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Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

**2012**

**Open to Public Inspection**

**A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013**

**B** Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

**C** Name of organization
Mary Hitchcock Memorial Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
One Medical Center Drive
Suite

City or town, state or country, and ZIP + 4
Lebanon, NH 03756

**D Employer identification number**
02-0222140

E Telephone number
(603) 650-5000

**G** Gross receipts $ 1,419,405,393

**F** Name and address of principal officer
James Weinstein DO MS
One Medical Center Drive
Lebanon, NH 03756

**H(a)** Is this a group return for affiliates? ☐ Yes ☑ No

**H(b)** Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

**H(c)** Group exemption number ▶

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

**J Website:** ▶ www dartmouth-hitchcock org

**K** Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

**L** Year of formation 1889

**M** State of legal domicile NH

## Part I Summary

1 Briefly describe the organization's mission or most significant activities
ADVANCING HEALTH THROUGH RESEARCH, EDUCATION, CLINICAL PRACTICE AND COMMUNITY PARTNERSHIPS, PROVIDING EACH PERSON THE BEST CARE, IN THE RIGHT PLACE, AT THE RIGHT TIME, EVERY TIME

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

**Activities & Governance**

| | | | |
|---|---|---|---|
| 3 | Number of voting members of the governing body (Part VI, line 1a) | 3 | 18 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 16 |
| 5 | Total number of individuals employed in calendar year 2012 (Part V, line 2a) | 5 | 5,468 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 600 |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 3,366,625 |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | 223,929 |

**Revenue**

| | | Prior Year | Current Year |
|---|---|---|---|
| 8 | Contributions and grants (Part VIII, line 1h) | 6,948,016 | 10,592,896 |
| 9 | Program service revenue (Part VIII, line 2g) | 641,096,400 | 866,375,747 |
| 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 13,110,550 | 29,410,853 |
| 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 41,203,940 | 47,037,304 |
| 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 702,358,906 | 953,416,800 |

**Expenses**

| | | | |
|---|---|---|---|
| 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 449,450 | 6,002,824 |
| 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) | 402,260,707 | 565,819,711 |
| 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| b | Total fundraising expenses (Part IX, column (D), line 25) ▶1,968,759 | | |
| 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 276,919,525 | 344,911,925 |
| 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 679,629,682 | 916,734,460 |
| 19 | Revenue less expenses Subtract line 18 from line 12 | 22,729,224 | 36,682,340 |

**Net Assets or Fund Balances**

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| 20 | Total assets (Part X, line 16) | 1,214,347,432 | 1,236,397,775 |
| 21 | Total liabilities (Part X, line 26) | 753,738,222 | 697,527,563 |
| 22 | Net assets or fund balances Subtract line 21 from line 20 | 460,609,210 | 538,870,212 |

## Part II Signature Block

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

**Sign Here**

Signature of officer — Date: 2014-05-09

Robin Kilfeather-Mackey CFO
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| Firm's name ▶ PRICEWATERHOUSECOOPERS LLP | | | Firm's EIN ▶ | |
| Firm's address ▶ 125 HIGH STREET BOSTON, MA 02110 | | | Phone no (617) 530-5000 | |

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

## Part III Statement of Program Service Accomplishments

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

**1** Briefly describe the organization's mission

ADVANCING HEALTH THROUGH RESEARCH, EDUCATION, CLINICAL PRACTICE AND COMMUNITY PARTNERSHIPS, PROVIDING EACH PERSON THE BEST CARE, IN THE RIGHT PLACE, AT THE RIGHT TIME, EVERY TIME

**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 $ 762,752,749 including grants of $ 512,404 ) (Revenue $ 898,485,694 )

Mary Hitchcock Memorial Hospital (the Hospital), is an acute and tertiary care teaching hospital located in Lebanon, New Hampshire The Hospital is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code The Hospital provides a broad range of patient services and health related community services, consistent with its role as a major teaching hospital and a tertiary care referral hospital These include a full range of services in both acute and critical medicine, surgery, psychiatry and rehabilitation for infants, children and adults During fiscal year 2013 the Hospital provided 119,824 acute patient days of inpatient service and had 25,599 total acute care discharges, while the Hospital's emergency room was open to the public 24 hours per day, 7 days per week and had 30,409 discharges The Hospital operates as a member of Dartmouth-Hitchcock Medical Center (DHMC), a New Hampshire nonprofit corporation organized for the exploration and coordination of matters of mutual interest among its members the Hospital, Dartmouth-Hitchcock Clinic (the Clinic), Geisel School of Medicine (GSM), a component of Dartmouth College, and the Veterans Affairs Medical Center in White River Junction, Vermont The Clinic provides the physician staff to the Hospital and the sophistication essential for the development of the Hospital as the largest hospital and only academic medical center in New Hampshire, and for the designation by the federal government as a Rural Referral Center for northern New England The shared mission of the Hospital and Clinic is to "advance health through research, education, clinical practice and community partnerships, providing each person the best care, in the right place, at the right time, every time" Its strategic operating plan lays out a path to creating a "sustainable health system to improve the lives of the people and communities we serve, for generations to come " The focus of this work, across the Dartmouth-Hitchcock organization, i e all Hospital and Clinic sites, is in three main areas Improving Population Health, Delivering Value Based Care, and Developing and Implementing New Payment Models Consistent with this mission and in partnership with the Clinic, the Hospital provides high quality, cost effective, comprehensive, and integrated health care to individuals, families, and the communities it serves, regardless of a patient's ability to pay The Hospital actively supports community-based health care and promotes the coordination of services among health care providers and social services organizations The Hospital also seeks to work collaboratively with other area health care providers to improve the health status of the region In 2012, Dartmouth-Hitchcock (D-H) was selected by the Centers for Medicare and Medicaid (CMS) as one of 32 organizations nationally to participate in the Pioneer Accountable Care demonstration project At the end of one year, it was one of only 13 to meet all quality and safety metrics and show significant cost reductions, while providing coordinated, patient-centered care to the assigned Medicare population Also in 2012, D-H joined with Fletcher Allen Health Care, Vermont's academic medical center, to form OneCare Vermont, an ACO that includes all 14 of the state's hospitals, hundreds of primary care physicians and specialists, two federally qualified health centers, and several rural health clinics, to coordinate the health care of approximately 42,000 of Vermont's 118,000 Medicare beneficiaries (40 percent of the Hospital and Clinic patients are from Vermont) During the same period, Dartmouth-Hitchcock entered into a non-ownership affiliation with Mayo Clinic as part of the Mayo Clinic Care Network This arrangement allows D-H physicians to partner with colleagues from Mayo for second opinions and consultations, thus bringing the expertise of both organizations to individual patient care Much of the consultation is done via telemedicine, another expanding initiative of D-H in 2012 The program is intended to strengthen our ability to serve patients in our region with the highest-quality care, close to home It also allows the Hospital and Clinic to get care to patients in emergency situations quickly and to partner with local health organizations in the delivery of care, something that is particularly important in our rural area The Dartmouth-Hitchcock Center for Telehealth currently offers neurological and stroke care via telemedicine, as well as dermatology services Additional care disciplines are being brought on line as of this writing In late 2012, Dartmouth-Hitchcock formed the Partners in Community Wellness, a group of more than 300 volunteer members from throughout New Hampshire and Vermont With the resources of D-H, the group is engaged in education and community health initiatives An example is the Vial of Life campaign, through which the Partners have distributed, at no charge, more than 10,000 emergency information kits to physicians, emergency responders, fire departments and public safety organizations, and businesses and individuals This ongoing effort will next focus on getting the kits to more than 1,000 schools in the region Nationally, Dartmouth-Hitchcock is a founding member, with Mayo Clinic, Intermountain Health Care, Denver Health, and The Dartmouth Institute for Health Policy and Clinical Practice, of the High Value Healthcare Collaborative (HVHC) The Collaborative currently comprises 19 health systems and the TRICARE system of the Department of Defense Together, they have a patient base of more than 100 million The goal of the Collaborative is to improve the quality of health care while lowering costs Through data sharing and defining of best practices for 8 high-cost, high-variation conditions, the members are improving outcomes and already seeing cost savings A $26 million grant from CMS is making it possible to integrate shared decision making - the Hospital was the first in the nation to create a Center for Shared Decision Making and integrate tools into clinical care - into the work of the Collaborative Beyond that grant, however, the HVHC is self-funded by the member health systems Effective with fiscal year 2000, the Hospital and the Clinic began filing an annual Community Benefit Report with the State of New Hampshire which outlines the community and charitable benefits they provide The most recent Community Benefit Reports are available upon request or can be found on Dartmouth-Hitchcock's web site (www dartmouth-hitchcock org) Financial assistance, formerly called charity care, represents services provided to patients who cannot afford health care services due to inadequate financial resources which result from being uninsured or underinsured For the year ended June 30, 2013 the Hospital provided financial assistance to patients in the amount of $31,586,929, as measured by gross charges The estimated cost of providing this care for the year ended June 30, 2013 was $12,641,089 The Hospital also routinely provides services to Medicaid patients at reimbursement levels that are well below the cost of the care provided The community health activities section of the report includes the cost or value of several different types of hospital-sponsored programs, such as community based education, health fairs, health screenings, support groups, and programs and materials that promote wellness and prevent illness Examples of these types of efforts include partnering with the Healthy Eating Active Living NH initiative, the Partners in Community Wellness, ReThink Health, the Women's Health Resource Center, and smoking prevention and cessation programs This category also includes financial contributions and the contribution of time and services to community programs, hospitals and agencies The Hospital also provides a significant amount of uncompensated care to its patients reported as provision for bad debts, which is not included in the amounts reported above During the year ended June 30, 2013, the Hospital reported a provision for bad debts of approximately $22,716,348

**4b** (Code ) (Expenses $ 43,564,704 including grants of $ 5,490,420 ) (Revenue $ 8,968,076 )

As a component of an integrated academic medical center, the Hospital provides significant support for academic and research programs Through its affiliation with The Geisel School of Medicine at Dartmouth, the Hospital provides support for physicians' unpaid teaching time, consisting of the time physicians spend providing clinical supervision and education for residents and medical students In addition, the Hospital provides in-kind support for research and other grants awarded to the Clinic and Medical School, to offset costs in excess of grant awards Other community benefit initiatives include subsidizing the costs of providing medical and clinical education to professionals across New Hampshire, Vermont and beyond, as well as uncompensated costs of academic and medical research activities

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

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

**4e** **Total program service expenses** ▶ 806,317,453

## 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 | Yes | |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | 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 | | No |
| 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 | Yes | |
| 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 | Yes | |
| 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 | Yes | |
| 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? *If "Yes," complete Schedule I, Parts I and II* | **21** | Yes | |
| **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? *If "Yes," complete Schedule I, Parts I and III* | **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? *If "Yes," complete Schedule J* | **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? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25* | **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? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part II* | **26** | Yes | |
| **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? *If "Yes," complete Schedule L, Part III* | **27** | Yes | |
| **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? *If "Yes," complete Schedule L, Part IV* | **28a** | Yes | |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | Yes | |
| **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? *If "Yes," complete Schedule L, Part IV* | **28c** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | Yes | |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **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? *If "Yes," complete Schedule R, Part I* | **33** | Yes | |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1* | **34** | Yes | |
| **35a** | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | **35a** | Yes | |
| **b** | If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* | **35b** | Yes | |
| **36** | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | **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? *If "Yes," complete Schedule R, Part VI* | **37** | | No |
| **38** | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O | **38** | Yes | |

## Part V Statements Regarding Other IRS Filings and Tax Compliance

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

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . | 1a | 1,038 | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | 1c | | Yes | |
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . . . . | 2a | 5,468 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | 2b | | Yes | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . | 3a | | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | 3b | | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . . | 4a | | Yes | |
| b | If "Yes," enter the name of the foreign country ▶ BD<br>See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | 5a | | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | | | No |
| c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . . | 5c | | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . . | 6a | | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | 6b | | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | 7a | | Yes | |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | 7b | | Yes | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | 7c | | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | 7d | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | 7e | | | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | 7f | | | No |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | 7g | | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | 7h | | | |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | 8 | | | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | |
| a | Did the organization make any taxable distributions under section 4966? . . . . . | 9a | | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | 9b | | | |
| 10 | **Section 501(c)(7) organizations.** Enter | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 . . . | 10a | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | |
| 11 | **Section 501(c)(12) organizations.** Enter | | | | |
| a | Gross income from members or shareholders . . . . . | 11a | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | 11b | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | 12a | | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . . | 12b | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O | 13a | | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . | 13b | | | |
| c | Enter the amount of reserves on hand . . . . . | 13c | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | 14a | | | No |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | 14b | | | |

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

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

## Section A. Governing Body and Management

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Enter the number of voting members of the governing body at the end of the tax year . . . . . | **1a** 18 | | |
| | If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O | | | |
| **b** | Enter the number of voting members included in line 1a, above, who are independent . . . . . | **1b** 16 | | |
| **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** | Yes | |
| **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 | |
| **b** | 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 | | | |
| **a** | The governing body? . . . . . | **8a** | Yes | |
| **b** | 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 |
| **b** | If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | **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 | |
| **b** | 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 | |
| **b** | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . . | **12b** | Yes | |
| **c** | 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? | | | |
| **a** | The organization's CEO, Executive Director, or top management official . . . . . | **15a** | Yes | |
| **b** | 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** | Yes | |
| **b** | If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . . | **16b** | Yes | |

## Section C. Disclosure

**17** List the States with which a copy of this Form 990 is required to be filed ▶ NH

**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 ▶ ROBIN KILFEATHER-MACKEY ONE MEDICAL CENTER DRIVE Lebanon, NH (603) 650-5634

## Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

### Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| See Additional Data Table | | | | | | | | | | |
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**Part VII** **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

| (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 | | | |
| | | | | | | | | | | |
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| **1b** **Sub-Total** . . . . . ▶ | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** . . . . . ▶ | | | | | | | | 8,636,852 | 7,008,812 | 1,734,884 |

**2** Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶311

| | | | Yes | No |
|---|---|---|---|---|
| **3** | Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual* . . . . . | **3** | Yes | |
| **4** | For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual* . . . . . | **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? *If "Yes," complete Schedule J for such person* . . . . . | **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 |
|---|---|---|
| ACCRETIVE HEALTH , 401 N MICHIGAN AVE SUITE 2700 CHICAGO IL 60611 | REVENUE MNGT SERVICE | 9,609,834 |
| TRUSTEES OF DARTMOUTH COLLEGE , 37 DEWEY FIELD HANOVER NH 03755 | ADMIN & DIR SUPPORT | 15,068,724 |
| Dew Construction Corp , 277 Blair Park Road Suite 130 WILLISTON VT 05495 | Construction Svcs | 21,042,504 |
| Suffolk Construction , 99 Conifer Hill Drive DANVERS MA 01923 | Construction Svcs | 11,854,285 |
| Cross Country Staffing , 40 Eastern Ave MALDEN MA 02148 | Staffing Services | 8,114,232 |
| **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 ▶226 | | |

## 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 | 4,762,860 | | | |
| | d | Related organizations | 1d | | | | |
| | e | Government grants (contributions) | 1e | 2,119,307 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 3,710,729 | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | 74,602 | | | |
| | h | **Total.** Add lines 1a-1f | | 10,592,896 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | NET PATIENT SERVICE REVENUE | 621110 | 860,232,393 | 860,232,393 | | |
| | b | RESEARCH RELATED ACTIVITIES | 621110 | 6,143,354 | 6,143,354 | | |
| | c | | | | | | |
| | d | | | | | | |
| | e | | | | | | |
| | f | All other program service revenue | | | | | |
| | g | **Total.** Add lines 2a–2f | | 866,375,747 | | | |
| | 3 | Investment income (including dividends, interest, and other similar amounts) | | 3,229,121 | | 33,033 | 3,196,088 |
| | 4 | Income from investment of tax-exempt bond proceeds | | 0 | | | |
| | 5 | Royalties | | 0 | | | |

| | | (i) Real | (ii) Personal | | | | |
|---|---|---|---|---|---|---|---|
| | 6a | Gross rents | 1,020,985 | | | | | |
| | b | Less rental expenses | 622,175 | | | | | |
| | c | Rental income or (loss) | 398,810 | 0 | | | | |
| | d | Net rental income or (loss) | | | 398,810 | | | 398,810 |

| | | (i) Securities | (ii) Other | | | | |
|---|---|---|---|---|---|---|---|
| | 7a | Gross amount from sales of assets other than inventory | 490,453,063 | 56,695 | | | | |
| | b | Less cost or other basis and sales expenses | 464,289,939 | 38,087 | | | | |
| | c | Gain or (loss) | 26,163,124 | 18,608 | | | | |
| | d | Net gain or (loss) | | | 26,181,732 | | | 26,181,732 |
| Other Revenue | 8a | Gross income from fundraising events (not including $ 4,762,860 of contributions reported on line 1c) See Part IV, line 18 | a | 391,177 | | | | |
| | b | Less direct expenses | b | 1,038,392 | | | | |
| | c | Net income or (loss) from fundraising events | | | -647,215 | | | -647,215 |
| | 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 | | | 0 | | | |
| | 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 | | | 0 | | | |

| | Miscellaneous Revenue | Business Code | | | | |
|---|---|---|---|---|---|---|
| 11a | PHARMACY INCOME | 621110 | 21,279,124 | 21,228,606 | 50,518 | |
| b | MEANINGFUL USE | 621110 | 8,056,864 | 8,056,864 | | |
| c | NEW ENGLAND ALLIANCE FOR HEALTH | 621110 | 2,452,514 | | 2,452,514 | |
| d | All other revenue | | 15,497,207 | 11,792,553 | 830,560 | 2,874,094 |
| e | **Total.** Add lines 11a–11d | | 47,285,709 | | | |
| 12 | **Total revenue.** See Instructions | | 953,416,800 | 907,453,770 | 3,366,625 | 32,003,509 |

## 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 | 4,852,703 | 4,852,703 | | |
| 2 Grants and other assistance to individuals in the United States See Part IV, line 22 | 1,150,121 | 1,150,121 | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | 0 | | | |
| 4 Benefits paid to or for members | 0 | | | |
| 5 Compensation of current officers, directors, trustees, and key employees . . . . | 13,964,432 | 6,546,020 | 6,716,071 | 702,341 |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | 1,769,887 | 1,769,887 | | |
| 7 Other salaries and wages | 411,635,024 | 359,612,189 | 52,022,741 | 94 |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . | 52,968,971 | 46,274,701 | 6,694,258 | 12 |
| 9 Other employee benefits . . . . . | 56,502,847 | 49,361,962 | 7,140,872 | 13 |
| 10 Payroll taxes . . . . . | 28,978,550 | 25,316,212 | 3,662,331 | 7 |
| 11 Fees for services (non-employees) | | | | |
| a Management . . . . . | 0 | | | |
| b Legal . . . . . | 2,177,535 | 13,224 | 2,164,311 | |
| c Accounting . . . . . | 398,282 | | 398,282 | |
| d Lobbying . . . . . | 67,146 | 67,146 | | |
| e Professional fundraising services See Part IV, line 17 | 0 | | | |
| f Investment management fees . . . . . | 0 | | | |
| g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . . . . | 55,856,076 | 45,165,892 | 10,690,184 | |
| 12 Advertising and promotion . . . . | 1,654,591 | 20,853 | 1,633,738 | |
| 13 Office expenses . . . . . | 15,118,669 | 14,082,932 | 1,035,714 | 23 |
| 14 Information technology . . . . . | 5,371,282 | 5,371,282 | | |
| 15 Royalties . . | 0 | | | |
| 16 Occupancy . . . . . | 13,742,583 | 11,475,082 | 2,267,501 | |
| 17 Travel . . . . . | 2,198,185 | 1,254,696 | 943,489 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | 0 | | | |
| 19 Conferences, conventions, and meetings . . . . | 92,534 | 91,759 | 775 | |
| 20 Interest . . . . . | 15,152,336 | 12,727,962 | 2,424,374 | |
| 21 Payments to affiliates . . . . . | 0 | | | |
| 22 Depreciation, depletion, and amortization . . . . . | 37,802,329 | 31,749,381 | 6,052,948 | |
| 23 Insurance . . . . . | 3,341,728 | 2,422,347 | 919,381 | |
| 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O ) | | | | |
| a MEDICAL SUPPLIES | 121,012,752 | 121,012,752 | | |
| b MEDICAID ENHANCEMENT TAX | 38,261,451 | 38,261,451 | | |
| c EQUIPMENT RENTAL & MAINT | 10,388,589 | 8,726,415 | 1,662,174 | |
| d ACADEMIC,GME,TEACHING & SPT | 2,312,102 | 2,312,102 | | |
| e All other expenses | 19,963,755 | 16,678,382 | 2,019,104 | 1,266,269 |
| 25 **Total functional expenses.** Add lines 1 through 24e | 916,734,460 | 806,317,453 | 108,448,248 | 1,968,759 |
| 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) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | 82,965 | 1 | 465,422 |
| | 2 | Savings and temporary cash investments | 59,257,093 | 2 | 44,311,533 |
| | 3 | Pledges and grants receivable, net | 0 | 3 | 0 |
| | 4 | Accounts receivable, net | 154,672,421 | 4 | 139,143,022 |
| | 5 | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | 372,579 | 5 | 416,185 |
| | 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 | 0 | 6 | 0 |
| | 7 | Notes and loans receivable, net | 1,624,728 | 7 | 1,304,221 |
| | 8 | Inventories for sale or use | 13,456,700 | 8 | 15,029,475 |
| | 9 | Prepaid expenses and deferred charges | 5,763,032 | 9 | 23,786,320 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D — 10a: 847,679,846 | | | |
| | b | Less accumulated depreciation — 10b: 434,157,391 | 398,310,201 | 10c | 413,522,455 |
| | 11 | Investments—publicly traded securities | 280,979,122 | 11 | 199,883,362 |
| | 12 | Investments—other securities See Part IV, line 11 | 233,104,661 | 12 | 343,778,631 |
| | 13 | Investments—program-related See Part IV, line 11 | 2,714,834 | 13 | 2,884,068 |
| | 14 | Intangible assets | 0 | 14 | 0 |
| | 15 | Other assets See Part IV, line 11 | 64,009,096 | 15 | 51,873,081 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | 1,214,347,432 | 16 | 1,236,397,775 |
| Liabilities | 17 | Accounts payable and accrued expenses | 211,075,005 | 17 | 108,309,292 |
| | 18 | Grants payable | 0 | 18 | 0 |
| | 19 | Deferred revenue | 0 | 19 | 340,309 |
| | 20 | Tax-exempt bond liabilities | 356,346,495 | 20 | 350,027,555 |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | 0 | 21 | 0 |
| | 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 | 0 | 22 | 0 |
| | 23 | Secured mortgages and notes payable to unrelated third parties | 3,489,268 | 23 | 150,382,530 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | 0 | 24 | 0 |
| | 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 | 182,827,454 | 25 | 88,467,877 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | 753,738,222 | 26 | 697,527,563 |
| 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 | 381,928,668 | 27 | 464,266,717 |
| | 28 | Temporarily restricted net assets | 50,788,670 | 28 | 46,465,618 |
| | 29 | Permanently restricted net assets | 27,891,872 | 29 | 28,137,877 |
| | | **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 | 460,609,210 | 33 | 538,870,212 |
| | 34 | Total liabilities and net assets/fund balances | 1,214,347,432 | 34 | 1,236,397,775 |

## Part XI Reconcilliation 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 | 953,416,800 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 916,734,460 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 36,682,340 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 460,609,210 |
| 5 | Net unrealized gains (losses) on investments | 5 | 5,179,665 |
| 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 | 36,398,997 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 538,870,212 |

## 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? | 2a | | No |
| | 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 | | | |
| b | Were the organization's financial statements audited by an independent accountant? | 2b | Yes | |
| | 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 | | | |
| c | 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? | 2c | Yes | |
| | If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O | | | |
| 3a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | 3a | Yes | |
| b | If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits | 3b | Yes | |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 02-0222140
**Name:** Mary Hitchcock Memorial Hospital

### 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 | | | |
| Wayne G Granquist<br>Trustee/Brd Chair end 12/31/12 | 20<br>55 | X | | X | | | | 0 | 0 | 0 |
| Jennie L Norman<br>Trustee/Board Secretary | 20<br>40 | X | | X | | | | 0 | 0 | 0 |
| Hugh C Smith MD<br>Trustee | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Vincent S Conti<br>Trustee | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Anne-Lee Verville<br>Trustee | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Nancy Formella MSN RN<br>TTE Advisor End 12/1/2012 | 410<br>195 | X | | X | | | | 3,209,060 | 0 | 58,814 |
| Barbara Couch<br>Trustee | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Wiley Souba MD ScD<br>Trustee/Ex-Officio, Dean DMS | 10<br>25 | X | | | | | | 0 | 0 | 0 |
| William J Conaty<br>Trustee | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| William W Helman IV<br>Trustee | 10<br>25 | X | | | | | | 0 | 0 | 0 |
| Robert A Oden Jr PhD<br>Trustee/Board Chair Eff 1/1/13 | 20<br>40 | X | | X | | | | 0 | 0 | 0 |
| Ruth Williams Brinkley<br>Trustee End 11/2/12 | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| James Weinstein DO MS<br>Trustee Ex-Officio/CEO | 370<br>245 | X | | X | | | | 0 | 833,051 | 59,682 |
| Alan C Keiller<br>Trustee/Board Treasurer | 20<br>45 | X | | X | | | | 0 | 0 | 0 |
| Michael J Goran MD<br>Trustee | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Alfred Griggs<br>Trustee/Chair Emeritus | 10<br>15 | X | | | | | | 0 | 0 | 0 |
| Richard S Shreve<br>Trustee/Ex Officio Pres Apptee | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| John L Harrison Jr<br>Trustee End 9/30/12 | 10<br>10 | X | | | | | | 0 | 0 | 0 |
| Denis A Cortese MD<br>Trustee Eff 9/1/12 | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Matthew B Dunne<br>Trustee Eff 1/1/13 | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Senator Judd A Gregg<br>Trustee Eff 1/1/13 | 10<br>10 | X | | | | | | 0 | 0 | 0 |
| Laura K Landy<br>Trustee Eff 9/1/12 | 10<br>20 | X | | | | | | 0 | 0 | 0 |
| Robin Kilfeather-Mackey CPA<br>Chief Financial Officer | 370<br>240 | | | X | | | | 0 | 451,645 | 37,043 |
| Linda Von Reyn<br>Chief Nursing Officer | 410<br>190 | | | X | | | | 458,727 | 0 | 37,027 |
| Daniel Jantzen CPA<br>Chief Operating Officer | 410<br>200 | | | X | | | | 608,217 | 0 | 59,542 |

## 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 | | | |
| Stephen Leblanc<br>ExecVP Strtgy&Ntwrk Eff 2/3/13 | 13 0<br>47 0 | | | X | | | | 0 | 535,986 | 36,773 |
| John Butterly MD<br>Exec VP of Med Affairs, D-HH | 18 0<br>42 0 | | | X | | | | 0 | 538,707 | 93,348 |
| Alan Weston<br>Chief Human Resources Officer | 41 0<br>19 0 | | | X | | | | 311,437 | 0 | 65,426 |
| Neil Castaldo<br>Sr Advisor to CEO Eff 7/1/12 | 41 0<br>19 0 | | | X | | | | 622,913 | 0 | 70,272 |
| Gregg Meyer MD<br>CCO/EVP Pop Hlth | 41 0<br>19 0 | | | X | | | | 0 | 531,180 | 97,818 |
| Jeanine Arden Ornt<br>General Counsel | 38 0<br>24 0 | | | X | | | | 415,319 | 0 | 72,262 |
| Vincent Fusca<br>Chief of Staff | 41 0<br>19 0 | | | X | | | | 230,806 | 0 | 20,753 |
| Edward Merrens MD<br>CMO Eff 9/1/12 | 28 0<br>12 0 | | | X | | | | 0 | 343,307 | 65,544 |
| George Blike MD<br>Chf Qlty&Value Ofr Eff 7/1/12 | 41 0<br>19 0 | | | X | | | | 0 | 389,078 | 48,677 |
| Mary Oseid<br>V P Ambulatory Care | 28 0<br>12 0 | | | | X | | | 0 | 258,638 | 45,523 |
| Christine Schon<br>V P Comm Grp Pract Ops | 28 0<br>12 0 | | | | X | | | 0 | 209,756 | 58,175 |
| William Mroz<br>V P Operations/Clinical Svcs | 41 0<br>19 0 | | | | X | | | 245,900 | 0 | 48,844 |
| Gail Dahlstrom<br>V P Facilities Mgmt | 41 0<br>19 0 | | | | X | | | 225,829 | 0 | 32,934 |
| Michael Ward<br>V P Cancer Svcs end 7/31/12 | 28 0<br>12 0 | | | | X | | | 0 | 182,530 | 29,397 |
| Tina Naimie CPA<br>VP Corporate Finance | 28 0<br>13 5 | | | | X | | | 213,338 | 0 | 39,214 |
| Wendy Fielding<br>VP Financial Planning | 28 0<br>12 0 | | | | X | | | 213,833 | 0 | 70,331 |
| Barbara Walters DO MBA<br>Med Dir/Dir Acct Care eff 11/1 | 28 0<br>12 0 | | | | X | | | 0 | 353,318 | 57,527 |
| David Gladstone MD<br>Chief Clinical Phys Rad/Onc | 28 0<br>12 0 | | | | | X | | 278,096 | 0 | 81,270 |
| Bruce King<br>Pres & CEO New London Hosp | 28 0<br>12 0 | | | | | X | | 480,870 | 0 | 59,042 |
| Susan Reeves<br>VP/Chair Nurs Colby Saw Collg | 28 0<br>12 0 | | | | | X | | 263,926 | 0 | 66,647 |
| Kevin Donovan<br>CEO Mt Ascutney Hospital | 28 0<br>12 0 | | | | | X | | 255,527 | 0 | 63,985 |
| Janet West<br>VP Compliance & Audit Svcs | 28 0<br>12 0 | | | | | X | | 262,991 | 0 | 59,687 |
| Carl Dematteo MD<br>Former Chf Qual Compl Ofr | 28 0<br>12 0 | | | | | | X | 0 | 496,126 | 7,530 |
| Lawrence Dacey MD<br>Former CMO End 6/30/12 / Phys | 28 0<br>13 0 | | | | | | X | 0 | 507,485 | 37,711 |
| Andrew Gettinger MD<br>Former Chief Med Info Ofr | 28 0<br>12 0 | | | | | | X | 0 | 336,449 | 39,315 |

## 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 | | | |
| Thomas Colacchio MD<br>Former Officer/Phys | 28 0<br>13 0 | | | | | | X | 0 | 1,041,556 | 66,668 |
| Sandra Dickau<br>Former VP Ops/Ptnt Care | 28 0<br>13 0 | | | | | | X | 127,765 | 0 | 0 |
| Mary Kay Boudewyns<br>Former Key Employee | 28 0<br>12 0 | | | | | | X | 212,298 | 0 | 48,103 |

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# 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**
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

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

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

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

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

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

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

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

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

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

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

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

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

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

**a** ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

| | | Yes | No |
|---|---|---|---|
| **(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? | **11g(i)** | | |
| **(ii)** A family member of a person described in (i) above? | **11g(ii)** | | |
| **(iii)** A 35% controlled entity of a person described in (i) or (ii) above? | **11g(iii)** | | |

**h** Provide the following information about the supported organization(s)

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

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

## Section A. Public Support

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

## Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|---|---|---|---|---|---|
| 7 Amounts from line 4 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV ) | | | | | | |
| 11 **Total support** (Add lines 7 through 10) | | | | | | |

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

## Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

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

## Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|---|---|---|---|---|---|
| 1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ") | | | | | | |
| 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**

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# 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 | **Employer identification number** |
|---|---|
| Mary Hitchcock Memorial Hospital | 02-0222140 |

## 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) | | |
| c Total lobbying expenditures (add lines 1a and 1b) | | |
| d Other exempt purpose expenditures | | |
| e Total exempt purpose expenditures (add lines 1c and 1d) | | |
| f Lobbying nontaxable amount Enter the amount from the following table in both columns | | |
| g Grassroots nontaxable amount (enter 25% of line 1f) | | |
| h Subtract line 1g from line 1a If zero or less, enter -0- | | |
| i Subtract line 1f from line 1c If zero or less, enter -0- | | |

| 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 |

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 | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots nontaxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| 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) Yes | (a) No | (b) 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? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | Yes | | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 130,626 |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? | Yes | | 63,814 |
| j | Total Add lines 1c through 1i | | | 194,440 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| 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 |
|---|---|---|
| LOBBYING ACTIVITY EXPLANATION | FORM 990, SCHEDULE C, PART II B, LINES 1B & 1G | MARY HITCHCOCK MEMORIAL HOSPITAL EMPLOYS TWO FULL TIME STAFF WHOSE DUTIES INCLUDE LOBBYING TYPICAL EXPENSES ASSOCIATED WITH THE LOBBYING ACTIVITIES INCLUDE STAFF SALARY, TRAVEL, MEMBERSHIP FEES AND DUES FROM TIME TO TIME, MARY HITCHCOCK MEMORIAL HOSPITAL, THROUGH ITS EMPLOYEES AND THE USE OF CONSULTANTS, CONTACTS GOVERNMENT OFFICIALS AND LEGISLATORS THIS CONTACT IS FOR THE PURPOSE OF PROPOSING LEGISLATION OR EXPRESSING AN OPINION ON CHANGES IN LEGISLATION THAT AFFECT THE HOSPITAL AND ITS ABILITY TO CARRY OUT ITS MISSION TYPICAL ACTIVITIES INCLUDE EMAILING, CALLING, AND MEETING WITH GOVERNMENT OFFICIALS AND LEGISLATORS FOR THE FISCAL YEAR ENDED JUNE 30, 2013, MARY HITCHCOCK MEMORIAL HOSPITAL INCURRED $130,626 IN CONJUCTION WITH THESE ACTIVITIES FORM 990 SCHEDULE C, PART II B, LINE 1I DHC pays dues to various organizations related to its exempt mission The amount reported under other activities on line 1I refers to the amount of lobbying activities identified in dues payments to outside organizations |

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**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

**Name of the organization**
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

**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 | 2a |
| b | Total acreage restricted by conservation easements | 2b |
| c | Number of conservation easements on a certified historic structure included in (a) | 2c |
| d | Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register | 2d |

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

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

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

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

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

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

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

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

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

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

| | | Amount |
|---|---|---|
| c | Beginning balance | 1c |
| d | Additions during the year | 1d |
| e | Distributions during the year | 1e |
| f | Ending balance | 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 | 57,050,185 | 54,023,225 | 54,110,647 | 49,493,627 | 49,870,808 |
| b | Contributions | 188,155 | 30,717 | 398,541 | 3,040,219 | 4,146,452 |
| c | Net investment earnings, gains, and losses | -357,053 | 3,834,255 | 842,732 | 2,769,857 | -3,921,625 |
| d | Grants or scholarships | 5,322 | 15,000 | | | |
| e | Other expenditures for facilities and programs | 1,940,831 | 823,012 | 1,328,695 | 1,193,056 | 602,008 |
| f | Administrative expenses | | | | | |
| g | End of year balance | 54,935,134 | 57,050,185 | 54,023,225 | 54,110,647 | 49,493,627 |

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

- a Board designated or quasi-endowment ▶ 30 220 %
- b Permanent endowment ▶ 51 220 %
- c Temporarily restricted endowment ▶ 18 560 %

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

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

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

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

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

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | 91,148 | 38,958,963 | | 39,050,111 |
| b Buildings | | 452,647,759 | 231,269,306 | 221,378,453 |
| c Leasehold improvements | | 4,204,881 | 3,468,488 | 736,393 |
| d Equipment | | 313,239,307 | 199,419,597 | 113,819,710 |
| e Other | | 38,537,788 | | 38,537,788 |
| **Total.** Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 413,522,455 |

**Part VII Investments—Other Securities.** See Form 990, Part X, line 12.

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) FIXED INCOME | 187,099,845 | F |
| (B) PUBLIC EQUITIES | 58,490,627 | F |
| (C) PRIVATE EQUITIES | 24,845,871 | F |
| (D) HEDGE FUNDS | 35,025,013 | F |
| (E) OTHER INVESTMENTS | 38,317,275 | F |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 12 )* ▶ | 343,778,631 | |

**Part VIII Investments—Program Related.** See Form 990, Part X, line 13.

| (a) Description of investment type | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|---|---|
| | | |
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| | | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 13 )* ▶ | | |

**Part IX Other Assets.** See Form 990, Part X, line 15.

| (a) Description | (b) Book value |
|---|---|
| | |
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| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | |

**Part X Other Liabilities.** See Form 990, Part X, line 25.

| 1 (a) Description of liability | (b) Book value |
|---|---|
| Federal income taxes | 0 |
| THIRD PARTY SETTLEMENTS | 22,986,617 |
| ACCRUED POST RETMNT PENS & MED | 56,740,980 |
| INTEREST RATE SWAP | 8,740,280 |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 25 )* ▶ | 88,467,877 |

**2.** Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

## 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 | |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | | | |
| a | Net unrealized gains on investments | 2a | | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIII ) | 2d | | | |
| e | Add lines **2a** through **2d** | | | 2e | |
| 3 | Subtract line **2e** from line **1** | | | 3 | |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line **1** | | | | |
| a | Investment expenses not included on Form 990, Part VIII, line 7b | 4a | | | |
| b | Other (Describe in Part XIII ) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | |
| 5 | Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12 ) | | | 5 | |

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

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

## 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 |
|---|---|---|
| Intended use of Endowment Funds | Form 990 Schedule D Part V Line 4 | The intended use of the endowment funds is to promote and advance the following mission-related programs healthcare services, research, charity care, and health education ASC 740 (Fin 48) Footnote Form 990 Schedule D Part X No ASC 740 (Fin 48) footnote was included in the audited financial statements as there were no material uncertain tax positions at or since adoption |

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

# Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

**Part I General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** 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 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.

3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

| | (a) Region | (b) Number of offices in the region | (c) Number of employees, agents, and independent contractors in region | (d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service(s) in region | (f) Total expenditures for and investments in region |
|---|---|---|---|---|---|---|
| | See Add'l Data | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 3a | Sub-total | | 1 | | | 1,982,607 |
| b | Total from continuation sheets to Part I | | | | | |
| c | **Totals** (add lines 3a and 3b) | | 1 | | | 1,982,607 |

**Part II** **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Part II can be duplicated if additional space is needed.

| 1 | **(a)** Name of organization | **(b)** IRS code section and EIN (if applicable) | **(c)** Region | **(d)** Purpose of grant | **(e)** Amount of cash grant | **(f)** Manner of cash disbursement | **(g)** Amount of of non-cash assistance | **(h)** Description of non-cash assistance | **(i)** Method of valuation (book, FMV, appraisal, other) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

**Part III** **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

| (a) Type of grant or assistance | (b) Region | (c) Number of recipients | (d) Amount of cash grant | (e) Manner of cash disbursement | (f) Amount of non-cash assistance | (g) Description of non-cash assistance | (h) Method of valuation (book, FMV, appraisal, other) |
|---|---|---|---|---|---|---|---|
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## Part IV Foreign Forms

| | | | |
|---|---|---|---|
| 1 | Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* | ☑ Yes | ☐ No |
| 2 | Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organizationmay be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* | ☐ Yes | ☑ No |
| 3 | Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)* | ☑ Yes | ☐ No |
| 4 | Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* | ☑ Yes | ☐ No |
| 5 | Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)* | ☑ Yes | ☐ No |
| 6 | Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).* | ☐ Yes | ☑ No |

**Part V** **Supplemental Information**

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

| Identifier | ReturnReference | Explanation |
|---|---|---|
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## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 02-0222140
**Name:** Mary Hitchcock Memorial Hospital

### Form 990 Schedule F Part I - Activities Outside The United States

| (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region | (d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service (s) in region | (f) Total expenditures for region |
|---|---|---|---|---|---|
| Central America and the Caribbean | | | Program Services | Educational Travel Exp | 9,257 |
| East Asia and the Pacific | | | Program Services | Educational Travel Exp | 4,179 |
| Europe (Including Iceland and Greenland) | | | Program Services | Educational Travel Exp | 36,447 |

**Form 990 Schedule F Part I - Activities Outside The United States**

| (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region | (d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service (s) in region | (f) Total expenditures for region |
|---|---|---|---|---|---|
| Middle East and North Africa | | | Program Services | Educational Travel Exp | 2,949 |
| North America | | | Program Services | Educational Travel Exp | 31,858 |
| South America | | | Program Services | Educational Travel Exp | 2,562 |

**Form 990 Schedule F Part I - Activities Outside The United States**

| (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region | (d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service (s) in region | (f) Total expenditures for region |
|---|---|---|---|---|---|
| Sub-Saharan Africa | | | Program Services | Educational Travel Exp | 710 |
| North America | | | Program Services | Medical Labs & Suppls | 1,086,507 |
| Europe (Including Iceland and Greenland) | | | Program Services | Insurance Services | 240,810 |

**Form 990 Schedule F Part I - Activities Outside The United States**

| (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region | (d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service (s) in region | (f) Total expenditures for region |
|---|---|---|---|---|---|
| Middle East and North Africa | | | Program Services | Collection Services | 21,643 |
| North America | | | Program Services | Dues, Lic, & Publicatn | 8,477 |
| North America | | | Program Services | Marketing Services | 15,894 |

## Form 990 Schedule F Part I - Activities Outside The United States

| (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region | (d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service (s) in region | (f) Total expenditures for region |
|---|---|---|---|---|---|
| North America | | | Program Services | IT Services & Misc | 30,140 |
| Europe (Including Iceland and Greenland) | | | Program Services | Medical Labs & Suppls | 410,986 |
| Sub-Saharan Africa | | 1 | Program Services | Medical Svcs in Rwanda | 77,156 |

**Form 990 Schedule F Part I - Activities Outside The United States**

| (a) Region | (b) Number of offices in the region | (c) Number of employees or agents in region | (d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service (s) in region | (f) Total expenditures for region |
|---|---|---|---|---|---|
| Sub-Saharan Africa | | | Fundraising | Fundraising Event | 3,032 |

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**SCHEDULE G (Form 990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information Regarding Fundraising or Gaming Activities

**Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.**

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

**Part I Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

**1** Indicate whether the organization raised funds through any of the following activities Check all that apply

**a** ☐ Mail solicitations
**b** ☐ Internet and email solicitations
**c** ☐ Phone solicitations
**d** ☐ In-person solicitations
**e** ☐ Solicitation of non-government grants
**f** ☐ Solicitation of government grants
**g** ☐ Special fundraising events

**2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

**b** If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

| **(i)** Name and address of individual or entity (fundraiser) | **(ii)** Activity | **(iii)** Did fundraiser have custody or control of contributions? Yes | No | **(iv)** Gross receipts from activity | **(v)** Amount paid to (or retained by) fundraiser listed in col **(i)** | **(vi)** Amount paid to (or retained by) organization |
|---|---|---|---|---|---|---|
| | | | | | | |
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| | | | | | | |
| | | | | | | |
| **Total** . . . . . ▶ | | | | | | |

**3** List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

**Part II** **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

| | | (a) Event #1 NCCC Prouty (event type) | (b) Event #2 CHAD Hero Hlf M (event type) | (c) Other events 6 (total number) | (d) Total events (add col (a) through col (c)) |
|---|---|---|---|---|---|
| Revenue | 1 Gross receipts | 3,738,170 | 604,947 | 810,920 | 5,154,037 |
| | 2 Less Contributions | 3,622,239 | 578,989 | 561,632 | 4,762,860 |
| | 3 Gross income (line 1 minus line 2) | 115,931 | 25,958 | 249,288 | 391,177 |
| Direct Expenses | 4 Cash prizes | | | 2,507 | 2,507 |
| | 5 Noncash prizes | 20,225 | 25,957 | 142,127 | 188,309 |
| | 6 Rent/facility costs | 11,756 | | 107,906 | 119,662 |
| | 7 Food and beverages | 17,892 | 2,280 | 13,277 | 33,449 |
| | 8 Entertainment | 300 | 5,109 | 3,790 | 9,199 |
| | 9 Other direct expenses | 620,116 | 18,463 | 46,687 | 685,266 |
| | 10 Direct expense summary Add lines 4 through 9 in column (d) ▶ | | | | (1,038,392) |
| | 11 Net income summary Combine line 3, column (d), and line 10 ▶ | | | | -647,215 |

**Part III** **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

| | | (a) Bingo | (b) Pull tabs/Instant bingo/progressive bingo | (c) Other gaming | (d) Total gaming (add col (a) through col (c)) |
|---|---|---|---|---|---|
| Revenue | 1 Gross revenue | | | | |
| Direct Expenses | 2 Cash prizes | | | | |
| | 3 Non-cash prizes | | | | |
| | 4 Rent/facility costs | | | | |
| | 5 Other direct expenses | | | | |
| | 6 Volunteer labor | ☐ Yes ☐ No | ☐ Yes ☐ No | ☐ Yes ☐ No | |
| | 7 Direct expense summary Add lines 2 through 5 in column (d) ▶ | | | | |
| | 8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶ | | | | |

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

| | | | |
|---|---|---|---|
| a | The organization's facility . . . . . | 13a | |
| b | An outside facility . . . . . | 13b | |

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ .....

Address ▶ .....

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

**Part IV Supplemental Information.** Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

| Identifier | Return Reference | Explanation |
|---|---|---|

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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**
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

## 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<br>☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities<br>☐ 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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care<br>☐ 100% ☐ 150% ☐ 200% ☑ Other 225 % | 3a | Yes | |
| b | Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care<br>☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ____ % | 3b | Yes | |
| 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"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | | 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 eligibile for free or discounted care? | 5c | | |
| 6a | Did the organization prepare a community benefit report during the tax year? | 6a | Yes | |
| b | If "Yes," did the organization make it available to the public? | 6b | Yes | |
| | Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H | | | |

### 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) | | | 12,641,089 | | 12,641,089 | 1 380 % |
| b Medicaid (from Worksheet 3, column a) | | | 137,312,048 | 42,149,107 | 95,162,941 | 10 380 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 149,953,137 | 42,149,107 | 107,804,030 | 11 760 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 2,904,566 | 162,547 | 2,742,019 | 0 300 % |
| f Health professions education (from Worksheet 5) | | | 42,282,857 | 10,952,291 | 31,330,566 | 3 420 % |
| g Subsidized health services (from Worksheet 6) | | | 5,002,964 | | 5,002,964 | 0 550 % |
| h Research (from Worksheet 7) | | | 4,091,445 | | 4,091,445 | 0 450 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 5,523,616 | | 5,523,616 | 0 590 % |
| j **Total.** Other Benefits | | | 59,805,448 | 11,114,838 | 48,690,610 | 5 310 % |
| k **Total.** Add lines 7d and 7j | | | 209,758,585 | 53,263,945 | 156,494,640 | 17 070 % |

**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 | | | 27,600 | | 27,600 | |
| 2 | Economic development | | | | | | |
| 3 | Community support | | | 323 | | 323 | |
| 4 | Environmental improvements | | | | | | |
| 5 | Leadership development and training for community members | | | | | | |
| 6 | Coalition building | | | 385,867 | | 385,867 | |
| 7 | Community health improvement advocacy | | | 88,899 | | 88,899 | |
| 8 | Workforce development | | | 11,371 | | 11,371 | |
| 9 | Other | | | | | | |
| 10 | **Total** | | | 514,060 | | 514,060 | |

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

**Section A. Bad Debt Expense**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | | 1 | | No |
| 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 | 25,604,955 | | |
| 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 | 247,564,903 | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 250,254,484 | |
| 7 | Subtract line 6 from line 5 This is the surplus (or shortfall) | 7 | -2,689,581 | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | |

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

**Section C. Collection Practices**

| | | | | |
|---|---|---|---|---|
| 9a | Did the organization have a written debt collection policy during the tax year? | 9a | Yes | |
| b | If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI | 9b | Yes | |

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

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

## Part V Facility Information

### Section A. Hospital Facilities

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

| | Name, address, and primary website address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) | Facility reporting group |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Mary Hitchcock Memorial Hospital<br>One Medical Center Drive<br>Lebanon, NH 03756 | X | X | X | X | | X | X | | Psych Unit and<br>Transplant Unit<br>Cancer Center | |
| | | | | | | | | | | | |
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## 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)

**Name of hospital facility or facility reporting group** Mary Hitchcock Memorial Hospital

**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 | **1** | Yes | |
| | If "Yes," indicate what the CHNA report describes (check all that apply) | | | |
| **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 12 | | | |
| **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? | **5** | Yes | |
| | If "Yes," indicate how the CHNA report was made widely available (check all that apply) | | | |
| **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** | Yes | |
| **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 *free* care? | **10** | Yes | |
| If "Yes," indicate the FPG family income limit for eligibility for free care 225 % If "No," explain in Part VI the criteria the hospital facility used | | | |
| **11** Used FPG to determine eligibility for providing *discounted* care? | **11** | Yes | |
| If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used | | | |
| **12** Explained the basis for calculating amounts charged to patients? | **12** | Yes | |
| If "Yes," indicate the factors used in determining such amounts (check all that apply) | | | |
| **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? | **14** | Yes | |
| If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | | | |
| **a** ☑ The policy was posted on the hospital facility's website | | | |
| **b** ☐ The policy was attached to billing invoices | | | |
| **c** ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms | | | |
| **d** ☑ The policy was posted in the hospital facility's admissions offices | | | |
| **e** ☐ The policy was provided, in writing, to patients on admission to the hospital facility | | | |
| **f** ☑ The policy was available upon request | | | |
| **g** ☑ Other (describe in Part VI) | | | |
| **Billing and Collections** | | | |
| **15** Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? | **15** | Yes | |
| **16** Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP | | | |
| **a** ☐ Reporting to credit agency | | | |
| **b** ☐ Lawsuits | | | |
| **c** ☐ Liens on residences | | | |
| **d** ☐ Body attachments | | | |
| **e** ☐ Other similar actions (describe in Part VI) | | | |
| **17** Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? | **17** | | No |
| If "Yes," check all actions in which the hospital facility or a third party engaged | | | |
| **a** ☐ Reporting to credit agency | | | |
| **b** ☐ Lawsuits | | | |
| **c** ☐ Liens on residences | | | |
| **d** ☐ Body attachments | | | |
| **e** ☐ Other similar actions (describe in Part VI) | | | |

## Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

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

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

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

**Part V Facility Information** *(continued)*

**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**
(list in order of size, from largest to smallest)

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

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

## Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Form 990, Schedule H Part I Line 6a | Community Benefits Report | Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic (Collectively referred to as Dartmouth-Hitchcock (D-H)) share common board members and operate under an affiliation agreement D-H performs a joint Community Health Needs Assessment (CHNA) and files a consolidated Community Benefits report For purposes of IRS Form Schedule H, only Hospital numbers were used All amounts relating to DHC were excluded The New Hampshire Community Benefits Report filed for fiscal year 2013, DHC and MHMH combined, totaled $195,377,110 Form 990, Schedule H Part I Line 7G Subsidized health services related to physician clinics The Organization did not include any subsidized health service costs attributable to a physician clinic on Part I, line 7G Form 990, Schedule H Part I Line 7f Bad Debt Expense Bad debt expense included on Form 990 Part IX Line 25 totaling $25,604,955, was excluded from total expenses for the calculation of net Community Benefits as a percent of total expenses Form 990, Schedule H Part I Line 7 Costing Methodology The costing methodology used to calculate the amounts reported was a cost-to-charge ratio derived from worksheet 2, Ratio of Patient Care Cost-to-Charges Form 990, Schedule H Part II Community Building Activities Community Building activities include expenses related to coalitions that address rural emergency/trauma services, prevention of pediatric obesity, prevention of substance abuse, falls reduction for older adults, public health networks, prescription drug misuse, and low-income housing These also include cash support and/or contributed in-kind support for the development and maintenance of housing for low-income families, regional economic development, and support for regional workforce development services Form 990, Schedule H Part III Section A Lines 2 and 3 Bad Debt Expense The amounts reported on Part III, Section A, line 2 were derived from MHMH's audited financial statements (provision for bad debt) As part of the hospital's financial assistance policy, MHMH makes information available to patients for eligibility and how to apply for free or discounted care If the patient does not respond to the hospital's attempts to complete the financial assistance package, these patients may be written off to bad debt MHMH currently does not have a methodology to determine how many patients who would have qualified for financial assistance if the documentation was provided The hospital is currently reviewing this process to come up with a tracking methodology that is in compliance with Medicare cost report regulations Form 990, Schedule H Part III Section A Line 4 Audited financial Statement Disclosure for Charity Care and Provision for Bad Debt (Please note that MHMH files a combined audited financial statement with Dartmouth-Hitchcock Clinic and other Subsidiaries) MHMH provides care to patients who meet certain criteria under their financial assistance policies without charge or at amounts less than their established rates Because MHMH does not anticipate collection of amounts determined to qualify as charity care, they are not reported as revenue MHMH grants credit without collateral to patients, most of whom are local residents and are insured under third-party arrangements Additions to the allowance for uncollectible accounts are made by means of the provision for bad debts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental healthcare coverage and other collection indicators Form 990, Schedule H Part III Section A Line 4 Patient Financial Assistance Qualification MHMH's Policy is to exert everything in the Organization's power to obtain sufficient and adequate information to determine eligibility for financial assistance If the required information is not obtained in order to determine eligibility for financial assistance, then the amount is recognized as bad debt MHMH's discount for uninsured patients is currently 40% (before financial assistance is applied) Form 990, Schedule H Part III Section B Line 8 Medicare Shortfalls The costing methodology used to calculate the amounts reported as Medicare shortfalls was derived from the Internal Revenue Service's Worksheet B as provided for Part III calculations MHMH had revenues of $24,173,651 and costs of $29,645,748 for services not included on the Medicare Cost Report (Ambulance Services, Laboratory and other fees screens, and Medicare Part C & D services) MHMH incurred a net loss of $5,472,097 on the provision of these services Form 990, Schedule H Part III, Line 9b Credit and Collection Policy MHMH has a Credit and Collection Policy that addresses the procedures for patients who choose not to make payment or work with MHMH to make payment arrangements for their bill The Organization has a separate Financial Assistance Policy that addresses those patients who are unable to make payment MHMH is a charitable health care organization who treats patients that come for medically necessary care, regardless of their financial status MHMH offers financial assistance in the form of free or discounted care to those patients who have an inability to pay their bills The Financial Assistance Policy outlines eligibility criteria for financial assistance, the method by which patients may apply for financial assistance, the basis for calculating amounts charged to patients eligible for financial assistance under this policy, D-H's measures to widely publicize the policy within the community served, and the limitation of charges for emergency or other medically necessary care Patients can qualify for 25%, 50%, 75%, or 100% reduction based on Federal Poverty Levels as well as a catastrophic guideline of 10% of 2 year's income for those that may not qualify based on assets and income, but who have a bill beyond their means to pay Form 990, Schedule H, Part V, Section B Line 1 CHNA Report Descriptions Although the final community needs health assessment did not specifically describe the hospital service area, it is described in the annual community benefits report filed with the state of NH Form 990, Schedule H, Part V, Section B Line 3 Input From Representatives of Community Served by the Hospital Facility D-H is actively engaged in the development of an active Upper Valley Regional Public Health Advisory Council (35+ community representatives) and broader ReThink Health Initiatives (100+ community representatives) Members of these two community health advisory groups have had the opportunity to review and comment on drafts of Dartmouth-Hitchock's Community Health Improvement Plan The plan document has also been circulated to public health officials in Vermont for their comment In addition, Dartmouth-Hitchcock representatives serve on numerous boards, task forces, municipal health leadership and planning teams, and other community health leadership entities in order to ensure that we both participate in and better understand the needs of our community Form 990, Schedule H, Part V, Section B Line 4 CHNA Conducted With One Or More Other Hospital Facilities During 2012, MHMH partnered with Alice Peck Day Memorial Hospital and Mount Ascutney Hospital and Health Care Form 990, Schedule H, Part V, Section B Line 5a The Community Health Needs Assessment can be found online at http //patients dartmouth-hitchcock org/community_health/community_benefits_program html Form 990, Schedule H, Part V, Section B Line 5b & 5c The Needs Assessment was distributed to non-profit organizations throughout the region including the United Way It is also available on the State of New Hampshire's Website and upon request Form 990, Schedule H Part V, Section B Line 6i Based upon the most recent community benefits report, MHMH is increasing community benefits spending to address identified community needs, particularly, oral health, needs of older adults, substance misuse prevention, and obesity/nutrition/physical activity Form 990, Schedule H Part V, Section B Line 12h D-H has a separate Uninsured Discount Policy that outlines how the discount is calculated annually and that it is applied prior to billing any uninsured patient This assures a patient is not billed at an amount greater than the amount generally billed to patients with insurance This is referenced as a link in the Financial Assistance Policy |
| Form 990, Schedule H Part V, Section B Line 14 | Financial Assistance Policy availability within the Community | MHMH financial assistance policy is posted on MHMH's website, including the verbatim policy and a shorter, more patient-friendly version MHMH has also made additional changes internally to increase awareness of the policy, including adding information to the back of the patient's statement about financial assistance available to them, posting information about the policy in public areas throughout the facilities, and ensuring financial assistance policy brochures are available in patient areas MHMH Screens 100% of uninsured inpatient and same-day patients prior to admission As part of this process, MHMH checks all state and federal programs to see if individuals are eligible for assistance Patients are also screend to determine qualification for financial assistance and the application is provided and/or completed at this time Form 990, Schedule H Part V, Section B Line 20D Maximum charges to financial assistance policy-eligible individuals for emergency or medically-necessary care MHMH uses the average of the three highest commerical payer discounts and applies this as a discount for all uninsured patients The discount rate is 40% Form 990, Schedule H Part V, Section B Line 22 Gross Charges to financial assistance policy-eligible individuals Occasionally MHMH may charge an amount equal to the gross charges for any service provided to patients in the event the patient's insurance does not cover a particular service or elective procedure In certain situations, state law may still prohibit MHMH from charging gross charges Form 990, Schedule H Part V, Section C Facility information The Hospital has a Cancer Treatment Center located in Saint Johnsbury, Vermont This location is registered under the same license as the Organization's main Campus located in Lebanon, New Hampshire |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Form 990, Schedule H Part VI Line 2 | Needs Assessment | Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic (Collectively referred to as Dartmouth-Hitchcock (D-H)) share common board members and operate under an affiliation agreement D-H performs a joint Community Needs Assessment and files a consolidated Community Benefits report Dartmouth-Hitchcock participates with other health care charitable trusts and community partners in each of our service areas to complete community health needs assessments During 2012, MHMH partnered with Alice Peck Day Memorial Hospital, Mount Ascutney Hospital and Health Care, and Granite United Way to conduct a Community Needs Assessment The needs assessment included reviewing health data available throughout NH and VT Health Departments, BRFSS and youth Risk Behavior Surveys, focus groups with community members from lower-income neighborhoods, and electronic surveys of professional health and social service providers as well as community residents This information was reviewed by a Steering Committee comprised of community leaders from the health care system, education, public health, and other social service organizations to develop a community needs assessment The Steering Committee's work was reviewed at larger community gatherings in fall 2012 for further comments and feedback In addition, MHMH reviewed related health data generated through www CHNA org as a comparative tool MHMH monitors emerging health data on an ongoing basis as it is released by each state, schools, and other community entities As part of the needs assessment, the Steering Committee reviewed 1 Health, economic, and education data from sources including Youth Risk Behavior Surveys, the Behavioral Risk Factor Surveillance System, public health and hospital discharge data available in NH Health WRQS, census data, and reports from the New England Common Assessment Program Additionally, it reviewed the 2011 NH State Health Profile and Upper Valley Regional Health Profile, quantitative and qualitative data from local souces (newspapers, regional planning offices, community forums) to identify concerns that emerged, intensified, or were the source of local attention since the last secondary data was collected Emergent issues that are not well-reflected in secondary data but were reflected elsewhere include oral health needs (data from UV Smiles school-based oral health clinics), prescription drug misuse (data from the NH Governor's Commission on Alcohol and other Drug Abuse Prevention, Intervention, and Treatment), housing assessments (data from Upper Valley Lake Sunapee Regional Planning Commission), and reductions in availability of appropriate mental health services (news outlets and professional stakeholder interviews) 2 Opinion data from professional stakeholders using an online opinion poll of regional leaders in health, public health, education, municipal governments, public safety, and social service providers 67 informed stakeholders responded to this survey 3 Focus group data collected from 6 focus groups largely consisting of lower-income consumers of health/welfare services 4 Opinion data from residents collected through community list-servs, individual interviews at human service organizations, and focus groups These surveys were targeted primarily to economically stable households 196 residents responded to surveys Dartmouth-Hitchcock regularly monitors newly released health, economic, and education data from our service region to identify emerging regional needs and concerns, including FY 2013 Youth risk Behavior Surveys, the 2013 NH State Health Improvement Plan, NH's emerging state plans to address substance misuse, prescription drug misuse, obesity, and children's behavioral health |
| Form 990, Schedule H Part VI Line 3 | Patient Education of Eligibility for Assistance | All uninsured inpatients, same day surgery, observation, and Emergency Department patients are pro-actively screened using an automated tool to identify potential qualification for other federal, state, and local programs In addition, specific outpatient activities deemed to have a higher rate of need are screened as part of regular protocol If a patient appears to be eligible, on-site Financial Counselors assist the patient in completing the appropriate paperwork/applications and provide instruction regarding how to complete the qualification process In some cases a Financial Counselor will act on behalf of the patient, at their signed consent, in order to complete the application process (for example, in New Hampshire a patient must be physically present at the District Office) If a patient doesn't qualify for specific programs, they are also considered for financial assistance as part of their screening For outpatient services that are not routinely screened, staff interacting with patients are instructed to provide either a financial assistance application or contact information for a Financial Counselor when a patient expresses their inability to make payment Every application is screened for completed income and asset documentation Applications are also screened to assure there are no other potential options of federal, state, or local programs The website, patient statements, and financial brochures all include information about financial assistance and how to apply Form 990, Schedule H Part VI Line 4 Community Information The Organization defines its service region as New Hampshire and eastern Vermont, with the largest presence in the Lebanon, New Hampshire region, site of Dartmouth-Hitchcock Medical Center which includes Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinics main Northern clinic MHMH serves the general population with a wide range of services In addition to general hospital populations, the Organization provides services to patients with highly-specialized needs that are not available elsewhere in New Hampshire MHMH is the states only tertiary referral center, provides the states only comprehensive cancer center (Norris Cotton Cancer Center - NCCC), operates the only Level I Trauma Center in New Hampshire, operates the only comprehensive childrens hospital and accredited pediatric trauma center in New Hampshire (Childrens Hospital at Dartmouth CHaD), hosts the only Level IV neonatal intensive care nursery and one of two pediatric intensive care units in New Hampshire, and operates the only helicopter transport service in the state As such, the service population is both the general public seeking primary health care services as well as residents with unique and highly-specialized health care needs |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Form 990, Schedule H Part VI Line 5 | Promotion of Community Health | MHMH supports organizations and initiatives that further health by strengthening and developing key community capacities to address identifed community health needs This includes hosting or leading community partnerships to address substance misuse, reduce obestiy through community-level strategies, provide funding for children's oral health initiatives, and participation of our staff in other partnerships including the Outpatient Falls Prevention Task Force, the Transportation Management Association, and the Upper Valley Housing Authority In addition, MHMH operates health education and support services such as a Women's Health Resource Center, the Aging Resource Center, and a Health Education Center MHMH uses cash contributions, contracted services, and in-kind contribution of staff time and expertise, to support these strategies which improve community health At MHMH's Lebanon, NH campus, the Hospital extends Professional Staff Privileges to qualified and appropriate physicians who are employees of Dartmouth-Hitchcock Clinic, Mary Hitchcock Memorial Hospital, and Dartmouth College, who also hold a faculty appointment at Geisel School of Medicine Mary-Hitchcockss Trustees annually set strategic priorities for the institution and approve operating and capital budgets which allocate surplus funds to improvements in patient care, medical education, research, as well as maintenance of a prudent reserve Examples of these investments include the development of Mary Hitchcockss Patient Safety and Training Center, ongoing Quality and Patient Safety initiatives, purchases of new and emerging medical technologies, awards made to support translational research, and support for undergraduate medical education at Geisel School of Medicine Of the 18 voting members of Mary Hitchcock Board of Trustees, 17 are neither contractors nor employees of MHMH |
| Form 990, Schedule H Part VI Line 6 | Affiliated Health Care System | Community Benefits are provided by the Dartmouth-Hitchcock health care system, which includes Mary Hitchcock Memorial Hospital, Dartmouth-Hitchcock Clinic, and other related organizations whose primary mission is health care Mary Hitchcock Memorial Hospital (MHMH) in Lebanon is New Hampshires largest hospital In Fiscal Year 2013 MHMH had 396 licensed inpatient beds The Dartmouth-Hitchcock Clinic (DHC) is a multi-specialty physician practice with a network of providers across New Hampshire and Vermont While DHCs main offices are located in Lebanon, the Clinic also has multi-specialty practices in Manchester, Nashua, Concord, and Keene areas In addition, the Clinic provides primary care in rural communities in Vermont and northern New Hampshire MHMH, DHC sites, and the Geisel School of Medicine (formerly known as the Dartmouth Medical School) faculty and students make up the Dartmouth-Hitchcock (D-H) health care system The Hospital and Clinic operate jointly through interlocking directorates, strategic planning and management and share identical missions The Medical School, which works closely with the Hospital and Clinic, is focused on medical education and research |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| STATE FILING OF COMMUNITY BENEFIT REPORT | 990 SCHEDULE H, PART VI | NH, |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135049864

**Schedule I (Form 990)**

Department of the Treasury
Internal Revenue Service

# 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**

Name of the organization
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

## 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 |
|---|---|---|---|---|---|---|---|
| See Additional Data Table | | | | | | | |
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| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 15

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

**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 |
|---|---|---|---|---|---|
| See Additional Data Table | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**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 |
|---|---|---|
| Form 990, Schedule I | Description of Organization's Procedures for Monitoring the Use of Grants | Each award established by Mary Hitchcock Memorial Hospital( Levine Nursing Awards, Knox Nursing Award, Patterson, Varnum, Hintze, and Prouty) has written established guidelines and procedures Award payments are processed in accordance with the specific terms of each of the awards noted above The Dartmouth Institute Scholarships (TDI) are paid directly to the College on the behalf of the individuals receiving the award The coordinators of the program(s) are responsible for assuring that all terms are met, including proper documentation of expenses with receipts |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 02-0222140
**Name:** Mary Hitchcock Memorial Hospital

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| **(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 |
|---|---|---|---|---|---|---|---|
| Child Health Services1245 Elm Street Manchester, NH 03105 | 02-0348711 | 501(C)(3) | 41,014 | | FMV | | Program Support |
| Good Neighbor Health Clinic 70 No Main St White River Jct, VT 05001 | 03-0346949 | 501(C)(3) | 44,850 | | FMV | | Programs/Clinic Svcs |

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| **(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 |
|---|---|---|---|---|---|---|---|
| Grafton Country Senior Citizens CouncilP O Box 433 Lebanon, NH 03766 | 23-7248316 | 501(C)(3) | 24,840 | | FMV | | Elder Services |
| Albert Schweitzer Fellowship Inc10 Sausville Road Etna, NH 03750 | 13-1982786 | 501(C)(3) | 13,800 | | FMV | | Program Services |

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| **(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 |
|---|---|---|---|---|---|---|---|
| Stagecoach7 Bayberry Way<br>Mont Vernon,NH 03057 | 03-0276517 | 501(c)(3) | 25,875 | | FMV | | Transportn Subsidy |
| Granite State United Way46 South Main St<br>Concord,NH 03301 | 02-6006033 | 501(c)(3) | 22,080 | | FMV | | Program Support |

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| **(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 |
|---|---|---|---|---|---|---|---|
| Indian Stream Health Center<br>141 Corliss Ln<br>Colebrook, NH 03756 | 20-0999212 | 501(C)(3) | 34,500 | | FMV | | Programs/Clinic Svcs |
| David's House461 Mount Support Rd<br>Lebanon, NH 03766 | 22-2593431 | 501(C)(3) | 23,115 | | FMV | | Program Support |

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| **(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 |
|---|---|---|---|---|---|---|---|
| Lamprey Health22 Prospect Street Nashua,NH 03060 | 23-7305106 | 501(C)(3) | 51,257 | | FMV | | Program Services |
| Mascoma Valley Health InitiativePO Box 2013 Canaan,NH 03741 | 75-2991608 | 501(C)(3) | 6,900 | | FMV | | Hlth Adv Cnsl Sppt S |

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| **(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 |
|---|---|---|---|---|---|---|---|
| The Trustees of Dartmouth College1 Rope Ferry Road Hanover, NH 03755 | 02-0222111 | 501(C)(3) | 4,340,289 | | FMV | | Educ and Prog Svcs |
| Alice Peck Day Memorial Hospital10 Alice Peck Day Memorial Drive Lebanon, NH 03766 | 02-0222791 | 501(C)(3) | 5,520 | | FMV | | Dental Prog Svcs |

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| **(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 |
|---|---|---|---|---|---|---|---|
| Advance TransitPO Box 1027<br>Wilder, VT 05088 | 22-2558708 | (501)(C)(3) | 66,213 | | FMV | | Transportn Subsidy |
| Connecticut River Transit<br>706 Rockingham Road<br>Rockingham, VT 05101 | 86-1069523 | 501(C)(3) | 20,700 | | FMV | | Transportn Subsidy |

**Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States**

| (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 |
|---|---|---|---|---|---|---|---|
| City of Manchester NH1 City Hall Plaza Manchester, NH 03101 | | | 17,250 | | FMV | | Child Hlth Svcs |

**Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States**

| (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 |
|---|---|---|---|---|---|
| Patterson Awards | 6 | 789 | | FMV | |
| Levine Nursing Awards | 8 | 4,347 | | FMV | |
| Varnum Nursing Awards | 34 | 27,600 | | FMV | |
| The Dartmouth Institute Scholarships | 45 | 587,995 | | FMV | |
| Knox Nursing Award | 32 | 47,582 | | FMV | |
| Prouty Award | 54 | 53,987 | | FMV | |
| E Hintze Nursing Awards | 1 | 2,145 | | FMV | |
| Daniels Nursing Award | 8 | 3,372 | | FMV | |
| D-H Tuition Reimbursement Program | 294 | 422,304 | | FMV | |

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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

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

**▶ Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

## Part I Questions Regarding Compensation

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items | | | |
| | ☑ First-class or charter travel | ☐ Housing allowance or residence for personal use | | |
| | ☐ Travel for companions | ☐ Payments for business use of personal residence | | |
| | ☐ Tax idemnification and gross-up payments | ☑ Health or social club dues or initiation fees | | |
| | ☐ Discretionary spending account | ☐ Personal services (e g , maid, chauffeur, chef) | | |
| **b** | If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain | **1b** | Yes | |
| **2** | Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? | **2** | Yes | |
| **3** | Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III | | | |
| | ☑ Compensation committee | ☐ Written employment contract | | |
| | ☑ Independent compensation consultant | ☑ Compensation survey or study | | |
| | ☐ Form 990 of other organizations | ☑ Approval by the board or compensation committee | | |
| **4** | During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization | | | |
| **a** | Receive a severance payment or change-of-control payment? | **4a** | Yes | |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | Yes | |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | **4c** | | No |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | | |
| | **Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.** | | | |
| **5** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of | | | |
| **a** | The organization? | **5a** | | No |
| **b** | Any related organization? | **5b** | | No |
| | If "Yes," to line 5a or 5b, describe in Part III | | | |
| **6** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of | | | |
| **a** | The organization? | **6a** | | No |
| **b** | Any related organization? | **6b** | | No |
| | If "Yes," to line 6a or 6b, describe in Part III | | | |
| **7** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | **7** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III | **8** | | No |
| **9** | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | **9** | | |

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

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

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

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

## Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

| Identifier | Return Reference | Explanation |
|---|---|---|
| Supplemental Compensation Information | | Form 990, Schedule J, Part I - Line 1a FROM TIME TO TIME, THE ORGANIZATION PROVIDES CHARTERED TRAVEL SERVICES TO THE CEO THE COST OF PROVIDING THE CHARTERED SERVICE HAS BEEN DEEMED A COST-EFFICIENT MANNER TO ALLOW THE OFFICER TO WORK WHILE TRAVELLING VERSUS THE TIME LOST DRIVING, ETC ALL REQUESTS ARE APPROVED BEFORE PAYMENT TO ENSURE COMPLIANCE WITH INTERNAL POLICIES The Organization has in place a Management Self Development Plan (MSDP) designed to promote professional and personal development The MSDP is capped at 2% of gross pay and may be utilized for expenses such as professional dues, meetings and seminars, tuition reimbursement, and other miscellaneous items that promote professional knowledge The monies may also be used for up to a 50% reimbursement of the cost of a fitness/wellness program designed to maintain the health of management personnel All expenses are submitted for approval before reimbursement |
| Severance Payments | Form 990, Schedule J, Part I line 4a | The following listed individuals received Severance and/or change in control payments during calendar year 2012 During 2012 Nancy Formella received a $2,281,750 separation package which included severance pay, medical and dental benefits, life and disability benefits (including tax gross-up, and a SERP make-up benefit) The separation payment is in lieu of a multi-year contractual obligation The payment is included on Schedule J, Line B, Part III During 2012, Thomas Colacchio transitioned from an officer role to a staff physician role As part of this transition, Thomas Colacchio received a $320,000 change of control payment from Dartmouth-Hitchcock The payment is included on Schedule J, Line B, Part I During 2012 Carl Dematteo received a $436,667 separation payment in lieu of a multi-year contracutal obligation The payment is included on Schedule J, Line B, Part III Supplemental Nonqualified Retirement Plan SCHEDULE J, PART I, LINE 4B THE FOLLOWING INDIVIDUALS RECEIVED PAYMENTS FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN (WHICH ARE REFLECTED IN SCHEDULE J, PART II, COLUMN B (III)) Nancy Formella $223,316 Carl DeMatteo $2,020 Robin Kilfeather-Mackey $13,832 Linda Von Reyn $117,277 Daniel Jantzen $98,663 Stephen LeBlanc $61,531 John Butterly $43,380 Alan Weston $3,580 David Gladstone $3,687 Bruce King $138,810 Susan Reeves $6,733 Neil Castaldo $40,949 Mary Oseid $7,536 William Mroz $2,955 James Weinstein $53,721 Andrew Gettinger $145,475 Kevin Donovan $1,561 Barbara Walters $21,402 Edward Merrens $11,149 George Blike $12,560 Thomas Colacchio $54,180 Lawrence Dacey $41,895 Dartmouth-Hitchcock Supplemental Retirement Plan Terms and Conditions An eligible employee is a participant in the Dartmouth-Hitchcock Retirement Plan and/or any prior pension arrangements sponsored by Dartmouth-Hitchcock (including a qualified defined benefit plan) who would be entitled to additional contributions or benefit accruals under the terms of the Plans for the plan year, but are limited by IRC Section 401 (a)(17) and/or 415 For eligible employees, the Employer will pay the eligible employee an amount determined by the employer each year to offset the amount of the reduction in the benefit accrual or contributions as a result of limitations imposed by IRC Sections 401(a)(17) and/or 415 MHMH sponsors a split dollar life plan for certain long-term employees The original objectives for offering these plans were to better enable MHMH to attract and retain quality executive personnel, improve the physicians' post-retirement life insurance benefits, and to replace an increasingly costly retiree life insurance program The plan was frozen in 1998 and therefore no further costs of the individual employee insurance premiums have been funded by the organization The number of participants and dollar value continues to dwindle as individuals retire/leave the organization |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 02-0222140
**Name:** Mary Hitchcock Memorial Hospital

## 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 | | | | |
| Nancy Formella MSN RN | (I) | 699,182 | 0 | 2,509,878 | 39,000 | 19,814 | 3,267,874 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carl Dematteo MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 56,240 | 0 | 439,886 | 6,733 | 797 | 503,656 | 0 |
| Robin Kilfeather-Mackey CPA | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 420,635 | 0 | 31,010 | 17,000 | 20,043 | 488,688 | 0 |
| Linda Von Reyn | (I) | 310,148 | 0 | 148,579 | 17,000 | 20,027 | 495,754 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Daniel Jantzen CPA | (I) | 477,890 | 0 | 130,327 | 39,500 | 20,042 | 667,759 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Stephen Leblanc | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 451,778 | 0 | 84,208 | 17,000 | 19,773 | 572,759 | 0 |
| John Butterly MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 491,826 | 0 | 46,881 | 72,035 | 21,313 | 632,055 | 0 |
| Lawrence Dacey MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 464,816 | 0 | 42,669 | 24,265 | 13,446 | 545,196 | 0 |
| Alan Weston | (I) | 307,083 | 0 | 4,354 | 45,316 | 20,110 | 376,863 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| David Gladstone MD | (I) | 263,455 | 0 | 14,641 | 61,245 | 20,025 | 359,366 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bruce King | (I) | 309,062 | 0 | 171,808 | 39,000 | 20,042 | 539,912 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Susan Reeves | (I) | 246,598 | 0 | 17,328 | 46,995 | 19,652 | 330,573 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Neil Castaldo | (I) | 490,202 | 70,000 | 62,711 | 48,907 | 21,365 | 693,185 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mary Oseid | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 251,102 | 0 | 7,536 | 34,000 | 11,523 | 304,161 | 0 |
| Christine Schon | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 206,145 | 0 | 3,611 | 42,749 | 15,426 | 267,931 | 0 |
| William Mroz | (I) | 242,039 | 0 | 3,861 | 40,833 | 8,011 | 294,744 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sandra Dickau | (I) | 0 | 0 | 127,765 | 0 | 0 | 127,765 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gail Dahlstrom | (I) | 219,112 | 0 | 6,717 | 17,000 | 15,934 | 258,763 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Michael Ward | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 177,843 | 0 | 4,687 | 20,568 | 8,829 | 211,927 | 0 |
| James Weinstein DO MS | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 777,576 | 0 | 55,475 | 38,368 | 21,314 | 892,733 | 0 |

## 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 | | | | |
| Gregg Meyer MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 530,732 | 0 | 448 | 83,828 | 13,990 | 628,998 | 0 |
| Andrew Gettinger MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 190,974 | 0 | 145,475 | 31,490 | 7,825 | 375,764 | 0 |
| Kevin Donovan | (I) | 250,012 | 0 | 5,515 | 44,358 | 19,627 | 319,512 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tina Naimie CPA | (I) | 213,166 | 0 | 172 | 37,410 | 1,804 | 252,552 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wendy Fielding | (I) | 213,563 | 0 | 270 | 50,447 | 19,884 | 284,164 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Barbara Walters DO MBA | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 330,728 | 0 | 22,590 | 39,421 | 18,106 | 410,845 | 0 |
| Jeanine Arden Ornt | (I) | 413,330 | 0 | 1,989 | 58,995 | 13,267 | 487,581 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vincent Fusca | (I) | 228,833 | 0 | 1,973 | 19,471 | 1,282 | 251,559 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mary Kay Boudewyns | (I) | 203,146 | 0 | 9,152 | 39,000 | 9,103 | 260,401 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Edward Merrens MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 331,888 | 0 | 11,419 | 51,519 | 14,025 | 408,851 | 0 |
| George Blike MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 376,104 | 0 | 12,974 | 27,682 | 20,995 | 437,755 | 0 |
| Thomas Colacchio MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 987,376 | 0 | 54,180 | 46,995 | 19,673 | 1,108,224 | 0 |
| Janet West | (I) | 237,568 | 0 | 25,423 | 44,245 | 15,442 | 322,678 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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**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
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

## 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 | New Hampshire Health and Education Facilities Auth | 02-0279866 | 644614Y07 | 08-19-2009 | 134,661,088 | CURRENT REFUND 2008 (A), (B), (C) | | X | | X | | X |
| B | New Hampshire Health and Education Facilities Auth | 02-0279866 | | 03-30-2009 | 5,935,000 | VARIOUS EQUIPMENT | | X | | X | | X |
| C | New Hampshire Health and Education Facilities Auth | 02-0279866 | 644614G29 | 06-16-2010 | 73,647,839 | CONSTR OF FACILITY AND EQUIP | | X | | X | | X |
| D | New Hampshire Health and Education Facilities Auth | 02-0279866 | | 08-31-2011 | 38,119,624 | CURRENT REFUND 2001 (A) | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 0 | 0 | 0 | 0 |
| 2 | Amount of bonds legally defeased | 0 | 0 | 0 | 0 |
| 3 | Total proceeds of issue | 134,841,419 | 5,935,000 | 73,666,926 | 38,119,624 |
| 4 | Gross proceeds in reserve funds | 0 | 0 | 0 | 0 |
| 5 | Capitalized interest from proceeds | 0 | 0 | 3,766,049 | 0 |
| 6 | Proceeds in refunding escrows | 0 | 0 | 0 | 0 |
| 7 | Issuance costs from proceeds | 2,273,111 | 0 | 1,168,560 | 97,500 |
| 8 | Credit enhancement from proceeds | 0 | 0 | 0 | 0 |
| 9 | Working capital expenditures from proceeds | 0 | 0 | 0 | 0 |
| 10 | Capital expenditures from proceeds | 0 | 5,935,000 | 68,732,317 | 0 |
| 11 | Other spent proceeds | 132,387,977 | 0 | 0 | 38,022,124 |
| 12 | Other unspent proceeds | 0 | 0 | 0 | 0 |
| 13 | Year of substantial completion | 2010 | 2009 | 2012 | 2011 |

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue? | X | | | X | | X | X | |
| 15 | Were the bonds issued as part of an advance refunding issue? | | X | | X | | X | | X |
| 16 | Has the final allocation of proceeds been made? | X | | X | | X | | X | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | | | | | | | | |

## 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 | | X | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | X | | X | | X | | |

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

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use of bond-financed property? | | X | | 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 | | 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% | | 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 ▶ | % | | % | | % | | % | |
| 6 | Total of lines 4 and 5 | % | | % | | % | | % | |
| 7 | Does the bond issue meet the private security or payment test? | | X | | 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 | | X | | |
| b | If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of | % | | % | | % | | % | |
| c | If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2? | | X | | X | | X | | |
| 9 | Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2? | X | | 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 | | X | | X |
| 2 | If "No" to line 1, did the following apply? | | | | | | | | |
| a | Rebate not due yet? | X | | X | | X | | X | |
| b | Exception to rebate? | X | | | X | | X | X | |
| c | No rebate due? | | X | | X | | 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 | | X | X | |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | | X | | X | | X | X | |
| b | Name of provider | 0 | | 0 | | 0 | | | |
| c | Term of hedge | | 29 8 | | | | | | 29 8 |
| d | Was the hedge superintegrated? | | X | | X | | X | X | |
| e | Was a hedge terminated? | | X | | X | | X | | X |

## 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 | | X | | X |
| b | Name of provider | 0 | | 0 | | 0 | | 0 | |
| 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 | | X | | X |
| 7 | Has the organization established written procedures to monitor the requirements of section 148? | X | | X | | 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 | | 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 |
|---|---|---|
| Additional Information Part I(F) | 0 | Current Refund 2008 (A), Issued 9/4/2008, Which Advance Refunds 1985 Current Refund 2008 (B), Issued 10/31/2008, Which Advance Refunds 1993 Current Refund 2008 (C), Issued 12/19/2008 Current Refund 2001 (A), Issued 10/17/2001, Which Advance Refunds 1997 & 1994 |
| Part II Line 3, Column A & C | 0 | Difference Between Part I Column E & Line 3 is investment earnings |

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**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
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

## 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 | New Hampshire Health and Education Facilities Auth | 02-0279866 | | 11-28-2012 | 116,170,000 | CURRENT REFUND 2002 | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 0 | | | |
| 2 | Amount of bonds legally defeased | 0 | | | |
| 3 | Total proceeds of issue | 116,170,000 | | | |
| 4 | Gross proceeds in reserve funds | 0 | | | |
| 5 | Capitalized interest from proceeds | 0 | | | |
| 6 | Proceeds in refunding escrows | 0 | | | |
| 7 | Issuance costs from proceeds | 520,000 | | | |
| 8 | Credit enhancement from proceeds | 0 | | | |
| 9 | Working capital expenditures from proceeds | 0 | | | |
| 10 | Capital expenditures from proceeds | 0 | | | |
| 11 | Other spent proceeds | 115,650,000 | | | |
| 12 | Other unspent proceeds | 0 | | | |
| 13 | Year of substantial completion | 2013 | | | |

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue? | X | | | | | | | |
| 15 | Were the bonds issued as part of an advance refunding issue? | | X | | | | | | |
| 16 | Has the final allocation of proceeds been made? | | X | | | | | | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | | | | | | | | |

## 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? | | | | | | | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | | | | | | | |

## 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? | | | | | | | | |
| 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? | | | | | | | | |
| 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 00000% | | % | | % | | % | |
| 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% | | % | | % | | % | |
| 6 | Total of lines 4 and 5 | 0 00000% | | % | | % | | % | |
| 7 | Does the bond issue meet the private security or payment test? | | | | | | | | |
| 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? | | | | | | | | |
| 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? | | | | | | | | |

## Part IV Arbitrage

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Has the issuer filed Form 8038-T? | | X | | | | | | |
| 2 | If "No" to line 1, did the following apply? | | | | | | | | |
| a | Rebate not due yet? | X | | | | | | | |
| b | Exception to rebate? | X | | | | | | | |
| c | No rebate due? | | 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 | | | | | | |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | | X | | | | | | |
| b | Name of provider | 0 | | | | | | | |
| c | Term of hedge | | | | | | | | |
| d | Was the hedge superintegrated? | | X | | | | | | |
| e | Was a hedge terminated? | | X | | | | | | |

## Part IV Arbitrage *(Continued)*

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 5a | Were gross proceeds invested in a guaranteed investment contract (GIC)? | | X | | | | | | |
| b | Name of provider | 0 | | | | | | | |
| 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 | | | | | | |
| 7 | Has the organization established written procedures to monitor the requirements of section 148? | X | | | | | | | |

## Part V Procedures To Undertake Corrective Action

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

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

| Identifier | Return Reference | Explanation |
|---|---|---|

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**Schedule L** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

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

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

| 1 (a) Name of disqualified person | (b) Relationship between disqualified person and organization | (c) Description of transaction | (d) Corrected? Yes | No |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

## Part II Loans to and/or From Interested Persons.

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

| (a) Name of interested person | (b) Relationship with organization | (c) Purpose of loan | (d) Loan to or from the organization? To | From | (e) Original principal amount | (f) Balance due | (g) In default? Yes | No | (h) Approved by board or committee? Yes | No | (i) Written agreement? Yes | No |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (1) DANIEL JANTZEN | Officer | SPLIT DOLLAR LIFE | | X | 99,940 | 99,940 | | No | Yes | | Yes | |
| (2) SUSAN REEVES | Highly-Comp EE | SPLIT DOLLAR LIFE | | X | 130,152 | 130,152 | | No | Yes | | Yes | |
| (3) BRUCE KING | Highly-Comp EE | SPLIT DOLLAR LIFE | | X | 121,174 | 121,174 | | No | Yes | | Yes | |
| (4) MARY KING | Disqualified Person | SPLIT DOLLAR LIFE | | X | 16,202 | 16,202 | | No | Yes | | Yes | |
| (5) DEBORAH JANTZEN | Disqualified Person | SPLIT DOLLAR LIFE | | X | 48,717 | 48,717 | | No | Yes | | Yes | |
| | | | | | | | | | | | | |
| Total | | | ▶ $ | | | 416,185 | | | | | | |

## Part III Grants or Assistance Benefitting Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of assistance | (d) Type of assistance | (e) Purpose of assistance |
|---|---|---|---|---|
| (1) Janet West | Highly-Compensated EE | 23,352 | Edu Scholarship | Masters in Healthcare |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

## Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| (1) Hypertherm | Trustee Barbara Couch | 322,681 | See Part V | | No |
| (2) Nathaniel Arden-Ornt | Officer Arden Ornt | 62,183 | Family member employed by MHMH | | No |
| (3) Vincent Fusca III | Officer Fusca II | 74,784 | Family member employed by MHMH | | No |
| | | | | | |
| | | | | | |
| | | | | | |

## Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| Form 990, Schedule L Part IV | Business Transactions | Name of Interested Person Barbara Couch Relationship Trustee Description of Transaction Barbara Couch is a greater than 35% owner of Hypertherm, an entity that contracts with MHMH for certain medical services for its employees |

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

# Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Mary Hitchcock Memorial Hospital

Employer identification number
02-0222140

## Part I Types of Property

| | | (a) Check if applicable | (b) Number of contributions or items contributed | (c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g | (d) Method of determining noncash contribution amounts |
|---|---|---|---|---|---|
| 1 | Art—Works of art | | | | |
| 2 | Art—Historical treasures | | | | |
| 3 | Art—Fractional interests | | | | |
| 4 | Books and publications | | | | |
| 5 | Clothing and household goods | | | | |
| 6 | Cars and other vehicles | | | | |
| 7 | Boats and planes | | | | |
| 8 | Intellectual property | | | | |
| 9 | Securities—Publicly traded | X | 12 | 22,384 | Fair Market Value |
| 10 | Securities—Closely held stock | | | | |
| 11 | Securities—Partnership, LLC, or trust interests | | | | |
| 12 | Securities—Miscellaneous | | | | |
| 13 | Qualified conservation contribution—Historic structures | | | | |
| 14 | Qualified conservation contribution—Other | | | | |
| 15 | Real estate—Residential | | | | |
| 16 | Real estate—Commercial | | | | |
| 17 | Real estate—Other | | | | |
| 18 | Collectibles | | | | |
| 19 | Food inventory | | | | |
| 20 | Drugs and medical supplies | | | | |
| 21 | Taxidermy | | | | |
| 22 | Historical artifacts | | | | |
| 23 | Scientific specimens | | | | |
| 24 | Archeological artifacts | | | | |
| 25 | Other ▶ (Travel and Fuel Cards for Patients) | X | 2 | 52,000 | FMV |
| 26 | Other ▶ (Various items for events, hearing aids,& supplies) | X | 218 | 218 | FMV |
| 27 | Other ▶( ) | | | | |
| 28 | Other ▶ ( ) | | | | |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

| | | | Yes | No |
|---|---|---|---|---|
| 30a | During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? | 30a | | No |
| b | If "Yes," describe the arrangement in Part II | | | |
| 31 | Does the organization have a gift acceptance policy that requires the review of any non-standard contributions? | 31 | Yes | |
| 32a | Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? | 32a | Yes | |
| b | If "Yes," describe in Part II | | | |
| 33 | If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II | | | |

**Part II** **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

| Identifier | Return Reference | Explanation |
|---|---|---|
| Line 32B | | The organization uses Dartmouth-Hitchcock Medical Center, a supporting Organization, for solicitation of contributions and annual fund activities From time to time, the Hospital may receive non-cash contributions directly from its donors |

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**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
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

| Identifier | Return Reference | Explanation |
|---|---|---|
| Changes to Organizational Documents Since Last 990 Filing | Form 990, Part VI Section A Line 4 | Effective January 1, 2013, the Mary Hitchcock Memorial Hospital (MHMH) Board of Trustees amended and restated the MHMH Bylaws The primary purpose of the amendments was to simplify the corporation's governance structure, which had become unwieldy The amendments did not alter the mission of MHMH, the role of its Board of Trustees, the Trustees' oversight of the chief executive officer selection, performance and compensation, the disposition of assets upon dissolution, or any other fundamental component of the MHMH governance documents The following is a brief statement of the significant changes to the MHMH Bylaws 1 The number of Trustees was reduced from 28 to a range from 17 to 24 Two new categories of Trustees also were established a physician Trustee who is a Clinical Chair or Center Director, and a physician who practices in one of the Community Group Practices 2 The Assembly of Overseers, primarily responsible for nominating Trustees and serving in an advisory role to the Board, was eliminated The Bylaws now provide for different nominations by category of Trustee For example, the Board of Governors will nominate physician positions, and the MHMH Board will nominate candidates for the Public Trustee positions Others serve ex officio 3 The Board of Governors was reduced in size from 31 to 18 and will be chaired by the MHMH President/CEO Three new categories of Governors were established a provider from a Community Group Practice, a nurse, and an associate provider The Board of Governors' role was consolidated to the following three functions - Serve as the executive committee of the professional staff in satisfaction of Joint Commission requirements, - Provide input and make recommendations to the CEO as to management issues and matters of concern to the professional staff, and - Provide input and make recommendations to the MHMH Board of Trustees 4 The selection process for a new President/CEO must be reviewed by the Board of Governors and include two criteria (1) the candidate must be a licensed physician, and (2) a preference for an internal candidate 5 The Committees of the MHMH Board were reorganized into six standing committees Governance, Value, Finance, Compensation, Research and Education, and Audit and Compliance 6 The following requirements have been added to the process for amending or repealing the MHMH Bylaws, which maintain the requirements of a 2/3 majority vote of all Trustees - The proposed amendment(s) and the reason for it must be published and available to all Dartmouth-Hitchcock employees - All Dartmouth-Hitchcock employees will be given the opportunity to provide input to the Trustees about the amendment - All physicians credentialed at any Dartmouth-Hitchcock facility will have the opportunity to vote on an advisory recommendation regarding the amendment - All associate providers credentialed at any Dartmouth-Hitchcock facility will have the opportunity to vote on an advisory recommendation regarding the amendment - The Board of Trustees must request the written advice and recommendation of the Board of Governors on each proposed amendment |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Description of classes of members, persons, and the nature of their rights | Form 990, Part VI, Question 6 & 7a | Dartmouth-Hitchcock Health (D-HH) is the sole corporate Member of Mary Hitchcock Memorial Hospital (MHMH) D-HH has specific authority and reserved powers, including the power to confirm the election of members of the MHMH's Board of Trustees and the power to approve significant governance, financial and operational decisions of MHMH's Trustees Description of classes of members, persons, and the nature of their rights Form 990, Part VI, Question 7b In addition to reserved powers, Dartmouth-Hitchcock Health (D-HH) shall have the authority to take actions to establish, manage, and govern the System as an integrated health care delivery system in furtherance of the mission of the Hospital and other Organizations These powers include but are not limited to items such as the ability to approve, disapprove or modify all material governance, programmatic and financial decisions of MHMH's Board of Trustees, to appoint or remove a member of the Hospital's Board of Trustees, assess the Hospital a monetary amount for the payment of the expenses of D-HH, approve the Hospital's budget, approve the borrowings or dispositions of assets by the Hospital, approve key strategic relationships, approve the elimination or addition of any material health care service or program, and other authority to take action on behalf of the Hospital |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Describe the Process used by Management &/or Governing Body to Review 990 | Form 990, Part VI, Question 11b | The Audit Committee of the MHMH Board of Trustees is presented with a substantially complete Form 990 THE FORMS 990 AND 990-T ARE REVIEWED BY THE DIRECTOR OF CORPORATE FINANCE, VICE PRESIDENT OF CORPORATE FINANCE, AND THE CHIEF FINANCIAL OFFICER BEFORE THE FILING OF THE RETURN The Committee members are expected to review these forms before the meeting AT THE MEETING A PRESENTATION IS MADE BY THE VICE PRESIDENT OF CORPORATE FINANCE, WITH TIME ALLOTTED FOR QUESTIONS FROM THE COMMITTEE ONCE THE RETURN HAS BEEN FULLY PREPARED A FINAL 990 AND 990-T COMPLETE ELECTRONIC VERSION IS SENT OUT TO EACH BOARD MEMBER PRIOR TO THE OFFICIAL FILING |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Description of Process to Monitor Transactions for Conflicts of Interest | Form 990, Part VI, Question 12c | The Mary Hitchcock Memorial Hospital Board of Trustees approved a policy concerning a voluntary self-disclosure of any potential conflict of interest The Compliance and Audit Services Department conducts an annual survey and performs other procedures as considered necessary to report on compliance with the conflict of interest policy The Compliance and Audit Services Department then reports to the board any potential conflicts for their review Per the policy any conflicts or otherwise perceived are required to be addressed by the Board of Trustees on an ongoing basis If a conflict arises, the individual is asked to recuse themselves from voting on any related items The policy applies to all trustees, employees, and their immediate family members All MHMH board members are included in the annual conflict of interest survey |

| Identifier | Return Reference | Explanation |
|---|---|---|
| OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR UNDERTAKEN | Form 990, Part VI, Question 15a | Compensation for the President is evaluated by an independent third party firm for reasonableness and national data benchmarking The Compensation Committee along with Independent Trustees approve the final compensation in consideration with the independent third party firm's recommendations and suggestions This process was last undertaken in 2013 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Offices & Positions for Which Process was Used & Year Undertaken | Form 990, Part VI, Question 15b | Compensation for Officers and Key Employees are evaluated by an independent third party firm for reasonableness and national data benchmarking The Compensation Committee along with Independent Trustees approve the final compensation in consideration with the independent third party firm's recommendations and suggestions THIS PROCESS WAS LAST UNDERTAKEN IN 2013 FOR EACH PERSON IDENTIFIED AS AN OFFICER OR KEY EMPLOYEE |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Avail of Gov Docs, Conflict of Interest Policy, & Fin Stmts to Gen Public | Form 990, Part VI, Question 19 | MHMH's governing documents are available through the New Hampshire Secretary of State Certain financial information is disclosed through the Community Benefits Annual Report The audited financial statements, governing documents, and conflict of interest policy are available upon request either in electronic or hardcopy form Average Hours Per Week Form 990 Part VII Section A, Line 1A, Column B As part of MHMH's and Dartmouth-Hitchcock Clinic's affiliation agreement, the two organizations share officers As such, the average hours per week are allocated between the two organizations' 990's even though compensation reported in part VII is based on the entity issuing the W-2 In addition, certain officers spend time on Dartmouth-Hitchcock Health, the sole corporate member of both MHMH and DHC, along with two supporting organizations Dartmouth-Hitchcock Medical Center and Hamden Risk Retention Group Statement of Functional Expenses Form 990 Part IX Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic operate under an affiliation agreement as directed by Dartmouth-Hitchcock Health, the sole Corporate Member of both entities Due to the integrated operating structure, related mission, and close relationship of the two tax-exempt organizations, expenses are shared between the two entities All expenses reported within this 990 are the organization's share of expenses as designated by the affiliation agreement |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Financial Statements and Reporting | Form 990 Part XI, Question 9 | Other Changes in Net Assets Include Pension-related charges $33,818,200 Unrealized Gain/Loss on Hedge and other $2,230,716 Other expenses/changes in net assets $350,081 Total changes in net assets $36,398,997 Audited Financial Statements Form 990 Part XII, Question 2d The organization's financial information is included in the audited financial statements of Dartmouth-Hitchcock and Subsidiaries, which consists of Dartmouth-Hitchcock Clinic, Mary Hitchcock Memorial Hospital, and subsidiaries A-133 Audit Form 990 Part XII, Question 3a DURING FISCAL YEAR 2013, MARY HITCHCOCK MEMORIAL HOSPITAL EXPENDED FUNDS FROM FEDERAL AWARDS IN EXCESS OF THE MINIMUM THRESHHOLD SET FORTH IN THE SINGLE AUDIT ACT AND OMB CIRCULAR A-133, THEREFORE REQUIRING AN AUDIT DUE TO THE ISSUANCE OF THE COMBINED FINANCIAL STATEMENTS, THE SINGLE AUDIT WAS PERFORMED ON THE COMBINED FINANCIAL INFORMATION OF ALL ORGANIZATIONS Additional footnote regarding payments to former officer Mr Varnum, the former President of MHMH, over the course of his employment chose to defer a portion of his compensation In calendar year 2012, Mr Varnum withdrew approximately $1 5 million of deferred compensation |

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# 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
Mary Hitchcock Memorial Hospital

**Employer identification number**
02-0222140

**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 |
|---|---|---|---|---|---|
| **(1)** NEW ENGLAND ALLIANCE FOR HEALTH LLC<br>ONE MEDICAL CENTER DRIVE<br>LEBANON, NH 03756<br>26-4232401 | HLTH IMPROVMT | NH | 20,971 | 226,804 | MHMH |
| **(2)** D-H Specialty Services LLC<br>One Medical Center Drive<br>Lebanon, NH 03756<br>46-0876427 | Shd Svgs Prgm | NH | 0 | 0 | MHMH |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**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 | (g) No |
|---|---|---|---|---|---|---|---|
| **(1)** DARTMOUTH-HITCHCOCK CLINIC<br>ONE MEDICAL CENTER DRIVE<br>LEBANON, NH 03756<br>22-2519596 | PHYSICIAN SVC | NH | 501(c)(3) | 9 | D-HH | Yes | |
| **(2)** DARTMOUTH-HITCHCOCK MEDICAL CENTER<br>ONE MEDICAL CENTER DRIVE<br>LEBANON, NH 03756<br>22-2715483 | SUPPORTNG ORG | NH | 501(c)(3) | 11 TYPE I | NA | Yes | |
| **(3)** DARTMOUTH - HITCHCOCK HEALTH<br>One Medical Center Drive<br>Lebanon, NH 03756<br>26-4812335 | SUPPORTNG ORG | NH | 501(C)(3) | 11 Type II | NA | | No |
| **(4)** HAMDEN RISK RETENTION GROUP INC<br>30 MAIN STREET STE 330<br>BURLINGTON, VT 05401<br>20-8530788 | Self Ins | VT | 501(c)(3) | 11 TYPE I | DHC | Yes | |
| **(5)** The Hitchcock Foundation<br>One Medical Center Drive<br>Lebanon, NH 03756<br>02-0222139 | HLTHCRE RSRCH | NH | 501(c)(3) | 7 | DHC | Yes | |
| | | | | | | | |
| | | | | | | | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income(related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1)** D-H Mster Invst Prg<br><br>1 Med Ctr Dr<br>LEBANON, NH 03756<br>02-0205863 | POOLED INVEST | NH | MHMH | Excluded | 27,345,924 | 499,506,630 | | No | 33,033 | Yes | | 95 814 % |
| **(2)** The Hitchcock Ptshp<br><br>1 Med Ctr Dr<br>LEBANON, NH 03756<br>02-0514823 | Invst in Ptnr | NH | MHMH | Investment | 9,747 | 243,682 | | No | 0 | Yes | | 61 420 % |
| **(3)** KEENE HLTH ALLIANCE<br><br>580 Court St<br>Keene, NH 03431<br>30-0179297 | Healthcare | NH | DHC | | | | | | | | | |
| **(4)** Obnet Services LLC<br><br>1 Med Ctr Dr<br>Lebanon, NH 03756<br>04-3746287 | Database Serv | NH | DHC | | | | | | | | | |
| **(5)** One Care VT ACOLLC<br><br>111 COLCHESTER AVE<br>Burlington, VT 05401<br>45-5399218 | Shared Saving | VT | DHH | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

**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 | (i) No |
|---|---|---|---|---|---|---|---|---|---|
| **(1)** Charit Remndr Unitrusts (4)<br><br>One Medical Center Drive<br>Lebanon, NH 03756 | Chart Trust | NH | N/A | Trust | | | 100 000 % | Yes | |
| **(2)** Pompanoosuc Investment Corp<br><br>1 Medical Ctr Dr<br>Lebanon, NH 03756<br>02-0352330 | Real Est Hldg | NH | NA | C Corporation | | | | | No |
| **(3)** Hamden Assurance Co Ltd<br><br>44 Church St<br>Hamilton HM 12<br>BD<br>98-0121409 | Liab Insuanc | BD | DHC | Foreign Corp | | | 25 800 % | | No |
| **(4)** Hitchcock Health Connect<br><br>1 Medical Ctr Dr<br>Lebanon, NH 03756<br>80-0908979 | Telehealth | DE | NA | C Corp | 0 | 0 | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

## 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

| | | Yes | No |
|---|---|---|---|
| **1** | During the tax year, did the orgranization 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 | 1a | No |
| **b** | Gift, grant, or capital contribution to related organization(s) | 1b | No |
| **c** | Gift, grant, or capital contribution from related organization(s) | 1c | No |
| **d** | Loans or loan guarantees to or for related organization(s) | 1d | No |
| **e** | Loans or loan guarantees by related organization(s) | 1e | No |
| **f** | Dividends from related organization(s) | 1f | No |
| **g** | Sale of assets to related organization(s) | 1g | No |
| **h** | Purchase of assets from related organization(s) | 1h | No |
| **i** | Exchange of assets with related organization(s) | 1i | No |
| **j** | Lease of facilities, equipment, or other assets to related organization(s) | 1j | Yes |
| **k** | Lease of facilities, equipment, or other assets from related organization(s) | 1k | Yes |
| **l** | Performance of services or membership or fundraising solicitations for related organization(s) | 1l | Yes |
| **m** | Performance of services or membership or fundraising solicitations by related organization(s) | 1m | Yes |
| **n** | Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) | 1n | Yes |
| **o** | Sharing of paid employees with related organization(s) | 1o | Yes |
| **p** | Reimbursement paid to related organization(s) for expenses | 1p | Yes |
| **q** | Reimbursement paid by related organization(s) for expenses | 1q | Yes |
| **r** | Other transfer of cash or property to related organization(s) | 1r | Yes |
| **s** | Other transfer of cash or property from related organization(s) | 1s | Yes |

**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 | | | |
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**Part VI** **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

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

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income (related, unrelated, excluded from tax under section 512-514) | (e) Are all partners section 501(c)(3) organizations? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate 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 | | Yes | No | |
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**Software ID:**
**Software Version:**
**EIN:** 02-0222140
**Name:** Mary Hitchcock Memorial Hospital



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

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

| Identifier | Return Reference | Explanation |
|---|---|---|

--> **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 |
|---|---|---|---|
| Dartmouth-Hitchcock Clinic | JKLMN | 103,062,318 | FMV |
| Dartmouth-Hitchcock Health | Q | 2,261,216 | FMV |
| Dartmouth-Hitchcock Health | P | 1,941,996 | FMV |
| Dartmouth-Hitchcock Medical Center | L | 347,380 | FMV |
| Dartmouth-Hitchcock Medical Center | M | 1,538,619 | FMV |
| Hamden Risk Retention Group | O | 5,504,744 | FMV |
| The Hitchcock Foundation | Q | 1,172,181 | FMV |
| The Hitchcock Foundation | P | 758,628 | FMV |
| Dartmouth-Hitchcock Master Investment Program | R | 28,590 | FMV |

# Dartmouth-Hitchcock and Subsidiaries

## Combined Financial Statements
## Year Ended June 30, 2013 and Nine Months Ended June 30, 2012

# Dartmouth-Hitchcock and Subsidiaries
## Index
## Year Ended June 30, 2013 and Nine Months Ended June 30, 2012

## Report of Independent Auditors

To the Board of Trustees of
Dartmouth-Hitchcock and Subsidiaries

We have audited the accompanying combined financial statements of Dartmouth-Hitchcock and Subsidiaries (Dartmouth-Hitchcock), which comprise the combined balance sheets as of June 30, 2013 and June 30, 2012, and the related combined statements of operations and changes in net assets and of cash flows for the year ended June 30, 2013 and nine months ended June 30, 2012.

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

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Dartmouth-Hitchcock's preparation and fair presentation of the combined 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 Dartmouth-Hitchcock'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Dartmouth-Hitchcock and Subsidiaries at June 30, 2013 and June 30, 2012, and the results of their operations and changes in net assets and of their cash flows for the year ended June 30, 2013 and nine months ended June 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information is the responsibility of management and was derived from

and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole. The combining information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the combined financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

PricewaterhouseCoopers LLP

November 22, 2013

# Dartmouth-Hitchcock and Subsidiaries
## Combined Balance Sheets
## June 30, 2013 and 2012

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 46,245 | $ 59,510 |
| Patient accounts receivable, net of estimated uncollectibles of $57,844 at June 30, 2013 and $57,585 at June 30, 2012 (Notes 4 and 5) | 171,131 | 165,378 |
| Prepaid expenses and other current assets (Notes 3, 14) | 78,844 | 77,833 |
| Total current assets | 296,220 | 302,721 |
| Assets limited as to use (Notes 6, 8, and 11) | 558,466 | 520,978 |
| Other investments for restricted activities (Notes 6 and 8) | 97,087 | 99,282 |
| Property, plant, and equipment, net (Note 7) | 457,635 | 444,598 |
| Other assets (Note 3) | 54,394 | 47,614 |
| Total assets | $ 1,463,802 | $ 1,415,193 |
| **Liabilities and Net Assets** | | |
| Current liabilities | | |
| Current portion of long-term debt (Note 11) | $ 11,963 | $ 9,675 |
| Current portion of liability for pension and other postretirement plan benefits (Note 12) | 5,666 | 7,639 |
| Accounts payable and accrued expenses (Note 14) | 73,815 | 68,585 |
| Accrued compensation and related benefits | 111,474 | 99,782 |
| Estimated third-party settlements (Note 5) | 21,483 | 22,386 |
| Total current liabilities | 224,401 | 208,067 |
| Long-term debt, excluding current portion (Note 11) | 544,125 | 407,711 |
| Insurance deposits and related liabilities (Note 13) | 83,609 | 95,866 |
| Interest rate swaps (Notes 8 and 11) | 22,285 | 29,006 |
| Liability for pension and other postretirement plan benefits (Note 12) | 173,182 | 410,587 |
| Total liabilities | 1,047,602 | 1,151,237 |
| Net assets | | |
| Unrestricted | 330,698 | 171,098 |
| Temporarily restricted (Notes 9 and 10) | 54,247 | 61,849 |
| Permanently restricted (Notes 9 and 10) | 31,255 | 31,009 |
| Total net assets | 416,200 | 263,956 |
| Commitments and contingencies (Notes 5, 7, 8, 11, 14, and 16) | - | - |
| Total liabilities and net assets | $ 1,463,802 | $ 1,415,193 |

The accompanying notes are an integral part of these financial statements

# Dartmouth-Hitchcock and Subsidiaries
## Combined Statements of Operations and Changes in Net Assets
## Year Ended June 30, 2013 and Nine Months Ended June 30, 2012

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Unrestricted revenue and other support** | | |
| Net patient service revenue, net of provision for bad debt ($40,042 in 2013, $25,394 in 2012) (Notes 4 and 5) | $ 1,173,531 | $ 863,095 |
| Contracted revenue (Note 2) | 88,293 | 47,856 |
| Other operating revenue (Notes 2, 5, 6, and 14) | 47,085 | 35,174 |
| Net assets released from restrictions | 13,214 | 10,349 |
| Total unrestricted revenue and other support | 1,322,123 | 956,474 |
| **Operating expenses** | | |
| Salaries | 638,379 | 447,859 |
| Employee benefits | 199,455 | 152,074 |
| Medical supplies and medications | 175,323 | 126,416 |
| Purchased services and other | 140,538 | 112,910 |
| Medicaid enhancement tax (Note 5) | 38,261 | 32,798 |
| Medical school financial support | 5,480 | 6,000 |
| Depreciation and amortization | 53,567 | 39,233 |
| Interest (Note 11) | 19,243 | 12,614 |
| Expenditures relating to net assets released from restrictions | 13,214 | 10,349 |
| Total operating expenses | 1,283,460 | 940,253 |
| Operating income | 38,663 | 16,221 |
| **Nonoperating gains (losses)** | | |
| Investment gains (Notes 6 and 11) | 33,931 | 32,031 |
| Loss on advance refunding (Note 11) | (3,500) | - |
| Other losses | (2,303) | (4,390) |
| Total nonoperating gains, net | 28,128 | 27,641 |
| Excess of revenue over expenses | $ 66,791 | $ 43,862 |

The accompanying notes are an integral part of these financial statements

# Dartmouth-Hitchcock and Subsidiaries
## Combined Statements of Operations and Changes in Net Assets
## Year Ended June 30, 2013 and Nine Months Ended June 30, 2012

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Unrestricted net assets** | | |
| Excess of revenue over expenses | $ 66,791 | $ 43,862 |
| Other changes in net assets (Note 3) | 3,192 | - |
| Net assets released from restrictions | 2,760 | 1,068 |
| Change in funded status of pension and other postretirement benefits (Note 12) | 81,169 | (24,188) |
| Change in fair value on interest rate swaps (Note 11) | 5,688 | (1,683) |
| Increase in unrestricted net assets | 159,600 | 19,059 |
| **Temporarily restricted net assets** | | |
| Gifts, bequests, and sponsored activities | 8,378 | 9,559 |
| Other changes in net assets | 136 | - |
| Investment (losses) gains | (693) | 1,760 |
| Change in net unrealized gains on investments | 551 | 1,936 |
| Net assets released from restrictions | (15,974) | (11,417) |
| (Decrease) increase in temporarily restricted net assets | (7,602) | 1,838 |
| **Permanently restricted net assets** | | |
| Gifts and bequests | 246 | 21 |
| Increase in permanently restricted net assets | 246 | 21 |
| Change in net assets | 152,244 | 20,918 |
| **Net assets** | | |
| Beginning of year | 263,956 | 243,038 |
| End of year | $ 416,200 | $ 263,956 |

The accompanying notes are an integral part of these financial statements

# Dartmouth-Hitchcock and Subsidiaries
## Combined Statements of Cash Flows
## Year Ended June 30, 2013 and Nine Months Ended June 30, 2012

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Change in net assets | $ 152,244 | $ 20,918 |
| Adjustments to reconcile change in net assets to net cash (used) provided by operating and nonoperating activities | | |
| Change in fair value of interest rate swaps | (6,721) | 2,238 |
| Provision for bad debt | 40,042 | 25,394 |
| Depreciation and amortization | 53,907 | 39,584 |
| Change in funded status of pension and other postretirement benefits | (81,169) | 24,188 |
| (Gain) loss on disposal of fixed assets | (109) | 870 |
| Loss on advance refunding of debt | 3,500 | - |
| Net realized gains and change in net unrealized gains on investments | (31,317) | (30,567) |
| Restricted contributions | (8,624) | (9,580) |
| Changes in assets and liabilities | | |
| Patient accounts receivable, net | (45,795) | (36,478) |
| Prepaid expenses and other current assets | (1,011) | 4,495 |
| Other assets, net | (9,779) | (1,998) |
| Accounts payable and accrued expenses | (9,440) | (9,062) |
| Accrued compensation and related benefits | 11,693 | 408 |
| Estimated third-party settlements | (903) | (105) |
| Insurance deposits and related liabilities | (12,257) | 2,163 |
| Liability for pension and other postretirement benefits | (158,209) | 14,859 |
| Net cash (used) provided by operating and nonoperating activities | (103,948) | 47,327 |
| **Cash flows from investing activities:** | | |
| Purchase of property, plant, and equipment | (52,438) | (51,774) |
| Change in assets limited as to use - held by trustee | (4,820) | (19,298) |
| Purchases of investments | (264,794) | (88,599) |
| Proceeds from maturies and sales of investments | 265,867 | 112,508 |
| Net cash used by investing activities | (56,185) | (47,163) |
| **Cash flows from financing activities:** | | |
| Proceeds from line of credit | 20,000 | 30,000 |
| Payments on line of credit | (20,000) | (30,000) |
| Repayment of long-term debt | (127,406) | (1,012) |
| Proceeds from issuance of debt | 266,170 | - |
| Payment of debt issuance costs | (520) | - |
| Restricted contributions | 8,624 | 9,580 |
| Net cash provided by financing activities | 146,868 | 8,568 |
| (Decrease) increase in cash and cash equivalents | (13,265) | 8,732 |
| **Cash and cash equivalents:** | | |
| Beginning of year | 59,510 | 50,778 |
| End of year | $ 46,245 | $ 59,510 |
| **Supplemental cash flow information:** | | |
| Interest paid | $ 24,784 | $ 10,904 |
| Construction in progress amounts included in accounts payable and accrued expenses | 14,670 | 6,230 |
| Equipment acquired through issuance of capital lease obligations | 212 | 150 |

The accompanying notes are an integral part of these financial statements

## 1. Organization and Reporting Entity

Dartmouth-Hitchcock and Subsidiaries is comprised of the following entities

- Mary Hitchcock Memorial Hospital (the Hospital), an acute and tertiary care teaching hospital located in Lebanon, NH

- Dartmouth-Hitchcock Clinic (the Clinic) and Subsidiaries, a multispecialty physician practice group which operates clinics throughout New Hampshire (NH) and Vermont (VT), provides, among other things, medical services to patients, medical education, and research The Clinic is also the sole corporate member of The Hitchcock Foundation (THF), an organization established to provide financial aid to research and general health programs The accompanying combined financial statements include the accounts of THF and the Clinic's wholly owned for profit subsidiary Pompanoosuc Investment Corporation, majority-owned Hamden Assurance Company Limited (HAC), majority owned Hamden Assurance Risk Retention Group, Inc (RRG) (Note 13) and board controlled Dartmouth-Hitchcock Medical Center (DHMC)

  The Clinic has entered into various contractual arrangements with community hospitals located in Keene, Concord, Manchester, and Nashua, NH in which the Clinic has existing community practice sites These arrangements attempt to integrate and/or coordinate hospital and physician operations clinically and administratively within these communities (Note 2)

  Dartmouth-Hitchcock (D-H) is comprised of the Clinic and the Hospital

- DHMC is organized under New Hampshire law for the exploration and coordination of matters of mutual interest to D-H, Geisel School of Medicine at Dartmouth (Geisel), a component of Dartmouth College, and the Veteran's Affairs Medical and Regional Office Center (VA) of White River Junction, Vermont

These organizations are not-for-profit organizations, as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from Federal income taxes on related income pursuant to Section 501(a) of the IRC with the exception of the Clinic's wholly owned for-profit subsidiary

During 2012 the Clinic and Hospital Boards approved a fiscal year end change from September 30 to June 30, effective with the nine month period ended June 30, 2012

Dartmouth-Hitchcock Health (D-HH), a non-profit NH corporation under Section 501(c)(3) of the IRC, is the sole member of both the Hospital and Clinic and as such holds certain reserved powers over the activities of both entities D-HH is not included in the combined financial statements of Dartmouth-Hitchcock and Subsidiaries due to the relative immateriality of D-HH to the combined entity The historical operational integration of the Clinic and Hospital is supported by an affiliation agreement

## 2. Affiliated Entities

Affiliated entities include the following

**New England Alliance for Health (NEAH)**
NEAH is a NH limited liability company, which is owned and managed by the Hospital NEAH provides, on a contract basis, a range of consulting, group purchasing and other services to its members throughout NH and VT

**Other Regional Relationships**

- D-H's Keene community practice and The Cheshire Medical Center, Keene's community hospital, operate collectively under a Partnership Agreement effective October 1, 1998 This agreement substantially integrates many hospital and physician operations clinically, administratively, and financially while maintaining the independent legal structure of each organization Pursuant to this agreement, the Clinic recorded approximately $1,751,000 and $3,100,000, classified as other operating revenue in the accompanying combined statements of operations and changes in net assets in the year ended June 30, 2013 and nine months ended June 30, 2012, respectively A NH non-profit Joint Coordinating Company and Coordinating Board, consisting of 19 board members, has been delegated certain responsibilities to develop and recommend strategic plans, budgets, and community health initiatives The purpose of the partnership is to improve the planning, delivery, and integration of healthcare services to benefit the greater Keene community

- D-H and subsidiaries of Concord Hospital (CRHC/DHC, Inc ), Catholic Medical Center (Alliance Health Services), an affiliate of St Joseph's Hospital (D-H Family Medicine Nashua, Inc ), and Southwestern Vermont Medical Center (SVMC) entered into Professional Services Agreements (PSAs), pursuant to which these facilities purchase, with certain limited exceptions, the services of all personnel employed by D-H at its Concord, NH Division, two Bedford, NH locations, its Nashua, NH satellite locations, and at SVMC located at Bennington, VT to provide healthcare services to the related communities The payment amount for the professional services of D-H's personnel are based on fair market value considerations and are not directly or indirectly related to the volume or value of referrals or admissions, in accordance with governing law Through the PSAs, D-H and the parties identified above provide coordination of patient care in the community and facilitate the recruitment of new and needed physicians without unnecessary duplication of services, and serve as a platform for future discussions between the parties to explore additional collaborative programs Revenue pursuant to these PSAs and certain facility and equipment leases and other professional service contracts have been classified as contracted revenue in the accompanying combined statements of operations and changes in net assets

The combined financial statements of D-H do not include the accounts of the Clinic's regional affiliations

## 3. Summary of Significant Accounting Policies

### Basis of Presentation

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and have been prepared consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954 *Healthcare Entities* (ASC 954), which addresses the accounting for healthcare entities In accordance with the provisions of ASC 954, net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions Accordingly, unrestricted net assets are amounts not subject to donor-imposed stipulations and are available for operations Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained in perpetuity All significant intercompany transactions have been eliminated upon combination

D-H controls the governing board of DHMC and as such DHMC was combined into the D-H and Subsidiaries financial statements in 2013 During 2013, D-H identified that DHMC should be combined into the D-H and Subsidiaries financial statements The combination of DHMC resulted in increases in assets of approximately $4,000,000, liabilities of $600,000, and net assets of $3,400,000 DHMC consolidated revenues and expenses net of eliminations were $2,300,000

### Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period The most significant areas that are affected by the use of estimates include the allowance for estimated uncollectible accounts, valuation of certain investments, estimated third-party settlements, insurance reserves, and pension obligations Actual results could differ from those estimates

### Excess of Revenue over Expenses

The combined statements of operations and changes in net assets include excess of revenue over expenses Operating revenues consist of those items attributable to the care of patients, including contributions and investment income on unrestricted investments, which are utilized to provide charity and other operational support Peripheral activities, including realized gains/losses on sales of investment securities and changes in unrealized gains/losses in investments are reported as nonoperating gains (losses)

Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), change in funded status of pension and other postretirement benefit plans, and the effective portion of the change in fair value of interest rate swaps

### Charity Care and Provision for Bad Debts

D-H provides care to patients who meet certain criteria under their financial assistance policies without charge or at amounts less than their established rates Because D-H does not anticipate collection of amounts determined to qualify as charity care, they are not reported as revenue

D-H grants credit without collateral to patients Most are local residents and are insured under third-party arrangements Additions to the allowance for uncollectible accounts are made by means of the provision for bad debts Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added The amount of the provision for bad debts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental healthcare coverage, and other collection indicators (Notes 4 and 5)

**Net Patient Service Revenue**
Net patient service revenue is 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 and bad debt Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as estimates change or final settlements are determined (Note 5)

**Cash Equivalents**
Cash equivalents include investments in highly liquid investments with maturities of three months or less when purchased, excluding amounts where use is limited by internal designation or other arrangements under trust agreements or by donors As more fully discussed in Note 8, cash equivalents available for operating purposes are recorded at fair value using a Level 1 measurement

**Investments and Investment Income**
Investments in equity securities with readily determinable fair values, mutual funds and all investments in debt securities are considered to be trading securities reported at fair value with changes in fair value included in the excess of revenues over expenses 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 (Note 8)

Investments in pooled/commingled investment funds that represent investments where D-H owns shares or units of pooled funds rather than the underlying securities in that fund are valued using the equity method of accounting with changes in value recorded in excess of revenues over expenses All investments, whether held at fair value or under the equity method of accounting, are reported at what D-H believes to be the amount that D-H would expect to receive if it liquidated its investments at the balance sheet date on a non-distressed basis

D-H and THF, a subsidiary of the Clinic, are partners in a NH general partnership established for the purpose of operating a master investment program of pooled investment accounts THF joined the partnership effective November 1, 2011 The Hospital has been designated to serve as the managing general partner and, in such capacity, has the authority to bind the partners and the partnership under the agreement Substantially all of D-H's board-designated and restricted assets, and certain of THF's board-designated assets and restricted assets, were invested in these pooled funds by purchasing units based on the market value of the pooled funds at the end of the month prior to receipt of any new additions to the funds Interest, dividends, and realized and unrealized gains and losses earned on pooled funds are allocated monthly based on the weighted average units outstanding at the prior month-end

Investment income or losses (including change in unrealized and realized gains and losses on unrestricted investments, change in fair value of equity method investments, interest, and dividends) are included in excess of revenue over expenses classified as nonoperating gains and losses, unless the income or loss is restricted by donor or law (Note 10)

**Fair Value Measurement of Financial Instruments**
D-H estimates fair value based on a valuation framework that uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to 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 fair value hierarchy, as defined by ASC 820, *Fair Value Measurements and Disclosures*, are described below

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for assets or liabilities

Level 2 Prices other than quoted prices in active markets that are either directly or indirectly observable as of the date of measurement

Level 3 Prices or valuation techniques that are both significant to the fair value measurement and unobservable

D-H also applies the accounting provisions of Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2009-12) ASU 2009-12 allows for the estimation of fair value of investments for which the investment does not have a readily determinable fair value, to use net asset value (NAV) per share or its equivalent as a practical expedient, subject to D-H's ability to redeem its investment

The carrying amount of patient accounts receivable, prepaid and other current assets, accounts payable, and accrued expenses approximates fair value due to the short maturity of these instruments

**Property, Plant, and Equipment**
Property, plant, and equipment, and other real estate are stated at cost at the time of purchase or fair market value at the time of donation, less accumulated depreciation D-H's policy is to capitalize expenditures for major improvements and to charge expense for maintenance and repair expenditures which do not extend the lives of the related assets The provision for depreciation has been determined using the straight-line method at rates which are intended to amortize the cost of assets over their estimated useful lives which are 10 to 40 years for buildings and improvements, 2 to 20 years for equipment, and the shorter of the lease term, or 5 to 12 years, for leasehold improvements Certain software development costs are amortized using the straight-line method over a period of up to ten years Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

The fair value of a liability for legal obligations associated with asset retirements is recognized in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made When a liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset Over time, the liability is accreted to its present value each period and the capitalized cost associated with the retirement is depreciated over the useful life of the related asset Upon settlement of the obligation, any difference between the actual cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the combined statements of operations and changes in net assets

Gifts of capital assets such as land, buildings, or equipment are reported as unrestricted support, and excluded from excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used Gifts of capital assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire capital assets are reported as restricted support Absent explicit donor stipulations about how long those capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired capital assets are placed in service

**Bond Issuance Costs**
Bond issuance costs, classified on the combined balance sheets as other assets, are amortized over the term of the related bonds Amortization is recorded within depreciation and amortization in the combined statements of operations and changes in net assets using the straight-line method which approximates the effective interest method

**Derivative Instruments and Hedging Activities**
D-H applies the provisions of ASC 815, *Derivatives and Hedging*, to its derivative instruments, which requires that all derivative instruments be recorded at their respective fair value in the combined balance sheets

On the date a derivative contract is entered into, D-H designates the derivative as a cash-flow hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability For all hedge relationships, D-H formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness This process includes linking cash-flow hedges to specific assets and liabilities on the combined balance sheets or to specific firm commitments or forecasted transactions D-H also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in variability of cash flows of hedged items Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash-flow hedge are recorded in unrestricted net assets until earnings are affected by the variability in cash flows of the designated hedged item The ineffective portion of the change in fair value of a cash-flow hedge is reported in excess of revenue over expenses in the combined statements of operations and changes in net assets

D-H discontinues hedge accounting prospectively when it is determined (a) the derivative is no longer effective in offsetting changes in the cash flows of the hedged item, (b) the derivative expires or is sold, terminated, or exercised, (c) the derivative is undesignated as a hedging instrument because it is unlikely that a forecasted transaction will occur, (d) a hedged firm commitment no longer meets the definition of a firm commitment, and (e) management determines that designation of the derivative as a hedging instrument is no longer appropriate

In all situations in which hedge accounting is discontinued, D-H continues to carry the derivative at its fair value on the combined balance sheets and recognizes any subsequent changes in its fair value in excess of revenue over expenses

**Gifts and Bequests**
Unrestricted gifts and bequests are recorded net of related expenses as nonoperating gains Conditional promises to give and indications of intentions to give to D-H are reported at fair market value at the date the gift is received Gifts are reported as either temporarily or permanently restricted 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 combined statements of operations and changes in net assets as net assets released from restrictions

**Recently Issued Accounting Pronouncements**
In August 2010, the FASB issued *Health Care Entities: Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), which provides that the net presentation of receivables for insurance recoveries and related claims liabilities is not permitted D-H adopted the provisions of ASU 2010-24 during the nine months ended June 30, 2012 The adoption of this guidance did not have a material impact on the combined financial statements

In August 2010, the FASB issued *Health Care Entities: Measuring Charity Care for Disclosure* (ASU 2010-23), which clarified the disclosure of charity care provided by healthcare organizations, providing that such disclosure should be measured using cost and that related reimbursements recorded should also be separately disclosed D-H adopted the provisions of ASU 2010-23 during the nine months ended June 30 2012 (Note 4)

In July 2011, the FASB issued *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-07), which requires certain healthcare entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from net patient service revenue Additionally those healthcare entities are required to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts D-H adopted ASU 2011-07 and changed its reporting of the provision for bad debt during the nine months ended June 30, 2012 (Note 3)

## 4. Charity Care and Community Benefits

The mission of D-H is to advance health through research, education, clinical practice and community partnerships, providing each person the best care, in the right place, at the right time, every time

Consistent with this mission, D-H provides high quality, cost effective, comprehensive, and integrated healthcare to individuals, families, and the communities it serves regardless of a patient's ability to pay D-H actively supports community-based healthcare and promotes the coordination of services among healthcare providers and social services organizations In addition, D-H also seeks to work collaboratively with other area healthcare providers to improve the health status of the region As a component of an integrated academic medical center, D-H provides significant support for academic and research programs

D-H files an annual Community Benefit Report with the State of NH which outlines the community and charitable benefits it provides The broad categories used in the Community Benefit Report to summarize these benefits are as follows

- *Community health services* include activities carried out by D-H to improve community health and could include community health education (such as lectures, programs, support groups, and materials that promote wellness and prevent illness), community-based clinical services (such as free clinics and health screenings), and healthcare support services (enrollment assistance in public programs, assistance in obtaining free or reduced costs medications, telephone information services, or transportation programs to enhance access to care, etc )

- D-H provides both financial and nonfinancial support for *health professional education* in the form of undergraduate training, internships (clinical and nonclinical), residency education programs, scholarships, and continuing heath professional education

- *Subsidized health services* are services D-H provides even though there is a financial loss because they meet the needs of the community and would not otherwise be available unless the responsibility was assumed by the government

- D-H provides support for *research* and other grants representing costs in excess of awards for numerous health research and service initiatives awarded to D-H

- D-H supports other community health-related initiatives outside of the organization through various *financial contributions* of cash, in-kind, and grants to local organizations

- *Community-building activities* include cash, in-kind donations, and budgeted expenditures for the development of programs and partnerships intended to address social and economic determinants of health Examples include physical improvements and housing, economic development, support system enhancements, environmental improvements, leadership development and training for community members, community health improvement advocacy, and workforce enhancement Community benefit operations includes costs associated with staff dedicated to administering benefit programs, community health needs assessment costs, and other costs associated with community benefit planning and operations

- *Charity care (financial assistance)* represents services provided to patients who cannot afford healthcare services due to inadequate financial resources which result from being uninsured or underinsured For the year ended June 30, 2013 and nine months ended June 30, 2012, D-H provided financial assistance to patients in the amount of approximately $53,931,000 and $40,513,000, respectively, as measured by gross charges The estimated cost of providing this care for the year ended June 30, 2013 was approximately $22,212,000 and the actual cost of providing this care for the nine months ended June 30, 2012 was $14,909,000 The estimated costs of providing charity care services are determined using a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients The ratio of costs to charges is calculated using D-H's total expenses, less bad debt, divided by gross revenue During the year, D-H received approximately $132,800 in endowment income to help defray the costs of charity care

- As part of *government-sponsored healthcare services*, D-H provides services to Medicaid and Medicare patients at reimbursement levels that are significantly below the cost of the care provided

- The *uncompensated cost of care for Medicaid* patients reported in the unaudited Community Benefits Report for 2012 was approximately $81,577,000 The 2013 Community Benefits Report is expected to be filed in February 2014

- The following table summarizes the value of the community benefit initiatives outlined in D-H's most recently filed Community Benefit Report for the nine month period ended June 30, 2012

*(Unaudited, in thousands of dollars)*

| | |
|---|---|
| Community health services | $ 3,606 |
| Health professional education | 22,268 |
| Subsidized health services | 4,256 |
| Research | 4,112 |
| Financial contributions | 7,885 |
| Community building activities | 392 |
| Community benefit operations | 62 |
| Charity care | 14,909 |
| Government-sponsored health care services | 81,577 |
| Total community benefit value | $ 139,067 |

D-H also provides a significant amount of uncompensated care to its patients that are reported as provision for bad debts, which is not included in the amounts reported above For the year ended June 30, 2013 and the nine months ended June 30, 2012, D-H reported a provision for bad debts of approximately $40,042,000 and $25,394,000, respectively D-H also routinely provides services to Medicare patients at reimbursement levels that are below the costs of the care provided

## 5. Patient Service Revenue and Accounts Receivable

Patient service revenue is reported net of contractual allowances and the provision for bad debt as follows for the year ended June 30, 2013 and nine months ended June 30, 2012

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| Gross patient service revenue | $ 3,040,995 | $ 2,153,435 |
| Less Contractual allowances | 1,827,422 | 1,264,946 |
| Less Provision for bad debt | 40,042 | 25,394 |
| Net patient service revenue | $ 1,173,531 | $ 863,095 |

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, D-H analyzes past collection history and identifies trends for several categories of self-pay accounts (uninsured, residual balances, pre-collection accounts and charity) to estimate the appropriate allowance percentages in establishing the allowance for bad debts Management performs a collection rate look-back analysis on a quarterly basis to evaluate the sufficiency of the allowance for doubtful accounts Throughout the year, D-H, after all reasonable collection efforts have been exhausted, will write off the difference between the standard rates and the amounts actually collected, including contractual adjustments and uninsured discounts, against the allowance for doubtful accounts In addition to the review of the categories of revenue, management monitors the write offs against established allowances as of a

point in time to determine the appropriateness of the underlying assumptions used in estimating the allowance for doubtful accounts

Accounts receivable, prior to adjustment for doubtful accounts, are summarized as follows at June 30

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Receivables** | | |
| Patients | $ 110,103 | $ 109,413 |
| Third-party payors | 117,013 | 112,581 |
| Nonpatient | 1,859 | 969 |
| | $ 228,975 | $ 222,963 |

The allowance for doubtful accounts of $57,844,000 and $57,585,000 as of June 30, 2013 and 2012, respectively, is established to reserve for uncollectible amounts due primarily from patients

The following table categorizes payors into five groups and their respective percentages of D-H's gross patient service revenue for the year ended June 30, 2013 and nine months ended June 30, 2012

| | 2013 | 2012 |
|---|---|---|
| Medicare | 38 % | 37 % |
| Anthem/Blue Cross | 23 | 23 |
| Commercial insurance | 22 | 23 |
| Medicaid | 12 | 13 |
| Self-pay/Other | 5 | 4 |
| | 100 % | 100 % |

D-H has agreements with third-party payors that provide for payments at amounts different from D-H's established rates A summary of the acute care payment arrangements in effect during the year ended June 30, 2013 and nine months ended June 30, 2012 with major third-party payors follows

Inpatient acute care services provided to Medicare program beneficiaries are paid at prospectively determined rates-per-discharge These rates vary according to a patient classification system that is based on diagnostic, clinical and other factors In addition, inpatient capital costs (depreciation and interest) are reimbursed by Medicare on the basis of a prospectively determined rate per discharge Medicare outpatient services are paid on a prospective payment system Under the system, outpatient services are reimbursed based on a pre-determined amount for each outpatient procedure, subject to various mandated modifications D-H is reimbursed during the year for services to Medicare beneficiaries based on varying interim payment methodologies Final settlement is determined after the submission of an annual cost report and subsequent audit of this report by the Medicare fiscal intermediary

Payment for inpatient services rendered to NH Medicaid beneficiaries are based on a prospective payment system, while outpatient services are reimbursed on a retrospective cost basis or fee schedules NH Medicaid Outpatient Direct Medical Education costs are reimbursed, as a pass-

through, based on the filing of the Medicare cost report Payment for inpatient and outpatient services rendered to VT Medicaid beneficiaries are based on prospective payment systems

Inpatient services rendered to Anthem/Blue Cross subscribers and certain commercial insurers are paid at prospectively determined rates-per-discharge or a percentage of established charges Outpatient services are reimbursed on a fee schedule or at a discount from established charges

Nonacute and physician services are paid at various rates under different arrangements with governmental payors, commercial insurance carriers and health maintenance organizations The basis for payments under these arrangements includes prospectively determined per visit rates, discounts from established charges, fee schedules, and reasonable cost subject to limitations

D-H has provided for its estimated final settlements with all payors based upon applicable contracts and reimbursement legislation and timing in effect for all open years (2007-2012) The differences between the amounts provided and the actual final settlement, if any, is recorded as an adjustment to net patient service revenue as amounts become known or as years are no longer subject to audits, reviews and investigations During 2013 and 2012, changes in estimates related to settlements with third-party payors resulted in increases of net patient service revenue of approximately $3,050,000 and $6,600,000, respectively, in the combined statements of operations and changes in net assets

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation Compliance with laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, failure to comply with such laws and regulations can result in fines, penalties and exclusion from the Medicare and Medicaid programs

During the year ended June 30, 2013 and nine months ended June 30, 2012, D-H recorded State of NH Medicaid Enhancement Tax (MET) expense of $38,261,000 and $32,798,000, respectively The tax is calculated at 5 5% of certain gross patient revenues in accordance with instructions received from the State of NH The MET expense is included in operating expenses in the combined statements of operations and changes in net assets D-H has filed amended returns to conform the calculation of gross patient service revenue to the federal definition as issued by the U S Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) which generally supervises the federal aspects of the Medicaid program The amended returns were settled in fiscal year 2013 resulting in a credit of $2,051,000 to be offset against future tax payments

D-H, as determined annually by NH, may qualify to receive a Medicaid Uncompensated Care Payment under their Disproportionate Share Program The payments are included in unrestricted revenue and other support in the combined statements of operations and changes in net assets

The Health Information Technology for Economic and Clinical Health (HITECH) Act included in the American Recovery and Reinvestment Act (ARRA) provides incentives for the adoption and use of health information technology by Medicare and Medicaid providers and eligible professionals over the next several years with an anticipated end date of December 31, 2016, depending on the program CMS has published a final rule to define Stage 1 meaningful use of certified Electronic Health Record (EHR) technology and establish criteria for the incentive program MHMH and DHC received $13,713,000 in meaningful use incentives for both the Medicare and Vermont Medicaid programs during the year ended June 30, 2013 The Hospital and Physicians are currently in the CMS defined measurement period for Year 3 meaningful use which will also be measured using the same Stage 1 criteria Meaningful Use revenue has been recognized as other operating

revenue of approximately $8,800,000 during the year ended June 30, 2013, and will be subject to audit by CMS On September 4, 2012, CMS published a final rule to define Stage 2 meaningful use criteria with an implementation date of October 1, 2013 for the hospital and January 1, 2014 for the physicians

## 6. Investments

The composition of investments at June 30 is set forth in the following table

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Assets limited as to use** | | |
| Internally designated by board | | |
| Cash and short-term investments | $ 12,231 | $ 4,666 |
| U S government securities | 30,359 | 41,468 |
| Domestic corporate debt securities | 84,300 | 110,764 |
| Global debt securities | 95,728 | 42,993 |
| Domestic equities | 106,404 | 91,841 |
| International equities | 44,791 | 37,235 |
| Emerging markets equities | 17,876 | 16,432 |
| Private equity funds | 29,059 | 33,373 |
| Hedge funds | 38,555 | 39,481 |
| Other | 1,108 | 1,389 |
| | 460,411 | 419,642 |
| **Investments held by captive insurance companies (Note 13)** | | |
| Cash and short-term investments | - | 3,120 |
| U S government securities | 43,508 | 20,687 |
| Domestic corporate debt securities | 36,790 | 57,716 |
| Domestic equities | 17,261 | 14,497 |
| | 97,559 | 96,020 |
| **Held by trustee under indenture agreement (Note 11)** | | |
| Cash and short-term investments | 496 | 5,316 |
| | 496 | 5,316 |
| Total assets limited as to use | $ 558,466 | $ 520,978 |

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Other investments for restricted activities** | | |
| Cash and short-term investments | $ 4,093 | $ 5,083 |
| U S government securities | 9,279 | 6,521 |
| Domestic corporate debt securities | 32,961 | 42,574 |
| Global debt securities | 15,583 | 9,635 |
| Domestic equities | 16,621 | 15,321 |
| International equities | 6,495 | 5,941 |
| Emerging markets equities | 2,675 | 2,754 |
| Private equity funds | 3,953 | 5,179 |
| Hedge funds | 5,245 | 6,127 |
| Other | 182 | 147 |
| Total other investments for restricted activities | $ 97,087 | $ 99,282 |

Investments are accounted for using either the fair value method or equity method of accounting, as appropriate on a case by case basis The fair value method is used when D-H directly owns debt securities or equity securities that are traded on active markets and are valued at prices that are readily available in those markets The equity method is used when D-H invests in pooled/commingled investment funds that represent investments where D-H owns shares or units of pooled funds rather than the underlying securities in that fund These pooled/commingled funds make underlying investments in securities from the asset classes listed above All investments, whether the fair value or equity method of accounting is used, are reported at what D-H believes to be the amount that D-H would expect to receive if it liquidated its investments at the balance sheet date on a non-distressed basis

The following tables summarize the investments by the accounting method utilized, as of June 30, 2013 and 2012 Accounting standards require D-H to disclose additional information for those securities accounted for using the fair value method, as shown in Note 8

| | 2013 | | |
|---|---|---|---|
| *(in thousands of dollars)* | **Fair Value** | **Equity** | **Total** |
| Cash and short-term investments | $ 16,806 | $ 14 | $ 16,820 |
| U S government securities | 83,146 | - | 83,146 |
| Domestic corporate debt securities | 115,423 | 38,628 | 154,051 |
| Global debt securities | 52,518 | 58,793 | 111,311 |
| Domestic equities | 125,563 | 14,723 | 140,286 |
| International equities | 403 | 50,884 | 51,287 |
| Emerging markets equities | 243 | 20,308 | 20,551 |
| Private equity funds | - | 33,012 | 33,012 |
| Hedge funds | - | 43,800 | 43,800 |
| Other | 1,289 | - | 1,289 |
| | $ 395,391 | $ 260,162 | $ 655,553 |

| *(in thousands of dollars)* | 2012 Fair Value | 2012 Equity | 2012 Total |
|---|---|---|---|
| Cash and short-term investments | $ 18,185 | $ - | $ 18,185 |
| U S government securities | 68,676 | - | 68,676 |
| Domestic corporate debt securities | 211,054 | - | 211,054 |
| Global debt securities | 29,620 | 23,008 | 52,628 |
| Domestic equities | 74,013 | 47,646 | 121,659 |
| International equities | 163 | 43,013 | 43,176 |
| Emerging markets equities | 205 | 18,981 | 19,186 |
| Private equity funds | - | 38,552 | 38,552 |
| Hedge funds | - | 45,608 | 45,608 |
| Other | 1,536 | - | 1,536 |
| | $ 403,452 | $ 216,808 | $ 620,260 |

Investment income (losses) are comprised of the following for the year ended June 30, 2013 and nine months ended June 30, 2012

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Unrestricted** | | |
| Interest and dividend income, and other | $ 9,496 | $ 8,966 |
| Net realized gains on sales of securities | 26,143 | 5,769 |
| Change in net unrealized gains on investments | 5,173 | 21,870 |
| Interest expense (Note 11) | (3,750) | (2,850) |
| | 37,062 | 33,755 |
| **Temporarily restricted** | | |
| Interest and dividend income, net | $ (143) | $ 768 |
| Net realized (losses) gains on sales of securities | (550) | 992 |
| Change in net unrealized gains on investments | 551 | 1,936 |
| | (142) | 3,696 |
| | $ 36,920 | $ 37,451 |

For the year ended June 30, 2013 and nine months ended June 30, 2012, investment income (losses) is reflected in the accompanying combined statements of operations and changes in net assets as operating revenue of approximately $3,131,000 and $1,724,000 and as nonoperating gains (losses) of approximately $33,931,000 and $32,031,000, respectively

Private equity limited partnership shares are not eligible for redemption from the fund or general partner, but can be sold to third party buyers in private transactions that typically can be completed in approximately 90 days It is the intent of D-H to hold these investments until the fund has fully distributed all proceeds to the limited partners and the term of the partnership agreements expire Under the terms of these agreements, D-H has committed to contribute a specified level of capital over a defined period of time Through June 30, 2013 and 2012, D-H has committed to contribute approximately $62,783,000 and $58,033,000 to such funds, of which D-H has contributed approximately $52,711,000 and $48,224,000 and has outstanding commitments of $10,072,000 and $9,809,000, respectively

## 7. Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows at June 30

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| Land | $ 25,427 | $ 22,527 |
| Land improvements | 27,554 | 23,720 |
| Buildings and improvements | 568,508 | 523,641 |
| Equipment | 440,122 | 413,262 |
| Equipment under capital leases | 9,982 | 9,769 |
| | 1,071,593 | 992,919 |
| Less Accumulated depreciation and amortization | 635,216 | 581,477 |
| Total depreciable assets, net | 436,377 | 411,442 |
| Construction in progress | 21,258 | 33,156 |
| | $ 457,635 | $ 444,598 |

As of June 30, 2013 construction in progress primarily consists of the construction of the Advanced Surgery Center and the Williamson Research building in Lebanon, NH Estimated costs to complete these projects are $19,400,000 at June 30, 2013

Depreciation and amortization expense included in operating and nonoperating activities was approximately $53,907,000 and $39,584,000 for 2013 and 2012, respectively

## 8. Fair Value Measurements

The following is a description of the valuation methodologies used by D-H for its assets and liabilities measured at fair value on a recurring basis

*Cash and short-term investments* Consists of money market funds and are valued at NAV reported by the financial institution

*Domestic, emerging markets and international equities* Consists of actively traded equity securities and mutual funds which are valued at the closing price reported on an active market on which the individual securities are traded (Level 1 measurements)

*U.S. government securities, domestic corporate and global debt securities* Consists of D-H's directly owned U S government securities, domestic corporate and global debt securities and D-H's investment in mutual funds and pooled/commingled funds that invest in U S government securities, domestic corporate and global debt securities Securities owned directly by D-H are valued based on quoted market prices or dealer quotes where available (Level 1 measurements) If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or, if necessary, matrix pricing from a third party pricing vendor to determine fair value (Level 2 measurements) Matrix prices are based on quoted prices for securities with similar coupons, ratings and maturities, rather than on specific bids and offers for a designated security Investments in mutual funds are measured based on the quoted NAV as of the close of business in the respective active market (Level 1 measurements)

*Interest rate swaps* The fair value of interest rate swaps, are determined using the present value of the fixed and floating legs of the swaps Each series of cash flows are discounted by observable market interest rate curves and credit risk

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

Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement The following tables set forth D-H's combined financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30

| | 2013 | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands of dollars)* | Level 1 | Level 2 | Level 3 | Total | Redemption or Liquidation | Days' Notice |
| **Investments** | | | | | | |
| Cash and short term investments | $ 16,751 | $ 55 | $ - | $ 16,806 | Daily | 1 |
| U S government securities | 83,146 | - | - | 83,146 | Daily | 1 |
| Domestic corporate debt securities | 39,176 | 76,247 | - | 115,423 | Daily–Monthly | 1–15 |
| Global debt securities | 47,572 | 4,946 | - | 52,518 | Daily–Monthly | 1–15 |
| Domestic equities | 125,563 | - | - | 125,563 | Daily–Monthly | 1–10 |
| International equities | 403 | - | - | 403 | Daily–Monthly | 1–11 |
| Emerging market equities | 243 | - | - | 243 | Daily–Monthly | 1–7 |
| Other | - | 1,289 | - | 1,289 | Not applicable | Not applicable |
| | $ 312,854 | $ 82,537 | $ - | $ 395,391 | | |
| Interest rate swaps | $ - | $ 22,285 | $ - | $ 22,285 | Not applicable | Not applicable |

| | 2012 | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands of dollars)* | Level 1 | Level 2 | Level 3 | Total | Redemption or Liquidation | Days' Notice |
| **Investments** | | | | | | |
| Cash and short term investments | $ 18,185 | $ - | $ - | $ 18,185 | Daily | 1 |
| U S government securities | 68,676 | - | - | 68,676 | Daily | 1 |
| Domestic corporate debt securities | 109,835 | 101,219 | - | 211,054 | Daily–Monthly | 1–15 |
| Global debt securities | 23,728 | 5,892 | - | 29,620 | Daily–Monthly | 1–15 |
| Domestic equities | 74,013 | - | - | 74,013 | Daily–Monthly | 1–10 |
| International equities | 163 | - | - | 163 | Daily–Monthly | 1–11 |
| Emerging market equities | 205 | - | - | 205 | Daily–Monthly | 1–7 |
| Other | - | 1,536 | - | 1,536 | Not applicable | Not applicable |
| | $ 294,805 | $ 108,647 | $ - | $ 403,452 | | |
| Interest rate swaps | $ - | $ 29,006 | $ - | $ 29,006 | Not applicable | Not applicable |

There were no transfers into and out of Level 1 and Level 2 measurements due to changes in valuation methodologies during the year ended June 30, 2013 and nine months ended June 30, 2012

## 9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| Healthcare services | $ 17,158 | $ 17,454 |
| Research | 23,558 | 29,049 |
| Purchase of equipment | 1,953 | 3,833 |
| Charity care | 1,330 | 1,420 |
| Health education | 8,698 | 9,029 |
| Other | 1,550 | 1,064 |
| | $ 54,247 | $ 61,849 |

Permanently restricted net assets consist of the following at June 30

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| Healthcare services | $ 11,864 | $ 11,841 |
| Research | 3,253 | 2,770 |
| Purchase of equipment | 4,686 | 4,686 |
| Charity care | 2,566 | 2,443 |
| Health education | 8,886 | 9,269 |
| | $ 31,255 | $ 31,009 |

Income earned on permanently restricted net assets is available for these purposes

## 10. Board Designated and Endowment Funds

D-H's net assets include approximately 50 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees has interpreted the NH *Uniform Prudent Management of Institutional Funds Act (UPMIFA or Act)* for donor-restricted endowment funds as requiring the preservation of the original value of gifts, as of the gift date, to donor-restricted endowment funds, absent explicit donor stipulations to the contrary D-H 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, if any Collectively these amounts are referred to as the historic dollar value of the fund

Unrestricted net assets include D-H funds designated by the Board of Trustees to function as endowments and the income from certain donor-restricted endowment funds, and any accumulated investment return thereon, which pursuant to donor intent may be expended based on trustee or management designation Temporarily restricted net assets include funds appropriated for expenditure pursuant to D-H endowment and investment spending policies, certain expendable endowment gifts from donors, and any retained income and appreciation on donor-restricted endowment funds, which are restricted by the donor to a specific purpose or by law When the temporary restrictions on these funds have been met, the funds are reclassified to unrestricted net assets

In accordance with the Act, D-H 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 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 available, and D-H's investment policies

D-H has endowment investment and spending policies that attempt to provide a predictable stream of funding for programs supported by its endowment while ensuring that the purchasing power does not decline over time D-H targets a diversified asset allocation that places emphasis on investments in domestic and international equities, fixed income, private equity, and hedge fund strategies to achieve its long-term return objectives within prudent risk constraints The D-H Investment Committee reviews the policy portfolio asset allocations, exposures, and risk profile on an ongoing basis

D-H, as a policy, may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to donor intent expressed in the gift instrument and the standard of prudence prescribed by the Act

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value Such market losses were not material as of June 30, 2013 and 2012

Endowment net asset composition by type of fund consists of the following at June 30

| | 2013 | | | |
|---|---|---|---|---|
| *(in thousands of dollars)* | **Unrestricted** | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| Donor-restricted endowment funds | $ - | $ 11,672 | $ 31,255 | $ 42,927 |
| Board-designated endowment funds | 19,304 | - | - | 19,304 |
| Total endowed net assets | $ 19,304 | $ 11,672 | $ 31,255 | $ 62,231 |

| | 2012 | | | |
|---|---|---|---|---|
| *(in thousands of dollars)* | **Unrestricted** | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| Donor-restricted endowment funds | $ - | $ 13,091 | $ 31,009 | $ 44,100 |
| Board-designated endowment funds | 19,965 | - | - | 19,965 |
| Total endowed net assets | $ 19,965 | $ 13,091 | $ 31,009 | $ 64,065 |

Changes in endowment net assets for the year ended June 30, 2013 and nine months ended June 30, 2012

| | 2013 | | | |
|---|---|---|---|---|
| *(in thousands of dollars)* | **Board - Designated** | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| **Balances at beginning of year** | $ 19,965 | $ 13,091 | $ 31,009 | $ 64,065 |
| Net investment return | 767 | (134) | - | 633 |
| Contributions | - | 1 | 186 | 187 |
| Transfers | - | 114 | 60 | 174 |
| Release of appropriated funds | (1,428) | (1,400) | - | (2,828) |
| **Balances at end of year** | $ 19,304 | $ 11,672 | $ 31,255 | $ 62,231 |

| | 2012 | | | |
|---|---|---|---|---|
| *(in thousands of dollars)* | **Board - Designated** | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| **Balances at beginning of year** | $ 19,354 | $ 10,823 | $ 30,988 | $ 61,165 |
| Net investment return | 191 | 3,247 | - | 3,438 |
| Contributions | - | 11 | 21 | 32 |
| Transfers | 450 | - | - | 450 |
| Release of appropriated funds | (30) | (990) | - | (1,020) |
| **Balances at end of year** | $ 19,965 | $ 13,091 | $ 31,009 | $ 64,065 |

## 11. Indebtedness

### Long-Term Debt

A summary of long-term debt at June 30 follows

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Variable rate issues** | | |
| New Hampshire Health and Education Facilities Authority Revenue Bonds | | |
| Series 2011, principal maturing in varying annual amounts, through August 2031 (3) | $ 96,625 | $ 99,702 |
| **Fixed rate issues** | | |
| New Hampshire Health and Education Facilities Authority Revenue Bonds | | |
| Series 2012A, principal maturing in varying annual amounts, through August 2031 (2) | 75,000 | - |
| Series 2012B, principal maturing in varying annual amounts, through August 2031 (2) | 41,170 | - |
| Series 2010, principal maturing in varying annual amounts, through August 2040 (4) | 75,000 | 75,000 |
| Series 2009, principal maturing in varying annual amounts, through August 2038 (5) | 120,420 | 125,435 |
| Series 2002, principal maturing in varying annual amounts, through August 2031 (6) | - | 115,930 |
| Other | | |
| Series 2012, principal maturing in varying annual amounts, through July 2019 (1) | 148,000 | - |
| Obligations under capital leases | 1,313 | 2,485 |
| | 557,528 | 418,552 |
| Less | | |
| Original issue discount, net | 1,440 | 1,166 |
| Current portion | 11,963 | 9,675 |
| | $ 544,125 | $ 407,711 |

The Hospital established the Obligated Group in 1993 for the original purpose of issuing bonds financed through the New Hampshire Health and Education Facilities Authority (NHHEFA or the Authority) In subsequent years, Central Vermont Medical Center (CVMC), Cooley Dickinson Hospital, Inc (CDH), and the Clinic joined the Hospital as members of the Obligated Group in connection with the issuance of facility-specific revenue bonds Effective November 1, 2011, CVMC formally withdrew from the Obligated Group Effective August 1, 2013, CDH formally withdrew from the Obligated Group

Revenue Bonds issued by members of the Obligated Group are administered through notes registered in the name of the Bond Trustee and in accordance with the terms of a Master Trust Indenture The Master Trust Indenture contains provisions permitting the addition, withdrawal, or consolidation of members of the Obligated Group under certain conditions The notes constitute a joint and several obligation of the members of the Obligated Group (and any other future members of the Obligated Group) and are equally and ratably collateralized by a pledge of the members'

gross receipts Payment of principal and interest due on the Series 2002 Bonds were collateralized with a commercial bond insurer The series 2002 bonds were advance refunded in November 2012 The Obligated Group is also subject to certain annual covenants under the Master Trust Indenture, the most restrictive of which are the Maximum Annual Debt Service Coverage Ratio (1 10x) and the Days Cash on Hand Ratio (> 75 days)

Outstanding revenue bonds as of June 30, 2013 and 2012 include

1 **Series 2012 Revenue Bonds**
The Hospital and the Clinic, through the Obligated Group, issued NHHEFA Revenue Bonds, Series 2012, in July 2012 The proceeds from the Series 2012 Revenue Bonds were used to prefund the D-H defined benefit pension plan Interest on the Series 2012 Revenue bonds accrues at a fixed rate of 2 47% and matures at various dates through 2019

2 **Series 2012A and 2012B Revenue Bonds**
The Hospital, through the Obligated Group, issued NHHEFA Revenue Bonds, Series 2012A and Series 2012B in November 2012 The proceeds from the Series 2012A and 2012B were used to advance refund the Series 2002 Revenue Bonds and to cover cost of issuance The advance refunding of the Series 2002 Revenue Bonds resulted in a loss of $3,500,000, recognized in the accompanying combined statement operations and changes in net assets for the year ended June 30, 2013 Interest on the 2012A Revenue Bonds is fixed with an interest rate of 2 29% and matures at various dates through 2031 Interest on the Series 2012B Revenue Bonds is fixed with an interest rate of 2 33% and matures at various dates through 2031

3 **Series 2011 Revenue Bonds**
The Hospital, through the Obligated Group, issued NHHEFA Revenue Bonds, Series 2011 in August 2011 The proceeds from the Series 2011 Revenue Bonds were used to advance refund the Series 2001A Revenue Bonds and associated cost of issuance and related release of 2001A debt service funds totaling approximately $8 4 million The advance refunding of the Series 2001A Revenue Bonds resulted in a loss of $1,698,000, recognized in the combined statement of operations and changes in net assets during the year ended September 30, 2011 The Series 2011 Revenue Bonds accrue interest variably and mature at various dates through 2031 based on the one-month London Interbank Offered Rate (LIBOR) The variable rate as of June 30, 2013 and 2012 was 1 04% and 1 08%, respectively The Series 2011 Bonds are callable by the bank upon the end of seven years or may be renegotiated at that time

4 **Series 2010 Revenue Bonds**
The Hospital, through the Obligated Group, issued NHHEFA Revenue Bonds, Series 2010, in June 2010 The proceeds from the Series 2010 Revenue Bonds were used to construct a 140,000 square foot ambulatory care facility in Nashua, NH as well as various equipment and to cover cost of issuance Interest on the bonds accrue at a fixed rate of 5 00% and mature at various dates through August 2040

5 **Series 2009 Revenue Bonds**
The Hospital, through the Obligated Group, issued NHHEFA Revenue Bonds, Series 2009, in August 2009 The proceeds from the Series 2009 Revenue Bonds were used to advance refund the Series 2008 Revenue Bonds and cover cost of issuance Interest on the Series 2009 Revenue Bonds accrue at varying fixed rates between 3 00% and 6 00% and mature at various dates through August 2038

**6 Series 2002 Revenue Bonds**

The Hospital, through the Obligated Group, issued NHHEFA Revenue Bonds, Series 2002 in February 2002 The proceeds were used to finance a significant expansion of the D-H facilities The Series 2002 Bonds bear interest at 5 35% and were due to mature at various dates through August 2031 The Series 2002 Revenue Bonds were advance refunded in November 2012

Aggregate annual principal payments required under D-H revenue bond agreements and capital lease obligations for the next five years and thereafter ending June 30 are as follows

*(in thousands of dollars)*

| | | |
|---|---|---|
| 2014 | $ | 11,963 |
| 2015 | | 12,355 |
| 2016 | | 14,773 |
| 2017 | | 15,187 |
| 2018 | | 15,697 |
| Thereafter | | 487,553 |
| | $ | 557,528 |

Outstanding joint and several indebtedness of the Obligated Group at June 30, 2013 and 2012 approximates $616,000,000 and $480,000,000, respectively

The Master Trust Indenture requires that members of the Obligated Group establish certain debt service funds with the proceeds of the bonds, including the maintenance of debt service reserves and other trustee held funds Trustee held funds of approximately $496,000 and $5,316,000 at June 30, 2013 and 2012, respectively, are classified as assets limited as to use in the accompanying combined balance sheets The decrease of trustee held funds in 2012 is a result of the continued construction of the Nashua Medical Staff Office Building and the release of debt service reserve funds associated with the Series 2001A refunded bonds

For the year ended June 30, 2013 and nine months ended June 30, 2012, interest expense on long term debt is reflected in the accompanying combined statements of operations and changes in net assets as operating expense of approximately $19,243,000 and $12,614,000 and as a reduction of investment income of $3,750,000 and $2,850,000, respectively

The estimated fair value of D-H's long-term debt as of June 30, 2013 and 2012 was approximately $561,000,000 and $430,510,000, respectively, which was determined by discounting the future cash flows of each instrument at rates that reflect rates currently observed in publicly traded debt markets for debt of similar terms to organizations with comparable credit risk

**Swap Agreements**

D-H is subject to market risks such as changes in interest rates that arise from normal business operation D-H regularly assesses these risks and has established business strategies to provide natural offsets, supplemented by the use of derivative financial instruments to protect against the adverse effect of these and other market risks D-H has established clear policies, procedures, and internal controls governing the use of derivatives and does not use them for trading, investment, or other speculative purposes

In connection with the issuance of the Series 2001A Bonds, D-H entered into an interest rate swap agreement (Fixed Payor Swap), with a notional amount of $118,780,000, as a hedge against the variability of cash flows associated with its variable rate Series 2001A Bonds The interest rate swap agreement matures August 31, 2031 The interest rate swap agreement effectively fixed the interest rate on the Series 2001A Bonds at 4 56% As a result of the credit market disruptions in the autumn of 2008, the counterparty to the Fixed Payor Swap exercised its option to apply the Securities Industry and Financial Markets Association (SIFMA) rate index through August 1, 2011 for purposes of calculating the interest to be received under the Fixed Payor Swap The SIFMA rate index replaced the previous method of using the rate of interest on the Series 2001A Bonds Effective August 1, 2011 and through the maturity of the agreement, the interest to be received under the Fixed Payor Swap is based on the LIBOR index

In connection with the advance refunding of the Series 2001A Revenue Bonds through the issuance of the Series 2011 Revenue Bonds, D-H also amended the Fixed Payor Swap resulting in a partial redemption of approximately $4,068,000 and a re-designation as a cashflow hedge of the Series 2011 Revenue Bonds, effective September 1, 2011 The notional amount of the amended Fixed Payor Swap is $91,040,000 The amended Fixed Payor Swap effectively fixes the interest rate on the Series 2011 Revenue Bonds at 4 56%

At June 30, 2013 and June 30, 2012, D-H recorded a liability for the fair value of the interest rate swap agreement of approximately $22,285,000 and $29,006,000, respectively The effective portion of the change in market value of the Fixed Payor Swap is reflected as an adjustment to unrestricted net assets in the combined statements of operations and changes in net assets and any ineffective portion of the hedge relationship is recognized through excess of revenue over expenses For the year ended June 30, 2013 and nine months ended June 30, 2012, there was no material impact on operations due to hedge ineffectiveness

The obligation of D-H to make payments on its bonds with respect to interest is in no way conditional upon D-H's receipt of payments from the interest rate swap agreement counterparty

## 12. Employee Benefits

### Defined Benefit Plan

Employees of D-H who were employed or offered employment prior to February 9, 2006, and who met certain age and service requirements were covered by one of two defined benefit pension plans The benefits are based on years of service and the employee's average compensation Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future Effective December 31, 2011 D-H administratively merged the two defined benefit plans The merging of the plans did not change the benefits available under the previously existing plans

On March 14, 2013, the D-H Board of Trustees approved the enactment of a five-year delayed freeze of the defined benefit plan After December 31, 2017 participants will no longer earn benefits under the defined benefit plan, and will transition to the defined contribution plan The Board also approved the elimination of the transition payments associated with the 2006 choice program after December 31, 2017

In addition, D-H began a process to settle the obligations of the defined benefit pension plan through a bulk lump sum distribution and purchase of annuity contracts to settle a portion of the benefit obligations due to retirees The annuity purchase process will follow broad guidelines established by the Department of Labor ("DOL") and will continue over five years

The Dartmouth-Hitchcock Pension Group Trust (the Group Trust) was established for the purpose of operating a master investment program of defined benefit pension investments Substantially all of the Hospital's and Clinic's defined benefit pension assets were invested in the Group Trust by purchasing units based on the market value of the Group Trust funds at the end of the month prior to receipt of any additions to the funds Investment income earned on the Group Trust funds was allocated monthly based on the weighted average units outstanding at month-end Realized gains and losses on sales of securities were allocated based on the number of units outstanding at the previous month-end As a result of the merger of the two defined benefit plans the Group Trust was dissolved effective December 31, 2011, and all assets are now held by the Plan and Master Trust

In addition to the defined benefit pension plans, D-H established the Dartmouth-Hitchcock Retirement Program in 2006 The Dartmouth-Hitchcock Retirement Program consists of three components, all defined contribution in nature an employer-sponsored 403(b) pre-tax program, an employer-sponsored 401(a) plan, and a nonqualified supplemental retirement program Under the Dartmouth-Hitchcock Retirement Program, D-H has allowed certain employees of the Clinic and Hospital to continue to earn benefit service in the defined benefit pension plan, provided that they met certain criteria Other employees, comprised of employees (1) who received an offer of employment on or after February 9, 2006, (2) who have not been eligible to participate in or accrue benefits under the defined benefit pension plans, and (3) who have made the choice to irrevocably elect to participate in the new retirement program, are not eligible to earn benefit service in the defined benefit pension plans after December 31, 2006

In addition to providing pension benefits, D-H sponsors postretirement healthcare plans for retired employees, and the Clinic provides postretirement life insurance benefits for retired employees

Net periodic pension expense included in employee benefits in the combined statements of operations and changes in net assets is comprised of the components listed below for the year ended June 30, 2013 and nine months ended June 30, 2012

| *(in thousands of dollars)* | **2013** | **2012** |
|---|---|---|
| Service cost for benefits earned during the year | $ 15,368 | $ 11,455 |
| Interest cost on projected benefit obligation | 43,818 | 32,543 |
| Expected return on plan assets | (56,817) | (36,078) |
| Net amortization | 25,535 | 14,855 |
| Curtailments | 370 | - |
| | $ 28,274 | $ 22,775 |

The following assumptions were used to determine net periodic pension expense

| | **2013** | **2012** |
|---|---|---|
| Weighted average discount rate | 4 90 % | 5 30 % |
| Rate of increase in compensation for next 12 months | Age Graded | 0 00 % |
| Rate of increase in compensation beyond 12 months | Age Graded | 2 00 % |
| Expected long-term rate of return on plan assets | 7 75 % | 8 25 % |

The following table sets forth the funded status and amounts recognized in D-H's combined financial statements for the above referenced defined benefit pension plans at June 30

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation at beginning of year | $ 926,961 | $ 849,369 |
| Service cost | 15,368 | 11,455 |
| Interest cost | 43,818 | 32,543 |
| Benefits paid | (30,398) | (42,167) |
| Actuarial (gain) loss | (54,031) | 75,761 |
| Curtailments | (31,281) | - |
| Settlements | (58,063) | - |
| Benefit obligation at end of year | 812,374 | 926,961 |
| **Change in plan assets** | | |
| Fair value of plan assets at beginning of year | 609,110 | 573,591 |
| Actual return on plan assets | 10,366 | 66,073 |
| Benefits paid | (30,398) | (42,167) |
| Employer contributions | 187,049 | 11,613 |
| Settlements | (58,063) | - |
| Fair value of plan assets at end of year | 718,064 | 609,110 |
| Funded status of the plans | (94,310) | (317,851) |
| Liability for pension | $ (94,310) | $ (317,851) |

For the year ended June 30, 2013 and nine months ended June 30, 2012, the liability for pension is included in the liability for pension and other postretirement plan benefits in the accompanying combined balance sheets

Amounts not yet reflected in net periodic pension expense and included in the change in unrestricted net assets are as follows

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| Net actuarial loss | $ 291,203 | $ 355,185 |
| Prior service cost | 1,369 | 2,152 |
| | $ 292,572 | $ 357,337 |

The estimated amounts that will be amortized from unrestricted net assets into net periodic pension expense in 2014 are as follows

| *(in thousands of dollars)* | 2013 |
|---|---|
| Unrecognized prior service cost | $ 380 |
| Net actuarial loss | 17,284 |
| | $ 17,664 |

The accumulated benefit obligation for the defined benefit pension plan was approximately $784,944,000 and $854,615,000 at June 30, 2013 and 2012, respectively

The following table sets forth the assumptions used to determine the benefit obligation at June 30

| | 2013 | 2012 |
|---|---|---|
| Weighted average discount rate | 5 50 % | 4 90 % |
| Rate of increase in compensation | Age Graded | Age Graded |
| Expected long-term rate of return on plan assets | 7 75 % | 8 25 % |

The primary investment objective for the Plan assets is to support the Pension liabilities of the Pension Plan for Employees of Dartmouth-Hitchcock, by providing long-term capital appreciation and by also using a Liability Driven Investing ("LDI") strategy to partially hedge the impact fluctuating interest rates have on the value of plan liabilities As of June 30, 2013, it is expected that the LDI strategy will hedge approximately 75% of the interest rate risk associated with the pension liabilities To achieve these appreciation and hedging objectives, plan assets utilize a diversified structure of asset classes designed to achieve stated performance objectives measured on a total return basis, which includes income plus realized and unrealized gains and losses

The range of target allocation percentages and the target allocations for the various investments are as follows

| | Range of Target Allocations | Target Allocations |
|---|---|---|
| Cash and short-term investments | 0-5 % | 3 % |
| Domestic debt securities (non-Governmental) | 20-58 | 42 |
| International debt securities | 6-26 | 10 |
| Domestic equities | 5-35 | 18 |
| International equities | 5-15 | 10 |
| Emerging market equities | 3-13 | 5 |
| Private equity funds | 0-5 | 0 |
| Hedge funds | 5-18 | 12 |

To the extent an asset class falls outside of its target range on a quarterly basis, D-H shall determine appropriate steps, as it deems necessary, to rebalance the asset class

The Boards of Trustees of the Hospital and Clinic, as Plan Sponsors, oversee the design, structure, and prudent professional management of the D-H Plans' assets, in accordance with Board approved investment policies, roles, responsibilities and authorities and more specifically the following

- Establishing and modifying asset class targets with Board approved policy ranges,
- Approving the asset class rebalancing procedures,
- Hiring and terminating investment managers, and

- Monitoring performance of the investment managers, custodians and investment consultants

The hierarchy and inputs to valuation techniques to measure fair value of the Plan's assets are the same as outlined in Note 8 In addition, the estimation of fair value of investments in private equity and hedge funds for which the underlying securities do not have a readily determinable value is made using the NAV per share or its equivalent as a practical expedient D-H Plans own interests in these funds rather than in securities underlying each fund and, therefore, are generally required to consider such investments as Level 2 or Level 3, even though the underlying securities may not be difficult to value or may be readily marketable The following table sets forth D-H Plans' investments that were accounted for at fair value as of June 30

| | 2013 | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands of dollars)* | **Level 1** | **Level 2** | **Level 3** | **Total** | **Redemption or Liquidation** | **Days' Notice** |
| **Investments** | | | | | | |
| Cash and short-term investments | $ 12,381 | $ 48,462 | $ - | $ 60,843 | Daily | 1 |
| Domestic debt securities | 75,561 | 192,591 | - | 268,152 | Daily–Monthly | 1–15 |
| Global debt securities | 27,779 | 41,387 | - | 69,166 | Daily–Monthly | 1–15 |
| Domestic equities | 122,794 | 27,134 | - | 149,928 | Daily–Monthly | 1–10 |
| International equities | - | 77,286 | - | 77,286 | Daily–Monthly | 1–11 |
| Emerging market equities | - | 32,422 | - | 32,422 | Daily–Monthly | 1–17 |
| Private equity funds | - | - | 12,761 | 12,761 | See Note 6 | See Note 6 |
| Hedge funds | - | 21,057 | 26,449 | 47,506 | Quarterly–Annual | 60–96 |
| | $ 238,515 | $ 440,339 | $ 39,210 | $ 718,064 | | |

| | 2012 | | | | | |
|---|---|---|---|---|---|---|
| *(in thousands of dollars)* | **Level 1** | **Level 2** | **Level 3** | **Total** | **Redemption or Liquidation** | **Days' Notice** |
| **Investments** | | | | | | |
| Cash and short-term investments | $ 5,938 | $ - | $ - | $ 5,938 | Daily | 1 |
| Domestic debt securities | 62,117 | 141,645 | - | 203,762 | Daily–Monthly | 1–15 |
| Global debt securities | 28,197 | 40,885 | - | 69,082 | Daily–Monthly | 1–15 |
| Domestic equities | 70,186 | 61,061 | - | 131,247 | Daily–Monthly | 1–10 |
| International equities | - | 65,170 | - | 65,170 | Daily–Monthly | |
| Emerging market equities | - | 30,402 | - | 30,402 | Daily–Monthly | 1–17 |
| Private equity funds | - | - | 16,243 | 16,243 | See Note 6 | See Note 6 |
| Hedge funds | - | 18,639 | 68,627 | 87,266 | Quarterly–Annual | 60–96 |
| | $ 166,438 | $ 357,802 | $ 84,870 | $ 609,110 | | |

The following table presents additional information about the changes in Level 3 assets measured at fair value for the year ended June 30, 2013 and nine months ended June 30, 2012

| | 2013 | | |
|---|---|---|---|
| *(in thousands of dollars)* | Hedge Funds | Private Equity Funds | Total |
| **Balances at beginning of year** | $ 68,627 | $ 16,243 | $ 84,870 |
| Purchases | - | 12 | 12 |
| Sales | (47,314) | (4,384) | (51,698) |
| Net realized (losses) gains | (5,747) | 621 | (5,126) |
| Net unrealized gains | 10,883 | 269 | 11,152 |
| **Balances at end of year** | $ 26,449 | $ 12,761 | $ 39,210 |

| | 2012 | | |
|---|---|---|---|
| *(in thousands of dollars)* | Hedge Funds | Private Equity Funds | Total |
| **Balances at beginning of year** | $ 58,976 | $ 16,203 | $ 75,179 |
| Purchases | - | 6 | 6 |
| Sales | - | (603) | (603) |
| Net realized gains | - | 71 | 71 |
| Net unrealized gains | 9,651 | 566 | 10,217 |
| **Balances at end of year** | $ 68,627 | $ 16,243 | $ 84,870 |

The total aggregate net unrealized gains (losses) included in the fair value of the Level 3 investments as of June 30, 2013 and 2012 were approximately $5,474,000 and ($5,678,000), respectively

There were no transfers into and out of Level 1 and Level 2 measurements due to changes in valuation methodologies during the year ended June 30, 2013 and nine months ended June 30, 2012

The weighted average asset allocation for the D-H Plans at June 30 by asset category is as follows

| | 2013 | 2012 |
|---|---|---|
| Cash and short-term investments | 8 % | 1 % |
| Domestic debt securities (non-Governmental) | 37 | 33 |
| Global debt securities | 10 | 11 |
| Domestic equities | 21 | 22 |
| International equities | 11 | 11 |
| Emerging market equities | 4 | 5 |
| Private equity funds | 2 | 3 |
| Hedge funds | 7 | 14 |
| | 100 % | 100 % |

The expected long-term rate of return on plan assets is reviewed annually, taking into consideration the asset allocation, historical returns on the types of assets held, and the current economic environment Based on these factors, it is expected that the pension assets will earn an average of 7 15% per annum

D-H is expected to contribute approximately $37,000,000 to the Plans in 2014

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid for the years ending June 30, 2014 and thereafter

| *(in thousands of dollars)* | **Pension Plans** |
|---|---|
| 2014 | $ 29,867 |
| 2015 | 31,996 |
| 2016 | 34,302 |
| 2017 | 36,781 |
| 2018 | 39,608 |
| 2019-2023 | 242,234 |

**Defined Contribution Plan**

The Dartmouth-Hitchcock Retirement Plan is an employer-sponsored 401(a) plan, under which D-H makes base, transition, and match contributions based on specified percentages of compensation and employee deferrals The 401(a) plan includes a discretionary match provision The discretionary match contributions paid during the year ended June 30, 2013 and the nine months ended June 30, 2012 were $2,784,000 and $0, respectively Total employer contributions to the plan of $26,763,000 and $20,992,000 in 2013 and 2012, respectively, are included in employee benefits in the accompanying combined statements of operations and changes in net assets

**Postretirement Medical and Life Benefits**

D-H has postretirement medical and life benefit plans covering certain of its active and former employees The plans generally provide medical and life insurance benefits to certain retired employees of D-H who meet age and years of service requirements The plans are not funded

Net periodic postretirement medical and life benefit cost is comprised of the components listed below for the year ended June 30, 2013 and nine months ended June 30, 2012

| *(in thousands of dollars)* | **2013** | **2012** |
|---|---|---|
| Service cost | $ 1,656 | $ 1,642 |
| Interest cost | 4,181 | 3,990 |
| Amortization of net transition asset | 25 | 20 |
| Amortization of net loss | 489 | 1,147 |
| | $ 6,351 | $ 6,799 |

The following table sets forth the accumulated postretirement medical and life benefit obligation and amounts recognized in D-H's combined financial statements at June 30

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| **Change in benefit obligation** | | |
| Benefit obligation at beginning of year | $ 100,375 | $ 103,401 |
| Service cost | 1,656 | 1,642 |
| Interest cost | 4,181 | 3,990 |
| Benefits paid | (8,043) | (3,555) |
| Actuarial loss | (13,631) | (5,103) |
| Benefit obligation at end of year | 84,538 | 100,375 |
| Funded status of the plans | (84,538) | (100,375) |
| Liability for postretirement medical and life benefits | $ (84,538) | $ (100,375) |

For the year ended June 30, 2013 and nine months ended June 30, 2012, the liability for postretirement medical and life benefits is included in the liability for pension and other postretirement plan benefits in the accompanying combined balance sheets

Amounts not yet reflected in net periodic postretirement medical and life benefit cost and included in the change in unrestricted net assets are as follows

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| Net transition obligation | $ - | $ 32 |
| Net actuarial loss | 4,116 | 18,230 |
| | $ 4,116 | $ 18,262 |

The estimated amounts that will be amortized from unrestricted net assets into net periodic postretirement expense in 2013 are as follows

| *(in thousands of dollars)* | |
|---|---|
| Net transition obligation | $ 7 |
| | $ 7 |

In determining the accumulated postretirement medical and life benefit obligation, D-H used a discount rate of 5 4% and 4 9% in 2013 and 2012, respectively, and an assumed healthcare cost trend rate of 7 25%, trending down to 4 75% in 2018 and thereafter Increasing the assumed healthcare cost trend rates by one percentage point in each year would increase the accumulated postretirement medical benefit obligation as of June 30, 2013 by $8,025,000 and the net periodic postretirement medical benefit cost for the year then ended by $696,000 Decreasing the assumed healthcare cost trend rates by one percentage point in each year would decrease the accumulated postretirement medical benefit obligation as of June 30, 2013 by $6,748,000 and the net periodic postretirement medical benefit cost for the year then ended by $455,000

## 13. Liability Insurance Coverage

D-H, along with certain DHMC members are provided professional and general liability insurance on a claims-made basis through HAC, a captive insurance company located in Bermuda, and RRG, a Vermont captive insurance company D-H and certain DHMC members have ownership interests in both HAC and RRG HAC and RRG, together with the purchase of excess commercial policies, provide the insurance of the covered institutions and named insured's with coverage on a modified claims-made basis that provides specific coverage of claims submitted during the policy term Premiums and related insurance deposits are actuarially determined based on asserted, and incurred but unasserted liability claims The reserves for outstanding losses have been discounted at a rate 3 0% at June 30, 2013 and 2012

Selected financial data of HAC and RRG, taken from the latest available audited and unaudited financial statements, respectively at June 30 are summarized as follows

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| *(in thousands of dollars)* | **HAC** *(audited)* | **RRG** *(unaudited)* | **Total** | **HAC** *(audited)* | **RRG** *(unaudited)* | **Total** |
| Assets | $ 107,596 | $ 1,837 | $ 109,433 | $ 101,584 | $ 2,291 | $ 103,875 |
| Shareholders' equity | 13,620 | 543 | 14,163 | 12,120 | 534 | 12,654 |
| Net income | - | (9) | (9) | - | 63 | 63 |

## 14. Commitments and Contingencies

### Litigation

D-H is involved in various malpractice claims and legal proceedings of a nature considered normal to its business The claims are in various stages and some may ultimately be brought to trial While it is not feasible to predict or determine the outcome of any of these claims, it is the opinion of management that the final outcome of these claims will not have a material effect on the combined financial position of D-H

**Operating Leases and Other Commitments**
D-H leases certain facilities and equipment under operating leases with varying expiration dates D-H's rental expense totaled approximately $9,535,000 for the year ended June 30, 2013 and $8,769,000 for the nine months ended June 30, 2012 Minimum future lease payments under non-cancelable operating leases at June 30, 2013 were as follows

*(in thousands of dollars)*

| | |
|---|---|
| 2014 | $ 7,766 |
| 2015 | 4,995 |
| 2016 | 3,296 |
| 2017 | 794 |
| 2018 | 359 |
| Thereafter | 44 |
| | $ 17,254 |

**Medical Resident Tax Refund**
Employers (typically hospitals and medical schools) and individual taxpayers (medical residents) began filing Federal Insurance Contributions Act (FICA) refund claims in the 1990s based on a position that medical residents are students eligible for the FICA tax exemption under IRC section 3121(b)(10) This is referred to as the student exception The employer's FICA claims were for both the employer and employee withholdings The Internal Revenue Service (IRS) held certain claims in suspense because there was a dispute as to whether the student FICA tax exception applied

In March 2010, the IRS made an administrative determination to accept the position that medical residents were exempt from FICA taxes for tax periods ending before April 1, 2005, when new IRS regulations went into effect The Hospital has filed claims for years 1999 through the first quarter of 2005 for which the IRS has acknowledged that it has received the claims for those periods As of September 30, 2010, D-H had substantively completed the necessary actions to perfect its refund claim, and therefore recorded refund receivable and other operating revenue The FICA refund receivable of approximately $410,000 and $8,051,000 including applicable interest is reflected in other current assets in the accompanying combined balance sheets at June 30, 2013 and 2012, respectively

During fiscal year 2013, D-H received refunds totaling approximately $14,474,000 from the IRS representing both employer and employee medical resident tax refunds Of the total received, D-H distributed approximately $6,833,000 back to the residents for their respective share The residents had the option to have the Hospital pursue their respective refund claim on their behalf

An asset and corresponding liability for the resident portion was recorded in the accompanying combined balance sheet as of June 30, 2012 in the amount of $6,700,000, including accrued interest

**Line of Credit**
On July 28, 2011 D-H entered into a Loan Agreement with a financial institution establishing access to revolving loans of up to $60,000,000 Interest is variable and determined using LIBOR The Loan Agreement was due to expire on July 27, 2013, and an extension was negotiated through February 28, 2014 As of and for the twelve months ended June 30, 2013, there was no

outstanding balance and interest expense was approximately $150,000 and is included in the combined statement of operations and changes in net assets

## 15. Functional Expenses

Approximate operating expenses of D-H by function are as follows for the year ended June 30, 2013 and nine months ended June 30, 2012

| *(in thousands of dollars)* | 2013 | 2012 |
|---|---|---|
| Program services | $ 1,068,000 | $ 814,000 |
| Management and general | 209,000 | 124,000 |
| Fundraising | 6,000 | 2,000 |
| | $ 1,283,000 | $ 940,000 |

## 16. Subsequent Event

D-H has assessed the impact of subsequent events through November 22, 2013, the date the audited financial statements were issued, and has concluded that there were no such events that require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements

# Combining Supplemental Information

# Dartmouth-Hitchcock and Subsidiaries
# Combining Balance Sheet
# June 30, 2013

| *(in thousands of dollars)* | 2013 | | | | |
|---|---|---|---|---|---|
| | Dartmouth–Hitchcock | Dartmouth–Hitchcock Medical Center | Hitchcock Foundation | Eliminations | Dartmouth–Hitchcock and Subsidiaries |
| **Assets** | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | $ 44,981 | $ 899 | $ 365 | $ - | $ 46,245 |
| Patient accounts receivable, net | 171,131 | - | - | - | 171,131 |
| Prepaid expenses and other current assets | 78,112 | 140 | 620 | (28) | 78,844 |
| Total current assets | 294,224 | 1,039 | 985 | (28) | 296,220 |
| Assets limited as to use | 558,393 | 73 | - | - | 558,466 |
| Other investments for restricted activities | 75,173 | 144 | 21,770 | - | 97,087 |
| Property, plant, and equipment, net | 454,938 | 2,696 | 1 | - | 457,635 |
| Other assets | 54,382 | - | 12 | - | 54,394 |
| Total assets | $ 1,437,110 | $ 3,952 | $ 22,768 | $ (28) | $ 1,463,802 |
| **Liabilities and Net Assets** | | | | | |
| Current liabilities | | | | | |
| Current portion of long-term debt | $ 11,963 | $ - | $ - | $ - | $ 11,963 |
| Current portion of liability for pension and other postretirement plan benefits | 5,666 | - | - | - | 5,666 |
| Accounts payable and accrued expenses | 72,004 | 568 | 1,271 | (28) | 73,815 |
| Accrued compensation and related benefits | 111,474 | - | - | - | 111,474 |
| Estimated third-party settlements | 21,483 | - | - | - | 21,483 |
| Total current liabilities | 222,590 | 568 | 1,271 | (28) | 224,401 |
| Long-term debt, excluding current portion | 544,125 | - | - | - | 544,125 |
| Insurance deposits and related liabilities | 83,609 | - | - | - | 83,609 |
| Interest rate swaps | 22,285 | - | - | - | 22,285 |
| Liability for pension and other postretirement plan benefits | 173,182 | - | - | - | 173,182 |
| Total liabilities | 1,045,791 | 568 | 1,271 | (28) | 1,047,602 |
| Net assets | | | | | |
| Unrestricted | 315,490 | 3,240 | 11,968 | - | 330,698 |
| Temporarily restricted | 46,692 | 144 | 7,411 | - | 54,247 |
| Permanently restricted | 29,137 | - | 2,118 | - | 31,255 |
| Total net assets | 391,319 | 3,384 | 21,497 | - | 416,200 |
| Commitments and contingencies | - | - | - | - | - |
| Total liabilities and net assets | $ 1,437,110 | $ 3,952 | $ 22,768 | $ (28) | $ 1,463,802 |

# Dartmouth-Hitchcock and Subsidiaries
# Combining Statement of Operations and Changes in Unrestricted Net Assets
# For the Year Ended June 30, 2013

*(in thousands of dollars)*

| | 2013 | | | | |
|---|---|---|---|---|---|
| | Dartmouth–Hitchcock | Dartmouth–Hitchcock Medical Center | Hitchcock Foundation | Eliminations | Dartmouth–Hitchcock and Subsidiaries |
| **Unrestricted revenue and other support** | | | | | |
| Net patient service revenue | $ 1,173,539 | $ - | $ - | $ (8) | $ 1,173,531 |
| Contracted revenue | 87,518 | - | 1,195 | (420) | 88,293 |
| Other operating revenue | 43,043 | 5,046 | 2,557 | (3,561) | 47,085 |
| Net assets released from restrictions | 11,473 | - | 1,741 | - | 13,214 |
| Total unrestricted revenue and other support | 1,315,573 | 5,046 | 5,493 | (3,989) | 1,322,123 |
| **Operating expenses** | | | | | |
| Salaries | 637,491 | - | - | 888 | 638,379 |
| Employee Benefits | 199,312 | - | - | 143 | 199,455 |
| Medical supplies and medications | 175,381 | - | - | (58) | 175,323 |
| Purchased services and other | 136,712 | 4,970 | 3,342 | (4,486) | 140,538 |
| Medicated enhancement tax | 38,261 | - | - | - | 38,261 |
| Medical school financial support | 5,480 | - | - | - | 5,480 |
| Depreciation and amortization | 53,539 | 28 | - | - | 53,567 |
| Interest | 19,243 | - | - | - | 19,243 |
| Expenditures relating to net assets released from restrictions | 11,473 | - | 1,741 | - | 13,214 |
| Total operating expenses | 1,276,892 | 4,998 | 5,083 | (3,513) | 1,283,460 |
| Operating margin | 38,681 | 48 | 410 | (476) | 38,663 |
| **Nonoperating gains (losses)** | | | | | |
| Investment gains | 32,443 | - | 1,488 | - | 33,931 |
| Loss on advance refunding | (3,500) | - | - | - | (3,500) |
| Other, net | (2,779) | - | - | 476 | (2,303) |
| Total nonoperating gains, net | 26,164 | - | 1,488 | 476 | 28,128 |
| Excess of revenue over expenses | 64,845 | 48 | 1,898 | - | 66,791 |
| Other changes in net assets | - | 3,192 | - | - | 3,192 |
| Net assets released from restrictions (Note 8) | 211 | - | 2,549 | - | 2,760 |
| Change in funded status of pension and other postretirement benefits | 81,169 | - | - | - | 81,169 |
| Change in fair value on interest rate swaps | 5,688 | - | - | - | 5,688 |
| Increase in unrestricted net assets | $ 151,913 | $ 3,240 | $ 4,447 | $ - | $ 159,600 |