING, BUT NOT LIMITED TO, THE PRESIDENT/CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENT/CHIEF OPERATING OFFICER THE COMPENSATION AND BENEFITS OF CERTAIN OTHER INDIVIDUALS CONTAINED IN THIS FORM 990 ARE REVIEWED ANNUALLY BY THE HUNTERDON HEALTHCARE SYSTEM, INC.'S PRESIDENT/CHIEF EXECUTIVE OFFICER WITH ASSISTANCE FROM THE ORGANIZATION'S HUMAN RESOURCES DEPARTMENT IN CONJUNCTION WITH THE INDIVIDUAL'S JOB PERFORMANCE DURING THE YEAR AND IS BASED UPON OTHER OBJECTIVE FACTORS DESIGNED TO ENSURE THAT REASONABLE AND FAIR MARKET VALUE COMPENSATION IS PAID BY THE ORGANIZATION OTHER OBJECTIVE FACTORS INCLUDE MARKET SURVEY DATA FOR COMPARABLE POSITIONS, INDIVIDUAL GOALS AND OBJECTIVES, PERSONNEL REVIEWS, EVALUATIONS, SELF-EVALUATIONS AND PERFORMANCE FEEDBACK MEETINGS</p>

Identifier	Return Reference	Explanation
DISCLOSURE INFORMATION	CORE FORM, PART VI, SECTION C, QUESTION 19	THE ORGANIZATION MAKES ITS FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST AND IS AVAILABLE ONLINE AT WWW.DACBOND.COM THE ORGANIZATION HAS ISSUED TAX-EXEMPT BONDS TO FINANCE VARIOUS CAPITAL IMPROVEMENT PROJECTS, RENOVATIONS AND EQUIPMENT THE ORGANIZATION'S FILED CERTIFICATE OF INCORPORATION AND ANY AMENDMENTS CAN BE OBTAINED AND REVIEWED THROUGH THE STATE OF NEW JERSEY DEPARTMENT OF THE TREASURY

Identifier	Return Reference	Explanation
COMPENSATION INFORMATION DISCLOSURE	CORE FORM, PART VII AND SCHEDULE J	PART VII AND SCHEDULE J REFLECT CERTAIN BOARD MEMBERS AND OFFICERS RECEIVING COMPENSATION AND BENEFITS FROM THIS ORGANIZATION PLEASE NOTE THIS REMUNERATION WAS FOR SERVICES RENDERED AS FULL-TIME EMPLOYEES OF HUNTERDON HEALTHCARE SYSTEM, INC AND AFFILIATES, INCLUDING HUNTERDON MEDICAL CENTER, AND NOT FOR SERVICES RENDERED AS A VOTING MEMBER OF THE BOARD OF TRUSTEES OF THIS ORGANIZATION

Identifier	Return Reference	Explanation
COMPENSATION INFORMATION DISCLOSURE	CORE FORM, PART VII AND SCHEDULE J	ROBERT COATES, M D , VICE PRESIDENT MEDICAL AFFAIRS OF THE ORGANIZATION, WAS SHOWN AS AN OFFICER ON THE PRIOR YEARS' FORM 990 FOLLOWING A REVIEW OF DR COATES DUTIES, IT WAS DETERMINED THAT HE SHOULD HAVE BEEN LISTED AS A KEY EMPLOYEE OF THE ORGANIZATION THE PRIOR YEARS' FORM 990 WERE NOT REVISED FOR THIS DETERMINATION FOR THE 2012 FORM 990 AND PROSPECTIVELY, DR COATES WILL BE LISTED AS A KEY EMPLOYEE OF THE ORGANIZATION ABSENT A CHANGE IN HIS DUTIES AND RESPONSIBILITIES

Identifier	Return Reference	Explanation
RELATED HOURS DISCLOSURE	CORE FORM, PART VII, SECTION A, COLUMN B	THIS ORGANIZATION IS PART OF HUNTERDON HEALTHCARE SYSTEM, INC ("SYSTEM"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM. THE SYSTEM INCLUDES BOTH FOR-PROFIT AND NOT FOR-PROFIT ORGANIZATIONS. CERTAIN BOARD OF TRUSTEE MEMBERS, OFFICERS AND KEY EMPLOYEES LISTED ON CORE FORM, PART VII AND SCHEDULE J OF THIS FORM 990 MAY HOLD SIMILAR POSITIONS WITH BOTH THIS ORGANIZATION AND OTHER AFFILIATES WITHIN THE SYSTEM. THE HOURS SHOWN ON THIS FORM 990 FOR BOARD MEMBERS WHO RECEIVE NO COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, REPRESENT THE ESTIMATED HOURS DEVOTED PER WEEK FOR THIS ORGANIZATION. TO THE EXTENT THESE INDIVIDUALS SERVE AS A MEMBER OF THE BOARD OF TRUSTEES OF OTHER RELATED ORGANIZATIONS IN THE SYSTEM, THEIR RESPECTIVE HOURS PER WEEK PER ORGANIZATION ARE APPROXIMATELY THREE HOURS. THE HOURS REFLECTED ON PART VII OF THIS FORM 990, FOR BOARD MEMBERS WHO RECEIVE COMPENSATION FOR SERVICES RENDERED IN A NON-BOARD CAPACITY, PAID OFFICERS AND KEY EMPLOYEES, REFLECT TOTAL HOURS WORKED PER WEEK ON BEHALF OF HUNTERDON HEALTHCARE SYSTEM, INC AND ALL AFFILIATES AND NOT TOTAL HOURS WORKED PER WEEK ON BEHALF OF ONLY HUNTERDON MEDICAL CENTER.

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	CORE FORM, PART XI, QUESTION 9	OTHER CHANGES IN FUND BALANCE INCLUDE - FORGIVENESS OF AMOUNTS DUE FROM AFFILIATES, (\$2,279,938), - PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST, (\$13,606,277), - NET ASSETS RELEASED FROM RESTRICTIONS FOR CAPITAL ACQUISITIONS, \$4,420,714, - NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS, (\$1,595,352), AND - NET CHANGE IN PERMANENTLY RESTRICTED NET ASSETS, \$1,018,967

Identifier	Return Reference	Explanation
AUDITED FINANCIAL STATEMENTS	CORE FORM, PART XI, QUESTION 2	THE ORGANIZATION IS AN AFFILIATE WITHIN THE HUNTERDON HEALTHCARE SYSTEM, INC ("SYSTEM"), A TAX-EXEMPT INTEGRATED HEALTHCARE DELIVERY SYSTEM THE SYSTEM'S PARENT ENTITY IS HUNTERDON HEALTHCARE SYSTEM, INC AN INDEPENDENT CPA FIRM AUDITED THE CONSOLIDATED FINANCIAL STATEMENTS OF THE SYSTEM AND ALL ENTITIES WITHIN THE SYSTEM FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011, INCLUDING THIS ORGANIZATION, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS IN ADDITION, AN INDEPENDENT CPA FIRM AUDITED THE FINANCIAL STATEMENTS OF HUNTERDON MEDICAL CENTER FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011, RESPECTIVELY THE INDEPENDENT CPA FIRM ISSUED AN UNQUALIFIED OPINION WITH RESPECT TO THE AUDITED FINANCIAL STATEMENTS THE HUNTERDON MEDICAL CENTER'S AUDIT COMMITTEE HAS ASSUMED RESPONSIBILITY FOR THE OVERSIGHT OF THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS, WHICH INCLUDES THIS ORGANIZATION, AND THE SELECTION OF AN INDEPENDENT AUDITOR

Identifier	Return Reference	Explanation
FINANCIAL STATEMENTS AND REPORTING	CORE FORM, PART XII, QUESTION 3	THE ORGANIZATION ENGAGED AN INDEPENDENT ACCOUNTING FIRM TO PREPARE AND ISSUE AN A-133 AUDIT

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization  
HUNTERDON MEDICAL CENTER

**Employer identification number**

22-1537688

**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
<b>(1)</b> HUNTERDON HEALTHCARE SYSTEM INC 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-2537411	HEALTHCARE	NJ	501(C)(3)	509(A)(3)	NA		No
<b>(2)</b> HUNTERDON HOSPICE 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-2276083	HEALTHCARE	NJ	501(C)(3)	509(A)(1)	HRCH		No
<b>(3)</b> VISITING HEALTH & SUPPORTIVE SERVICES 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-1636709	HEALTHCARE	NJ	501(C)(3)	509(A)(1)	HRCH		No
<b>(4)</b> HUNTERDON MEDICAL CENTER FOUNDATION 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-2526895	FUNDRAISING	NJ	501(C)(3)	509(A)(1)	HHS		No
<b>(5)</b> HUNTERDON REGIONAL COMMUNITY HEALTH INC 2100 WESTCOTT DRIVE FLEMINGTON, NJ 08822 22-3453318	HEALTHCARE	NJ	501(C)(3)	509(A)(3)	HHS		No
<b>(6)</b> BRITESIDE ADULT DAY CENTERS INC 16 SAND HILL ROAD FLEMINGTON, NJ 08822 22-2113056	ADLT DAY CARE	NJ	501(C)(3)	509(A)(1)	HRCH		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
<b>(1)</b> HUNT IMAGING ASSOC  2100 WESCOTT DR FLEMINGTON, NJ 08822 22-3126699	HEALTHCARE	NJ	NA	N/A								
<b>(2)</b> DELVALLEY OFF ASSOC  2100 WESCOTT DR FLEMINGTON, NJ 08822 22-2878037	PROPERTY MGMT	NJ	NA	N/A								
<b>(3)</b> HUNT HEALTHCARE LLC  2100 WESCOTT DR FLEMINGTON, NJ 08822 22-3642089	HEALTHCARE	NJ	NA	N/A								
<b>(4)</b> HC FOR SURGERY LLC  2100 WESCOTT DR FLEMINGTON, NJ 08822 22-3401213	HEALTHCARE	NJ	NA	N/A								
<b>(5)</b> KINGS COURT IMAGING LLC  2100 WESCOTT DR FLEMINGTON, NJ 08822	HEALTHCARE	NJ	NA	N/A								
<b>(6)</b> HUNT CARDVSC HEALTH  1100 WESTCOTT DRIVE SUITE G3 FLEMINGTON, NJ 08822 22-3665435	HEALTHCARE	NJ	NA	N/A								

**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
<b>(1)</b> MIDJERSEY HEALTH CORPORATION  2110 WESCOTT DRIVE FLEMINGTON, NJ 08822 22-2713664	HEALTHCARE	NJ	HHS	C CORP					No
<b>(2)</b> HUNTERDON COMMUNITY CARE INC  2100 WESCOTT DRIVE FLEMINGTON, NJ 08822 22-3453281	HEALTHCARE	NJ	HRCH	C CORP					No
<b>(3)</b> HUNTERDON REGIONAL PHARMACY INC  2100 WESCOTT DRIVE FLEMINGTON, NJ 08822 74-3055633	HEALTHCARE	NJ	HRCH	C CORP					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
<b>1a</b>		No
<b>1b</b>		No
<b>1c</b>	Yes	
<b>1d</b>	Yes	
<b>1e</b>		No
<b>1f</b>		No
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>	Yes	
<b>1k</b>	Yes	
<b>1l</b>	Yes	
<b>1m</b>	Yes	
<b>1n</b>		No
<b>1o</b>		No
<b>1p</b>		No
<b>1q</b>		No
<b>1r</b>		No
<b>1s</b>		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
<b>(1)</b> HUNTERDON HEALTHCARE SYSTEM INC	D	116,819	cost



**Software ID:**  
**Software Version:**  
**EIN:** 22-1537688  
**Name:** HUNTERDON MEDICAL CENTER

**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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Form 4797

Sales of Business Property (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

OMB No 1545-0184

2012

Attach to your tax return. Information about Form 4797 and its separate instructions is at www.irs.gov/form4797

Department of the Treasury Internal Revenue Service (99)

Attachment Sequence No 27

Name(s) shown on return HUNTERDON MEDICAL CENTER

Identifying number 22-1537688

1 Enter the gross proceeds from sales or exchanges reported to you for 2012 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

Table with 7 columns: (a) Description of property, (b) Date acquired, (c) Date sold, (d) Gross sales price, (e) Depreciation allowed, (f) Cost or other basis, (g) Gain or (loss)

- 3 Gain, if any, from Form 4684, line 39
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824
6 Gain, if any, from line 32, from other than casualty or theft
7 Combine lines 2 through 6 Enter the gain or (loss) here and on the appropriate line as follows

3
4
5
6
7

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9 Skip lines 8, 9, 11, and 12 below

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9 If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions)
9 Subtract line 8 from line 7 If zero or less, enter -0- If line 9 is zero, enter the gain from line 7 on line 12 below If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)

8
9

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less)

Table with 7 columns: Description, 01-01-2000, 12-31-2012, 246,350, 332,410, 564,027

- 11 Loss, if any, from line 7
12 Gain, if any, from line 7 or amount from line 8, if applicable
13 Gain, if any, from line 31
14 Net gain or (loss) from Form 4684, lines 31 and 38a
15 Ordinary gain from installment sales from Form 6252, line 25 or 36
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824
17 Combine lines 10 through 16

11 ( )
12
13
14
15
16
17 14,733

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below For individual returns, complete lines a and b below

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23 Identify as from "Form 4797, line 18a" See instructions

18a

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a Enter here and on Form 1040, line 14

18b

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**  
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
<b>A</b>		
<b>B</b>		
<b>C</b>		
<b>D</b>		

These columns relate to the properties on lines 19A through 19D		Property A	Property B	Property C	Property D
<b>20</b>	Gross sales price (Note: See line 1 before completing)	<b>20</b>			
<b>21</b>	Cost or other basis plus expense of sale	<b>21</b>			
<b>22</b>	Depreciation (or depletion) allowed or allowable	<b>22</b>			
<b>23</b>	Adjusted basis Subtract line 22 from line 21	<b>23</b>			
<b>24</b>	Total gain Subtract line 23 from line 20	<b>24</b>			
<b>25 If section 1245 property:</b>					
<b>a</b>	Depreciation allowed or allowable from line 22	<b>25a</b>			
<b>b</b>	Enter the smaller of line 24 or 25a	<b>25b</b>			
<b>26 If section 1250 property:</b> If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291					
<b>a</b>	Additional depreciation after 1975 (see instructions)	<b>26a</b>			
<b>b</b>	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	<b>26b</b>			
<b>c</b>	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	<b>26c</b>			
<b>d</b>	Additional depreciation after 1969 and before 1976	<b>26d</b>			
<b>e</b>	Enter the smaller of line 26c or 26d	<b>26e</b>			
<b>f</b>	Sections 291 amount (corporations only)	<b>26f</b>			
<b>g</b>	Add lines 26b, 26e, and 26f	<b>26g</b>			
<b>27 If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership)					
<b>a</b>	Soil, water, and land clearing expenses	<b>27a</b>			
<b>b</b>	Line 27a multiplied by applicable percentage (see instructions)	<b>27b</b>			
<b>c</b>	Enter the smaller of line 24 or 27b	<b>27c</b>			
<b>28 If section 1254 property:</b>					
<b>a</b>	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	<b>28a</b>			
<b>b</b>	Enter the smaller of line 24 or 28a	<b>28b</b>			
<b>29 If section 1255 property:</b>					
<b>a</b>	Applicable percentage of payments excluded from income under section 126 (see instructions)	<b>29a</b>			
<b>b</b>	Enter the smaller of line 24 or 29a (see instructions)	<b>29b</b>			

**Summary of Part III Gains.** Complete property columns A through D through line 29b before going to line 30.

<b>30</b>	Total gains for all properties Add property columns A through D, line 24	<b>30</b>	
<b>31</b>	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b Enter here and on line 13	<b>31</b>	
<b>32</b>	Subtract line 31 from line 30 Enter the portion from casualty or theft on Form 4684, line 33 Enter the portion from other than casualty or theft on Form 4797, line 6	<b>32</b>	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**  
(see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
<b>33</b>	Section 179 expense deduction or depreciation allowable in prior years	<b>33</b>	
<b>34</b>	Recomputed depreciation (see instructions)	<b>34</b>	
<b>35</b>	Recapture amount Subtract line 34 from line 33 See the instructions for where to report	<b>35</b>	



**HUNTERDON MEDICAL CENTER**

Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP  
New Jersey Headquarters  
51 John F. Kennedy Parkway  
Short Hills, NJ 07078-2702

## Independent Auditors' Report

The Board of Trustees  
Hunterdon Medical Center:

We have audited the accompanying financial statements of Hunterdon Medical Center (the Medical Center), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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



***Emphasis of Matter***

As discussed in note 1 to the financial statements, in 2012, the Medical Center adopted new accounting guidance Accounting Standard Update No. 2011-07, *Presentation and Disclosure of Patient Services Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Healthcare Entities*. Our opinion is not modified with respect to this matter.

KPMG LLP

April 30, 2013

**HUNTERDON MEDICAL CENTER**

Statements of Financial Position

December 31, 2012 and 2011

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Current assets:		
Cash and cash equivalents	\$ 43,385,865	46,327,803
Short-term investments	14,813,789	16,962,167
Patient accounts receivable, net of allowance for doubtful accounts of \$16,730,000 and \$18,031,000 in 2012 and 2011, respectively	33,619,178	29,420,582
Assets whose use is limited	1,071,958	1,048,874
Inventories	1,336,715	931,972
Other receivables, net	1,694,261	1,166,881
Due from affiliates	438,900	1,429,005
Prepaid expenses and other current assets	1,579,996	1,660,907
Total current assets	97,940,662	98,948,191
Assets whose use is limited (exclusive of current portion):		
Board-designated funds	45,507,259	42,020,115
Donor-restricted assets	15,054,589	14,222,285
Funds held by trustee under bond indenture agreement, net	3,245,635	3,244,942
Total assets whose use is limited, net	63,807,483	59,487,342
Due from affiliates	1,907,688	1,790,868
Property, plant, and equipment, net	102,436,826	104,036,950
Beneficial interest in trusts	2,003,084	1,872,183
Beneficial interest in net assets of Hunterdon Medical Center Foundation, Inc.	8,876,041	6,044,976
Deferred financing costs, net	977,366	1,043,490
Real estate held for investment	213,099	213,099
Other assets	11,136,823	7,240,513
Total assets	\$ 289,299,072	280,677,612

See accompanying notes to financial statements.

<b>Liabilities and Net Assets</b>	<b>2012</b>	<b>2011</b>
Current liabilities:		
Current portion of long-term debt	\$ 1,460,000	1,455,000
Current portion of capital lease obligation	80,694	263,351
Accounts payable and accrued expenses	12,160,740	12,795,356
Accrued payroll and payroll taxes	10,183,484	9,850,989
Estimated third-party payor settlements	2,105,123	2,587,584
Accrued interest payable	1,000,969	1,008,467
Total current liabilities	<u>26,991,010</u>	<u>27,960,747</u>
Estimated third-party payor settlements, net	4,254,093	6,526,618
Long-term debt, net	46,814,953	48,309,675
Capital lease obligation, net	378,629	—
Pension benefit liability	68,375,559	57,604,204
Other liabilities	5,555,506	6,034,299
Total liabilities	<u>152,369,750</u>	<u>146,435,543</u>
Net assets:		
Unrestricted	116,282,312	113,018,674
Temporarily restricted	5,400,147	6,995,499
Permanently restricted	15,246,863	14,227,896
Total net assets	<u>136,929,322</u>	<u>134,242,069</u>
Total liabilities and net assets	<u>\$ 289,299,072</u>	<u>280,677,612</u>

## HUNTERDON MEDICAL CENTER

### Statements of Operations

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Patient service revenue (net of contractual allowances and discounts)	\$ 264,739,392	241,223,074
Provision for bad debts	(10,147,469)	(10,339,392)
Net patient service revenue less provision for bad debts	254,591,923	230,883,682
Other revenue	13,411,031	13,252,114
Net assets released from restrictions	546,353	542,108
Total revenues	<u>268,549,307</u>	<u>244,677,904</u>
Expenses:		
Salaries and benefits	161,038,747	144,621,030
Physicians' fees	6,622,011	3,000,439
Supplies and services	74,624,393	65,646,886
Depreciation and amortization	13,604,914	10,872,035
Interest	2,403,925	2,449,140
Total expenses	<u>258,293,990</u>	<u>226,589,530</u>
Operating income	<u>10,255,317</u>	<u>18,088,374</u>
Nonoperating revenues and gains (losses):		
Contributions	—	100,000
Interest and dividend income	1,294,231	1,348,614
Net realized gains on investments	131,800	109,459
Change in value of derivatives	13,809	(225,951)
Loss on sale of assets	14,733	(33,451)
Total nonoperating revenues and gains, net	<u>1,454,573</u>	<u>1,298,671</u>
Excess of revenues and gains over expenses and losses	<u>11,709,890</u>	<u>19,387,045</u>

**HUNTERDON MEDICAL CENTER**  
 Statements of Operations, continued  
 Years ended December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Excess of revenues and gains over expenses and losses	\$ 11,709,890	19,387,044
Other changes:		
Change in net unrealized gains (losses) on investments, other than trading securities	3,019,249	(399,250)
Forgiveness of amounts due from affiliate	(2,279,938)	—
Pension-related changes other than net periodic pension cost	(13,606,277)	(34,578,334)
Net assets released from restrictions for capital acquisitions	4,420,714	1,203,308
Increase (decrease) in unrestricted net assets	\$ 3,263,638	(14,387,232)

See accompanying notes to financial statements.

## HUNTERDON MEDICAL CENTER

### Statements of Changes in Net Assets

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted net assets:		
Excess of revenues and gains over expenses and losses	\$ 11,709,890	19,387,044
Change in net unrealized gains (losses) on investments, other than trading securities	3,019,249	(399,250)
Forgiveness of amounts due from affiliate	(2,279,938)	—
Pension-related changes other than net periodic pension cost	(13,606,277)	(34,578,334)
Net assets released from restrictions for capital acquisitions	4,420,714	1,203,308
	<u>3,263,638</u>	<u>(14,387,232)</u>
Increase (decrease) in unrestricted net assets		
Temporarily restricted net assets:		
Investment income from donor-restricted assets	166,354	292,052
Net realized gains on investment securities	24,567	8,940
Net assets released from restrictions	(4,967,067)	(1,745,416)
Change in value of beneficial interest in net assets of Hunterdon Medical Center Foundation, Inc.	3,180,794	2,549,344
	<u>(1,595,352)</u>	<u>1,104,920</u>
(Decrease) increase in temporarily restricted net assets		
Permanently restricted net assets:		
Net realized gains on investments	170,234	69,504
Change in net unrealized gains (losses) on investments	717,832	(55,288)
Change in value of beneficial interest in trusts	130,901	(144,370)
	<u>1,018,967</u>	<u>(130,154)</u>
Increase (decrease) in permanently restricted net assets		
Increase (decrease) in net assets	2,687,253	(13,412,466)
Net assets at beginning of year	<u>134,242,069</u>	<u>147,654,535</u>
Net assets at end of year	<u>\$ 136,929,322</u>	<u>134,242,069</u>

See accompanying notes to financial statements.

**HUNTERDON MEDICAL CENTER**

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 2,687,253	(13,412,466)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Contributions and distributions restricted for capital acquisitions	—	(850,000)
Depreciation and amortization	13,604,914	10,872,035
Forgiveness of amounts due from affiliate	2,279,938	—
Accretion of bond premium	(34,722)	(33,626)
Provision for bad debts, net	10,147,469	10,339,392
Net realized gains on investments	(326,601)	(187,903)
Loss on sale of assets	(14,733)	33,451
Pension-related changes other than net periodic pension cost	13,606,277	34,578,334
Change in net unrealized (gains) losses on investments, other than trading securities	(3,737,081)	454,538
Change in value of derivatives	(13,809)	225,951
Change in value of beneficial interest in Foundation and trusts, net	(2,961,966)	(1,351,371)
Changes in assets and liabilities		
Increase in patient accounts receivable	(14,346,065)	(13,751,227)
Decrease (increase) in due from affiliates	(1,506,653)	(460,197)
(Increase) decrease in inventories, other receivables, prepaid expenses and other current assets and other assets	(2,019,797)	57,037
Decrease in estimated third-party payor settlements	(2,754,985)	(1,039,596)
Decrease in accounts payable and accrued expenses, accrued payroll and payroll taxes, accrued interest payable, pension benefit liabilities, and other liabilities	(3,024,427)	(1,858,123)
Net cash provided by operating activities	11,585,012	23,616,229
Cash flows from investing activities		
Purchases of assets whose use is limited and short-term investments	(17,290,800)	(20,760,458)
Proceeds from the sale of assets whose use is limited and short-term investments	18,973,159	17,361,703
Purchases of property, plant, and equipment	(10,704,849)	(11,847,302)
Proceeds from sale of assets	237,849	17,400
Repayment of loan receivable	17,220	169,247
Purchase of physician practice	(4,123,000)	—
Change in other assets	21,500	(56,313)
Net cash used in investing activities	(12,868,921)	(15,115,723)
Cash flows from financing activities		
Repayment of long-term debt	(1,455,000)	(1,415,000)
Repayment of capital lease obligation	(303,029)	(437,843)
Repayment of a note	100,000	100,000
Contributions and distributions restricted for capital acquisitions	—	850,000
Net cash used in financing activities	(1,658,029)	(902,843)
Net (decrease) increase in cash and cash equivalents	(2,941,938)	7,597,663
Cash and cash equivalents at beginning of year	46,327,803	38,730,140
Cash and cash equivalents at end of year	\$ 43,385,865	46,327,803
Supplemental disclosure of cash flow information		
Interest paid	\$ 2,348,101	2,418,834
Acquisition of property, plant and equipment through capital lease	499,000	—

See accompanying notes to financial statements

## HUNTERDON MEDICAL CENTER

Notes to Financial Statements

December 31, 2012 and 2011

### (1) Organization and Summary of Significant Accounting Policies

#### (a) *Organization*

Hunterdon Medical Center (the Medical Center), located in Flemington, New Jersey, is a not-for-profit acute care medical center. The Medical Center provides inpatient, outpatient, and emergency care services for the residents of Hunterdon County and surrounding areas. The Medical Center is an affiliated member of Hunterdon Healthcare System, Inc. (the System). The System is also the controlling entity for Hunterdon Medical Center Foundation, Inc. (the Foundation); Hunterdon Regional Community Health, Inc. (HRCH); and Midjersey Health Corporation (Midjersey). The System owns 100% of the outstanding stock of Midjersey Health Corporation and 50% of the outstanding stock of Hunterdon Health Care, LLC, which are for-profit entities. Only the Medical Center's financial statements are presented herein.

During 2012, the Medical Center acquired an imaging center and additional cardiac testing services. Revenues related to these two additions were approximately \$15,826,000 and expenses were approximately \$7,582,000 for the year ended December 31, 2012.

#### (b) *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

#### (c) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Medical Center recorded an increase to net patient service revenue of approximately \$2,423,000 and \$1,013,000 in 2012 and 2011, respectively, related to changes in estimates for the estimated third-party payor settlements.

#### (d) *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and highly liquid investments with an original maturity of twelve months or less.

#### (e) *Patient Accounts Receivable*

The Medical Center has agreements with third-party payors that provide for payment at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Management regularly reviews accounts and contracts and provides appropriate contractual allowances and discounts that are netted against patient accounts receivable in the statements of financial position. Patient accounts receivable are further reduced by an allowance for doubtful accounts.

The allowance for doubtful accounts is the Medical Center's best estimate of the amount of probable credit losses in the Medical Center's existing patient accounts receivable. The Medical Center

## HUNTERDON MEDICAL CENTER

### Notes to Financial Statements

December 31, 2012 and 2011

determines the allowance based on historical write-off experience and identifies trends by each of its major payer sources of patient service revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. For patient accounts receivable associated with self-pay patients, which includes those patients without insurance coverage and patients with deductibles and copayment balances for which third-party coverage exists for a portion of the bill, the Medical Center records a significant provision for bad debts for patients that are unable or unwilling to pay for the portion of the bill representing their financial responsibility. Past due balances are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The following table sets forth the components of the change in the allowance for doubtful accounts for the year ended December 31, 2012:

	<b>Balance at the beginning of the year</b>	<b>Provision for bad debts</b>	<b>Write-offs, net of recoveries</b>	<b>Balance at the end of the year</b>
Medicare	\$ 844,866	475,779	536,722	783,923
Medicaid	95,498	53,779	60,668	88,610
Aetna	1,153,090	649,352	732,529	1,069,913
Blue cross	2,331,094	1,312,734	1,480,885	2,162,943
Other managed care	1,968,069	1,108,300	1,250,265	1,826,105
Patients and other	11,638,367	6,547,525	7,393,559	10,798,846
Total	<u>\$ 18,030,984</u>	<u>10,147,469</u>	<u>11,454,628</u>	<u>16,730,340</u>

**(f) Inventories**

Inventories are stated at lower of cost, determined using the first-in, first-out method or market.

**(g) Short-Term Investments and Assets Whose Use is Limited**

Assets whose use is limited primarily include assets held by trustees under indenture agreements; designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes; and donor-restricted assets. Amounts required to meet current liabilities of the Medical Center have been classified as current assets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investments in commingled funds are recorded at fair value based on the net asset value of the fund as estimated by the external investment managers. The Medical Center reviews and evaluates the values provided by the external investment managers for reasonableness. Investment income or loss (including realized gains and losses on investments and interest and dividends) is included in excess of revenues and gains over expenses and losses unless donor stipulation or law restricts the income or loss. Gains and losses on the sale of investments are based on an identified cost basis. Unrealized gains and losses on investments are excluded from

## HUNTERDON MEDICAL CENTER

### Notes to Financial Statements

December 31, 2012 and 2011

excess of revenues and gains over expenses and losses unless the investments are trading securities. Donated investments are reported at fair value at the date of receipt.

A decline in the fair value below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value. The impairment is charged to excess of revenues and gains over expenses and losses and a new cost basis for the security is established.

#### **(h) Fair Value**

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. A fair value hierarchy was established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Medical Center's interest therein, its classification in Level 2 or 3 is based on the Medical Center's ability to redeem its interest at or near December 31. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

#### **(i) Property, Plant, and Equipment**

Property, plant, and equipment are carried at cost, except donated assets, which are recorded at fair market value at the date of donation. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Depreciation expense is calculated on all depreciable assets, based on the straight-line method utilizing the following estimated lives:

Land improvements	10 to 40 years
Buildings	25 to 40 years
Fixed equipment	10 to 20 years
Major moveable equipment	3 to 20 years
Leasehold improvements	Term of lease

## HUNTERDON MEDICAL CENTER

### Notes to Financial Statements

December 31, 2012 and 2011

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

**(j) *Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed of***

Long-lived assets, such as property, plant, and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statements of financial position and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability, sections of the statements of financial position.

**(k) *Conditional Asset Retirement Obligations***

Conditional asset retirement obligations are recognized if a legal obligation exists to perform asset retirement activities and a reasonable estimate of the fair value of the obligation can be made.

**(l) *Beneficial Interests in Trusts***

Beneficial interests in trusts are arrangements whereby a donor establishes and funds a trust, and the assets are held in perpetuity with the income earned distributed annually to the Medical Center for both restricted and unrestricted use. The Medical Center recognizes the contribution and a receivable as permanently restricted net assets in the period the trust is established at its present value, which equals the fair value of the underlying assets. The fair value of these assets is based on the net asset values reported by the fund manager, which are reviewed by management for reasonableness. Adjustments to the receivable to reflect changes in fair value are recognized as additional contributions to permanently restricted net assets.

**(m) *Deferred Financing Costs***

Deferred financing costs consist principally of debt acquisition costs, which are being amortized over the life of the related debt.

**(n) *Goodwill***

Goodwill is a result of acquisitions of physician practices and is included in other assets in the accompanying statements of financial position and amounts to approximately \$3.2 million at December 31, 2012. The Medical Center does not amortize the carrying value of goodwill. Rather, an impairment test is performed at least annually on the recorded amounts.

## HUNTERDON MEDICAL CENTER

### Notes to Financial Statements

December 31, 2012 and 2011

**(o) Self Insured Health Benefits**

The Medical Center is self insured for employee health benefits. The provision for estimated employee health benefits includes estimates for the ultimate cost for both reported claims and claims incurred but not reported and is included in accounts payable and accrued expenses in the accompanying statements of financial position.

**(p) Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Medical Center 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 Medical Center in perpetuity.

The Foundation raises or holds contributions on behalf of the Medical Center and other affiliates. The Medical Center periodically requests funds from the Foundation for capital and other needs. The Medical Center's beneficial interest in the temporarily and permanently restricted net assets of the Foundation and its share of the change in those net assets are reported in the accompanying financial statements in temporarily restricted and permanently restricted net assets, respectively.

**(q) Donor-Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as unrestricted nonoperating revenues and gains.

**(r) Statements of Operations**

The Medical Center's operating income includes all unrestricted revenues and expenses. Nonoperating revenues and gains (losses) include unrestricted interest and dividend income, unrestricted net realized gains (losses) on investments, unrestricted contributions, change in value of derivatives, and gain (loss) on sale of assets. The statements of operations also include excess of revenues and gains over expenses and losses, which is the performance indicator. Changes in unrestricted net assets that are excluded from the performance indicator, consistent with industry practice, include unrealized gains and losses on investment securities other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, pension-related changes other than net periodic pension cost, changes in accounting principles, and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

**(s) Patient Service Revenue**

Operating revenues are recognized in the period services are performed and consist primarily of patient service revenue that is reported at estimated net realizable amounts from patients, third-party

**HUNTERDON MEDICAL CENTER**

Notes to Financial Statements

December 31, 2012 and 2011

payers, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

The estimated percentages of patient service revenue by inpatient and outpatient services for the years ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Inpatient Services	30.3%	32.5%
Outpatient Services	69.7	67.5

The significant concentration of patient service revenue by payor for the years ended December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Medicare	24.7%	26.2%
Medicaid	2.1	2.7
Aetna	15.1	17.3
Blue cross	20.0	21.2
Other managed care	15.2	14.4
Patients and other	22.9	18.2
Total	<u>100.0%</u>	<u>100.0%</u>

**(t) Other Revenue**

Other revenue includes grant revenue (including Meaningful Use-Health Information Technology for Economic and Clinical Health Act (HITECH) Stimulus Grants. The Medical Center recorded approximately \$450,000 and \$72,000 of revenues related to Medicare's incentive payments for meeting the criteria for electronic health records during the year ended December 31, 2012 and 2011, respectively, (see note 14). Additionally, fees for the use of the Medical Center's health and wellness center and rental income are recorded in other revenue.

**(u) Estimated Medical Malpractice**

The liability for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

**(v) Derivative Instruments and Hedging Activities**

Derivative financial instruments are employed to manage risks. The principal financial instruments used for cash flow hedging purposes are interest rate swaps. The Medical Center enters into interest rate swap agreements to manage its exposure to interest rate changes. The Medical Center recognizes all financial instruments in the statements of financial position at fair value. Changes in the fair value

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### Notes to Financial Statements

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of derivatives are recognized either within the performance indicator or in other changes in unrestricted net assets, which is excluded from the performance indicator, depending on whether the derivative financial instrument qualifies for hedge accounting. Gains and losses on derivatives designated as cash flow hedges, to the extent they are effective, are recorded in other changes in the statement of operations and statement of changes in net assets. Changes in the fair value of derivatives not qualifying as hedges, and for any portion of a hedge that is ineffective, are reported within the performance indicator.

**(w) *Income Taxes***

The Medical Center is a tax-exempt not-for-profit organization under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required. The Medical Center recognizes income tax positions when it is more-likely than-not that the position will be sustainable based on the merits of the position. Management has concluded that there are no material tax liabilities that need to be recorded.

**(x) *Reclassifications***

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

**(y) *New Accounting Pronouncements***

In August 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-23, *Health Care Entities (Topic 954) Measuring Charity Care for Disclosure*. ASU NO. 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU No. 2010-23 requires that cost be used as a measurement basis for charity care disclosure purposes and that cost be identified as the direct or indirect cost of providing the charity care, and requires disclosure of the method used to identify or determine such costs. The ASU was effective for the Medical Center's 2011 financial statements and the disclosure was made retrospectively.

In August 2010, the FASB issued ASU No. 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*. ASU No. 2010-24 is intended to address current diversity in practice to the accounting by health care entities for medical malpractice claims and similar liabilities and their related anticipated insurance recoveries. Most health care entities have netted anticipated insurance recoveries against the related accrued liability, although some entities have presented the anticipated insurance recovery and related liability on a gross basis. The existing guidance does not permit offsetting of conditional or unconditional liabilities with anticipated insurance recoveries from third parties. This update clarifies that a health care entity should not net insurance recoveries against related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The ASU was effective for the Medical Center's 2011 financial statements and as a result of the adoption the Medical Center recorded a receivable which is included in other assets and a liability which is included in other liabilities, of approximately \$889,000 and \$595,000 at December 31, 2012 and 2011, respectively.

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In July 2011, FASB issued ASU 2011-07, *Health Care Topics (954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The guidance is intended to provide financial statement users with greater transparency about a healthcare entity's net patient service revenue and related allowance for doubtful accounts. The guidance provides information to assist financial statement users in assessing an entity's sources of patient service revenue and related changes in its allowance for doubtful accounts. The guidance requires certain healthcare entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those healthcare entities are required to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts. The guidance also requires disclosures of patient service revenue (net of contractual allowances and discounts), as well as qualitative information about changes in allowance for doubtful accounts. The Medical Center adopted the guidance of ASU 2011-07 on January 1, 2012. As such, the Medical Center reclassified the provision for bad debt expenses, net, totaling \$10,147,469 and \$10,339,392 for the years ended December 31, 2012 and 2011, respectively, from operating expenses to a reduction of patient service revenue in the statements of operations.

#### **(2) Charity and Uncompensated Care**

In furtherance of its charitable purpose, the Medical Center provides a wide variety of benefits to the community, including offering various community-based programs, such as lifeline, health screenings, training for emergency service personnel, social service, support counseling for patients and families, pastoral care, and crisis intervention. Additionally, a large number of health-related educational programs are provided for the benefit of the community, including health enhancements and wellness, classes on specific conditions, and telephone information services designed to improve the general standards of the health of the community.

The Medical Center also provides medical care without charge or at reduced costs to residents of its community who meet the criteria under state regulation for charity care. The Medical Center's definition of charity care includes services provided at no charge or at a reduced charge to patients who are uninsured or underinsured. The Medical Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy. An overall cost to charge ratio was applied to arrive at the cost of charity care, and as a result the cost of charity care amounted to \$9,808,923 and \$7,779,238 in 2012 and 2011, respectively. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The state provides certain subsidy payments to qualified hospitals to partially fund uncompensated care and certain other costs. Subsidy payments recognized as revenue amounted to \$1,633,480 and \$1,641,695 for 2012 and 2011, respectively, and are included in other revenue.

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**(3) Assets Whose Use is Limited and Short-term Investments**

Short-term investment funds at December 31, 2012 and 2011 are set forth in the following table:

	<u>2012</u>	<u>2011</u>
Certificates of deposit	\$ 9,101,232	13,020,395
Mutual funds invested in bonds	5,395,714	3,723,186
Accrued interest receivable	316,843	218,586
Total short-term investments	<u>\$ 14,813,789</u>	<u>16,962,167</u>

Board-designated funds at December 31, 2012 and 2011 are set forth in the following table:

	<u>2012</u>	<u>2011</u>
Certificates of deposit	\$ 4,726,264	5,531,826
Commingled funds invested in U.S. large cap equities	—	1,152,179
Mutual funds invested in short-term treasuries	2,103,179	2,506,342
Mutual funds invested in bonds	13,540,847	12,028,337
Mutual funds invested in domestic equity securities	23,402,521	19,325,889
Mutual funds invested in international equity securities	1,603,992	1,357,445
Accrued interest receivable	130,456	118,097
Total board-designated funds	<u>\$ 45,507,259</u>	<u>42,020,115</u>

Donor-restricted assets at December 31, 2012 and 2011 are set forth in the following table:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 4,445,895	4,678,493
Commingled funds invested in U.S. large cap equities	4,386,885	3,359,933
Commingled funds invested in U.S. bonds	3,284,349	3,502,424
Mutual funds invested in international equity securities	1,375,957	1,233,920
Mutual funds invested in domestic equity securities	1,561,503	1,447,515
Total donor-restricted assets	<u>\$ 15,054,589</u>	<u>14,222,285</u>

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Funds held by trustee under bond indenture agreements are maintained for the following purposes:

		<u>2012</u>	<u>2011</u>
Debt service funds for principal and interest	\$	1,071,958	1,048,874
Debt service reserve funds		<u>3,245,635</u>	<u>3,244,942</u>
Total funds held by trustee under bond indenture agreements		4,317,593	4,293,816
Less current portion		<u>1,071,958</u>	<u>1,048,874</u>
Noncurrent portion	\$	<u><u>3,245,635</u></u>	<u><u>3,244,942</u></u>

Funds held by trustee under bond indenture agreements, comprised primarily of U.S. Treasury notes and other cash equivalents, stated at fair value, represent amounts held by the trustee in connection with the loan and security agreement.

Investment return includes the following for the years ended December 31, 2012 and 2011:

		<u>2012</u>	<u>2011</u>
Interest and dividend income	\$	1,460,585	1,640,666
Net realized gains on investments		326,601	187,903
Change in net unrealized gains (losses) on investments, other than trading securities		<u>3,737,081</u>	<u>(454,538)</u>
Total investment return	\$	<u><u>5,524,267</u></u>	<u><u>1,374,031</u></u>

There were no gross unrealized losses on assets whose use is limited at December 31, 2012. Gross unrealized losses on assets whose use is limited and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2011, were as follows:

		<u>December 31, 2011</u>					
		<u>Less than twelve months</u>		<u>Twelve months or longer</u>		<u>Total</u>	
		<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>	<u>Fair value</u>	<u>Unrealized losses</u>
Mutual funds	\$	<u>740.189</u>	<u>38.815</u>	<u>281.961</u>	<u>37.650</u>	<u>1,022.150</u>	<u>76.465</u>
Total	\$	<u><u>740.189</u></u>	<u><u>38.815</u></u>	<u><u>281.961</u></u>	<u><u>37.650</u></u>	<u><u>1,022.150</u></u>	<u><u>76.465</u></u>

Management reviewed the mutual funds with unrealized losses, summarized in the above table, and determined that the mutual funds were not other than temporarily impaired as the Medical Center has the ability and intent to hold these investments until a market price recovery or maturity. Management reached this conclusion after reviewing current market conditions and other information they deemed relevant to their assessment.

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#### (4) Property, Plant, and Equipment

Property, plant, and equipment at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 6,796,849	6,796,849
Land improvements	6,047,265	5,837,700
Buildings	95,179,067	91,513,935
Fixed equipment	38,294,603	37,726,354
Major moveable equipment	99,824,251	92,480,765
Leasehold improvements	3,389,139	2,855,085
Minor equipment	51,244	51,244
Construction in progress	4,833,190	5,903,557
	<u>254,415,608</u>	<u>243,165,489</u>
Less accumulated depreciation and amortization	151,978,782	139,128,539
Property, plant, and equipment, net	<u>\$ 102,436,826</u>	<u>104,036,950</u>

The construction in progress primarily relates to the Medical Center's OR renovation project, development of an electronic medical records system and architectural fees related to future ventures. At December 31, 2012, the Medical Center has approximately \$1,629,000 in outstanding commitments for the completion of these three initiatives.

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Notes to Financial Statements

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### (5) Long-Term Debt and Capital Lease Obligations

#### *Bonds Payable*

Bonds payable at December 31, 2012 and 2011 consists of the following:

	2012	2011
Serial Bonds, payable annually from July 1, 2010 to 2014, bearing interest at a rate of 4% (b)	\$ 460,000	605,000
Serial Bonds, payable annually from July 1, 2015 to 2017, bearing interest at a rate of 4.5% (b)	1,155,000	1,155,000
Serial Bonds, payable annually from July 1, 2018 to 2020, bearing interest at a rate of 5% (b)	1,790,000	1,790,000
Private Placement Issue, payable monthly from January 1, 2010 to December 1, 2019 (c)	8,820,000	10,130,000
Term Bonds, payable July 1, 2025 bearing interest at 5.25% (a)	5,455,000	5,455,000
Term Bonds, payable July 1, 2035 bearing interest at 5.25% (a)	16,070,000	16,070,000
Term Bonds, payable July 1, 2026 bearing interest at 5% (b)	3,260,000	3,260,000
Term Bonds, payable July 1, 2036 bearing interest at 5% (b)	10,135,000	10,135,000
	47,145,000	48,600,000
Less:		
Portion due within one year	1,460,000	1,455,000
Plus:		
Unamortized bond premium	1,129,953	1,164,675
Long-term portion	\$ 46,814,953	48,309,675

#### *Capital Lease Obligation*

Capital lease obligation at December 31, 2012 and 2011 consist of the following:

	2012	2011
Siemens/Lumins Agile bearing interest at 2.03% (e)	\$ 459,323	—
Pantheon Capital, payable quarterly through October 2012, bearing interest at 5.236% (f)	—	263,351
Subtotal	459,323	263,351
Less portion due within one year	80,694	263,351
Long-term portion	\$ 378,629	—

- (a) The Medical Center issued \$22,500,000 of Revenue Bonds, Series 2006A, (Series 2006A bonds) dated January 1, 2006, through the New Jersey Health Care Facilities Financing Authority (the Authority). The loan agreement requires principal payments beginning in July 2008 and ending on July 1, 2035. There are two term bonds, totaling \$21,525,000, the first of which matures in 2025

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bearing interest at 5.25%, and the second of which matures in 2035 bearing interest at 5.125%. The bonds bear interest, which is payable semiannually on July 1 and January 1. The loan agreement required the establishment of a debt service reserve fund.

Proceeds from the bonds were used for the payment of the costs of the construction of a new parking garage consisting of 449 parking spaces, the undertaking of various building improvements, the acquisition of radiology and clinical information systems, the payment of preconstruction costs related to the planned construction of a health and wellness center, acquisition of certain capital equipment items, and the repayment of a \$1,535,000 line of credit that was used to retire a portion of the Series 1990 bonds. As security for the repayment of the bonds, the Medical Center has granted a security interest in its gross revenues and a mortgage on the property in Raritan Township on which the Medical Center is located. The agreement requires the Medical Center to comply with certain financial covenants and ratios.

- (b) The Medical Center issued \$17,085,000 of Revenue Bonds, Series 2006B, (Series 2006B bonds) dated December 21, 2006, through the Authority. The loan agreement requires principal payments beginning in July 2010 and ending on July 1, 2036. There are serial bonds maturing each year beginning in 2010 through 2020 totaling \$3,690,000 bearing interest from 4% to 5% and two term bonds, totaling \$13,395,000, the first of which matures in 2026 bearing interest at 5%, and the second of which matures in 2036 bearing interest at 5%. The bonds bear interest, which is payable semiannually on July 1 and January 1. The loan agreement required the establishment of a debt service reserve fund.

Proceeds from the bonds were used for the construction of a Clinton campus primarily to include a health and wellness center. As security for the repayment of the bonds, the Medical Center has granted a security interest in its gross revenues and a mortgage on the Clinton campus property. The agreement requires the Medical Center to comply with certain financial covenants and ratios.

- (c) On December 1, 2009, the Authority signed a loan agreement with the Medical Center that allowed for the issuance of \$12,765,000 Revenue Bonds, Series 2009, (Series 2009 bonds) in the name of Hunterdon Medical Center.

The Series 2009 bonds are special and limited obligations of the Authority, payable in monthly installments ranging from \$105,000 to \$110,000 from January 2010 to December 2019. The bonds were initially issued in the Index Floating Rate Mode and were subsequently converted to a fixed rate of 4.107% through an interest rate swap.

Proceeds from the bonds were used to refund the Series 1990 bonds, and to finance the acquisition of various equipment for use at the Medical Center's facilities in Flemington, New Jersey and Clinton, New Jersey, and to pay costs incidental to the issuance and sale of the Series 2009 Bonds. As security for the repayment of the bonds, the Medical Center has granted a security interest in its gross revenues and a mortgage of the property in Raritan Township on which the Medical Center is located. The agreement requires the Medical Center to comply with certain financial covenants and ratios.

Effective December 1, 2009, the Hospital entered into an interest rate swap exchange agreement with TD Bank, N.A. The swap agreement has a notional amount equal to the aggregate matching the

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projected principal amortization of the Series 2009 bonds. The Medical Center entered into this agreement with the intention of lowering its effective interest rate. At December 31, 2012 and 2011, the fair value of the derivative was (\$512,485) and (\$526,294), respectively, and is included in other liabilities in the accompanying statements of financial position. The change in fair value recognized during the years ended December 31, 2012 and 2011, in the amount of \$13,809 and (\$225,951) is recorded in the statements of operations and is included in the performance indicator.

Future debt payments (exclusive of the unamortized bond discount) at December 31, 2012 follow:

Year ending December 31:	
2013	\$ 1,460,000
2014	1,520,000
2015	1,580,000
2016	1,645,000
2017	1,710,000
Thereafter	<u>39,230,000</u>
	<u>\$ 47,145,000</u>

- (d) The Medical Center has a \$6,000,000 unsecured line of credit with a bank. The interest rate at December 31, 2012 and 2011 was 4.0% and the term was extended to December 31, 2013. There is no balance in the line of credit as of December 31, 2012 and 2011.
- (e) During 2012, the Medical Center entered into a capital lease with Siemens for a piece of radiology equipment. The term of the lease is five years with lease payments required monthly beginning August 22, 2012. The lease includes interest at 2.03% and a purchase option of \$1 at the end of the term.
- (f) During 2008, the Medical Center entered into a capital lease with Pantheon Capital for the purchase of Alaris IV Infusion pumps with a lease commencement date of January 1, 2008. The term of the lease is five years with lease payments required quarterly. The lease includes interest at 5.236% and a purchase option of \$1 at the end of the term.

#### (6) Pension Plan

The Medical Center sponsors a noncontributory defined benefit pension plan that covers all eligible employees. The plan provides for benefits to be paid to eligible employees at retirement, based primarily upon years of service and compensation. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. The Medical Center's funding policy is to contribute annually an amount equal to or greater than the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Medical Center uses a December 31 measurement date.

The Medical Center recognizes the funded status of the benefit plan, which is measured as the difference between plan assets at fair value and the benefit obligation, in the statements of financial position. Additionally, it requires organizations to recognize changes in that funded status in the year in which the

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changes occur through a separate line within the change in unrestricted net assets, apart from expenses, to the extent those changes are not included in the net periodic cost.

The following tables set forth the plan's funded status, amounts recognized in the Medical Center's statements of financial position, and components of net periodic pension cost for 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 192,151,135	150,387,312
Service cost	10,524,456	8,492,781
Interest cost	9,582,828	9,060,960
Amendments	44,154	33,913
Benefits paid	(4,563,337)	(3,915,303)
Actuarial loss	24,829,266	28,091,472
	<u>232,568,502</u>	<u>192,151,135</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	134,546,931	122,418,014
Actual return on plan assets	16,209,349	1,044,220
Employer contributions	18,000,000	15,000,000
Benefits paid	(4,563,337)	(3,915,303)
	<u>164,192,943</u>	<u>134,546,931</u>
Funded status	\$ <u>(68,375,559)</u>	<u>(57,604,204)</u>
Amounts recognized in unrestricted net assets in the statements of operations resulting from pension-related changes other than net periodic pension cost		
Net actuarial gain	\$ 13,601,864	34,582,153
Prior service credit	4,413	(3,819)
	<u>\$ 13,606,277</u>	<u>34,578,334</u>

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The accumulated benefit obligation for the pension plan was \$190,799,063 and \$157,825,736 at December 31, 2012 and 2011, respectively.

	<b>2012</b>	<b>2011</b>
Weighted average assumptions used to determine benefit obligations at December 31:		
Discount rate	4.34%	5.01%
Rate of compensation increases	5.25	5.25
Weighted average assumptions used to determine net periodic benefit cost:		
Discount rate	5.01%	5.97%
Expected long-term rate of return on plan assets	8.00	8.00
Rate of compensation increases	5.25	5.25
Components of net periodic benefit cost:		
Service cost	\$ 10,524,456	8,492,781
Interest cost	9,582,828	9,060,960
Expected return on plan assets	(11,231,460)	(10,124,935)
Amortization of prior service cost	39,741	37,732
Amortization of unrecognized actuarial loss	6,249,513	2,590,033
Net periodic benefit cost	\$ 15,165,078	10,056,571
Amounts expected to be recognized in net periodic benefit cost in 2012 are as follows:		
Net actuarial loss	\$ 7,252,703	5,774,989
Prior service cost	39,741	34,323

The expected long-term rate of return on pension assets is selected by taking into account the expected duration of the projected benefit obligation (PBO) for the plan and the asset mix of the plan. The rate of return is expected to be the rate earned over the period until the benefits represented by the current PBO are paid. The expected return on plan assets is based on the Medical Center's expectation of historical long-term average rates of return on the different asset classes held in the pension fund. This is reflective of the current and projected asset mix of the funds and considers the historical returns earned on the Medical Center's asset allocation and the duration of the plan liabilities. Thus, the Medical Center has taken a historical approach to the development of the expected return on asset assumption. The Medical Center believes the fundamental changes in the markets cannot be predicted over the long term. Rather, historical returns, realized across numerous economic cycles, should be representative of the market return expectations applicable to the funding of a long-term benefit obligation.

Actual year-by-year returns can deviate substantially from the long-term expected return assumption. However, over time it is expected that the amount of over-performance will equal the amount of under-performance.

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The fair value hierarchy for the Medical Center's pension plan assets at December 31, 2012 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pension assets				
Commingled fund – U S core equities	\$ 52,841,125	—	52,841,125	—
Commingled fund – U S small & mid- cap equities	17,071,011	—	17,071,011	—
Commingled fund – U S bonds	48,307,529	—	48,307,529	—
Mutual/commingled funds invested in international equity securities	21,694,248	10,681,887	11,012,361	—
Mutual fund – high yield bonds	8,094,774	8,094,774	—	—
Mutual fund – all asset fund	12,446,438	12,446,438	—	—
Cash and cash equivalents	3,737,818	3,737,818	—	—

The Medical Center has the ability to redeem its investments in the commingled funds at its year-end with one day notice and therefore, classify these funds as level 2. There were no transfers between Level 1 and Level 2 financial assets.

The fair value hierarchy for the Medical Center's pension plan assets at December 31, 2011 are as follows:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pension assets				
Commingled fund – U S core equities	\$ 43,501,210	—	43,501,210	—
Commingled fund – U S small & mid- cap equities	13,416,710	—	13,416,710	—
Commingled fund – U S bonds	41,745,891	—	41,745,891	—
Mutual/commingled funds invested in international equity securities	16,160,748	7,978,332	8,182,416	—
Mutual fund – high yield bonds	6,781,781	6,781,781	—	—
Mutual fund – all asset fund	10,018,123	10,018,123	—	—
Cash and cash equivalents	2,922,468	2,922,468	—	—

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The Medical Center's pension plan weighted average asset allocations at December 31, 2012 and 2011, by asset category, are as follows:

<u>Asset category</u>	<u>Target allocations</u>	<u>2012</u>	<u>2011</u>
Mutual and commingled funds invested in equity securities	55.00%	56%	54%
Mutual and commingled funds invested in debt securities	42.50	42	44
Other	2.50	2	2
		<u>100%</u>	<u>100%</u>

In determining the asset allocation, the Medical Center's investment manager recognizes its desire for funding and expense stability, the long-term nature of the pension obligation, and current and projected cash needs for retiree benefit payments. An asset allocation analysis is performed to determine the long-term targets for the major asset classes of equity, debt, and cash using an efficient frontier model. The asset allocation is reviewed quarterly and rebalanced if the variance to the targets is exceeded by 2.5% or more.

The Medical Center estimates that it will contribute \$18,000,000 during 2013 to satisfy required minimum funding requirements for the 2013 plan year.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year ending December 31:	
2013	\$ 5,606,000
2014	6,482,000
2015	7,333,000
2016	8,209,000
2017	9,055,000
2018 – 2022	64,901,000

In addition to the defined benefit plan, the Medical Center also provides a deferred compensation plan for certain employees and physicians. At December 31, 2012 and 2011, the assets related to this plan are included in other assets and the related liability is included in other liabilities in the amount of \$2,491,945 and \$2,407,804, respectively.

In addition, certain of the Medical Center's key employees participate in a split dollar life insurance plan. Under this insurance policy, all premium payments are divided between the participant's portion and the Medical Center's portion. Any withdrawal or death benefit must first be used to repay the Medical Center's portion of the policy. At December 31, 2012 and 2011, the assets related to this plan are included in other assets in the amount of \$3,396,416 and \$2,954,200, respectively.

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#### (7) Related-Party Transactions

Distributions of restricted funds from the Foundation are recorded as decreases to beneficial interest in net assets of Hunterdon Medical Center Foundation, Inc. in the statements of financial position. These restricted distributions consisted of the following for the years ended December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Restricted for capital acquisitions	\$ —	850,000
Restricted for program support	349,729	203,603
	\$ 349,729	1,053,603

Additionally, the Foundation approved and disbursed an unrestricted contribution in the amount of \$100,000 during the year ended December 31, 2011, which is included in contributions in the accompanying statements of operations.

The Medical Center entered into various financing and operating arrangements with its affiliates. Interest is not charged under these arrangements. The following net amounts are due from (to) affiliates at December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Hunterdon Healthcare System, Inc.	\$ 1,907,687	1,790,868
Hunterdon Medical Center Foundation, Inc.	—	1,465,778
Hunterdon Regional Community Health, Inc.	493,940	345,378
Midjersey Health Corporation and subsidiaries	(55,039)	(382,151)
	2,346,588	3,219,873
Less amounts classified as current assets	438,900	1,429,005
	\$ 1,907,688	1,790,868

The System has entered into a noninterest-bearing loan agreement with the Medical Center. The System used the funds borrowed to purchase all of the outstanding stock of Midjersey Health Corporation. The outstanding balance of this note is \$1,030,000 and \$1,130,000 at December 31, 2012 and 2011, respectively. The System makes payments on this note to the Medical Center as Midjersey Health Corporation declares dividends to the System. Payments made during 2012 and 2011 were \$100,000 in each year. The remaining balance owed by the System of \$877,687 and \$660,868 at December 31, 2012 and 2011, respectively, primarily represents operating expenses paid by the Medical Center on the System's behalf.

The amounts due from the Foundation, HRCH, and Midjersey primarily represent salaries and benefits paid by the Medical Center on the affiliate organization's behalf. In 2012, the Medical Center determined that the amount due from the Foundation was uncollectible and was subsequently written off. As a result, the Medical Center recorded an equity transfer to the Foundation in the amount of \$2,279,938.

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### Notes to Financial Statements

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HRCH has a contractual agreement to provide patient care services on behalf of the Medical Center. Fees associated with these contracted services in the amounts of \$415,117 and \$597,294 were recorded by the Medical Center during 2012 and 2011, respectively, and are included in supplies and services expenses in the accompanying statements of operations. HRCH also provides various management services such as billing, building maintenance, and other services to the Medical Center. The Medical Center recorded management fees of \$1,131,376 and \$1,101,064 for the years ended December 31, 2012 and 2011, respectively, that are included in supplies and services expenses in the accompanying statements of operations. These amounts represent the fair value for services charged.

Midjersey has a service agreement with the Medical Center. Fees associated with the services provided under this agreement in the amounts of \$2,653,184 and \$2,739,998 for the years ended December 31, 2012 and 2011, respectively, were recorded by the Medical Center and are included in supplies and services expenses in the accompanying statements of operations. Professional and Patient Care Liability Insurance.

#### (8) Professional and Patient Care Liability Insurance

The Medical Center has purchased annually a “claims made” professional liability insurance policy, which provides coverage of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In addition, The Medical Center has purchased an additional layer of insurance above the base policy of \$15,000,000. Employed physicians are not covered by the above policy. Each individual employed physician is provided individual coverage in the amount of \$3,000,000 per occurrence and \$5,000,000 annual aggregate. The Medical Center has estimated losses and recorded an undiscounted liability of \$1,429,000 and \$1,361,000 at December 31, 2012 and 2011, respectively, relating to unasserted claims and incidents not yet reported to the insurance carrier, which are included in other liabilities in the accompanying statements of financial position.

#### (9) Operating Leases

The Medical Center is obligated under noncancelable operating leases with terms in excess of one year for certain office space and equipment. Rental expense was \$4,759,412 and \$4,241,362 during 2012 and 2011, respectively. The required minimum lease payments at December 31, 2012 are as follows (rounded):

Year ending December 31:	
2013	\$ 3,002,000
2014	2,598,000
2015	2,478,000
2016	2,419,000
2017	2,137,000
Thereafter	10,442,000
	<u>\$ 23,076,000</u>

#### (10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets in the amount of \$5,400,147 and \$6,995,499 at December 31, 2012 and 2011, respectively, are available for use by the Medical Center, as specified by the donor, for capital acquisitions, research, and education. Permanently restricted net assets of \$15,246,863 and \$14,227,896 at

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### Notes to Financial Statements

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December 31, 2012 and 2011, respectively, are funds to be held in perpetuity by the Medical Center. The income earned on these funds is expendable either to support patient care services or as specified by the donor. Realized gains and losses are retained in either unrestricted net assets or permanently restricted net assets in accordance with the donors' wishes.

The Medical Center's endowment consists of eleven funds that have been established by the Medical Center and one fund that has been established by the Foundation to support the Medical Center in providing health care services. These funds are invested by the Medical Center and Foundation. As required by GAAP, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are to be reported in unrestricted net assets as of year-end. There were no such deficiencies as of December 31, 2012 and 2011.

#### ***Interpretation of Relevant Law***

The board of trustees of the Medical Center and the Foundation have interpreted the New Jersey Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Medical Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The interest and dividends income earned on the accumulations to the permanently restricted endowment funds is classified as temporarily restricted net assets until the donor-imposed restrictions have been met and the amounts have been appropriated for expenditure.

#### ***Spending Policy***

The Foundation distributes to the Medical Center funds from its endowment account when donor-imposed restrictions have been met. The Medical Center spends earnings on donor-restricted endowment funds when expenses have been incurred that satisfy the donor-imposed restrictions.

#### ***Return Objectives and Risk Parameters***

The Foundation and Medical Center have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income and growth, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Medical Center and Foundation must hold in perpetuity. Under this policy, as approved by the Medical Center's and Foundation's boards of trustees, the endowment assets are invested in a manner that is intended to produce moderate to high rates of return while assuming a moderate to low level of investment risk.

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The Medical Center has no board-designated endowment funds. The following represents the net asset classes of the Medical Center's donor-restricted endowment funds at December 31, 2012 and 2011:

		<b>2012</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$	—	1,667,400	15,246,863	16,914,263

  

		<b>2011</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Donor-restricted endowment funds	\$	—	1,728,128	14,227,896	15,956,024

The following table presents changes in endowments for the years ended December 31, 2012 and 2011:

		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets at December 31, 2010	\$	—	1,692,028	14,358,050	16,050,078
Investment income		—	159,873	—	159,873
Change in net unrealized losses on investments		—	—	(55,288)	(55,288)
Net realized gains on investments		—	—	69,504	69,504
Change in value of beneficial interest in trusts		—	—	(144,370)	(144,370)
Appropriation of endowment assets for expenditure		—	(123,773)	—	(123,773)
Endowment net assets at December 31, 2011		—	1,728,128	14,227,896	15,956,024
Investment income		—	46,792	—	46,792
Change in net unrealized losses on investments		—	—	717,832	717,832
Net realized gains on investments		—	—	170,234	170,234
Change in value of beneficial interest in trusts		—	—	130,901	130,901
Appropriation of endowment assets for expenditure		—	(107,520)	—	(107,520)
Endowment net assets at December 31, 2012	\$	—	1,667,400	15,246,863	16,914,263

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#### (11) Functional Expenses

The Medical Center provides general healthcare services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2012 and 2011 follow:

	<u>2012</u>	<u>2011</u>
Health services	\$ 225,103,212	196,169,886
General and administrative	33,190,778	30,419,644
	<u>\$ 258,293,990</u>	<u>226,589,530</u>

#### (12) Concentration of Credit Risk

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party arrangements. The significant concentrations of accounts receivable for services to patients include the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Medicare	33.7%	34.8%
Medicaid	2.8	3.9
Blue cross	14.9	16.8
Aetna	8.9	11.7
HMO/PPO payors	13.5	15.2
Other third-party payors	9.7	9.0
Self-pay patients	16.5	8.6
	<u>100.0%</u>	<u>100.0%</u>

#### (13) Fair Value of Financial Instruments

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

- Cash and cash equivalents, patient accounts receivable, other receivables, prepaid expenses, due from affiliates, and all current liabilities, except current portion of long-term debt, are reported at amounts that approximate fair value due to the relatively short period to maturity of these financial instruments.
- Fair values on investments in marketable equity securities and mutual funds are determined based on quoted market prices.
- Fair values of investments in commingled funds are based on net asset values of the fund. The Medical Center has the ability to redeem its investments in the commingled funds at its year-end with one day notice and therefore, classify these funds as Level 2.
- Fair value of the beneficial interest in trusts is based on the fair value of the underlying securities.

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- Fair value of the Medical Center's swap transactions is based on current traded values of the respective swaps.
- Fair value of the Medical Center's bonds payable is based on current traded values of the respective bonds.

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

The following table presents the Medical Center's fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2012.

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets (liabilities)				
Short-term investments				
Certificates of deposit	\$ 9,101,232	9,101,232	—	—
Mutual funds – short term bonds	5,395,714	5,395,714	—	—
Assets whose use is limited				
Cash and cash equivalents	9,353,163	9,353,163	—	—
Certificates of deposit	4,726,264	4,726,264	—	—
Commingled funds – U S large cap equities	4,386,885	—	4,386,885	—
Commingled funds – U S bonds	3,284,349	—	3,284,349	—
Mutual funds – international equities	2,979,949	2,979,949	—	—
Mutual funds – domestic equities	24,964,024	24,964,024	—	—
Mutual funds – short-term treasuries	2,103,179	2,103,179	—	—
Mutual funds – bonds	13,540,847	13,540,847	—	—
Beneficial interest in trusts	2,003,084	—	—	2,003,084
Swap agreement	(512,485)	—	(512,485)	—

There were no transfers among Level 1, Level 2 or Level 3 financial assets or liabilities.

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December 31, 2012 and 2011

The following table presents the Medical Center’s fair value hierarchy for those assets and liabilities measured at fair value as of December 31, 2011.

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets (liabilities)				
Short-term investments				
Certificates of deposit	\$ 13,020,395	13,020,395	—	—
Mutual funds – domestic equities	3,723,186	3,723,186	—	—
Assets whose use is limited				
Cash and cash equivalents	8,972,309	8,972,309	—	—
Certificates of deposit	5,531,826	5,531,826	—	—
Commingled funds – U S large cap equities	4,512,112	—	4,512,112	—
Commingled funds – U S bonds	3,502,424	—	3,502,424	—
Mutual funds – international equities	2,591,365	2,591,365	—	—
Mutual funds – domestic equities	20,773,404	20,773,404	—	—
Mutual funds – short-term treasuries	2,506,342	2,506,342	—	—
Mutual funds – bonds	12,028,337	12,028,337	—	—
Beneficial interest in trusts	1,872,183	—	—	1,872,183
Swap agreement	(526,294)	—	(526,294)	—

The Medical Center’s carrying value and estimated fair value of its bonds payable at December 31, 2012 was \$48,274,953 and \$53,144,722, respectively, and at December 31, 2011 was \$49,764,675 and \$51,751,099, respectively.

**(14) Contingencies**

***General Contingencies***

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

***Reimbursement Contingencies***

A summary of the payment arrangements with major third-party payors includes, but is not limited to, the following:

Medicare – Under the Medicare program, the Medical Center receives reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient’s assigned diagnosis related group (DRG). When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional “outlier” payments. Effective August 1, 2000, a

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### Notes to Financial Statements

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As a result of recently enacted and pending federal health care reform legislation, substantial changes are anticipated in the United States health care system. Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade.

Two specific changes have been enacted by CMS in 2011, both of which present opportunities to the Medical Center. The first is value based purchasing. On May 6, 2011, CMS issued the final rule that established a hospital value-based purchasing program for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2013, value-based incentive payments will be made based upon achievement of or improvement on a set of clinical and patient experience of care quality measures designed to foster improved clinical outcomes for hospital patient as well as improve how patients experience inpatient care. The Medical Center is currently measuring quality indicators consistent with the CMS value based purchasing methodology and creating action plans to continue improvement in the future periods in an effort to maximize the Medical Center's reimbursement opportunities.

The second change is Meaningful Use – HITECH Stimulus Grants. On July 13, 2010, CMS issued rules to implement the Medicare and Medicaid electronic health record (EHR) incentive program established under the Health Information Technology for Economic and Clinical Health Act (HITECH Act). Certain hospitals and eligible healthcare professions (EPs) that demonstrate “meaningful use” of certified EHR technology can qualify for Medicare payments beginning in 2011. Medicaid requires that hospitals and EPs “adopt, implement or upgrade” certified EHR, which includes purchasing the technology, in order to receive incentive payments in 2011. Beginning in federal fiscal year 2015, Medicare payment reduction penalties will be assessed against hospitals and EP's that do not achieve meaningful use of EHR. The Medical Center qualified for EHR incentive payments of approximately \$450,000 and \$72,000 for the years ended December 31, 2012 and 2011, respectively.

#### **(15) Subsequent Event**

The Medical Center evaluated events subsequent to December 31, 2012 and through April 30, 2013, the date on which the financial statements were issued. There were no events noted requiring disclosure.

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### Notes to Financial Statements

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prospective outpatient system was adopted that provides for payment for outpatient services based on service groups called ambulatory payment classifications (APCs). The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2006.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective methodology that, similar to Medicare, is based on predetermined rates per discharge. Outpatient services are paid based upon a cost reimbursement methodology. The Medical Center's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through December 31, 2006.

Other Third-Party Payors – Other private insurance companies, health maintenance organizations (HMOs), preferred provider organizations (PPOs), and other managed care plans negotiate payment rates directly with the Medical Center. Such arrangements vary from DRG-based payment systems to per diems, case rates, and percentage of billed charges. All other third-party payors are billed at established charges.

For both Medicare and Medicaid, final settlement is determined after submission of annual cost reports by the Medical Center and audits thereof by the fiscal intermediary. The Medical Center's classification of patients and the appropriateness of their admission under these programs are subject to an independent audit by a peer review organization. The performance of such audits typically does not coincide with the issuance of annual financial statements. Therefore, a provision for audit settlements has been included in estimated third-party payor settlements in the accompanying statements of financial position.

The Medical Center has recorded approximately \$66.0 million and \$5.2 million of revenues related to Medicare and Medicaid, respectively, for the year ended December 31, 2012 and approximately \$59.3 million and \$5.5 million of revenues related to Medicare and Medicaid, respectively, for the year ended December 31, 2011. These amounts represent approximately 25.9% and 2.0% of patient service revenue related to Medicare and Medicaid, respectively, for the year ended December 31, 2012 and approximately 25.1% and 3.3% of patient service revenue related to Medicare and Medicaid, respectively, for the year ended December 31, 2011.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term. The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse legislation. Recent federal initiatives have prompted a national review of federally funded health care programs. The Medical Center believes that it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties, and exclusion from the Medicare and Medicaid programs, which could have a material adverse effect on the financial position, results of operations, and liquidity of the Medical Center.