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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)	OMB No 1545-0047 2012 Open to Public Inspection
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 04-01-2012 , 2012, and ending 03-31-2013

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization HOSPITAL FOR SPECIAL CARE		D Employer identification number 06-0646766
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 2150 CORBIN AVENUE	Room/suite	E Telephone number (860) 827-1958
	City or town, state or country, and ZIP + 4 NEW BRITAIN, CT 060532266		G Gross receipts \$ 145,983,474
	F Name and address of principal officer JOHN VOTTO 2150 CORBIN AVENUE NEW BRITAIN, CT 060532266		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No" attach a list. (see instructions)

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ☐ (Insert no) ☐ 4947(a)(1) or ☐ 527		H(c) Group exemption number	
J Website: WWW HFSC ORG			
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other		L Year of formation 1941	M State of legal domicile CT

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities HOSPITAL FOR SPECIAL CARE IS A 228 BED REHABILITATION AND CHRONIC DISEASE HOSPITAL, SERVING PATIENTS IN THREE AREAS INPATIENT AND OUTPATIENT REHABILITATION, RESPIRATORY CARE, AND MEDICALLY COMPLEX PEDIATRICS		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	16
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	15
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,210
	6 Total number of volunteers (estimate if necessary)	6	359
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue		Prior Year	Current Year
	8 Contributions and grants (Part VIII, line 1h)	903,877	1,039,145
	9 Program service revenue (Part VIII, line 2g)	148,374,376	141,811,910
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,122,601	1,573,352
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,001,754	1,557,287
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	152,402,608	145,981,694
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	2,500	10,000
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	68,304,111	66,321,709
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ☐ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	82,867,568	76,719,974
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	151,174,179	143,051,683
	19 Revenue less expenses Subtract line 18 from line 12	1,228,429	2,930,011
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		126,491,773	133,871,044
21 Total liabilities (Part X, line 26)		76,834,730	79,705,258
22 Net assets or fund balances Subtract line 21 from line 20		49,657,043	54,165,786

Part II Signature Block

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

Sign Here	***** Signature of officer			2013-11-13 Date	
	LAURIE WHELAN SENIOR VP OF FINANCE/CFO Type or print name and title				
Paid Preparer Use Only	Prnt/Type preparer's name ELIZABETH SOLECKI		Preparer's signature		Date
	Firm's name  BLUM SHAPIRO & COMPANY PC CPA'S			Check ☐ if self-employed	PTIN P00235171
	Firm's address  29 S MAIN STREET PO BOX 272000 WEST HARTFORD, CT 061272000			Phone no (860) 561-4000	

Part III

Statement of Program Service Accomplishments

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

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1

Briefly describe the organization’s mission

HOSPITAL FOR SPECIAL CARE IS A 228 BED REHABILITATION AND CHRONIC DISEASE HOSPITAL, SERVING PATIENTS IN THREE AREAS INPATIENT AND OUTPATIENT REHABILITATION, RESPIRATORY CARE, AND MEDICALLY COMPLEX PEDIATRICS

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 \$ 46,265,560 including grants of \$ 10,000) (Revenue \$ 59,833,254)

INPATIENT CARE RESPIRATORY SERVICES INCLUDE CARING FOR PEOPLE WHO HAVE MADE CONSCIOUS DECISIONS TO LIVE ON LIFE SUPPORT THESE PATIENTS REQUIRE SIGNIFICANT MEDICAL ATTENTION ALONG WITH SERVICES TO ENHANCE QUALITY OF LIFE OUR GOAL IS TO LIBERATE PATIENTS FROM VENTILATOR DEPENDENCY SO THAT THEY CAN RESUME THEIR LIVES HOSPITAL FOR SPECIAL CARE IS RECOGNIZED FOR HAVING THE HIGHEST VENTILATOR-WEANING RATE IN CONNECTICUT AND CONSISTENTLY EXCEEDS THE NATIONAL AVERAGE SERVICES FOR THE CLINICAL MANAGEMENT OF PATIENTS WITH SERIOUS RESPIRATORY CONDITIONS ARE PROVIDED ON THREE DISTINCT UNITS HSC’S 36-BED LAURIE COLEMAN PUGLISI RESPIRATORY CARE UNIT AND THE 38-BED RESPIRATORY STEP-DOWN UNIT PROVIDE CARE FOR PATIENTS WITH MULTI-SYSTEM PROBLEMS AND ASSOCIATED RESPIRATORY FAILURE REQUIRING ARTIFICIAL AIRWAY AND VENTILATOR ASSISTANCE THE CLOSE OBSERVATION UNIT IS AN 11-BED UNIT PROVIDING TECHNOLOGICALLY ADVANCED CLINICAL MANAGEMENT OF ADULT PATIENTS WHO REQUIRE MECHANICAL VENTILATION, AND WHO HAVE POTENTIAL TO BE REMOVED FROM THE VENTILATOR HOSPITAL FOR SPECIAL CARE IS CERTIFIED BY AMERICAN ASSOCIATION OF CARDIOVASCULAR AND PULMONARY REHABILITATION (AACVPR) (28,859 PATIENT DAYS)

4b

(Code) (Expenses \$ 46,758,703 including grants of \$) (Revenue \$ 47,345,300)

INPATIENT CARE REHABILITATION SERVICES INCLUDE PROGRAMS FOR THOSE RECOVERING FROM A LIFE-THREATENING CONDITION, DEBILITATING INJURY OR SUFFERING FROM ACUTE CHRONIC ILLNESS HSC SPINAL CORD PROGRAM IS THE ONLY ONE IN CONNECTICUT NATIONALLY-ACCREDITED BY THE COMMISSION ON ACCREDITATION OF REHABILITATION FACILITIES (CARF) FOR THE SPINAL CORD SYSTEM OF CARE THE ACQUIRED BRAIN INJURY (ABI) PROGRAM TREATS INDIVIDUALS WITH TRAUMATIC OR NON-TRAUMATIC BRAIN INJURIES (I E , ANEURYSM, ANOXIA, TUMORS) WITH THE GOAL TO MAXIMIZE PATIENTS’ FUNCTIONAL STATUS, INDEPENDENCE, PSYCHOSOCIAL ADJUSTMENT AND VOCATIONAL AND LEISURE SKILLS INCLUDING COMMUNITY REINTEGRATION THE NEUROBEHAVIORAL PROGRAM (NBP) IS A LONG-TERM, 33-BED INPATIENT REHABILITATION PROGRAM THAT SPECIALIZES IN THE TREATMENT OF INDIVIDUALS WHO HAVE SUSTAINED AN ACQUIRED BRAIN INJURY AND HAVE BEEN UNSUCCESSFUL LIVING IN THE COMMUNITY OR IN OTHER FACILITIES THE PURPOSE OF THE NBP IS TO ASSIST THESE INDIVIDUALS IN MANAGING THEIR BEHAVIORS APPROPRIATELY, IN LEARNING SKILLS TO MAXIMIZE THEIR INDEPENDENCE AND TO IMPROVE THEIR OVERALL QUALITY OF LIFE IN FY11 8 BEDS IN THE REHAB WING WERE CONVERTED TO A NEW CARDIAC MEDICAL UNIT WHICH IS DESIGNED TO TREAT AND ASSIST PATIENTS WHO ARE STRIVING TO REGAIN, OR MAINTAIN THEIR FUNCTIONAL ABILITY WHILE DEALING WITH THE COMPLICATIONS FROM HEART FAILURE (28,568 PATIENT DAYS)

4c

(Code) (Expenses \$ 15,110,736 including grants of \$) (Revenue \$ 16,163,977)

INPATIENT CARE PEDIATRIC SERVICES IS A 30-BED PEDIATRIC UNIT THAT PROVIDES CARE TO CHILDREN (FROM NEWBORN TO 18 YEARS OF AGE), IN NEED OF REHABILITATION FOLLOWING AN ACCIDENT, SURGERY, OR SERIOUS ILLNESS, MANY OF WHOM ARE TECHNOLOGY DEPENDENT HSC OFFERS PROGRAMS AND SERVICES TAILORED TO EACH CHILD’S INDIVIDUAL NEEDS TO HELP REGAIN LOST SKILLS OR DEVELOP BRAND NEW SKILLS THE ULTIMATE GOAL IS TO PROVIDE A BRIDGE BETWEEN ACUTE CARE AND A HOME SETTING (8,640 PATIENT DAYS)

(Code) (Expenses \$ 5,929,452 including grants of \$) (Revenue \$ 6,137,839)

OUTPATIENT REHABILITATION SERVICES INCLUDE MULTIDISCIPLINARY SERVICES TO MEET THE NEEDS OF PATIENTS WHO REQUIRE ASSISTANCE BUT DO NOT REQUIRE HOSPITALIZATION PHYSICAL THERAPISTS FOCUS ON IMPROVING A PERSON’S MOVEMENT, MOBILITY AND STRENGTH TO RESTORE, MAINTAIN AND PROMOTE OPTIMAL PHYSICAL FUNCTION OCCUPATIONAL THERAPISTS FOCUS ON IMPROVING A PERSON’S ABILITY TO PERFORM DAILY SELF-CARE NEEDS AND ROUTINES WHICH MAY INCLUDE DIFFICULTY WITH SEQUENCING AND PLANNING, ARM AND HAND MOVEMENTS, AND FINE-MOTOR COORDINATION OUR SPEECH LANGUAGE PATHOLOGY SERVICES AND ASSESSMENTS ARE DESIGNED TO CONSIDER ALL OF THE VARIABLES THAT AFFECT A PATIENT’S ABILITY TO MEET HIS/HER GOALS, INCLUDING ORAL CARE, LEVEL OF INDEPENDENCE IN DAILY ACTIVITIES, MEDICATION AND QUALITY OF LIFE NEEDS HSC OUTPATIENT FACILITIES INCLUDE A STATE-OF-THE-ART, FULLY ACCESSIBLE 27,000 SQUARE FOOT AQUATIC REHABILITATION CENTER, FEATURING 2 POOLS A WARM WATER POOL TO HELP REDUCE PAIN DURING AQUATIC THERAPY AND A COOL WATER POOL FOR FITNESS, ATHLETIC TRAINING AND RECREATION THE NEUROMUSCULAR CENTER AT THE HOSPITAL FOR SPECIAL CARE IS THE LARGEST AND MOST COMPREHENSIVE IN THE STATE OF CONNECTICUT, INCLUDING MUSCULAR DYSTROPHY ASSOCIATION (MDA) CLINIC FOR ADULTS AND CHILDREN, AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION (ALSA) CERTIFIED CENTER PROGRAM & CLINIC, NEUROPATHY & GENERAL NEUROMUSCULAR DISEASE CLINIC, ELECTROMYOGRAPHY (EMG) & NEURODIAGNOSTIC LAB, UCHC-HSC MUSCLE & NERVE BIOPSY SERVICE, REHABILITATION SERVICES, SPEECH & LANGUAGE PATHOLOGY, MEDICAL NUTRITION SERVICES, SOCIAL WORK SERVICES, SUPPORT GROUPS, NEUROMUSCULAR AND PULMONARY CLINIC THE DEPARTMENT OF PSYCHOLOGY PROVIDES A VARIETY OF ASSESSMENT AND TREATMENT SERVICES IN ADULT NEUROPSYCHOLOGY, PEDIATRIC AND ADOLESCENT NEUROPSYCHOLOGY AND REHABILITATION PSYCHOLOGY AND COORDINATES SUPPORT GROUPS FOR INDIVIDUALS WITH TRAUMATIC BRAIN INJURY AND SPINAL CORD INJURY HSC ALSO OFFERS OUTPATIENT PULMONARY REHABILITATION PROGRAM TO HELP PERSONS WITH PULMONARY DISEASE REACH HIS OR HER MAXIMUM LEVEL OF INDEPENDENCE AND FUNCTION IN THE COMMUNITY BY OFFERING ENDURANCE EXERCISE GROUPS FOR FITNESS TRAINING AND INDIVIDUAL ONE-TO-ONE THERAPY SESSIONS FOR EVALUATION AND TRAINING IN TECHNIQUES TO DECREASE ENERGY EXPENDITURE FOR WALKING, CLIMBING STAIRS, COMPLETING SELF-CARE AND PERFORMING CHORES IN FYE 2012, HSC OPENED A NEW AUTISM CENTER THAT PROVIDES A VARIETY OF DIAGNOSTIC, PSYCHOLOGICAL AND ACADEMIC EVALUATIONS AND A FULL RANGE OF THERAPY OPTIONS IN OCCUPATIONAL, SPEECH AND LANGUAGE, AND PHYSICAL THERAPIES FOR CHILDREN AND ADOLESCENTS WITH AUTISM SPECTRUM DISORDERS (ASD) THE AUTISM CENTER STAFF ALSO ASSIST IN THE DEVELOPMENT OF EDUCATIONAL AND BEHAVIORAL PLANS, AS WELL AS THE TRAINING OF CAREGIVERS, TEACHERS OR OTHERS INVOLVED IN THE LIFE OF THE CHILD THESE SERVICES MAY BE CONTRACTED BY EITHER THE CHILD’S PARENTS OR THE SCHOOL SYSTEM (20,845 VISITS)

(Code) (Expenses \$ 9,948,824 including grants of \$) (Revenue \$ 12,331,540)

INPATIENT CARE SATELLITE UNIT/HARTFORD LOCATION IS A 23-BED UNIT LOCATED WITHIN THE WALLS OF THE NORTH CAMPUS OF SAINT FRANCIS HOSPITAL AND MEDICAL CENTER IN HARTFORD THE SATELLITE UNIT IS SPECIFICALLY DESIGNED TO PROVIDE SOPHISTICATED TREATMENT AND SERVICES FOR PATIENTS NEEDING COMPREHENSIVE WOUND MANAGEMENT, VENTILATOR-WEANING, COMPLEX RESPIRATORY CARE, OR MANAGEMENT OF COMPLEX MEDICAL ISSUES THE GOAL IS TO MAXIMIZE THE OUTCOMES OF PATIENTS WHO NO LONGER NEED INVASIVE OR ACUTE DIAGNOSTIC PROCEDURES, BUT WHO CONTINUE TO REQUIRE 24-HR NURSING CARE AND/OR MONITORING (6,056 PATIENT DAYS)

4d

Other program services (Describe in Schedule O)

(Expenses \$ 15,878,276 including grants of \$) (Revenue \$ 18,469,379)

4e

Total program service expenses ▶ 124,013,275

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	221	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	1,210	
2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?			No
3b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.			
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			No
4b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			No
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			No
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
7 Organizations that may receive deductible contributions under section 170(c).			
7a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?			No
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?			
7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			No
7d If "Yes," indicate the number of Forms 8282 filed during the year.			
7e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			No
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			No
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
9 Sponsoring organizations maintaining donor advised funds.			
9a Did the organization make any taxable distributions under section 4966?			
9b Did the organization make a distribution to a donor, donor advisor, or related person?			
10 Section 501(c)(7) organizations. Enter			
10a Initiation fees and capital contributions included on Part VIII, line 12.			
10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.			
11 Section 501(c)(12) organizations. Enter			
11a Gross income from members or shareholders.			
11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
12b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.			
13b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.			
13c Enter the amount of reserves on hand.			
14a Did the organization receive any payments for indoor tanning services during the tax year?			No
14b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.			

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	16	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	15	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
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 LAURIE A WHELAN 2150 CORBIN AVENUE NEW BRITAIN, CT (860) 612-6309

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

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	5,411,778	180,006	590,459

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. ▶ 63

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
THE HOSPITAL OF CENTRAL CONNECTICUT 100 GRAND ST NEW BRITAIN CT 06050	LABORATORY & RADIOLOGY SERVICES	1,259,098
SAINT FRANCIS HOSPITAL 114 WOODLAND STREET HARTFORD CT 06105	LEASE & PURCHASED SERVICES	615,228
TOTAL LAUNDRY COLLABORATIVE 114 WOODLAND STREET HARTFORD CT 06105	LAUNDRY & LINEN SERVICES	333,257
MASON INC 23 AMITY ROAD BETHANY CT 06524	ADVERTISING/MEDIA CONSULTATIVE SERVICES	325,964
ALLSCRIPTS HEALTHCARE LLC LOCKBOX 077133 PHILADELPHIA PA 19171	INFO TECH SERVICES/EQUIPMENT	270,334
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶17		

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	447,682			
	e	Government grants (contributions)	1e	234,108			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	357,355			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		1,039,145			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REV	622000	141,458,210	141,458,210		
	b	MEMBERSHIP FEES	713940	353,700	353,700		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		141,811,910			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		1,572,732		1,572,732	
	4	Income from investment of tax-exempt bond proceeds . .					
	5	Royalties		5,739		5,739	
	6a	Gross rents	(i) Real	(ii) Personal			
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
				2,400			
				1,780			
				620			
	d	Net gain or (loss)		620		620	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events . .					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities . .					
	10a	Gross sales of inventory, less returns and allowances . .	a				
	b	Less cost of goods sold	b				
c	Net income or (loss) from sales of inventory . .						
Miscellaneous Revenue		Business Code					
11a	DAYCARE SERVICES	624410	604,081			604,081	
b	CAFETERIA SALES	722210	195,423			195,423	
c	PROFESSIONAL SERVICES	541900	44,338			44,338	
d	All other revenue		707,706			707,706	
e	Total. Add lines 11a-11d		1,551,548				
12	Total revenue. See Instructions		145,981,694	141,811,910	0	3,130,639	

Part IX

Statement of Functional Expenses

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

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

☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	10,000	10,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	3,708,708		3,708,708	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	49,555,869	44,577,722	4,978,147	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	476,852	428,950	47,902	
9	Other employee benefits.	8,832,502	7,945,231	887,271	
10	Payroll taxes.	3,747,778	3,371,294	376,484	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	306,880		306,880	
c	Accounting.	137,654		137,654	
d	Lobbying.	97,308		97,308	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	3,700,604	2,491,581	1,209,023	
12	Advertising and promotion.	325,987	325,987		
13	Office expenses.	7,030,857	4,733,804	2,297,053	
14	Information technology.	102,145		102,145	
15	Royalties.				
16	Occupancy.	1,216,549	1,205,662	10,887	
17	Travel.	51,929	38,732	13,197	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	125,151	43,778	81,373	
20	Interest.	2,240,780		2,240,780	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	3,343,696	3,007,804	335,892	
23	Insurance.	754,905		754,905	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).				
a	CONTRACTUAL ADJUSTMENTS	53,361,935	53,361,935		
b	PHARMACY	2,470,795	2,470,795		
c	MISCELLANEOUS EXPENSES	646,316		646,316	
d	MEDICAL/SURGICAL NON-CH	402,400		402,400	
e	All other expenses	404,083		404,083	
25	Total functional expenses. Add lines 1 through 24e.	143,051,683	124,013,275	19,038,408	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		9,791,849	1	11,981,548
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		14,332,099	4	13,361,304
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		560,091	8	571,146
	9	Prepaid expenses and deferred charges		2,387,594	9	2,992,674
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a94,008,965			
	b	Less accumulated depreciation	10b52,101,209	42,516,718	10c	41,907,756
	11	Investments—publicly traded securities		36,546,289	11	36,868,949
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		20,357,133	15	26,187,667
	16	Total assets. Add lines 1 through 15 (must equal line 34)		126,491,773	16	133,871,044
Liabilities	17	Accounts payable and accrued expenses		22,989,945	17	23,909,421
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		53,608,200	20	53,255,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		236,585	25	2,540,837
	26	Total liabilities. Add lines 17 through 25		76,834,730	26	79,705,258
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		44,105,555	27	48,201,839
	28	Temporarily restricted net assets		5,115,712	28	5,527,923
	29	Permanently restricted net assets		435,776	29	436,024
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		49,657,043	33	54,165,786
	34	Total liabilities and net assets/fund balances		126,491,773	34	133,871,044

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	145,981,694
2	Total expenses (must equal Part IX, column (A), line 25)	2	143,051,683
3	Revenue less expenses Subtract line 2 from line 1	3	2,930,011
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	49,657,043
5	Net unrealized gains (losses) on investments	5	1,948,897
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-370,165
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	54,165,786

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 06-0646766

Name: HOSPITAL FOR SPECIAL CARE

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			
BRADLEE BENN BOARD MEMBER	1 00 0 00	X						0	0	0
DIANE R CHACE ESQ BOARD MEMBER	1 00 1 00	X						0	0	0
GERALDINE DEVERS BOARD MEMBER	1 00 30	X						0	0	0
ELIZABETH FUMIATTI BOARD MEMBER	1 00 1 90	X						0	0	0
MICHAEL GENOVESI MD BOARD MEMBER	1 00 0 00	X						0	0	0
HUBERT DAVIS BOARD MEMBER	1 00 0 00	X						0	0	0
THOMAS HUTTON BOARD MEMBER	1 00 0 00	X						0	0	0
JAMES MAHONEY BOARD MEMBER	1 00 0 00	X						0	0	0
JOHN C KING ESQ BOARD MEMBER	1 00 0 00	X						0	0	0
LEE D NORDSTROM BOARD MEMBER	1 00 0 00	X						0	0	0
DAVID J KELLY BOARD MEMBER	1 00 90	X						0	0	0
JOSEPH G LAFFIN CCP BOARD MEMBER	1 00 0 00	X						0	0	0
ROSEMARY HATHAWAY PHD RN BOARD MEMBER	1 00 0 00	X						0	0	0
JOHN VOTTO DO PRESIDENT & CEO	38 10 1 90	X		X				543,285	7,352	124,998
PAUL SCALISE MD SR VP MED AFFAIRS & CHIEF OF STAFF	41 50 0 00			X				351,799	0	62,101
LAURIE ANN WHELAN SENIOR VP FINANCE, CFO & TREASURER	27 40 12 60			X				219,774	73,878	35,769
FELICIA DEDOMINICIS SVP LEGAL AFFAIRS, CLO, SECRETARY, CORP COMPLIANCE	33 40 6 60			X				194,478	25,747	42,658
LYNN A RICCI SENIOR VP ADMINISTRATION & COO	34 40 5 60			X				229,074	38,205	38,722
LISA A NEWTON VP OF PATIENT CARE SERVICES	40 00 0 00			X				207,925	0	16,635
DONALD CYR VP FACILITIES & HOSPITALITY SVCS	39 40 60			X				164,751	0	17,781
JUDITH TRZCINSKI VP HUMAN RESOURCES	39 40 60			X				136,477	0	8,623
STANISLAW JANKOWSKI VP CHIEF INFORMATION OFFICER	39 40 60			X				159,541	0	13,526
VICTORIA GOLAB VP QUALITY & PATIENT SAFETY OFFICER	39 40 60			X				116,935	0	19,829
CHRISTINE ULATOWSKI EXECUTIVE ASST/ASST SECRETARY	37 10 2 90			X				81,332	0	10,945
JASON JAKUBOWSKI VP GOVERNMENT RELATIONS	40 00 0 00			X				147,809	0	18,538

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			
CARL R FICKS ESQ CHAIRMAN	1 00 60	X		X				0	0	0
RITA E GRYGUS RN MSN VICE CHAIRMAN	1 00 60	X		X				0	0	0
WILLIAM E SCHUCH ASSISTANT TREASURER	1 00 90	X		X				0	0	0
DAVID CRANDALL FORMER PRESIDENT & CEO	37 00 3 00					X		1,902,924	34,824	60,363
BRENDA NURSE MD CHIEF, INFECTION DISEASE, EPIDEMIOLOGY	40 00 0 00					X		263,568	0	31,696
JOHN PELEGANO MD CHIEF OF PEDIATRICS	40 00 0 00					X		228,038	0	48,730
STEVEN PRUNK MD ASSOC CHIEF INTERNAL & PULMONARY MEDICINE	45 00 0 00					X		234,120	0	20,474
WILLIAM PESCE CHIEF OF PHYSICAL MEDICINE & REHAB	40 00 0 00					X		229,948	0	19,071

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization HOSPITAL FOR SPECIAL CARE	Employer identification number 06-0646766
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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 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

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

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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.

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization HOSPITAL FOR SPECIAL CARE	Employer identification number 06-0646766
---	--

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 For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)		274,556													
c Total lobbying expenditures (add lines 1a and 1b)		274,556													
d Other exempt purpose expenditures		124,013,275													
e Total exempt purpose expenditures (add lines 1c and 1d)		124,287,831													
f Lobbying nontaxable amount Enter the amount from the following table in both columns		1,000,000													
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><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></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														
g Grassroots nontaxable amount (enter 25% of line 1f)		250,000													
h Subtract line 1g from line 1a If zero or less, enter -0-		0													
i Subtract line 1f from line 1c If zero or less, enter -0-		0													
j 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?		☐ Yes ☐ 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.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount				1,000,000	1,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					1,500,000
c Total lobbying expenditures				274,556	274,556
d Grassroots nontaxable amount				250,000	250,000
e Grassroots ceiling amount (150% of line 2d, column (e))					375,000
f 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
1 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			
a Volunteers?			
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c Media advertisements?			
d Mailings to members, legislators, or the public?			
e Publications, or published or broadcast statements?			
f Grants to other organizations for lobbying purposes?			
g Direct contact with legislators, their staffs, government officials, or a legislative body?			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i Other activities?			
j Total Add lines 1c through 1i			
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d 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
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

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."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 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?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

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
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SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HOSPITAL FOR SPECIAL CARE

Employer identification number

06-0646766

Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	7,205,185	5,173,186	3,549,365	1,551,107	2,425,008
b Contributions	467,933	2,097,219	1,497,531	1,593,206	259,434
c Net investment earnings, gains, and losses	373,757	93,071	309,864	689,552	-972,772
d Grants or scholarships	10,000	2,500	5,000	2,500	7,500
e Other expenditures for facilities and programs	395,478	147,354	169,416	246,810	153,063
f Administrative expenses		8,437	9,158	35,190	
g End of year balance	7,641,397	7,205,185	5,173,186	3,549,365	1,551,107

- 2

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

a

Board designated or quasi-endowment

22 000 %

b

Permanent endowment

6 000 %

c

Temporarily restricted endowment

72 000 %

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐
- b

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

3b

☐ Yes

☐
- 4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		363,049		363,049
b Buildings		59,710,516	26,794,949	32,915,567
c Leasehold improvements		162,377	50,272	112,105
d Equipment		29,762,701	23,263,348	6,499,353
e Other		4,010,322	1,992,640	2,017,682
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				41,907,756

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

1	Total revenue, gains, and other support per audited financial statements	1	94,420,178
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,948,897
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-53,510,413
e	Add lines 2a through 2d	2e	-51,561,516
3	Subtract line 2e from line 1	3	145,981,694
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	145,981,694

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

1	Total expenses and losses per audited financial statements	1	89,911,435
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	89,911,435
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	53,140,248
c	Add lines 4a and 4b	4c	53,140,248
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	143,051,683

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	FUNDS ARE HELD BY THE ORGANIZATION TO FUND FUTURE FACILITY MAINTENANCE, PURCHASE NEEDED FACILITY EQUIPMENT, PURCHASE EQUIPMENT AND SERVICES FOR PATIENT CARE, FUND LECTURES, RESEARCH AND EDUCATION AND IMPROVE THE QUALITY OF LIFE FOR OUR PATIENTS. IN FY10, A NEW FUND WAS ESTABLISHED FOR THE CONSTRUCTION OF A NEW OUTPATIENT FACILITY BEING FUNDED BY A CAPITAL CAMPAIGN.
PART XI, LINE 2D - OTHER ADJUSTMENTS		ROUNDING 4. CHANGE IN EQUITY INTEREST IN AFFILIATES 615,951. CHANGE IN MINIMUM PENSION LIABILITY 147,722. CONTRACTUAL ADJUSTMENTS - 53,140,248. EQUITY TRANSFERS TO AFFILIATES - 1,133,842.
PART XII, LINE 4B - OTHER ADJUSTMENTS		CONTRACTUAL ADJUSTMENTS 53,140,248

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HOSPITAL FOR SPECIAL CARE

Employer identification number
06-0646766

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☒ 100% ☐ 150% ☐ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other _____ 28000 0000000000 % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	No
6a	Did the organization prepare a community benefit report during the tax year?	5b	
b	If "Yes," did the organization make it available to the public?	5c	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		6a	No
		6b	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			4,187		4,187	0 %
b Medicaid (from Worksheet 3, column a)			62,491,349	64,018,721	-1,527,372	0 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			62,495,536	64,018,721	-1,523,185	
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			49,695		49,695	0 030 %
f Health professions education (from Worksheet 5)			548,186	37,278	510,908	0 360 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			754,458	241,952	512,506	0 360 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			164,047		164,047	0 110 %
j Total Other Benefits			1,516,386	279,230	1,237,156	0 860 %
k Total. Add lines 7d and 7j			64,011,922	64,297,951	-286,029	0 860 %

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					
2	Economic development					
3	Community support		14,559		14,559	0.010 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development		3,118		3,118	0 %
9	Other					
10	Total		17,677		17,677	0.010 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

171,569

3

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

3

4

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

Section B. Medicare

5

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

5

7,355,327

6

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

6

8,761,066

7

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

7

-1,405,739

8

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

☐

Cost accounting system

☒

Cost to charge ratio

☐

Other

Section C. Collection Practices

9a

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

9a

Yes

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 1 NOT APPLICABLE				
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	HOSPITAL FOR SPECIAL CARE 2150 CORBIN AVENUE NEW BRITAIN, CT 06053	X	X				X			LONG TERM ACUTE CARE FACILITY	

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)

HOSPITAL FOR SPECIAL CARE

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>280 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☒ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☒ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	Yes
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

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

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

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

Part VI

Supplemental Information

Complete this part to provide the following information

- 1

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 6A - ANNUAL COMMUNITY BENEFIT PER CONNECTICUT GENERAL STATUTE 19A-127K (A)(1) THE OFFICE OF THE HEALTHCARE ADVOCATE FOR THE STATE OF CONNECTICUT REQUIRES IT TO COLLECT DATA ON COMMUNITY BENEFIT PROGRAMS EVERY 2 YEARS, RATHER THAN ON AN ANNUAL BASIS OUR REPORTING IS DESIGNED TO CONFORM TO THIS STANDARD PART I, LINE 7A & 7B - CHARITY CARE COST, UNREIMBURSED MEDICAID OUR COST WAS DERIVED BASED ON USING WORKSHEET 2 COST TO CHARGE RATIO PART I, LINE 7, COLUMN (F) - PERCENT OF TOTAL EXPENSE THE PERCENTAGE WAS CALCULATED USING PART IX, LINE 25, COLUMN (A) TOTAL EXPENSES OF \$143,051,683 DIVIDED BY THE NET COMMUNITY BENEFIT EXPENSE LINE 7, COLUMN (E)
		PART II COMMUNITY SUPPORT BASED ON EXPERIENCES WITH TRAGEDIES SUCH AS THE TERRORIST ATTACKS ON THE U S THAT OCCURRED ON 9-11-01 AND HURRICANE KATRINA, THE GOVERNMENT IDENTIFIED THAT HOSPITALS WERE A VITAL ELEMENT OF EMERGENCY RESPONSE BUT HAD NOT BEEN A PRIORITY IN REGARDS TO TRAINING AND USE OF THE NATIONAL INCIDENT MANAGEMENT SYSTEM (NIMS) IN ORDER TO ASSURE A COORDINATED EMERGENCY MANAGEMENT RESPONSE, THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ESTABLISHED A HOSPITAL PREPAREDNESS PROGRAM (HPP) THE GOAL OF THIS PROGRAM IS TO ASSURE ADEQUATE AND COORDINATED TRAINING, RESOURCES AND POLICY DEVELOPMENT FOR HOSPITALS SO THAT IN A TIME OF LOCAL, STATE OR REGIONAL DISASTER, HOSPITALS WILL READILY SYNERGIZE THEIR EFFORTS VIA UNIFIED COMMAND WITH OTHER LOCAL, STATE AND FEDERAL EMERGENCY AGENCIES AND SERVICES HOSPITAL FOR SPECIAL CARE (HSC) IS A MEMBER OF THE REGIONAL EMERGENCY SUPPORT PLAN, DESIGNATED AS A MEMBER OF EMERGENCY FUNCTION 8 ALONG WITH ALL AREA ACUTE CARE, LONG TERM CARE, MEDICAL OFFICES, COMMUNITY HEALTH SERVICES AND MEDICAL EMERGENCY RESPONSE ENTITIES IN TOTAL, THERE ARE 20 EMERGENCY FUNCTIONS THAT ARE A PART OF THIS REGIONAL EMERGENCY SUPPORT PLAN THAT INCLUDES TRANSPORTATION, PUBLIC WORKS, ENGINEERING AND FIREFIGHTING FOR EXAMPLE REGIONAL ESF 8 MEMBERS MEET QUARTERLY, COORDINATED BY THE DEPARTMENT OF PUBLIC HEALTH EMERGENCY MANAGEMENT SERVICES, TO WORK ON SHARED PROJECTS SUCH AS ALTERNATE CARE FACILITIES POLICIES, EVACUATION PLANS, PANDEMIC FLU PLANNING AND STATEWIDE DRILL PLANNING HSC PARTICIPATES IN THE WARN COMMUNICATION SYSTEM THAT ALLOWS IMMEDIATE COMMUNICATION AMONGST ESF 8 MEMBERS THROUGHOUT THE STATE OF CONNECTICUT HSC IS LOCATED IN THE HHS- DESIGNATED REGION 3 AND IS ALSO A MEMBER OF THE CAPITAL REGION EMERGENCY PLANNING COMMITTEE THAT MEETS MONTHLY TO ALLOW EFFECTIVE PLANNING AMONG THE ESP 8 MEMBERS IN THE CAPITOL REGION HSC IS ALSO ACTIVE IN THE LOCAL ESF 8 THAT INCLUDES ESF 8 MEMBERS FROM NEW BRITAIN AND SOUTHLINGTON EDUCATION AND DRILLS ARE ESSENTIAL COMPONENTS TO TEST OUR ORGANIZATIONAL ABILITY TO RESPOND TO EMERGENCY SITUATIONS AT A MINIMUM TWICE A YEAR DRILLS INVOLVING OUR COMMUNITY, STATE, AND/OR REGIONAL EMERGENCY MANAGEMENT PARTNERS ARE COMPLETED TO ALLOW TESTING OF PLANS/COMMUNICATIONS AND IDENTIFY OPPORTUNITIES FOR ENHANCING RESPONSES AND/OR COORDINATION OF EFFORT WORKFORCE DEVELOPMENT THE NEW BRITAIN ACADEMY FOR HEALTH PROFESSIONS (HEALTH ACADEMY) WAS ESTABLISHED DECEMBER 7, 2009 THE HEALTH ACADEMY EDUCATES AND PREPARES HIGH SCHOOL STUDENTS FOR CAREERS IN THE HEALTHCARE SERVICE INDUSTRY IN NEW BRITAIN AND IS A COLLABORATIVE EFFORT BETWEEN THE BUSINESS COMMUNITY, THE CONSOLIDATED SCHOOL DISTRICT OF NEW BRITAIN, AND NEW BRITAIN'S TWO HOSPITALS, HOSPITAL FOR SPECIAL CARE AND THE HOSPITAL OF CENTRAL CONNECTICUT THE COMPREHENSIVE CURRICULUM PROVIDES STUDENTS WITH OPPORTUNITIES TO EXPLORE THE HEALTHCARE SERVICE INDUSTRY AND TO DEVELOP UP-TO-DATE SKILLS AND THE KNOWLEDGE-BASE NEEDED FOR CERTIFICATION IN A VARIETY OF HEALTHCARE OCCUPATIONS UPON GRADUATION FROM HIGH SCHOOL IN ADDITION, STUDENTS CAN START EARNING CREDITS TOWARD A TWO-YEAR AND/OR A FOUR-YEAR COLLEGE DEGREE AND BE PREPARED FOR A 21ST CENTURY CAREER WHILE STILL IN HIGH SCHOOL THE TARGET POPULATION OF THE ACADEMY IS NEW BRITAIN HIGH SCHOOL STUDENTS MANY ARE ECONOMICALLY DISADVANTAGED AND UNDERREPRESENTED IN THE HEALTH PROFESSIONS, AND SO THEY HAVE THE POTENTIAL TO BENEFIT GREATLY FROM THE ACADEMY'S WORK-BASED SKILLS AND CAREER COMPETENCY-BUILDING STRATEGIES

Identifier	ReturnReference	Explanation
		PART III, LINE 4 ACCOUNTS RECEIVABLE ARE CONSIDERED DELINQUENT AND WRITTEN OFF WHEN ALL ATTEMPTS TO COLLECT FROM INDIVIDUALS OR OTHER PAYOR SOURCES HAVE BEEN EXHAUSTED, AS DESCRIBED IN NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES ON PAGE 7 OF THE AUDITED FINANCIAL STATEMENTS IT IS ALSO THE HOSPITAL'S PRACTICE TO REVIEW PATIENT ACCOUNTS REGULARLY AND RESERVE FOR ANY POTENTIAL BAD DEBTS
		PART III, LINE 8 THE ORGANIZATION USES A COST TO CHARGE RATIO AS REPORTED ON THE MEDICARE COST REPORT TO DETERMINE ITS MEDICARE COSTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B COLLECTION POLICIES ARE THE SAME FOR ALL PATIENTS OUR HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS FROM PATIENTS DETERMINED TO QUALIFY FOR CHARITY CARE OUR POLICY PROVIDES THAT WE WILL NOT REFER ANY ACCOUNTS FOR COLLECTION UNTIL WE CAN DETERMINE WHETHER THE INDIVIDUAL IS INSURED AND THEREFORE NOT ELIGIBLE FOR FINANCIAL ASSISTANCE
HOSPITAL FOR SPECIAL CARE		PART V, SECTION B, LINE 3 THE CHNA WAS COMPRISED OF BOTH QUANTITATIVE AND QUALITATIVE RESEARCH COMPONENTS QUANTITATIVE DATA A HOUSEHOLD TELEPHONE SURVEY WAS CONDUCTED WITH 630 RANDOMLY-SELECTED COMMUNITY RESIDENTS THE SURVEY WAS MODELED AFTER THE CENTER FOR DISEASE CONTROL AND PREVENTION'S BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS) WHICH ASSESSES HEALTH STATUS, HEALTH RISK BEHAVIORS, PREVENTIVE HEALTH PRACTICES, AND HEALTH CARE ACCESS PRIMARILY RELATED TO CHRONIC DISEASE AND INJURY QUALITATIVE DATA KEY INFORMANT INTERVIEWS WERE CONDUCTED WITH 21 KEY COMMUNITY LEADERS, REPRESENTING A VARIETY OF SECTORS INCLUDING PUBLIC HEALTH AND MEDICAL SERVICES, NON-PROFIT AND SOCIAL ORGANIZATIONS, CHILDREN AND YOUTH AGENCIES, AND THE BUSINESS COMMUNITY KEY INFORMANT INTERVIEW PARTICIPANT LIST DR MICHAEL GREY, DR JEFFREY FINKELSTEIN AND KATHY SCALISE, THE HOSPITAL OF CENTRAL CONNECTICUTPAUL HUTCHEON, CENTRAL CONNECTICUT HEALTH DEPARTMENTSERGIO LUPO AND FRANCINE TRUGLIO, NEW BRITAIN HEALTH DEPARTMENTSHANE LOCKWOOD, PLAINVILLE/SOUTHINGTON HEALTH DEPARTMENTWENDY DEANGELO, WHEELER CLINICRAY GORMAN, COMMUNITY MENTAL HEALTH AFFILIATESYVETTE HIGHSMITH FRANCIS, COMMUNITY HEALTH CENTERS ELLEN ROTHBERG, VNA HEALTHCAREPAT CIARDULLO, NEW BRITAIN EMSGRACE DAMIO, HISPANIC HEALTH COUNSELFATMA ANTAR, BERLIN MOSQUEMONSIGNOR DANIEL PLOCHARCZYK, SACRED HEART CHURCH OF NEW BRITAINSTEPHEN J VARGA, NEW BRITAIN AREA INTER FAITH CONFERENCEJOHN MYERS, SOUTHINGTON YMCA ROSEANNE BILODEAU, PATHWAY SENDEROSMARY ROYCE, NEW BRITAIN HOUSING AUTHORITYCAROL ZESUT, NEW BRITAIN POLICE DEPARTMENTTRISH WALDEN, CONNECTICUT SENIOR CARE

Identifier	ReturnReference	Explanation
HOSPITAL FOR SPECIAL CARE		PART V, SECTION B, LINE 4 HOSPITAL FOR SPECIAL CARE (HSC) CONDUCTED THE CHNA WITH THE HOSPITAL OF CENTRAL CONNECTICUT (HOCC) IN NEW BRITAIN, CT THE TWO HOSPITALS OFTEN WORK TOGETHER TO MEET THE HEALTH NEEDS OF THE GREATER NEW BRITAIN COMMUNITY AS A LONG TERM ACUTE CARE HOSPITAL (LTACH) AND AN ACUTE CARE HOSPITAL RESPECTIVELY, OUR MISSIONS AND SERVICES OFFERED TO THE COMMUNITY ARE QUITE DIFFERENT HSC PRIORITIZED THE HEALTH NEEDS IDENTIFIED IN THE ASSESSMENT BY DEVELOPING STRATEGIES RELATED TO THE CLINICAL EXPERTISE AND SERVICES OFFERED BY HSC AS AN LTACH THE STRATEGIES DEVELOPED BY HOCC WILL ADDRESS THE HEALTH NEEDS OF OTHER MEMBERS OF OUR COMMUNITY BASED ON THE SERVICES PROVIDED BY AN ACUTE CARE FACILITY
HOSPITAL FOR SPECIAL CARE		PART V, SECTION B, LINE 7 HSC DID NOT ADDRESS COMMUNITY HEALTH ISSUES IDENTIFIED AS IT RELATES TO CERTAIN DEMOGRAPHIC GROUPS OF WHICH HSC DOES NOT HAVE EXISTING PROGRAMS OR EXPERTISE IN SERVING EXAMPLES INCLUDE, ACCESS TO HEALTH CARE FOR HISPANICS, SUBSTANCE ABUSE RELATED TO BINGE DRINKING WITH EMPHASIS ON EDUCATION, PREVENTION, TREATMENT, SUPPORTIVE SERVICES AND CARE OF PEOPLE WITH DIABETES HSC FOCUSED ITS RESOURCES IN AREAS OF NEED WHERE ITS EXISTING PROGRAMS AND EXPERTISE WOULD HAVE THE MOST IMPACT

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE HOSPITAL CONTINUALLY WORKS WITH COMMUNITY PARTNERS TO ASSESS THE HEALTH NEEDS OF THE COMMUNITY AND HAS PREPARED NEEDS ANALYSES RELATED TO SPECIFIC PROJECTS OVER THE PAST FOUR YEARS THE HOSPITAL HAS RETAINED OUTSIDE CONSULTING FIRMS TO ASSIST IN THESE STUDIES IN ADDITION, IT HAS REGULARLY WORKED WITH OTHER ORGANIZATIONS TO ASSIST IT TO DETERMINE THE ONGOING NEEDS OF THE COMMUNITY AS A RESULT OF THIS PROCESS, THE HOSPITAL HAS IDENTIFIED THE NEED FOR EXPANSION OF NEUROBEHAVIORAL SERVICES, DENTAL SERVICES FOR THE INDIGENT, SPORTS AND TRAINING PROGRAMS, INCLUDING A CAMP FOR THE DISABLED AND HOUSING FOR THE DISABLED RECENTLY, THE HOSPITAL HAS EXPANDED SERVICES TO MEET THE NEEDS OF THE BRAIN INJURED PATIENT IN THE COMMUNITY THE HOSPITAL CONDUCTS MEETINGS WITH STAKE HOLDERS TO DETERMINE GAPS IN SERVICE FOR THE POPULATIONS IT SERVES HSC HAS RECENTLY IDENTIFIED A NEED FOR ACCESS TO AUTISM SERVICES IN CONNECTICUT AND AS A RESULT HAS EXPANDED OUTPATIENT SERVICES WITH AN AUTISM CLINIC, IN PARTNERSHIP WITH UNIVERSITY OF SAINT JOSEPH AND IS PLANNING AN EXPANSION OF INPATIENT SERVICES FOR AUTISM IN THE FUTURE
		PART VI, LINE 3 PATIENTS ARE NOTIFIED THAT FINANCIAL ASSISTANCE IS AVAILABLE AT THE TIME OF REGISTRATION A STATEMENT IS INCLUDED ON THE FINANCIAL DISCLOSURE PAPERWORK WHICH IS COMPLETED AT THE TIME OF ADMISSION AND ON EACH PATIENT BILL AND SUBSEQUENT STATEMENT FINANCIAL COUNSELING APPOINTMENTS ARE AVAILABLE UPON REQUEST AND INTERPRETER SERVICES ARE AVAILABLE FOR PATIENTS NEEDING INFORMATION IN LANGUAGES OTHER THAN ENGLISH THE HOSPITAL'S CHARITY CARE PROGRAM IS ALSO AVAILABLE ON THE HOSPITAL'S WEB SITE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 HOSPITAL FOR SPECIAL CARE (HSC) IS LICENSED BY STATE OF CONNECTICUT AS A CHRONIC-DISEASE HOSPITAL AND CERTIFIED BY MEDICARE AS A LONG TERM ACUTE CARE HOSPITAL. UNLIKE ACUTE CARE FACILITIES THAT SERVE THEIR SURROUNDING TOWNS, HSC PATIENTS ARE ADMITTED FROM THROUGHOUT CONNECTICUT AND SOUTHERN NEW ENGLAND. HOSPITAL FOR SPECIAL CARE IS THE ONLY LONG TERM ACUTE CARE HOSPITAL IN THE COUNTRY THAT PROVIDES A CONTINUUM OF CARE FROM PEDIATRICS THROUGH ADULTHOOD. IT IS NATIONALLY RENOWNED FOR TREATMENT IN THE AREAS OF PULMONARY DISEASE, ACQUIRED BRAIN INJURIES, COMPLEX PEDIATRICS, NEUROMUSCULAR DISEASE AND SPINAL CORD INJURIES. IN ADDITION TO ITS 205-BED INPATIENT FACILITY IN NEW BRITAIN, CONNECTICUT, HSC OPERATES A 23-BED SATELLITE SERVING THE GREATER HARTFORD AREA. HOSPITAL FOR SPECIAL CARE OFFERS A FULL SPECTRUM OF MEDICAL TREATMENT FOR COMPLEX REHABILITATION AND CHRONIC DISEASE. INPATIENT SERVICES ARE AUGMENTED BY A FULL ARRAY OF OUTPATIENT SERVICES INCLUDING A FULL FITNESS CENTER SPECIALLY DESIGNED FOR THOSE LIVING WITH PHYSICAL DISABILITIES AS WELL AS THOSE RECOVERING FROM VARIOUS INJURIES AND ILLNESSES. HSC DOES NOT TARGET ANY SPECIFIC NEIGHBORHOOD, INCOME LEVEL, OR MINORITY OR IMMIGRANT POPULATIONS. THE DISEASES AND INJURIES THAT ITS PATIENTS HAVE EXPERIENCED STRIKE ANYONE, ANYWHERE. THE ONLY NEIGHBORHOOD-SPECIFIC PROGRAM THAT A SISTER ENTITY OF HSC PROVIDES IS THE SPECIAL CARE DENTAL CLINIC, OFFERING PREVENTIVE DENTAL CARE TO CHILDREN WITH TITLE 19 MEDICAID HEALTH COVERAGE. MANY OF THE 1,252 CHILDREN SEEN ANNUALLY ARE FROM LIMITED INCOME, IMMIGRANT, INNER CITY FAMILIES. HSC'S COMMUNITY EFFORTS EXTEND THROUGHOUT THE CITY OF NEW BRITAIN AND SURROUNDING TOWNS.
		PART VI, LINE 5 THE BOARD OF DIRECTORS IS MADE UP OF MEDICAL AND BUSINESS PROFESSIONALS, ALMOST ALL OF WHOM RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA. THESE VOLUNTEERS GIVE COUNTLESS HOURS OF SERVICE TO THE HOSPITAL IN THEIR OVERSIGHT ROLE. THEY ARE INVOLVED IN STRATEGIC PLANNING FOR THE HOSPITAL AND ITS SISTER ENTITIES IN FUNDRAISING, AND IN GENERAL STEWARDSHIP. MEDICAL STAFF PRIVILEGES ARE OFFERED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY. THE HOSPITAL UTILIZES SURPLUS FUNDS TO MAINTAIN AND EXPAND ACCESS TO PATIENT SERVICES THROUGHOUT THE COMMUNITY INCLUDING, BUT NOT LIMITED TO THE FOLLOWING: INPATIENT RESPIRATORY SERVICES, REHABILITATION SERVICES INCLUDING BRAIN INJURY AND SPINAL CORD INJURY, SPECIALIZED PEDIATRIC CARE AND A COMPLEMENT OF OUTPATIENT SERVICES FOR THE CHRONIC CONDITIONS HSC TREATS.

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE HOSPITAL'S SOLE CORPORATE MEMBER IS CENTER OF SPECIAL CARE, INC, A 501(C)(3) CORPORATION (THE "CENTER") THE CENTER PROVIDES GOVERNANCE OVERSIGHT AND STRATEGIC PLANNING FOR ITS SEVERAL WHOLLY OWNED SUBSIDIARIES THESE SUBSIDIARIES INCLUDE THE HOSPITAL, AND ITS SISTER ENTITIES, HSC COMMUNITY SERVICES, INC AND HOSPITAL FOR SPECIAL CARE FOUNDATION, INC ALL OF THESE ENTITIES ARE 501(C)(3) CORPORATIONS WHOSE COLLECTIVE FOCUS IS TO PROVIDE EXEMPLARY CARE THAT ASSISTS PATIENTS AND THEIR FAMILIES TO IMPROVE THEIR QUALITY OF LIFE AND TO RESPOND AND BE ACCOUNTABLE TO THE NEEDS OF THE COMMUNITIES THEY SERVE SPECIFIC EXAMPLES OF THESE AFFILIATED ENTITIES' SERVICE TO THESE COMMUNITIES INCLUDE THE OPERATION OF A DENTAL CLINIC SERVING INDIGENT CHILDREN AND DISABLED ADULTS, THE OPERATION OF A MULTI-FACETED SPORTS & TRAINING LEADERSHIP PROGRAM FOR DISABLED CHILDREN AND ADULTS, WHICH PROVIDES A SUMMER SPORTS CAMP FOR DISABLED CHILDREN AND SPORTS TEAMS THAT ENABLE WHEELCHAIR-BOUND ATHLETES TO PARTICIPATE IN TRAINING AND COMPETITION IN TRACK & FIELD, SOCCER, SWIMMING AND BASKETBALL, AND THE FUNDING OF SCHOLARSHIPS FOR NURSING AND RESPIRATORY CARE STUDENTS IN ADDITION, HSC COMMUNITY SERVICES, INC IS A CORPORATE MEMBER OF TWO OTHER 501(C)(3) CORPORATIONS, CSI RESIDENTIAL, INC , AND MANES & MOTIONS THERAPEUTIC RIDING CENTER, INC CSI RESIDENTIAL PROVIDES HUD-SUBSIDIZED HOUSING FOR DISABLED INDIVIDUALS IN THE COMMUNITY MANES & MOTIONS OPERATES A THERAPEUTIC HORSEBACK RIDING PROGRAM THAT SERVES CHILDREN WITH COGNITIVE AND PHYSICAL DISABILITIES, INCLUDING AUTISM, AND ADULTS AFFECTED BY TRAUMATIC BRAIN INJURY OR POST-TRAUMATIC STRESS DISORDER, INCLUDING COMBAT VETERANS

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
HOSPITAL FOR SPECIAL CARE

Grants and Other Assistance to Organizations,
Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2012

Open to Public
Inspection

Employer identification number
06-0646766

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

▶

3

Enter total number of other organizations listed in the line 1 table

▶

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIP	4	10,000			

Part IV

Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 SCHOLARSHIP FUNDS ARE DISTRIBUTED DIRECTLY TO THE INSTITUTION WHICH THE RECIPIENT ATTENDS

OMB No 1545-0047

Open to Public Inspection

▶ Attach to Form 990. ▶ See separate instructions.

06-0646766

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
	PART I, LINE 1A	THE PRESIDENT, CFO, COO AND VICE PRESIDENT OF GOVERNMENT AFFAIRS RECEIVED A MONTHLY ALLOWANCE IN CALENDAR YEAR 2012. THESE FUNDS ARE NOT CONTROLLED BY THE COMPANY, HOWEVER, AND THEY HAVE THE ABILITY TO SPEND THE MONEY AT THEIR DISCRETION. EFFECTIVE JANUARY 1, 2013, MONTHLY ALLOWANCES HAVE BEEN DISCONTINUED. THE COMPANY ALSO OFFERED, AND THE PRESIDENT ACCEPTED, THE SERVICES OF A FINANCIAL ADVISOR.
	PART I, LINES 4A-B	CERTAIN OFFICERS AND HIGHLY PAID EMPLOYEES ARE ENROLLED IN A NON-QUALIFIED BENEFIT PLAN. PAYMENTS TO THE PLAN WERE AS FOLLOWS: JOHN VOTTO \$56,000; LAURIE WHELAN \$19,400; FELICIA DEDOMINICIS \$21,000; LYNN RICCI \$32,200; PAUL SCALISE \$23,000. DAVID CRANDALL RECEIVED SEVERANCE OF \$136,422 AND PAYMENT OF DEFERRED COMPENSATION OF \$1,367,952 DURING CALENDAR YEAR 2012 FROM HOSPITAL FOR SPECIAL CARE.

Software ID:
Software Version:
EIN: 06-0646766
Name: HOSPITAL FOR SPECIAL CARE

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JOHN VOTTO DO	(i)	492,331	0	50,954	87,633	35,696	666,614	0
	(ii)	7,352	0	0	1,186	483	9,021	0
PAUL SCALISE MD	(i)	333,589	5,000	13,210	40,432	21,669	413,900	0
	(ii)	0	0	0	0	0	0	0
LAURIE ANN WHELAN	(i)	201,592	0	18,182	17,213	9,541	246,528	0
	(ii)	73,878	0	0	5,187	3,828	82,893	0
FELICIA DEDOMICIS	(i)	194,199	0	279	20,049	17,614	232,141	0
	(ii)	25,747	0	0	2,659	2,336	30,742	0
LYNN A RICCI	(i)	209,692	0	19,382	30,952	2,231	262,257	0
	(ii)	38,205	0	0	4,248	1,291	43,744	0
LISA A NEWTON	(i)	207,404	0	521	2,526	14,109	224,560	0
	(ii)	0	0	0	0	0	0	0
DONALD CYR	(i)	164,236	0	515	2,680	15,101	182,532	0
	(ii)	0	0	0	0	0	0	0
STANISLAW JANKOWSKI	(i)	158,359	0	1,182	2,006	11,520	173,067	0
	(ii)	0	0	0	0	0	0	0
JASON JAKUBOWSKI	(i)	135,709	0	12,100	1,144	17,394	166,347	0
	(ii)	0	0	0	0	0	0	0
DAVID CRANDALL	(i)	356,932	0	1,545,992	29,657	26,527	1,959,108	580,249
	(ii)	34,824	0	0	2,206	1,973	39,003	0
BRENDA NURSE MD	(i)	262,586	0	982	15,993	15,703	295,264	0
	(ii)	0	0	0	0	0	0	0
JOHN PELEGANO MD	(i)	226,933	0	1,105	28,524	20,206	276,768	0
	(ii)	0	0	0	0	0	0	0
STEVEN PRUNK MD	(i)	227,788	5,150	1,182	2,554	17,920	254,594	0
	(ii)	0	0	0	0	0	0	0
WILLIAM PESCE	(i)	229,766	0	182	2,865	16,206	249,019	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

▶ Attach to Form 990.▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
HOSPITAL FOR SPECIAL CARE

Employer identification number
06-0646766

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CONNECTICUT HEALTH AND EDUCATION FACILITIES AUTHORITY	06-0806186	20774UNN1	06-28-2007	47,786,346	TO REFUND A PORTION OF A PRIOR ISSUE AND CONSTRUCTION		X		X		X
B	CONNECTICUT HEALTH AND EDUCATION FACILITIES AUTHORITY	06-0806186	20774U4T9	07-18-2010	11,098,250	TO REFUND A PORTION OF A PRIOR ISSUE AND CONSTRUCTION		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	3,108,035		11,098,250					
4	Gross proceeds in reserve funds	3,108,035							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	206,371		206,371					
8	Credit enhancement from proceeds	256,155		256,155					
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	6,169,513		6,169,513					
11	Other spent proceeds	4,466,211		4,466,211					
12	Other unspent proceeds								
13	Year of substantial completion	2009		2011		YesNoYesNo			
		YesNo							
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0%		0%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 00000%		0 00000%		%		%	
6	Total of lines 4 and 5	0%		0%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X					

Part IV Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		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
PART II PROCEEDS, COLUMN B, LINE #3		HSC IS A MEMBER OF AN OBLIGATED GROUP AND IN 2012 A MEMBER OF THE OBLIGATED GROUP WAS SOLD AND THE REMAINING DEBT WAS TRANSFERRED TO HSC THEREFORE INCREASING TOTAL PROCEEDS BY \$779,750 IN 2012

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization HOSPITAL FOR SPECIAL CARE	Employer identification number 06-0646766
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	HOSPITAL FOR SPECIAL CARE'S SOLE MEMBER IS THE CENTER OF SPECIAL CARE, INC. CENTER OF SPECIAL CARE, INC. IS THE PARENT ORGANIZATION OF HOSPITAL FOR SPECIAL CARE AND ALL ITS RELATED SUBSIDIARIES.
	FORM 990, PART VI, SECTION A, LINE 7A	THE CENTER OF SPECIAL CARE, INC. IS THE PARENT AND SOLE MEMBER OF THE HOSPITAL FOR SPECIAL CARE. AS SUCH, IT APPROVES THE APPOINTMENT OF ALL NEW MEMBERS OF THE HOSPITAL'S BOARD.
	FORM 990, PART VI, SECTION A, LINE 7B	THE CENTER OF SPECIAL CARE, INC. IS THE PARENT AND SOLE MEMBER OF HOSPITAL FOR SPECIAL CARE. AS SUCH, IT HAS FINAL APPROVAL OVER ALL STRATEGIC AND FINANCIAL DECISIONS MADE BY THE HOSPITAL'S BOARD.
	FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION PROVIDES THE 990 TO THE FINANCE COMMITTEE OF THE BOARD OF DIRECTORS FOR AN INDEPENDENT REVIEW. ANY QUESTIONS OR CONCERNS ARE ADDRESSED PRIOR TO THE 990 BEING FILED. PRIOR TO FILING, A COPY OF THE COMPLETED 990 IS PROVIDED TO THE BOARD OF DIRECTORS.
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION REQUIRES ALL OFFICERS, DIRECTORS, MANAGERS, AND OTHER KEY EMPLOYEES TO COMPLETE A CONFLICT OF INTEREST STATEMENT ANNUALLY. EVERY YEAR THE STATEMENT IS PRESENTED TO THOSE INDIVIDUALS REQUIRED TO COMPLETE THE FORM AND COMPLETION OF THE FORM IS MONITORED TO ENSURE COMPLIANCE.
	FORM 990, PART VI, SECTION B, LINE 15	THE PROCESS FOR DETERMINING THE COMPENSATION FOR THE ORGANIZATION'S CEO, OFFICERS, AND KEY EMPLOYEES IS AS FOLLOWS: THE ORGANIZATION UTILIZES A COMPENSATION COMMITTEE CONSISTING ENTIRELY OF INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS. ANNUALLY, THE COMMITTEE IS GIVEN RECOMMENDATIONS FROM AN INDEPENDENT CONSULTANT REGARDING THE COMPENSATION OF THOSE EMPLOYEES IDENTIFIED ABOVE. THE COMMITTEE HAS THE SOLE DISCRETION TO ACCEPT OR REVISE THE RECOMMENDATIONS OF THE CONSULTANT IN SETTING THE COMPENSATION OF THE PREVIOUSLY IDENTIFIED EMPLOYEES.
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS FINANCIAL STATEMENTS AND OTHER OPERATING DATA AVAILABLE TO THE GENERAL PUBLIC IN ITS SEC REQUIRED CONTINUING DISCLOSURE ON ITS OUTSTANDING MUNICIPAL DEBT. THESE FILINGS HAVE BEEN MADE TO THE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES AS MANDATED BY THE SEC. ALL OF THESE FILINGS HAVE BEEN AVAILABLE TO THE GENERAL PUBLIC FOR REVIEW. IN ADDITION, THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICIES AVAILABLE TO THE PUBLIC UPON REQUEST.
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	EQUITY TRANSFERS TO AFFILIATES -1,133,842. CHANGE IN EQUITY INTEREST IN AFFILIATES 615,951. CHANGE IN MINIMUM PENSION LIABILITY 147,722. ROUNDING 4.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization HOSPITAL FOR SPECIAL CARE	Employer identification number 06-0646766
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Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) HOSPITAL FOR SPECIAL CARE FOUNDATION INC 2150 CORBIN AVENUE NEW BRITAIN, CT 06053 06-1534092	FUNDRAISING	CT	501(C)(3)	LINE 11B, II	N/A		No
(2) CENTER OF SPECIAL CARE INC 2150 CORBIN AVENUE NEW BRITAIN, CT 06053 06-1464177	PARENT ENTITY FOR HOSPITAL AND AFFILIATES	CT	501(C)(3)	LINE 11B, II	N/A		No
(3) HSC COMMUNITY SERVICES INC 2150 CORBIN AVENUE NEW BRITAIN, CT 06053 06-1464179	COMMUNITY SUPPORT	CT	501(C)(3)	LINE 9	N/A		No
(4) CSI RESIDENTIAL INC 2150 CORBIN AVENUE NEW BRITAIN, CT 06053 31-1584385	HOUSING FOR THE DISABLED	CT	501(C)(3)	LINE 9	N/A		No
(5) MANES AND MOTIONS THERAPEUTIC RIDING CENTER INC 2150 CORBIN AVENUE NEW BRITAIN, CT 06053 06-1550599	THERAPEUTIC HORSEBACK RIDING	CT	501(C)(3)	LINE 7	N/A		No

Part III

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

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

Part IV

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

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

Part V

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

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

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

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

s Other transfer of cash or property from related organization(s)

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

No

1q

Yes

1r

Yes

1s

No

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

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

Schedule R (Form 990) 2012

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

[illegible]

Software ID:
Software Version:
EIN: 06-0646766
Name: HOSPITAL FOR SPECIAL CARE

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
HOSPITAL FOR SPECIAL CARE FOUNDATION INC	B	684,939	AMOUNT TRANSFERRED
HSC COMMUNITY SERVICES INC	B	423,101	AMOUNT TRANSFERRED
HOSPITAL FOR SPECIAL CARE FOUNDATION INC	C	447,682	AMOUNT TRANSFERRED
HOSPITAL FOR SPECIAL CARE FOUNDATION INC	M	502,962	FMV
HSC COMMUNITY SERVICES INC	O	503,076	SALARY ALLOCATION
HOSPITAL FOR SPECIAL CARE FOUNDATION INC	O	422,992	SALARY ALLOCATION
MANES & MOTIONS THERAPEUTIC RIDING CENTER	O	122,676	SALARY ALLOCATION
HSC COMMUNITY SERVICES INC	Q	2,609,772	AMOUNT OF REIMBURSEMENT
HOSPITAL FOR SPECIAL CARE FOUNDATION INC	Q	214,807	AMOUNT OF REIMBURSEMENT
HOSPITAL FOR SPECIAL CARE FOUNDATION INC	R	106,225	DONATIONS TRANSFERRED

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2013 AND 2012

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES

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Independent Auditors' Report

To the Board of Directors
Center of Special Care, Inc
New Britain, Connecticut

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Center of Special Care, Inc and Subsidiaries (the Center), which comprise the consolidated statements of financial position as of March 31, 2013 and 2012, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Center of Special Care, Inc and Subsidiaries as of March 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 16, 2013 on our consideration of Center of Special Care, Inc and Subsidiaries' internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center of Special Care, Inc and Subsidiaries' internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
July 16, 2013

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2013 AND 2012

ASSETS	<u>2013</u>	<u>2012</u>
Current Assets		
Cash and cash equivalents	\$ 17,557,299	\$ 14,970,013
Accounts receivable, less allowance for doubtful accounts of \$2,606,404 in 2013 and \$3,306,927 in 2012	14,332,309	18,918,298
Pledges receivable, less allowance of \$35,862 in 2013 and \$25,948 in 2012	496,589	567,903
Prepaid sinking fund	1,458,737	1,616,410
Prepaid expenses and other assets	1,983,028	1,686,820
Inventories of supplies	571,146	560,091
Total current assets	<u>36,399,108</u>	<u>38,319,535</u>
Other Assets		
Investments	43,739,004	42,338,808
Pledges receivable, less allowance and discount of \$38,438 in 2013 and \$102,643 in 2012, less current portion	291,672	840,306
Debt Service Reserve Fund	7,109,200	3,107,879
Debt obligations issuance expense, net of amortization	2,532,871	3,001,798
Insurance funds	1,944,601	1,791,552
Other assets	4,889,488	4,033,796
Total other assets	<u>60,506,836</u>	<u>55,114,139</u>
Property, Plant and Equipment, Net	<u>42,896,930</u>	<u>43,381,540</u>
Assets Held for Sale, Net	<u>-</u>	<u>7,812,932</u>
Total Assets	<u>\$ 139,802,874</u>	<u>\$ 144,628,146</u>

LIABILITIES AND NET ASSETS	<u>2013</u>	<u>2012</u>
Current Liabilities		
Current portion of long-term debt	\$ 890,000	\$ 1,400,000
Accounts payable	2,861,554	2,620,217
Salaries, wages, payroll taxes and amounts withheld from employee compensation	7,511,220	8,267,909
Accrued insurance costs	3,683,810	4,193,772
Accrued interest and other liabilities	5,000,713	3,715,836
Total current liabilities	<u>19,947,297</u>	<u>20,197,734</u>
Long-Term Liabilities		
Long-term debt, less current portion	53,291,696	62,741,696
Accrued pension cost	3,352,678	4,500,400
Other long-term liabilities	4,889,487	4,033,796
Total long-term liabilities	<u>61,533,861</u>	<u>71,275,892</u>
Net Assets		
Unrestricted net assets	51,660,885	47,095,792
Temporarily restricted net assets	6,204,762	5,602,907
Permanently restricted net assets	456,069	455,821
Total net assets	<u>58,321,716</u>	<u>53,154,520</u>
Total Liabilities and Net Assets	<u>\$ 139,802,874</u>	<u>\$ 144,628,146</u>

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

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Revenues		
Net revenues from services to patients	\$ 88,321,584	\$ 89,870,248
Other operating revenues	3,080,701	3,499,116
Bad debts	(232,290)	(464,235)
Net assets released from restrictions	383,939	480,465
Total revenues	<u>91,553,934</u>	<u>93,385,594</u>
Operating Expenses		
Salaries, wages and employee benefits	66,989,611	69,275,131
Supplies and other	18,844,308	19,554,385
Interest	2,240,750	2,268,788
Depreciation and amortization	3,434,616	3,446,480
Total operating expenses	<u>91,509,285</u>	<u>94,544,784</u>
Income (loss) from operations	44,649	(1,159,190)
Nonoperating Gains		
Other income, primarily investment income	1,518,044	1,112,916
Excess (deficiency) of revenues over expenses	<u>1,562,693</u>	<u>(46,274)</u>
Other Changes in Unrestricted Net Assets		
Change in net unrealized gains on investments	2,380,461	814,270
Net assets released for capital additions	244,719	114,819
Change in minimum pension liability	147,722	(3,204,738)
Increase (decrease) in unrestricted net assets	<u>4,335,595</u>	<u>(2,321,923)</u>
Temporarily Restricted Net Assets		
Contributions	792,462	2,251,168
Net realized gains on investments	105,917	139,603
Change in net unrealized gains (losses) on investments	156,873	(48,175)
Net assets released from restrictions used for purchase of capital	(244,719)	(125,619)
Net assets released from restrictions used for operations	(206,339)	(287,232)
Increase in temporarily restricted net assets	<u>604,194</u>	<u>1,929,745</u>
Permanently Restricted Net Assets		
Contributions	248	-
Increase in permanently restricted net assets	<u>248</u>	<u>-</u>
Change in Total Net Assets from Continuing Operations	4,940,037	(392,178)
Loss from Discontinued Operations	(553,655)	(704,494)
Gain on Sale	<u>780,814</u>	<u>-</u>
Change in Net Assets	5,167,196	(1,096,672)
Net Assets - Beginning of Year	<u>53,154,520</u>	<u>54,251,192</u>
Net Assets - End of Year	<u>\$ 58,321,716</u>	<u>\$ 53,154,520</u>

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

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in total net assets	\$ 5,167,196	\$ (1,096,672)
Adjustments to reconcile change in total net assets to net cash provided by operating activities		
Depreciation and amortization	4,126,083	4,103,331
Bad debt expense	391,822	1,027,671
Gain on disposal of property, plant and equipment	(714)	(4,318)
Net unrealized gains on investments	(2,537,334)	(766,095)
Change in minimum pension liability	(147,722)	3,204,738
Restricted contributions	(792,710)	(2,251,168)
(Increase) decrease in operating assets		
Accounts receivable	4,194,167	3,434,176
Pledges receivable, net	619,948	(184,557)
Prepaid sinking fund and debt service reserves	(3,843,648)	(40,905)
Prepaid expenses and other assets	(296,208)	(8,447)
Insurance funds	(153,049)	174,333
Inventories of supplies	(14,503)	(48,466)
Other assets	(855,692)	(231,279)
Increase (decrease) in operating liabilities		
Accounts payable	241,337	(627,580)
Salaries, wages, payroll taxes and amounts withheld from employee compensation	(756,689)	1,490,016
Accrued insurance costs	(509,962)	702,256
Pension contribution	(1,000,000)	(500,000)
Other long-term liabilities	855,691	231,279
Accrued interest and other liabilities	1,284,877	(451,584)
Net cash provided by operating activities	<u>5,972,890</u>	<u>8,156,729</u>
Cash Flows from Investing Activities		
Purchases of investments	(27,511,112)	(3,144,631)
Sales of investments	28,648,250	1,733,440
Purchases of property, plant and equipment	(2,844,869)	(2,103,216)
Proceeds from sale of property, plant and equipment	7,489,417	19,110
Net cash provided by (used in) investing activities	<u>5,781,686</u>	<u>(3,495,297)</u>
Cash Flows from Financing Activities		
Payments on long-term debt	(9,960,000)	(1,350,000)
Restricted contributions	792,710	2,251,168
Net cash provided by (used in) financing activities	<u>(9,167,290)</u>	<u>901,168</u>
Net Increase in Cash and Cash Equivalents	2,587,286	5,562,600
Cash and Cash Equivalents - Beginning of Year	<u>14,970,013</u>	<u>9,407,413</u>
Cash and Cash Equivalents - End of Year	<u>\$ 17,557,299</u>	<u>\$ 14,970,013</u>
Cash Paid During the Year for Interest	\$ 2,268,073	\$ 2,291,033

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

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Center of Special Care, Inc (the Center) is the parent company and sole member of three entities Hospital for Special Care (the Hospital), HSC Community Services, Inc , and Hospital for Special Care Foundation, Inc The Center was established to coordinate strategic planning for each of its subsidiaries and affiliates

The Hospital provides healthcare services as a chronic disease hospital HSC Community Services, Inc , is committed to developing, operating, managing and evaluating community-based and community-oriented chronic disease and long-term rehabilitation healthcare initiatives and includes Brittany Farms Health Center (Brittany Farms), a nursing home On October 1, 2012, Brittany Farms was sold (see discontinued operations) HSC Community Services, Inc , has established subsidiary corporations known as CSI Residential, Inc (CSI Residential) and Manes & Motions Therapeutic Riding Center, Inc (Manes and Motions) CSI Residential develops housing for persons with chronic physical and medical conditions Manes & Motions was established to promote the well-being of persons with disabilities through the benefits of therapeutic horseback riding

Hospital for Special Care Foundation, Inc , provides charitable, scientific and educational services, in particular to operate exclusively for the benefit of and to receive, raise, allocate, invest and expend funds in support of the mission of the Center and its subsidiaries and legal affiliates

The Center and its subsidiaries are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code

The Center, which serves as the parent organization of the subsidiary entities described above, currently conducts no significant business and has no employees

Principles of Consolidation - The accompanying consolidated financial statements present the financial position and results of activities of the Center and its subsidiaries In consolidating the financial statements of the parent company and its subsidiaries, all significant intercompany revenues and expenses and intercompany asset and liability amounts have been eliminated

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

Financial statement areas where management applies the use of estimates consist primarily of accounts receivable reserves, the estimated net realizable value of receivables from contributions, accrued insurance costs, accrued pension costs and contractual allowances on revenues It is management's opinion that the estimates applied in the accompanying financial statements are reasonable

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Center maintains deposits in financial institution accounts that, at times, may exceed federal depository limits. However, management believes that its deposits are not subject to significant credit risk.

Accounts Receivable - Accounts receivable are considered delinquent and written off when all attempts to collect from individuals or other payor sources have been exhausted.

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

Investment Valuation and Income Recognition - Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 14 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized investment income or loss (including realized gains and losses, interest and dividends) from investments are included in other income in the consolidated statements of activities and changes in net assets unless the income or loss is restricted by donor or law.

CHEFA Obligations Issuance Expense - The State of Connecticut Health and Educational Facilities Authority (CHEFA) obligations issuance expense represents costs incurred in connection with the issuance of the revenue bonds (see Note 9). These costs are being amortized on a straight-line basis over the terms of the associated bonds.

Amortization of bond obligation issuance expense totaled \$114,030 and \$118,835 for the years ended March 31, 2013 and 2012, respectively. The expected yearly amortization of bond issuance expense will be \$104,422 for the next five years.

Property, Plant and Equipment - Property, plant and equipment assets are recorded on the basis of cost. Major improvements and betterments to existing plant and equipment in excess of \$500 are capitalized. Expenditures for maintenance and repairs that do not extend the life of the applicable asset are charged to expense as incurred. Upon disposition or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gains and losses are included in the results of operations.

Depreciation is provided for using the straight-line method based on the estimated useful lives of the assets as follows:

Buildings, building improvements and land improvements	5-30 years
Furniture, fixtures and equipment	3-20 years
Vehicles	4 years

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are treated as unrestricted contributions in the accompanying consolidated financial statements.

Promises to Give - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using an appropriate discount rate. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Revenues and Expenses - Transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and expenses.

Investments in Foundation - Investments in Foundation represents the entities' interest in the temporarily and permanently restricted net assets of Hospital for Special Care Foundation, Inc.

Nonoperating Gains - Activities other than in connection with providing healthcare services are considered to be nonoperating. Nonoperating gains consist primarily of income earned on invested funds and realized gains and losses on marketable securities.

Pension Plan - The Hospital has a defined benefit pension plan and a defined contribution pension plan that cover substantially all eligible employees. The Hospital's defined benefit plan was amended during fiscal year 2005 to freeze future benefit accruals, which resulted in a plan curtailment (see Note 10). Brittany Farms has a 403(b) defined contribution plan and a money purchase pension plan that cover substantially all eligible employees. In addition, the Hospital has a nonqualified supplemental employee retirement plan for certain executives.

Temporarily and Permanently Restricted Net Assets - Temporarily restricted net assets include those assets whose use has been limited by donors to a specific time frame or purpose. Permanently restricted net assets include those assets whose use has been restricted by donors to be maintained in perpetuity (see Note 6).

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Asset Retirement Obligations - GAAP requires that a liability be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. Certain of the Center's buildings contain asbestos, and the Center also maintains underground fuel tanks that must be removed upon demolition or extensive renovations. The Center expects to and has the ability to continue to maintain and operate these buildings without undertaking any activities that would require removal of the asbestos or underground fuel tanks. As a result, the Center is not able to estimate the date or range of potential dates of settlements of these obligations. Accordingly, the liabilities associated with these obligations are not reasonably estimable, and the accompanying consolidated statements of financial position do not include a liability for asset retirement obligations.

Income Taxes - The Center and its subsidiaries are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes pursuant to Section 501(a) of the Code. Tax returns for the years ended March 31, 2010 through 2013 are subject to examination by the Internal Revenue Service and the State of Connecticut.

Discontinued Operations - The Center sold Brittany Farms on October 1, 2012. This transaction meets the GAAP criteria for recording as discontinued operations in the consolidated financial statements. As a result, the activities, including results of operations, of Brittany Farms are reflected as loss from discontinued operations.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The revenues and expense of the discontinued operations for the years ended March 31, 2013 and 2012, is as follows

	<u>2013</u>	<u>2012</u>
Revenues		
Net revenues from services to patients	\$ 13,364,533	\$ 27,579,286
Other operating revenues	41,613	105,156
Bad debts	<u>(180,000)</u>	<u>(548,360)</u>
Total revenues	<u>13,226,146</u>	<u>27,136,082</u>
Operating expenses		
Salaries, wages and employees benefits	9,053,883	18,846,086
Supplies and other	4,378,119	8,339,278
Interest	17,229	12,244
Depreciation and amortization	<u>336,571</u>	<u>657,077</u>
Total operating expenses	<u>13,965,802</u>	<u>28,403,045</u>
Operating loss	(559,656)	(718,603)
Nonoperating gains		
Other income, primarily investment income	<u>3,404</u>	<u>3,309</u>
Deficiency of revenues over expenses	(556,252)	(715,294)
Other changes in unrestricted net assets		
Net assets released for capital additions	<u>2,597</u>	<u>10,800</u>
Loss from discontinued operations	(553,655)	(704,494)
Temporarily restricted net assets		
Change in equity interest in Foundation	<u>(21,731)</u>	<u>(18,449)</u>
Change in total net assets from discontinued operations	(575,386)	(722,943)
Gain on sale	780,814	-
Net assets - beginning of year	<u>664,010</u>	<u>1,386,953</u>
Net Assets - End of Year	<u>\$ 869,438</u>	<u>\$ 664,010</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications - Certain 2012 amounts have been reclassified to conform to the 2013 presentation

Recent Accounting Pronouncements - In July 2011, the FASB issued Accounting Standards Update 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07). The guidance requires reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. ASU 2011-07 is effective for years ending after December 15, 2012. The Center adopted ASU 2011-07 during fiscal 2013.

Subsequent Events - In preparing these consolidated financial statements, management has evaluated subsequent events through July 16, 2013, which represents the date the consolidated financial statements were available to be issued.

NOTE 2 - REVENUE CONCENTRATIONS

During 2013 and 2012, approximately 71% and 70%, respectively, of net patient revenue was received under the Medicaid program, 13% and 14%, respectively, under the Medicare program, and 16% from other third parties. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Management believes that the Hospital and Brittany Farms are in compliance 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 as well as significant regulatory action including fines, penalties and exclusion from the Medicaid and Medicare programs. Changes in the Medicaid and Medicare programs and the reduction of funding levels could have an adverse impact on the Hospital.

Revenues derived from federal and state medical assistance programs were based, in part, on cost-reimbursement principles and are subject to audit.

The following table summarizes net revenues from services to patients for the years ended March 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Gross revenues from patients		
Routine services	\$ 96,897,400	\$ 100,978,100
Special services	44,588,180	47,079,538
	<u>141,485,580</u>	<u>148,057,638</u>
Allowances (primarily Medicare and Medicaid)	<u>53,163,996</u>	<u>58,187,390</u>
Net Revenues from Services to Patients	<u>\$ 88,321,584</u>	<u>\$ 89,870,248</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - REVENUE CONCENTRATIONS (Continued)

Patient accounts receivable and revenues are recorded when patient services are performed. Amounts received from certain payors are different from established billing rates of the Hospital and other providers, and the differences are accounted for as allowances.

Net revenues from services to patients at the Hospital and other providers are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

It is the Center's policy to provide service to all patients within the reasonable limits of available resources. Patients who apply for admission or seek outpatient services but lack a source of payment are considered on an individual basis for charity care.

NOTE 3 - ENDOWMENT NET ASSETS

The Center's endowment consists of several funds established for a variety of purposes, mainly designated by donor restrictions. As required by GAAP, net assets associated with endowment funds are classified and reported as permanently restricted net assets, temporarily restricted net assets or unrestricted net assets based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of the Center has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the 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 remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - ENDOWMENT NET ASSETS (Continued)

There was one contribution to endowment net assets of \$248 for the year ended March 31, 2013. There were no changes in endowment net assets for the year ended March 31, 2012. See Note 6 for more information regarding the programs that the permanently restricted net assets support.

NOTE 4 - PLEDGES RECEIVABLE

The Center's pledges receivable consist of unconditional promises to give and are expected to be collected as follows for the years ended March 31, 2013 and 2012, respectively:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 532,451	\$ 593,850
Receivable in one to five years	<u>330,112</u>	<u>942,950</u>
Total pledges receivable	862,563	1,536,800
Less allowance for uncollectible promises	41,339	75,806
Less discounts to net present value	<u>32,963</u>	<u>52,785</u>
Net Pledges Receivable	<u>\$ 788,261</u>	<u>\$ 1,408,209</u>

The discount rate used in calculating the present value of pledges receivable for each of the years ended March 31, 2013 and 2012, was 3.00%.

NOTE 5 - INVESTMENTS

The composition of investments at March 31, 2013 and 2012, is set forth below. Investments are stated at market value.

	<u>2013</u>			
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>	<u>Unrealized (Loss)</u>
Bond funds	\$ 710,682	\$ 733,558	\$ 23,145	\$ (269)
Mutual funds				
Domestic equity	15,737,629	17,026,552	1,288,923	-
Fixed income	20,470,715	21,045,583	604,074	(29,206)
International equity	<u>4,929,232</u>	<u>4,933,311</u>	<u>4,079</u>	<u>-</u>
	<u>\$ 41,848,258</u>	<u>\$ 43,739,004</u>	<u>\$ 1,920,221</u>	<u>\$ (29,475)</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - INVESTMENTS (Continued)

	2012			
	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gain</u>	<u>Unrealized (Loss)</u>
Bond funds	\$ 1,223,621	\$ 1,242,271	\$ 19,139	\$ (489)
Mutual funds				
Domestic equity	17,092,197	17,748,239	844,027	(187,985)
Fixed income	17,896,120	18,441,839	647,574	(101,855)
International equity	6,681,689	4,906,459	216	(1,775,446)
	<u>\$ 42,893,627</u>	<u>\$ 42,338,808</u>	<u>\$ 1,510,956</u>	<u>\$ (2,065,775)</u>

Investment income (including realized gains and losses, interest and dividends, net of investment fees) earned on investments amounted to \$1,623,657 and \$1,266,847 during the years ended March 31, 2013 and 2012, respectively. This is included in nonoperating gains in the consolidated statements of activities and changes in net assets.

At March 31, 2013, investments with market value below cost included in certain mutual and bond funds were immaterial.

At March 31, 2012, investments with market value below cost for 12 months or more included certain mutual funds with a market value of \$9,859,126 and an unrealized loss of \$2,032,829. At March 31, 2012, investments with market value below cost for less than 12 months included bond funds with a market value of \$554,098 and an unrealized loss of \$38,070.

Management continually reviews its investment portfolio and evaluates whether declines in the market value of securities should be considered other-than-temporary. Factored into this evaluation are general market conditions, the recommendation of advisors and the length of time and extent to which the market value has been less than cost. The Center's investments are mainly in mutual funds managed by an outside investment manager. The Investment Subcommittee of the Board oversees the activities of the investment manager. The Center has the ability to and intends to hold the mutual funds until such time that the market losses recover. As a result, there were no declines in market value deemed to be other-than-temporary in fiscal year 2013 or 2012.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2013 and 2012, are available for the following purposes

	<u>2013</u>	<u>2012</u>
Outpatient Capital Campaign	\$ 4,924,686	\$ 4,615,669
Sports and fitness programs	354,281	352,003
Manes & Motion Capital Campaign	262,909	50,324
ALS Clinic/Neuromuscular Fund	98,088	56,200
Timura Scholarship Fund	53,708	54,206
Paula Sutula Nursing Scholarship Fund	50,996	51,537
Pulmonary	45,411	38,530
Aquatic rehabilitation	40,877	25,958
Other	36,845	32,037
Autism	30,399	1,482
Pediatric	29,661	19,231
H R Gossling Lecture Fund	29,646	35,172
Brittany Farms	29,164	48,556
Manes & Motion Rider Assistance Program	27,937	23,985
Horticultural	27,547	26,732
Gustin Lecture	26,276	16,257
Respiratory therapist education	25,866	22,886
Patient Recreation Center	20,669	20,013
Adaptive equipment	20,421	13,410
Research	16,728	11,918
Gait and Balance Training System Fund	14,488	31,275
Resource center	13,714	16,854
Joy of Art	12,224	18,009
Lobby renovations	6,688	6,440
Satellite	2,872	6,402
Dental clinic	2,661	7,821
	<u>\$ 6,204,762</u>	<u>\$ 5,602,907</u>

During fiscal 2010, the Hospital for Special Care Foundation, Inc , began a capital campaign to raise money for the expansion of its outpatient facility The campaign is expected to raise \$6,472,888 Funds raised as of March 31, 2013 are \$4,897,823

During fiscal 2012, Manes & Motions began a capital campaign to raise money to build an indoor arena, with a covered walkway to the stable, to allow the program to operate year round and in inclement weather The campaign is expected to raise \$450,000 Funds raised as of March 31, 2013 are \$262,909

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS
(Continued)

The Center maintains policies related to its permanently restricted net assets. The policy indicates that all earnings are spent in the year earned. Permanently restricted net assets of \$456,069 and \$455,821 at March 31, 2013 and 2012, respectively, are to be held in perpetuity, the income from which is used for unrestricted and temporarily restricted Center activities and is expendable to support healthcare services.

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at March 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Buildings	\$ 58,861,130	\$ 58,695,851
Fixed and moveable equipment	32,807,635	31,622,452
Land and land improvements	<u>3,008,094</u>	<u>2,949,363</u>
	94,676,859	93,267,666
Less accumulated depreciation	<u>53,246,327</u>	<u>50,030,571</u>
	41,430,532	43,237,095
Construction in progress	<u>1,466,398</u>	<u>144,445</u>
Net Property, Plant and Equipment	<u>\$ 42,896,930</u>	<u>\$ 43,381,540</u>

Depreciation expense was \$3,330,194 and \$3,341,004 for the years ended March 31, 2013 and 2012, respectively.

NOTE 8 - SELF-INSURED PROGRAMS

Medical Malpractice - The Hospital self-insures the deductible portion of its medical malpractice insurance. The deductible limits are \$1,000,000 per claim and \$1,000,000 in the aggregate for the years ended March 31, 2013 and 2012. The Hospital has excess insurance in the form of an umbrella policy for claims settled in excess of \$1,000,000.

The malpractice liability was actuarially determined to be \$1,343,986 and \$1,257,408 for the years ended March 31, 2013 and 2012, respectively, and is included in accrued insurance costs on the consolidated statements of financial position. This amount was calculated at a confidence level of 75% of the expected level for the years ended March 31, 2013 and 2012, with a 4% discount rate in 2013 and 2012. Management considers these reserves to be adequate as of March 31, 2013 and 2012. However, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 - SELF-INSURED PROGRAMS (Continued)

The Hospital established an irrevocable trust for the purpose of setting aside assets to be used for the payment of malpractice losses, related expenses and the cost of administering the trust. The trust balance was \$1,804,601 and \$1,714,829 at March 31, 2013 and 2012, respectively, and is based on actuarial funding recommendations and active claims. These assets are included in insurance funds on the consolidated statements of financial position.

Brittany Farms carries insurance for medical malpractice under a claims-made policy with an insurance company.

Workers' Compensation - The Center is self-insured for the deductible portion of workers' compensation claims. The deductible amount per claim was \$400,000 and \$350,000 at March 31, 2013 and 2012, respectively. The Center has purchased excess insurance from a commercial carrier that would cover claims settled above \$400,000. The self-insurance workers' compensation liability was determined to be \$2,775,700 and \$1,311,382 at March 31, 2013 and 2012, respectively. The current portion of \$1,020,843 and \$1,311,382 at March 31, 2013 and 2012, respectively, is included in accrued insurance costs on the consolidated statements of financial position. The long-term portion of \$1,754,857 and \$-0- at March 31, 2013 and 2012, respectively, is included in other long-term liabilities on the consolidated statements of financial position. Receivables related to workers' compensation claims totaled \$2,411,067 and \$-0- at March 31, 2013 and 2012, respectively. The current portion of \$656,210 and \$-0- at March 31, 2013 and 2012, respectively, is included in prepaid expenses and other assets on the consolidated statements of financial position. The long-term portion of \$1,754,857 and \$-0- at March 31, 2013 and 2012, respectively, is included in other assets on the consolidated statements of financial position.

A letter of credit with a bank of \$858,000 at March 31, 2013 and 2012, was established to cover the funding requirements of the self-insurance program. The letter of credit has a variable per annum rate of interest equal to the prime rate plus 5%. As of March 31, 2013 and 2012, the Center had not drawn on the letter of credit.

Health Insurance - The Center is self-insured for its health insurance and carries a stop-loss policy for individual claims in excess of \$250,000. The self-insurance liability was determined to be \$1,318,981 and \$1,624,982 for the years ended March 31, 2013 and 2012, respectively, and is included in accrued insurance costs on the consolidated statements of financial position.

NOTE 9 - LONG-TERM DEBT OBLIGATIONS

On June 28, 2007, the Hospital issued Series C CHEFA revenue bonds (Series C) in the amount of \$46,635,000. The Hospital received funds to repay its Series B CHEFA revenue bonds, to fund the required Debt Service Reserve Fund, to pay for cost of bond issuance and for future construction and renovations related to its existing facilities. The Series C debt is secured by a pledge of the gross receipts of the Obligated Group, which is now defined as the Hospital, HSC Community Services, Inc., and the Hospital for Special Care Foundation, Inc., and a mortgage on the capital assets of the Obligated Group, subject to permitted encumbrances, and Series C debt is insured under a financial guaranty insurance policy.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (Continued)

The Series C debt is fixed-interest debt with the following maturities

Yearly on July 1 from 2008-2022 in the total amount of \$14,960,000 with interest rates ranging from 4% - 5 25%
July 1, 2027 in the amount of \$8,000,000 with a 5 25% interest rate
July 1, 2032 in the amount of \$10,330,000 with a 5 25% interest rate
July 1, 2037 in the amount of \$13,345,000 with a 5 25% interest rate

On July 14, 2010, the Hospital issued Series E CHEFA revenue bonds (Series E) in the amount of \$20,185,000. The Hospital received funds to repay its Series D CHEFA revenue bonds, to fund the required Debt Service Reserve Fund, to pay for cost of bond issuance, and to finance and refinance construction and renovations related to its existing facilities. The terms of the Series E debt are variable interest debt with maturities occurring yearly on July 1 from 2011-2037. Interest shall be paid in consecutive monthly installments at the Weekly Rate, which is the rate of interest borne by bonds during any Weekly Rate period, which shall be determined by the Remarketing Agent on each Rate Determination Date for a Weekly Rate Bond as provided in the Indenture. The interest rate at March 31, 2013 was 0 24%. The Series E debt is secured by a pledge of the gross receipts of the Obligated Group, which is now defined as the Hospital, HSC Community Services, Inc., and the Hospital for Special Care Foundation, Inc., and a mortgage on the capital assets of the Obligated Group, subject to permitted encumbrances. The Series E debt is secured by a letter of credit issued by the Federal Home Loan Bank of Boston in the amount of \$20,483,627.

Monthly payments by the Obligated Group to the trustee are based on the agreement and correspond in time and amount to the payments of principal and interest on the Series C and E bonds.

The Obligated Group is also required to maintain debt service reserve funds for the Series C bonds. The Debt Service Reserve Fund is equal in amount to the largest total debt service to be paid within a year. During 2013, this amount was increased as the Center has agreed to post \$4,000,000 as restricted cash to reduce future Series C long-term debt payments. The bonds are subject to redemption prior to maturity beginning on July 1, 2008 for Series C and July 1, 2011 for Series E, and annually on July 1 thereafter by operation of a sinking fund.

The Series C and Series E debt contains certain financial debt covenant requirements, including maintenance of a debt service coverage ratio in excess of 1 25, maintenance of a debt-to-capital ratio not to exceed 75%, maintenance of fixed charge coverage ratio not to fall below 1 00 and days cash on hand in excess of 60 days.

The proceeds from the sale of Brittany Farms were used to repay \$9,000,000 in Series E long-term debt. Deferred financing costs of \$364,504 related to the Series E long-term debt were also written off, and are included in loss from discontinued operations on the consolidated statements of activities and net assets.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (Continued)

In addition, the Hospital has a \$3,000,000 line of credit with a bank. The availability of the line is reduced by the self-insurance letter of credit in place (see Note 8). As of March 31, 2013 and 2012, the full amount of the remaining line was available. Interest on the line accrues at the bank's prevailing prime rate, and amounts drawn are repayable on demand. The line of credit has a revolving credit termination date of October 1, 2015.

The Hospital escrowed \$1,075,000 in the form of a letter of credit for a three-year period to satisfy any potential indemnification claims resulting from the sale of Brittany Farms. The letter of credit has a termination date of October 1, 2015.

During fiscal years 2013 and 2012, interest expense was \$2,240,750 and \$2,268,788, respectively.

During fiscal year 2002, HSC Community Services, Inc., entered into a Capital Advance Program Mortgage Note with the United States Department of Housing and Urban Development (HUD) for \$926,696 in connection with the acquisition of certain housing properties by CSI Residential, Inc. This note matures on March 29, 2041, does not bear interest and repayment is not required as long as the housing remains available for very low-income persons with disabilities in accordance with Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act of 1990 until the maturity date.

Principal payments and annual sinking fund payments for the next five years and thereafter are as follows:

<u>Year Ending March 31</u>	<u>Series C</u>	<u>Series E</u>	<u>HUD Mortgage</u>	<u>Total</u>
2013	\$ 890,000	\$ -	\$ -	\$ 890,000
2014	930,000	-	-	930,000
2015	965,000	-	-	965,000
2016	1,005,000	-	-	1,005,000
2017	1,060,000	-	-	1,060,000
Aggregate thereafter	37,855,000	10,550,000	926,696	49,331,696
	42,705,000	10,550,000	926,696	54,181,696
Less current portion	890,000	-	-	890,000
Total Long-Term Debt	\$ <u>41,815,000</u>	\$ <u>10,550,000</u>	\$ <u>926,696</u>	\$ <u>53,291,696</u>

NOTE 10 - PENSION PLAN

General - The Hospital has a defined benefit plan covering many of its employees. The benefits are based upon years of service, and employees are fully vested in the company contribution after five years of service. The Hospital's policy is to contribute an amount sufficient to cover benefits to be paid as required by ERISA funding standards. Contributions are intended to provide benefits attributed to service to date.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - PENSION PLAN (Continued)

GAAP requires companies to record a liability on the consolidated statements of financial position for the underfunded portion of its postretirement plans, defined as the amount by which the projected benefit obligation exceeds the fair value of the plan assets

Obligations and Funded Status - The plan was amended to freeze future benefit accruals in the plan effective June 30, 2004. The effect of this amendment was a plan curtailment.

The following table sets forth the plan's funded status and amounts recognized in the accompanying consolidated statements of financial position as of March 31, 2013 and 2012.

	Pension Benefits	
	2013	2012
Change in benefit obligation		
Projected benefit obligation at beginning of year	\$ (21,574,891)	\$ (18,075,635)
Interest cost	(984,105)	(1,022,945)
Impact of assumption changes	(1,156,129)	(3,071,096)
Experience gain	246,583	37,470
Benefits paid	616,308	557,315
Projected benefit obligation at end of year	<u>(22,852,234)</u>	<u>(21,574,891)</u>
Change in plan assets		
Fair value of plan assets at beginning of year	17,074,491	16,279,973
Actual return on plan assets	2,041,373	851,833
Employer contributions	1,000,000	500,000
Benefits paid	<u>(616,308)</u>	<u>(557,315)</u>
Fair value of plan assets at end of year	<u>19,499,556</u>	<u>17,074,491</u>
Unfunded Status	\$ <u>(3,352,678)</u>	\$ <u>(4,500,400)</u>

Net periodic pension costs for 2013 and 2012 included the following components:

	Pension Benefits	
	2013	2012
Components of net periodic benefit cost		
Interest cost	\$ 984,105	\$ 1,022,945
Expected return on plan assets	(1,029,817)	(1,297,010)
Amortization of net loss	<u>438,350</u>	<u>143,485</u>
Net Periodic Pension Cost (Income)	\$ <u>392,638</u>	\$ <u>(130,580)</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - PENSION PLAN (Continued)

Assumptions - The following assumptions were used in accounting for the plan

Assumptions used to determine benefit obligations and net periodic benefit cost at March 31, 2013 and 2012, are as follows

	<u>2013</u>	<u>2012</u>
Discount rate	4.32%	4.67%
Long-term rate of return	6%	8%

The expected rate of return on plan assets is determined by adding expected inflation to expected long-term real returns of various asset classes, taking into account expected volatility and correlation between the returns of various asset classes

Plan Assets - The percentage of the fair value of total plan assets held as of March 31, 2013 and 2012, by asset category is as follows

	<u>2013</u>	<u>2012</u>
Equity mutual funds	63%	49%
Fixed income mutual funds	37%	51%

Plan asset investments in U.S. Government issues and corporate and municipal issues are assets traded on active markets with readily available daily values. The inputs are, therefore, Level 1 (see Note 14)

The Hospital's investment strategy is based on a portfolio comprised of assets held in mutual funds with an asset mix target based on an allocation of 47% equities and 53% fixed income funds at March 31, 2013 and 2012. Investments held in mutual funds are diversified with the intent to minimize the risk of large losses to the plan. The asset mix was determined by evaluating the expected return against the plan's long-term objectives. Performance is monitored on a monthly basis and rebalanced back to target to ensure the targets are within range. The investment policy describes which securities are allowed in the portfolios and the financial objectives of the plan, which the Investment Subcommittee of the Center's Board oversees. The Investment Subcommittee monitors the investment performance annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy.

Cash Flows - The Hospital expects to make a contribution to the pension plan in the amount of \$500,000 for the year ending March 31, 2014.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - PENSION PLAN (Continued)

The expected benefit payments for the next ten years are as follows

2014	\$ 628,200
2015	669,600
2016	760,700
2017	874,600
2018	960,300
2019-2023	6,111,200

Other Information - The Hospital also has a defined contribution 403(b) tax-free annuity savings plan covering all full-time and permanent part-time employees with at least 1 year of service and 1,000 hours worked. Employees are allowed to contribute up to the maximum contribution allowable each year under Internal Revenue Service regulations. The Hospital matches bi-weekly employee contributions at varying percentages based on age and years of service (maximum match is 40%). The Hospital's expense amounted to \$476,852 and \$473,022 for the years ended March 31, 2013 and 2012, respectively.

The Hospital also has a capital accumulation 457(f) deferred compensation plan for certain executives. The Hospital is not required to make any contributions to this plan. In addition, the Hospital has a supplemental employee retirement plan for certain executives. The plan provides for a targeted benefit and is funded through insurance policies and the 457(f). The Hospital's expense amounted to \$317,762 and \$165,721 in 2013 and 2012, respectively. Assets and liabilities relating to this plan were \$3,134,631 and \$4,033,796 at March 31, 2013 and 2012, respectively, and are included in other assets and other long-term liabilities.

Brittany Farms has a defined contribution pension plan that covers substantially all eligible nonunion employees. Upon sale of Brittany Farms on October 1, 2012, the plan was frozen and participants became fully vested.

NOTE 11 - FUNCTIONAL EXPENSES

Functional expenses for the Center are as follows

	<u>2013</u>	<u>2012</u>
Health care services	\$ 79,613,078	\$ 81,308,514
General and administrative	11,896,207	13,236,270
	<u>\$ 91,509,285</u>	<u>\$ 94,544,784</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 - CONTINGENCIES

The Center is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on the Center's financial position.

NOTE 13 - COMMITMENTS

The Center leases certain office space and equipment under operating leases. The future minimum annual payments under these agreements as of March 31, 2013 are as follows:

Year Ending March 31

2014	\$ 861,196
2015	895,121
2016	685,910
2017	389,004
2018	<u>248,529</u>
	<u>\$ 3,079,760</u>

Rent expense recorded by the Center for the years ended March 31, 2013 and 2012, was \$1,320,189 and \$1,677,837, respectively.

The Center entered into a contract to purchase new software on March 29, 2012. The contract is estimated to be completed in fiscal year 2014 and is estimated to cost \$1.1 million. As of March 31, 2013, approximately \$916,000 in costs has been incurred and is included in construction in progress.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets or liabilities in inactive markets,
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual Funds - Mutual funds are valued at the quoted net asset value of shares held by the Center at March 31, 2013.

Bonds - Certain bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

Insurance Funds - Insurance funds are stated at their net unit values as reported by the trustee of the fund based on the fair value of the underlying assets and liabilities at the measurement date.

Long-Term Debt - The carrying amounts of the Series C bonds and HUD Mortgage approximate fair value based on yields currently available on comparable securities of issuers with similar durations and credit ratings. The Series E bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings. The inputs are, therefore, Level 2.

The carrying amounts reflected in the accompanying consolidated statements of financial position for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to short maturities of those instruments. The inputs are, therefore, Level 1.

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a summary of the source of fair value measurements for assets that are measured at fair value as of March 31, 2013 and 2012

Description	Fair Value March 31, 2013	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments				
Bond funds	\$ 733,558	\$ 285,448	\$ 448,110	\$ -
Mutual funds				
Domestic equity	17,026,552	17,026,552	-	-
Fixed income	21,045,583	21,045,583	-	-
International equity	4,933,311	4,933,311	-	-
Insurance funds	1,944,601	-	-	1,944,601
Pledges receivable	788,261	-	-	788,261
Total	<u>\$ 46,471,866</u>	<u>\$ 43,290,894</u>	<u>\$ 448,110</u>	<u>\$ 2,732,862</u>

Description	Fair Value March 31, 2012	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments				
Bond funds	\$ 1,242,271	\$ 931,303	\$ 310,968	\$ -
Mutual funds				
Domestic equity	17,748,239	17,748,239	-	-
Fixed income	18,441,839	18,441,839	-	-
International equity	4,906,459	4,906,459	-	-
Insurance funds	1,791,552	-	-	1,791,552
Pledges receivable	1,408,209	-	-	1,408,209
Total	<u>\$ 45,538,569</u>	<u>\$ 42,027,840</u>	<u>\$ 310,968</u>	<u>\$ 3,199,761</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3) - The following is a summary of the changes in the balances of assets measured at fair value on a recurring basis using significant unobservable inputs for the years ended March 31, 2013 and 2012

	Insurance Funds 2013	Insurance Funds 2012
Balance - beginning	\$ 1,791,552	\$ 1,965,885
Contributions	2,774,443	507,314
Fees	(12,392)	(11,764)
Income	102,164	87,824
Withdrawals	<u>(2,711,166)</u>	<u>(757,707)</u>
Balance - Ending	\$ <u>1,944,601</u>	\$ <u>1,791,552</u>

	Pledges Receivable 2013	Pledges Receivable 2012
Balance - beginning	\$ 1,408,209	\$ 1,223,652
New pledges receivable	159,459	1,385,294
Collections	(811,273)	(1,149,394)
Direct write-offs	(22,422)	(33,927)
Change in allowance and discount	<u>54,288</u>	<u>(17,416)</u>
Balance - Ending	\$ <u>788,261</u>	\$ <u>1,408,209</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The carrying amounts and estimated fair values of the Center's long-term debt at March 31, 2013 are as follows

<u>Description</u>	<u>Carrying Amount at March 31, 2013</u>	<u>Fair Value at March 31, 2013</u>
Financial liabilities		
Series C revenue bonds	\$ 42,705,000	\$ 44,529,402
Series E revenue bonds	10,550,000	10,550,000
HUD mortgage	926,696	926,696

The carrying amounts and estimated fair values of the Center's long-term debt at March 31, 2012 are as follows

<u>Description</u>	<u>Carrying Amount at March 31, 2012</u>	<u>Fair Value at March 31, 2012</u>
Financial liabilities		
Series C revenue bonds	\$ 43,560,000	\$ 44,380,000
Series D revenue bonds	19,655,000	20,185,000
HUD mortgage	926,696	926,696

BlumShapiro

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Independent Auditors' Report on Supplementary Information

To the Board of Directors
Center of Special Care, Inc
New Britain, Connecticut

We have audited the consolidated financial statements of Center of Special Care, Inc and Subsidiaries (the Center) as of and for the years ended March 31, 2013 and 2012, and our report thereon dated July 16, 2013, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following pages is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
July 16, 2013

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013

	Brittany Farms	Other HSC Community Services, Inc. Subsidiaries	HSC Community Services, Inc. Consolidated	Hospital for Special Care	Center of Special Care, Inc.	Hospital for Special Care Foundation, Inc.	Elimination	Consolidated
ASSETS								
Current assets								
Cash and cash equivalents	\$ 836,146	\$ 481,466	\$ 1,317,612	\$ 11,981,558	\$ 259,059	\$ 3,999,070	\$ -	\$ 17,557,299
Accounts receivable, less allowance of \$2,606,404	950,420	20,585	971,005	13,361,304	-	-	-	14,332,309
Pledges receivable, net of allowance and discount of \$35,862	-	35,785	35,785	-	-	460,804	-	496,589
Prepaid sinking fund	-	-	-	1,458,737	-	-	-	1,458,737
Prepaid expenses and other assets	379,175	3,140	382,315	1,597,563	-	3,150	-	1,983,028
Inventories of supplies	-	-	-	571,146	-	-	-	571,146
Due from affiliates	-	14,555	14,555	675,717	-	-	(690,272)	-
Total current assets	<u>2,165,741</u>	<u>555,531</u>	<u>2,721,272</u>	<u>29,646,025</u>	<u>259,059</u>	<u>4,463,024</u>	<u>(690,272)</u>	<u>36,399,108</u>
Other assets								
Investments	-	-	-	36,868,949	-	6,870,055	-	43,739,004
Pledges receivable, net of allowance and discount of \$38,438 less current portion	-	-	-	-	-	291,672	-	291,672
Investments in Foundation	49,209	385,954	435,163	9,012,164	-	-	(9,447,327)	-
Debt Service Reserve Fund	-	-	-	7,109,200	-	-	-	7,109,200
Debt obligations issuance expense, net of amortization	-	-	-	2,532,871	-	-	-	2,532,871
Insurance funds	40,000	-	40,000	1,904,601	-	-	-	1,944,601
Other assets	-	-	-	4,889,488	-	-	-	4,889,488
Total other assets	<u>89,209</u>	<u>385,954</u>	<u>475,163</u>	<u>62,317,273</u>	<u>-</u>	<u>7,161,727</u>	<u>(9,447,327)</u>	<u>60,506,836</u>
Property, plant and equipment, net	<u>-</u>	<u>989,184</u>	<u>989,184</u>	<u>41,907,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,896,930</u>
Total Assets	<u>\$ 2,254,950</u>	<u>\$ 1,930,669</u>	<u>\$ 4,185,619</u>	<u>\$ 133,871,044</u>	<u>\$ 259,059</u>	<u>\$ 11,624,751</u>	<u>\$ (10,137,599)</u>	<u>\$ 139,802,874</u>

(Continued on next page)

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
MARCH 31, 2013

	Brittany Farms	Other HSC Community Services, Inc. Subsidiaries	HSC Community Services, Inc. Consolidated	Hospital for Special Care	Center of Special Care, Inc.	Hospital for Special Care Foundation, Inc.	Elimination	Consolidated
LIABILITIES AND NET ASSETS								
Current liabilities								
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ 890,000	\$ -	\$ -	\$ -	\$ 890,000
Accounts payable	333,708	26,232	359,940	2,501,614	-	-	-	2,861,554
Salaries, wages, payroll taxes and amounts withheld from employee compensation	-	-	-	7,511,220	-	-	-	7,511,220
Accrued insurance costs	167,733	-	167,733	3,516,077	-	-	-	3,683,810
Due to affiliates	673,216	5,773	678,989	-	-	11,283	(690,272)	-
Accrued interest and other liabilities	210,855	44,466	255,321	4,679,182	-	66,210	-	5,000,713
Total current liabilities	<u>1,385,512</u>	<u>76,471</u>	<u>1,461,983</u>	<u>19,098,093</u>	<u>-</u>	<u>77,493</u>	<u>(690,272)</u>	<u>19,947,297</u>
Long-term liabilities								
Long-term debt, less current portion	-	926,696	926,696	52,365,000	-	-	-	53,291,696
Accrued pension cost	-	-	-	3,352,678	-	-	-	3,352,678
Other long-term liabilities	-	-	-	4,889,487	-	-	-	4,889,487
Total long-term liabilities	<u>-</u>	<u>926,696</u>	<u>926,696</u>	<u>60,607,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,533,861</u>
Net assets								
Unrestricted net assets	824,907	275,149	1,100,056	48,201,839	259,059	2,326,589	(226,658)	51,660,885
Temporarily restricted net assets	24,486	652,353	676,839	5,527,923	-	8,764,600	(8,764,600)	6,204,762
Permanently restricted net assets	20,045	-	20,045	436,024	-	456,069	(456,069)	456,069
Total net assets	<u>869,438</u>	<u>927,502</u>	<u>1,796,940</u>	<u>54,165,786</u>	<u>259,059</u>	<u>11,547,258</u>	<u>(9,447,327)</u>	<u>58,321,716</u>
Total Liabilities and Net Assets	<u>\$ 2,254,950</u>	<u>\$ 1,930,669</u>	<u>\$ 4,185,619</u>	<u>\$ 133,871,044</u>	<u>\$ 259,059</u>	<u>\$ 11,624,751</u>	<u>\$ (10,137,599)</u>	<u>\$ 139,802,874</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
MARCH 31, 2012

	<u>Brittany Farms</u>	<u>Other HSC Community Services, Inc. Subsidiaries</u>	<u>HSC Community Services, Inc. Consolidated</u>	<u>Hospital for Special Care</u>	<u>Center of Special Care, Inc.</u>	<u>Hospital for Special Care Foundation, Inc.</u>	<u>Elimination</u>	<u>Consolidated</u>
ASSETS								
Current assets								
Cash and cash equivalents	\$ 821.478	\$ 223.383	\$ 1,044.861	\$ 9,791.849	\$ 258.887	\$ 3,874.416	\$ -	\$ 14,970.013
Accounts receivable, less allowance of \$3,306.927	4,573.063	13.136	4,586.199	14,332.099	-	-	-	18,918.298
Pledges receivable, net of allowance of \$25.948	-	22,040	22,040	-	-	545.863	-	567.903
Prepaid sinking fund	201,300	-	201,300	1,415.110	-	-	-	1,616.410
Prepaid expenses and other assets	635.744	4,162	639.906	1,046.914	-	-	-	1,686.820
Inventories of supplies	-	-	-	560.091	-	-	-	560.091
Due from affiliates	49,458	21,804	71,262	355.967	-	1,324	(428.553)	-
Total current assets	<u>6,281.043</u>	<u>284.525</u>	<u>6,565.568</u>	<u>27,502.030</u>	<u>258.887</u>	<u>4,421.603</u>	<u>(428.553)</u>	<u>38,319.535</u>
Other assets								
Investments	-	-	-	36,546.289	-	5,792.519	-	42,338.808
Pledges receivable, net of allowance and discount of \$102,643 less current portion	-	5,800	5,800	-	-	834.506	-	840,306
Investments in Foundation	70,940	386,227	457,167	8,396.215	-	-	(8,853.382)	-
Debt Service Reserve Fund	-	-	-	3,107.879	-	-	-	3,107.879
Debt obligations issuance expense, net of amortization	364,504	-	364,504	2,637.294	-	-	-	3,001.798
Insurance funds	40,000	-	40,000	1,751.552	-	-	-	1,791.552
Other assets	-	-	-	4,033.796	-	-	-	4,033.796
Total other assets	<u>475,444</u>	<u>392,027</u>	<u>867,471</u>	<u>56,473.025</u>	<u>-</u>	<u>6,627.025</u>	<u>(8,853.382)</u>	<u>55,114.139</u>
Property, plant and equipment, net	<u>-</u>	<u>864,822</u>	<u>864,822</u>	<u>42,516,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,381,540</u>
Assets held for sale	<u>7,812.932</u>	<u>-</u>	<u>7,812.932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,812.932</u>
Total Assets	<u>\$ 14,569,419</u>	<u>\$ 1,541,374</u>	<u>\$ 16,110,793</u>	<u>\$ 126,491,773</u>	<u>\$ 258,887</u>	<u>\$ 11,048,628</u>	<u>\$ (9,281,935)</u>	<u>\$ 144,628,146</u>

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CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
MARCH 31, 2012

	<u>Brittany Farms</u>	<u>Other HSC Community Services, Inc. Subsidiaries</u>	<u>HSC Community Services, Inc. Consolidated</u>	<u>Hospital for Special Care</u>	<u>Center of Special Care, Inc.</u>	<u>Hospital for Special Care Foundation, Inc.</u>	<u>Elimination</u>	<u>Consolidated</u>
LIABILITIES AND NET ASSETS								
Current liabilities								
Current portion of long-term debt	\$ 267,050	\$ -	\$ 267,050	\$ 1,132,950	\$ -	\$ -	\$ -	\$ 1,400,000
Accounts payable	800,989	39,797	840,786	1,779,431	-	-	-	2,620,217
Salaries, wages, payroll taxes and amounts withheld from employee compensation	915,422	-	915,422	7,352,487	-	-	-	8,267,909
Accrued insurance costs	681,830	-	681,830	3,511,942	-	-	-	4,193,772
Due to affiliates	353,885	5,649	359,534	1,324	-	67,695	(428,553)	-
Accrued interest and other liabilities	1,546,483	42,963	1,589,446	2,047,150	-	79,240	-	3,715,836
Current portion of loan payable - intercompany	-	-	-	-	-	-	-	-
Total current liabilities	<u>4,565,659</u>	<u>88,409</u>	<u>4,654,068</u>	<u>15,825,284</u>	<u>-</u>	<u>146,935</u>	<u>(428,553)</u>	<u>20,197,734</u>
Long-term liabilities								
Long-term debt, less current portion	9,339,750	926,696	10,266,446	52,475,250	-	-	-	62,741,696
Accrued pension cost	-	-	-	4,500,400	-	-	-	4,500,400
Other long-term liabilities	-	-	-	4,033,796	-	-	-	4,033,796
Total long-term liabilities	<u>9,339,750</u>	<u>926,696</u>	<u>10,266,446</u>	<u>61,009,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,275,892</u>
Net assets								
Unrestricted net assets	595,409	87,630	683,039	44,105,555	258,887	2,274,315	(226,004)	47,095,792
Temporarily restricted net assets	48,556	438,639	487,195	5,115,712	-	8,171,557	(8,171,557)	5,602,907
Permanently restricted net assets	20,045	-	20,045	435,776	-	455,821	(455,821)	455,821
Total net assets	<u>664,010</u>	<u>526,269</u>	<u>1,190,279</u>	<u>49,657,043</u>	<u>258,887</u>	<u>10,901,693</u>	<u>(8,853,382)</u>	<u>53,154,520</u>
Total Liabilities and Net Assets	<u>\$ 14,569,419</u>	<u>\$ 1,541,374</u>	<u>\$ 16,110,793</u>	<u>\$ 126,491,773</u>	<u>\$ 258,887</u>	<u>\$ 11,048,628</u>	<u>\$ (9,281,935)</u>	<u>\$ 144,628,146</u>

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2013

	Brittany Farms	Other HSC Community Services, Inc Subsidiaries	HSC Community Services, Inc Consolidated	Hospital for Special Care	Center of Special Care, Inc	Hospital for Special Care Foundation, Inc	Elimination	Consolidated
Revenues								
Net revenues from services to patients	\$ -	\$ 151 487	\$ 151 487	\$ 88 288 366	\$ -	\$ -	\$ (118 269)	\$ 88 321 584
Other operating revenues	-	580 965	580 965	2 739 727	-	11 544	(251 535)	3 080 701
Bad debts	-	(603)	(603)	(231 687)	-	-	-	(232 290)
Net assets released from restrictions	-	5 132	5 132	-	-	378 807	-	383 939
Total revenues	-	736 981	736 981	90 796 406	-	390 351	(369 804)	91 553 934
Operating expenses								
Salaries, wages and employees benefits	-	514 154	514 154	66 170 734	-	422 992	(118 269)	66 989 611
Supplies and other	-	396 165	396 165	17 924 568	-	724 783	(201 208)	18 844 308
Interest	-	-	-	2 240 750	-	-	-	2 240 750
Depreciation and amortization	-	90 920	90 920	3 343 696	-	-	-	3 434 616
Total operating expenses	-	1 001 239	1 001 239	89 679 748	-	1 147 775	(319 477)	91 509 285
Income (loss) from operations	-	(264 258)	(264 258)	1 116 658	-	(757 424)	(50 327)	44 649
Nonoperating gains (losses)								
Other income, primarily investment income	-	324	324	1 568 638	172	(25 810)	(25 280)	1 518 044
Excess (deficiency) of revenues over expenses	-	(263 934)	(263 934)	2 685 296	172	(783 234)	(75 607)	1 562 693
Other changes in unrestricted net assets								
Change in equity interest in Foundation	-	2 550	2 550	203 492	-	-	(206 042)	-
Change in net unrealized gains on investments	-	-	-	1 948 897	-	150 569	280 995	2 380 461
Net assets released for capital additions	-	-	-	244 719	-	-	-	244 719
Change in minimum pension liability	-	-	-	147 722	-	-	-	147 722
Transfer among affiliates	-	448 903	448 903	(1 133 842)	-	684 939	-	-
Increase in unrestricted net assets	-	187 519	187 519	4 096 284	172	52 274	(654)	4 335 595
Temporarily restricted net assets								
Contributions	-	221 538	221 538	-	-	698 196	(127 272)	792 462
Net realized gains on investments	-	132	132	-	-	80 505	25 280	105 917
Change in net unrealized gains on investments	-	-	-	-	-	437 868	(280 995)	156 873
Change in equity interest in Foundation	-	(2 824)	(2 824)	412 211	-	-	(409 387)	-
Net assets released from restrictions used for purchase of capital	-	-	-	-	-	(244 719)	-	(244 719)
Net assets released from restrictions used for operations	-	(5 132)	(5 132)	-	-	(378 807)	177 600	(206 339)
Increase in temporarily restricted net assets	-	213 714	213 714	412 211	-	593 043	(614 774)	604 194
Permanently restricted net assets								
Contributions	-	-	-	-	-	248	-	248
Change in equity interest in Foundation	-	-	-	248	-	-	(248)	-
Increase in permanently restricted net assets	-	-	-	248	-	248	(248)	248
Change in total net assets from continuing operations	-	401 233	401 233	4 508 743	172	645 565	(615 676)	4 940 037
Loss on discontinued operations	(575 386)	-	(575 386)	-	-	-	21 731	(553 655)
Gain on sale	780 814	-	780 814	-	-	-	-	780 814
Net assets - beginning of year	664 010	526 269	1 190 279	49 657 043	258 887	10 901 693	(8 853 382)	53 154 520
Net Assets - End of Year	\$ 869 438	\$ 927 502	\$ 1 796 940	\$ 54 165 786	\$ 259 059	\$ 11 547 258	\$ (9 447 327)	\$ 58 321 716

CENTER OF SPECIAL CARE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2012

	Brittany Farms	Other HSC Community Services, Inc Subsidiaries	HSC Community Services, Inc Consolidated	Hospital for Special Care	Center of Special Care, Inc	Hospital for Special Care Foundation, Inc	Elimination	Consolidated
Revenues								
Net revenues from services to patients	\$ -	\$ 192,329	\$ 192,329	\$ 89,881,431	\$ -	\$ -	\$ (203,512)	\$ 89,870,248
Other operating revenues	-	556,436	556,436	3,141,204	-	36,650	(235,174)	3,499,116
Bad debts	-	(464)	(464)	(463,771)	-	-	-	(464,235)
Net assets released from restrictions	-	3,305	3,305	117,243	-	359,917	-	480,465
Total revenues	-	751,606	751,606	92,676,107	-	396,567	(438,686)	93,385,594
Operating expenses								
Salaries, wages and employees benefits	-	517,812	517,812	68,351,710	-	609,121	(203,512)	69,275,131
Supplies and other	-	501,035	501,035	18,551,046	-	668,980	(166,676)	19,554,385
Interest	-	-	-	2,268,788	-	-	-	2,268,788
Depreciation and amortization	-	69,006	69,006	3,377,474	-	-	-	3,446,480
Total operating expenses	-	1,087,853	1,087,853	92,549,018	-	1,278,101	(370,188)	94,544,784
Income (loss) from operations	-	(336,247)	(336,247)	127,089	-	(881,534)	(68,498)	(1,159,190)
Nonoperating gains								
Other income, primarily investment income	-	379	379	1,102,160	101	35,925	(25,649)	1,112,916
Change in equity interest in Foundation	-	-	-	5,900	-	-	(5,900)	-
Excess (deficiency) of revenues over expenses	-	(335,868)	(335,868)	1,235,149	101	(845,609)	(100,047)	(46,274)
Other changes in unrestricted net assets								
Change in equity interest in Foundation	-	1,235	1,235	49,779	-	-	(51,014)	-
Change in net unrealized gains on investments	-	-	-	646,994	-	16,215	151,061	814,270
Net assets released for capital additions	-	13,470	13,470	101,349	-	-	-	114,819
Change in minimum pension liability	-	-	-	(3,204,738)	-	-	-	(3,204,738)
Transfer to affiliates	-	396,930	396,930	(1,314,668)	-	917,738	-	-
Increase (decrease) in unrestricted net assets	-	75,767	75,767	(2,486,135)	101	88,344	-	(2,321,923)
Temporarily restricted net assets								
Contributions	-	66,974	66,974	-	-	2,308,937	(124,743)	2,251,168
Net realized gains on investments	-	-	-	15,074	-	98,880	25,649	139,603
Net unrealized gains (losses) on investments	-	-	-	-	-	102,886	(151,061)	(48,175)
Change in equity interest in Foundation	-	(26,070)	(26,070)	2,012,102	-	-	(1,986,032)	-
Net assets released from restrictions used for purchase of capital	-	-	-	-	-	(125,619)	-	(125,619)
Net assets released from restrictions used for operations	-	(3,305)	(3,305)	(117,243)	-	(359,917)	193,233	(287,232)
Increase in temporarily restricted net assets	-	37,599	37,599	1,909,933	-	2,025,167	(2,042,954)	1,929,745
Change in total net assets from continuing operations	-	113,366	113,366	(576,202)	101	2,113,511	(2,042,954)	(392,178)
Loss on discontinued operations	(722,943)	-	(722,943)	-	-	-	18,449	(704,494)
Net assets - beginning of year	1,386,953	412,903	1,799,856	50,233,245	258,786	8,788,182	(6,828,877)	54,251,192
Net Assets - End of Year	\$ 664,010	\$ 526,269	\$ 1,190,279	\$ 49,657,043	\$ 258,887	\$ 10,901,693	\$ (8,853,382)	\$ 53,154,520