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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
THE CHESHIRE MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
580 COURT STREET

City or town, state or country, and ZIP + 4
KEENE, NH 03431

D Employer identification number
02-0354549

E Telephone number
(603) 354-5400

G Gross receipts $ 158,992,896

F Name and address of principal officer
ARTHUR NICHOLS
580 COURT STREET
KEENE, NH 03431

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 CHESHIRE-MED COM

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

L Year of formation 1980

M State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE PRIMARY PURPOSE OF THE CHESHIRE MEDICAL CENTER IS TO ENSURE ACCESS TO QUALITY HEALTH CARE SERVICES TO ALL RESIDENTS OF THE MONADNOCK REGION THE ORGANIZATION'S CHARITABLE MISSION IS ENHANCED THROUGH THE OPERATION OF A JOINT OPERATING PARTNERSHIP AGREEMENT WITH THE HITCHCOCK CLINIC THE PURPOSE OF THE JOINT OPERATING PARTNERSHIP AGREEMENT IS TO PROVIDE A MORE EXTENSIVE AND EFFECTIVE HEALTH CARE DELIVERY SYSTEM TO THE COMMUNITIES IN THE MONADNOCK REGION BY ESTABLISHING JOINT PLANNING AND DECISION MAKING PROCESSES, INTERGRATING HEALTH CARE SERVICES AND ESTABLISHING MECHANISMS FOR THE REINVESTMENT OF RESOURCES TO IMPROVE COMMUNITY HEALTH THE FINANCIAL RESULTS OF THE JOINT OPERATING PARTNERSHIP ARE REPORTED ANNUALLY ON FORM 1065, US PARTNERSHIP RETURN OF INCOME

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**	17
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**	1,151
6	Total number of volunteers (estimate if necessary)	**6**	202
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	224,907
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-109,334

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	516,909	721,869
9	Program service revenue (Part VIII, line 2g)	115,775,671	153,224,890
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	637,151	1,408,537
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,354,458	3,637,600
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	120,284,189	158,992,896

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
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)	46,503,524	61,842,012
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	73,879,547	94,352,388
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	120,383,071	156,194,400
19	Revenue less expenses Subtract line 18 from line 12	-98,882	2,798,496

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	130,251,331	136,587,126
21	Total liabilities (Part X, line 26)	79,483,485	68,373,250
22	Net assets or fund balances Subtract line 21 from line 20	50,767,846	68,213,876

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

****** | 2013-11-07
Signature of officer | Date

JILL BATTY CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
WILLIAM G STEELE JR CPA				P00233103

Firm's name ▶ WILLIAM STEELE & ASSOCIATES PC | Firm's EIN ▶ 02-0383073

Firm's address ▶ 40 STARK STREET
MANCHESTER, NH 03101 | Phone no (603) 622-8881

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

THE PRIMARY PURPOSE OF THE CHESHIRE MEDICAL CENTER IS TO ENSURE ACCESS TO QUALITY HEALTH CARE SERVICES TO ALL RESIDENTS OF THE MONADNOCK REGION THE ORGANIZATION'S CHARITABLE MISSION IS ENHANCED THROUGH THE OPERATION OF A JOINT OPERATING PARTNERSHIP AGREEMENT WITH THE HITCHCOCK CLINIC THE PURPOSE OF THE JOINT OPERATING PARTNERSHIP AGREEMENT IS TO PROVIDE A MORE EXTENSIVE AND EFFECTIVE HEALTH CARE DELIVERY SYSTEM TO THE COMMUNITIES IN THE MONADNOCK REGION BY ESTABLISHING JOINT PLANNING AND DECISION MAKING PROCESSES, INTERGRATING HEALTH CARE SERVICES AND ESTABLISHING MECHANISMS FOR THE REINVESTMENT OF RESOURCES TO IMPROVE COMMUNITY HEALTH THE FINANCIAL RESULTS OF THE JOINT OPERATING PARTNERSHIP ARE REPORTED ANNUALLY ON FORM 1065, US PARTNERSHIP RETURN OF INCOME

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 $ 140,994,452 including grants of $) (Revenue $ 154,533,231)

THE CHESHIRE MEDICAL CENTER IS A COMMUNITY HEALTH CARE ORGANIZATION SERVING AS A REGIONAL REFERRAL CENTER FOR KEENE AND THE SURROUNDING SERVICE AREA IT IS FULLY COMMITTED TO MEETING THE HEALTH CARE NEEDS OF THESE COMMUNITIES AND PROVIDING ACCESS TO QUALITY HEALTH CARE SERVICES AND PROGRAMS AS A NON-PROFIT CORPORATION, THE CHESHIRE MEDICAL CENTER ACKNOWLEDGES ITS COMMITMENT TO PROVIDE SERVICES TO THE COMMUNITY THESE SERVICES ARISE PRIMARILY FROM THE FOUR FOLLOWING GENERAL SERVICE CATEGORIES 1) SUBSIDIZATION OF GOVERNMENT-SPONSORED HEALTHCARE PROGRAMS - PRINCIPALLY MEDICARE AND MEDICAID 2) SPONSORSHIP AND/OR SUBSIDIZATION OF HEALTH-RELATED COMMUNITY SERVICES AND EDUCATIONAL PROGRAMS 3) PROVISION OF HEALTHCARE AT NO CHARGE OR REDUCED CHARGE, ACCORDING TO FINANCIAL NEED 4) PROVISION OF 24-HOUR EMERGENCY ROOM SERVICES, WITHOUT REGARD FOR ABILITY TO PAY THE CHESHIRE MEDICAL CENTER, AS A MATTER OF POLICY AND PRACTICE HAS PROVIDED, AND WILL CONTINUE TO PROVIDE, A SIGNIFICANT CONTRIBUTION TO THE COMMUNITIES IT SERVES

4b (Code) (Expenses $ including grants of $) (Revenue $)

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

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 140,994,452

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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b	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		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *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**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
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**		No
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**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
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	176		
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	1,151		
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			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	17		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
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**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
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**			No
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**		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**		No
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**		

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

▶ MARY SHERWIN CONTROLLER CHESHIRE MEDICAL CENTER 580 COURT KEENE, NH (603) 354-5400

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) KATHI SNOW TRUSTEE	2 00	X						0	0	0
(2) LARRY JAEGER MD TRUSTEE	2 00	X						0	0	0
(3) GREGG TEWKSBURY TRUSTEE	2 00	X						0	0	0
(4) WALTER ROHR TRUSTEE	1 00	X						0	0	0
(5) JAY KAHN CHAIR	3 00	X		X				0	0	0
(6) MICHAEL NEWBOLD TRUSTEE	2 00	X						0	0	0
(7) ROGER HANSEN TRUSTEE	2 00	X						0	0	0
(8) SYLVIA MCBETH VICE CHAIR	2 00	X		X				0	0	0
(9) JUDITH BOULE MEDICAL STAFF PRESIDENT	2 00	X						0	0	0
(10) JUDY KALICH TRUSTEE	2 00	X						0	0	0
(11) ROBERT MUCHA TREASURER	2 00	X		X				0	0	0
(12) ARTHUR NICHOLS PRESIDENT	53 00	X		X				544,276	0	52,423
(13) ED BERGERON TRUSTEE	2 00	X						0	0	0
(14) STEVE HORTON TRUSTEE	2 00	X						0	0	0
(15) MARY LOUISE CAFFREY SECRETARY	2 00	X		X				0	0	0
(16) MARY ANN KRISTIANSEN TRUSTEE	1 00	X						0	0	0
(17) GEOF MOLINA TRUSTEE	2 00	X						654	0	0

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			
(18) JILL BATTY VP FINANCE, CFO	52 00			X				263,848	0	44,944
(19) PAUL PEZONE VP SUPPORT SERVICES	51 00				X			164,287	0	23,028
(20) CINDI COUGHLIN CNO	52 00				X			180,618	0	34,023
(21) JULIE GREEN VP HR	50 00					X		170,114	0	41,763
(22) ERLI CHEN PHYSICIST	50 00					X		218,569	0	29,509
(23) LARRY MILLER CHIEF CRNA	50 00					X		192,809	0	37,820
(24) KRISTIN ROSSI CRNA	50 00					X		146,163	0	26,146
(25) DENIS FORTIER PHARMACY DIRECTOR	50 00					X		148,286	0	29,222

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	2,029,624	0	318,878

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 ▶ 30

			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**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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
QUEST DIAGNOSTICS 5763 COLLECTION CENTER DRIVE CHICAGO IL 60693	LAB DIAGNOSTIC SERVICES	847,430
NEW ENGLAND MEDICAL TRANSCRIPTION INC PO BOX 430 WOOLWICH ME 04579	TRANSCRIPTION SERVICES	559,302
ALLSCRIPTS LLC 24630 NETWORK PLACE CHICAGO IL 606731246	TECHNOLOGY	501,498
DARTMOUTH HITCHCOCK ONE MEDICAL CENTER DR LEBANON NH 03755	LAB DIAGNOSTIC SERVICES	458,041
NEW HAMPSHIRE IMAGING 1 PILLSBURY STREET CONCORD NH 033013570	IMAGING SERVICES	327,940

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 ▶ 21

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	136,375			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	585,494			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f			721,869		
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENU	621300		153,164,890	153,164,890	
	b	CONTRACT REVENUE	621300		60,000	60,000	
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f			153,224,890		
	3	Investment income (including dividends, interest, and other similar amounts)			603,239		603,239
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	776,058	29,240			
	b	Less cost or other basis and sales expenses	0	0			
	c	Gain or (loss)	776,058	29,240			
	d	Net gain or (loss)			805,298	29,240	776,058
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	PHARMACY & DRUGS	621300	1,201,406			1,201,406
	b	FOOD SERVICE	621300	932,186			932,186
	c	CHILDCARE CENTER	624410	737,009	512,102	224,907	
	d	All other revenue		766,999	766,999		
	e	**Total.** Add lines 11a–11d		3,637,600			
	12	**Total revenue.** See Instructions		158,992,896	154,533,231	224,907	3,512,889

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,307,447	1,111,330	196,117	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	41,903,808	35,534,429	6,369,379	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,287,040	3,635,410	651,630	
9 Other employee benefits	11,153,864	9,458,477	1,695,387	
10 Payroll taxes	3,189,853	2,704,995	484,858	
11 Fees for services (non-employees)				
a Management				
b Legal	300,026		300,026	
c Accounting	51,070		51,070	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	480,841	407,753	73,088	
12 Advertising and promotion	200,671	200,671		
13 Office expenses	314,966	267,091	47,875	
14 Information technology				
15 Royalties . .				
16 Occupancy	6,672,009	5,657,864	1,014,145	
17 Travel	176,573	176,573		
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	1,166,241	988,972	177,269	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	8,457,999	7,172,383	1,285,616	
23 Insurance	1,632,116	1,384,034	248,082	
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 DRUGS, CHEMICALS, SUPPL	15,133,684	15,133,684		
b BAD DEBTS	13,059,228	13,059,228		
c CONTRACT LABOR	10,864,376	10,864,376		
d MEDICAL & SURG SUPPLIE	7,282,539	7,282,539		
e All other expenses	28,560,049	25,954,643	2,605,406	
25 **Total functional expenses.** Add lines 1 through 24e	156,194,400	140,994,452	15,199,948	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		26,195,809	2	26,344,653
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		12,458,722	4	12,586,580
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		2,169,915	8	2,273,489
	9	Prepaid expenses and deferred charges		2,237,514	9	2,418,354
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 177,681,498			
	b	Less accumulated depreciation	10b 109,033,844	67,550,825	10c	68,647,654
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		13,832,078	12	16,743,372
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		5,806,468	15	7,573,024
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		130,251,331	16	136,587,126
Liabilities	17	Accounts payable and accrued expenses		13,737,267	17	9,996,974
	18	Grants payable			18	
	19	Deferred revenue		24,699	19	9,825
	20	Tax-exempt bond liabilities		26,207,556	20	30,888,852
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		801,064	23	617,362
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		38,712,899	25	26,860,237
	26	**Total liabilities.** Add lines 17 through 25		79,483,485	26	68,373,250
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		47,712,572	27	64,611,817
	28	Temporarily restricted net assets		3,055,274	28	3,602,059
	29	Permanently restricted net assets			29	
		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		50,767,846	33	68,213,876
	34	Total liabilities and net assets/fund balances		130,251,331	34	136,587,126

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	158,992,896
2	Total expenses (must equal Part IX, column (A), line 25)	2	156,194,400
3	Revenue less expenses Subtract line 2 from line 1	3	2,798,496
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	50,767,846
5	Net unrealized gains (losses) on investments	5	424,544
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	14,222,990
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	68,213,876

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		No
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		

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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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

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
THE CHESHIRE MEDICAL CENTER	02-0354549

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)?		No	
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?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		21,382
j	Total Add lines 1c through 1i			21,382
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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	A PORTION OF AHA & NHHA DUES ARE ALLOCATED TO LOBBYING EXPENSE

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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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

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	3,055,274	2,634,569	2,445,561	1,479,480	1,408,853
b	Contributions	234,785	154,965	168,756	164,317	
c	Net investment earnings, gains, and losses	688,499	484,487	299,947	1,124,611	88,740
d	Grants or scholarships					
e	Other expenditures for facilities and programs	376,499	218,747	279,695	322,848	18,113
f	Administrative expenses					
g	End of year balance	3,602,059	3,055,274	2,634,569	2,445,561	1,479,480

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 0 %
- c Temporarily restricted endowment ▶ 100 000 %

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

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

		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		4,196,423		4,196,423
b Buildings		76,123,525	43,150,960	32,972,565
c Leasehold improvements				
d Equipment		97,361,550	65,882,884	31,478,666
e Other				
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				68,647,654

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) POOLED INVESTMENTS	15,798,525	F
(B) FUNDED DEPR ACCOUNT	944,847	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	16,743,372	

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
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
(1) UNAMORTIZED BOND COSTS	370,819
(2) FUNDS HELD BY TRUSTEE - CURRENT	2,535,521
(3) NE LIFE CARE EQUITY	110,452
(4) DUE FROM STATE OF NH	1,774,408
(5) DUE FROM CHESHIRE HEALTH FOUNDATION	2,781,824
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	7,573,024

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
PENSION LIABILITY	18,208,985
AMOUNTS PAYABLE TO THIRD PARTY	1,255,584
DUE TO DARTMOUTH HITCHCOCK	7,395,668
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	26,860,237

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	158,113,538
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	0
3	Subtract line **2e** from line **1**			3	158,113,538
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	879,358		
c	Add lines **4a** and **4b**			4c	879,358
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	158,992,896

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

1	Total expenses and losses per audited financial statements			1	155,315,042
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	155,315,042
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	879,358		
c	Add lines **4a** and **4b**			4c	879,358
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	156,194,400

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	INCOME FROM THE ENDOWMENTS ARE USED TO SUPPORT THE ORGANIZATION'S PROGRAMS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	INCLUDED IN THE CHESHIRE MEDICAL CENTER'S AUDITED FINANCIAL STATEMENTS IS THE FOLLOWING "MANAGEMENT EVALUATED THE MEDICAL CENTER'S TAX POSITIONS AND CONCLUDED THE MEDICAL CENTER HAS MAINTAINED ITS TAX-EXEMPT STATUS, DOES NOT HAVE SIGNIFICANT UNRELATED BUSINESS INCOME AND HAD NO UNCERTAIN TAX POSITIONS THAT REQUIRE ADJUSTMENT TO OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS "
PART XI, LINE 4B - OTHER ADJUSTMENTS		EXPENSES INCLUDED IN AFS REVENUE 879,358
PART XII, LINE 4B - OTHER ADJUSTMENTS		EXPENSES INCLUDED IN AFS REVENUE 879,358

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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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

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
	CENTRAL AMERICA AND THE CARIBBEAN	0	0	INVESTMENTS IN INVESTMENT ENTITIES DOMICILED IN FOREIGN JURISDICTIONS		2,134,018
3a	Sub-total	0	0			2,134,018
b	Total from continuation sheets to Part I	0	0			0
c	**Totals** (add lines 3a and 3b)	0	0			2,134,018

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)

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319009323

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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 22500 0000000000 %			
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	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	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)		1,836	2,570,680		2,570,680	1 650 %
b Medicaid (from Worksheet 3, column a)			14,055,932	2,394,185	11,661,747	7 470 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		1,836	16,626,612	2,394,185	14,232,427	9 120 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	30	17,071	1,195,009	65,069	1,129,940	0 720 %
f Health professions education (from Worksheet 5)	9	524	265,589		265,589	0 170 %
g Subsidized health services (from Worksheet 6)	2	191	66,414		66,414	0 040 %
h Research (from Worksheet 7)	1	204	157,900		157,900	0 100 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	6	234	113,083	200	112,883	0 070 %
j **Total.** Other Benefits	48	18,224	1,797,995	65,269	1,732,726	1 100 %
k **Total.** Add lines 7d and 7j	48	20,060	18,424,607	2,459,454	15,965,153	10 220 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support	1	19,424	204,469		204,469	0 130 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	3	2,614	83,336	47,491	35,845	0 020 %
7	Community health improvement advocacy	1		27,794		27,794	0 020 %
8	Workforce development						
9	Other	4		311,473		311,473	0 200 %
10	**Total**	9	22,038	627,072	47,491	579,581	0 370 %

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	Yes		
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	12,588,614		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	3,147,154		
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	46,956,447
6	Enter Medicare allowable costs of care relating to payments on line 5	6	50,102,529
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-3,146,082
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	1 KEENE HEALTH ALLIANCE	INTEGRATING HEALTH CARE SERVICES TO PROVIDE EFFECTIVE DELIVERY SYSTEM	50 000 %	0 %	0 %
2	2 NEW ENGLAND LIFE CARE INC	A NOT-FOR-PROFIT HOME INFUSION THERAPY COOPERATIVE	2 000 %	0 %	0 %
3	3 NH LITHOTRIPSY	LITHOTRIPSY SERVICES	3 570 %	0 %	0 %
4	4 NH IMAGING	IMAGING SERVICES	8 330 %	0 %	0 %
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	CHESHIRE MEDICAL CENTER 580 COURT STREET KEENE, NH 03431	X	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group CHESHIRE MEDICAL CENTER

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**		No
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 000000000000% 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 000000000000% 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**	Yes	
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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART II THE MEDICAL CENTER HAS BEEN ACTIVELY ENGAGED SINCE THE SPRING OF 2006 IN HEALTHY MONADNOCK (HM) 2020 TO MAKE KEENE AND THE SURROUNDING REGION THE HEALTHIEST IN THE NATION BY THE YEAR 2020 HM2020 PROMOTES BROAD-BASED COMMUNITY HEALTH MESSAGING AND OTHER ENVIRONMENTAL STRATEGIES FOR PREVENTION AND WELLNESS THE "CHAMPIONS PROGRAM" ENGAGES INDIVIDUALS AND ORGANIZATIONS TO TAKE STEPS TO IMPROVE HEALTH AT A PERSONAL AND INSTITUTIONAL LEVEL THE MEDICAL CENTER PROVIDES STAFFING, OFFICE SPACE AND OVERALL LEADERSHIP FOR THIS INITIATIVE AS OF JUNE 30, 2013 THERE ARE 1,985 COMMUNITY RESIDENTS, 83 LOCAL BUSINESSES, AND 11 SCHOOLS JOINED THE ASSOCIATED CHAMPIONS PROGRAM THE ORGANIZATION IS A FOUNDING MEMBER OF THE COUNCIL FOR HEALTH COMMUNITIES WHICH HAS BEEN IN EXISTENCE FOR OVER 15 YEARS AND HAS DEVELOPED A VARIETY OF PREVENTION, TRANSPORTATION, REFERRAL, AND HEALTH PROMOTION PROGRAMS
		PART III, LINE 4 CHESHIRE MEDICAL CENTER MANAGEMENT ESTIMATES THAT APPROXIMATELY 25% OF BAD DEBT EXPENSE (APPROXIMATELY 2 5 TIMES THE REGION'S POVERTY RATE) IS AN APPROPRIATE ESTIMATION OF PATIENTS WHO WOULD HAVE BEEN ELIGIBLE FOR THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAM BUT DID NOT APPLY THIS ESTIMATION IS BASED ON THE RECOGNITION THAT THE FINANCIAL ASSISTANCE PROGRAM IS AVAILABLE TO RESIDENTS WITH INCOMES OF UP TO THREE TIMES THE FEDERALLY DEFINED POVERTY INCOME LEVELS AND THE ASSUMPTION THAT PATIENTS WHO CHOOSE NOT TO PAY THEIR BILLS ARE MORE LIKELY TO FALL WITHIN THE LOWER INCOME LEVELS FOR 2013, THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE (AT COST) ATTRIBUTABLE TO PATIENTS WHO WOULD HAVE BEEN ELIGIBLE FOR FINANCIAL ASSISTANCE IS $3,147,154 CHESHIRE MEDICAL CENTER ESTIMATES THAT ACCOUNT BALANCES AFTER INSURANCE CONTRACTUAL ALLOWANCES AND PAYMENTS (AMOUNTS REPRESENTING PATIENT COINSURANCE AND COPAYMENT) HAVE BEEN INCLUDED AT 100% ACCOUNT BALANCES FOR PATIENTS WITHOUT INSURANCE HAVE BEEN REDUCED TO THE ESTIMATED COST OF THE SERVICES PROVIDED FOR A DESCRIPTION OF BAD DEBT EXPENSE, SEE PAGE 9, ACCOUNTS RECEIVABLE AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOOTNOTE, OF THE ATTACHED AUDITED FINANCIAL STATEMENT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICARE COST REPORT FOR THE PERIOD ENDED JUNE 30, 2013 HAS NOT BEEN COMPLETED AS OF THE DUE DATE OF THIS FORM 990 THE MEDICARE REVENUE AND ALLOWABLE COST AMOUNTS REPORTED AT PART III, SECTION B ARE ESTIMATES BASED ON ALL AVAILABLE INFORMATION THESE AMOUNTS WILL BE REVISED AFTER THE COST REPORTS ARE FILED THIS SHORTFALL SHOULD BE CONSIDERED COMMUNITY BENEFIT BECAUSE WE ARE THE ONLY HOSPITAL/MEDICAL CENTER IN CHESHIRE COUNTY, NEW HAMPSHIRE AND WE ARE DESIGNATED BY CMS AS A MEDICARE DEPENDENT HOSPITAL (MDH) DUE TO GREATER THAN 60% OF OUR AVERAGE DAILY CENSUS BEING COMPRISED OF MEDICARE PATIENTS OUR PRESENCE IN THE COMMUNITY ALLOWS THE RESIDENTS OF CHESHIRE COUNTY, ESPECIALLY THE ELDERLY POPULATION, TO RECEIVE COMPREHENSIVE HOSPITAL AND MEDICAL SERVICES CLOSE TO HOME
		PART III, LINE 9B SYSTEMS ARE IN PLACE TO CAPTURE FINANCIAL ASSISTANCE ACCOUNTS PRIOR TO A BILL GOING TO THE PATIENT

Identifier	ReturnReference	Explanation
CHESHIRE MEDICAL CENTER		PART V, SECTION B, LINE 3 NEEDS WERE PRIORITIZED BASED ON DATA COLLECTED FROM SEVERAL CURRENT ASSESSMENT PROCESSES PRIORITIZATION WAS COMPLETED BY THE COMMUNITY HEALTH NEEDS ASSESSMENT LEADERSHIP TEAM SEVERAL HUNDRED PEOPLE PARTICIPATED IN FORUMS AND SURVEYS TO IDENTIFY COMMUNITY NEEDS
CHESHIRE MEDICAL CENTER		PART V, SECTION B, LINE 6I A VARIETY OF COMMUNITY HEALTH IMPROVEMENT INITIATIVES ARE UNDERWAY

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 IN 2008, THE COMMUNITY NEEDS ASSESSMENT WAS COORDINATED WITH THE ASSISTANCE OF THE BROAD-BASED COMMUNITY HEALTH COALITION, THE COUNCIL FOR A HEALTHIER COMMUNITY IN PROMOTING THE HEALTHIEST COMMUNITY INITIATIVE, KNOWN LOCALLY AS HEALTHY MONADNOCK 2020 (HM2020), THE COUNCIL IDENTIFIED COMMUNITY NEEDS TOWARD A GOAL OF BECOMING THE HEALTHIEST COMMUNITY IN THE NATION BY THE YEAR 2020 HM2020 HAD THREE COMMUNITY SUMMITS BRING TOGETHER OVER 150 PEOPLE EACH TIME THE FIRST SUMMIT GATHERED COMMUNITY INPUT ABOUT THE HEALTHY MONADNOCK COMMUNITY INDICATORS BY IDENTIFYING CONTRIBUTING FACTORS AND POSSIBLE STRATEGIES FOR EACH INDICATOR THE SECOND SUMMIT FOCUSED ON HEALTHY EATING AND ACTIVE LIVING INDICATORS, IDENTIFIED COMMUNITY-LEVEL STRATEGIES FOR EACH INDICATOR, AND RECRUITED PARTNERS FOR IMPLEMENTATION EFFORTS THE THIRD SUMMIT FOCUSED ON SOCIAL DETERMINANTS OF HEALTH AND AGAIN IDENTIFIED STRATEGIES AND RECRUITED PARTNERS FOR IMPLEMENTATION HM2020 ALSO CONDUCTS A COMMUNITY SURVEY EVERY TWO YEARS THE SURVEY IS A STATISTICALLY SIGNIFICANT RANDOMIZED TELEPHONE SURVEY OF CHESHIRE COUNTY RESIDENTS THAT ASSESSES HEALTH BEHAVIORS, HEALTH ACCESS, HEALTH LITERACY, AND SOCIAL CAPITAL CHESHIRE MEDICAL CENTER PROVIDES STAFF FOR THE HEALTHY MONADNOCK (HM) 2020 INITIATIVE AND FUNDS THE COMMUNITY ASSESSMENT PROCESS THROUGH AN EVALUATION PARTNERSHIP CONTRACT WITH ANTIOCH NEW ENGLAND UNIVERSITY ON NOVEMBER 10, 2011 COMMUNITY MEMBERS ATTENDED SUMMIT II AND REVIEWED 31 CORE IMPLEMENTATION STRATEGIES THE (HM 2020) HEALTHIEST COMMUNITY ADVISORY BOARD, COMPRISED OF 30 COMMUNITY REPRESENTATIVES, PROVIDES ONGOING OVERSIGHT OF THE IMPLEMENTATION OF THE STRATEGIES AND COMMUNITY PLANNING PROCESS IN 2013, A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS COMPLETED WITH AN IMPLEMENTATION STRATEGY IDENTIFIED FOR COMMUNITY BENEFIT ACTIVITIES FOR THE NEXT THREE YEARS THE 2013 CHNA REPORT SUMMARIZES THE WORK OF THE CHNA LEADERSHIP TEAM AND THE EFFORTS OF OTHER LOCAL COLLABORATIVE GROUPS TO ASSESS THE NEEDS OF OUR REGION SEVERAL COMMUNITY PARTNERS RECENTLY COMPLETED COMMUNITY NEEDS ASSESSMENTS, INCLUDING HEALTHY MONADNOCK 2020 THE RESULTS WERE USED TO STRENGTHEN AND SUPPORT THE NEEDS ASSESSMENT PROCESS FOUR COMMUNITY NEEDS WERE PRIORITIZED ABOVE THE OTHER IDENTIFIED NEEDS -BEHAVIORAL HEALTH SERVICES INCREASING THE EFFECTIVENESS OF LOCAL SERVICES-URGENT CARE TIMELY AND ECONOMICAL ACCESS TO SERVICES INSTEAD OF EMERGENCY ROOM CARE -TRANSPORTATION INCREASE ACCESS TO PUBLIC/PRIVATE TRANSPORTATION PARTICULARLY IN RURAL TOWNS-IMPROVED COORDINATION AND COMMUNICATION BETWEEN SERVICES IMPROVING LINKAGES BETWEEN CLINICAL SERVICES, FAITH-BASED ORGANIZATIONS, AND INFORMAL SUPPORT NETWORKIN ADDITION TO THESE PRIORITIES, THE IMPLEMENTATION STRATEGY ALSO PROVIDES AN OVERVIEW OF OTHER CMC/DHK COMMUNITY BENEFIT ACTIVITIES THAT ARE ALIGNED WITH OUR MISSION OR CONSIDERED NECESSARY TO SUPPORT ONGOING EFFORTS FROM PREVIOUSLY IDENTIFIED COMMUNITY NEEDS THE COMMUNITY HEALTH NEEDS IDENTIFIED IN THE 2013 CHNA PROVIDE THE BASIS FOR THE DEVELOPMENT OF THE IMPLEMENTATION STRATEGY THE CHESHIRE MEDICAL CENTER/DARTMOUTH HITCHCOCK KEENE COMMUNITY ADVISORY COMMITTEE REVIEWED AND COMMENTED ON THE COMMUNITY BENEFIT REPORT THE 2013 CHNA, IMPLEMENTATION STRATEGY AND COMMUNITY BENEFIT REPORT IS AVAILABLE TO THE PUBLIC ON THE CHESHIRE MEDICAL CENTER WEBSITE WWW CHESHIRE-MED ORG
		PART VI, LINE 3 CMC IS COMMITTED TO PROVIDING MEDICALLY NECESSARY CARE TO PATIENTS REGARDLESS OF THEIR ABILITY TO PAY FOR SERVICES NON-EMERGENT PATIENTS SIGN A FINANCIAL RESPONSIBILITY STATEMENT UPON ADMISSION TO CERTIFY RECOGNITION OF THEIR RESPONSIBILITY FOR PAYMENT OF THEIR BILLS HOWEVER, THERE WILL BE INSTANCES WHERE THE PATIENT, DUE TO THE LACK OF FUNDS OR THIRD PARTY COVERAGE, WILL NOT BE ABLE TO MEET THIS OBLIGATION CMC NOTIFIES PATIENTS OF THEIR POTENTIAL TO OBTAIN ASSISTANCE THROUGH THE REGISTRATION AND BILLING PROCESSES UPON REGISTRATION, PATIENTS WITHOUT INSURANCE ARE OFFERED THE OPPORTUNITY TO APPLY FOR FINANCIAL ASSISTANCE IN ADDITION, RECEPTIONISTS AND CLINICIANS IN ALL AREAS ARE EDUCATED TO REFER PATIENTS TO THE FINANCIAL ASSISTANCE PROCESS IN THE EVENT PATIENTS EXPRESS CONCERNS WITH THEIR ABILITY TO PAY FOR SERVICES THE APPLICATION INFORMATION IS POSTED ON THE INTRANET AND BROCHURES DESCRIBING THE PROGRAM ARE READILY AVAILABLE TO PATIENTS THERE ARE SIGNS POSTED IN REGISTRATION AND THROUGHOUT THE FACILITY INFORMING PATIENTS ABOUT FINANCIAL ASSISTANCE PATIENTS ARE INFORMED OF THE PROGRAM AVAILABILITY ON ANY INVOICES THEY RECEIVE AND INDIVIDUALS WHO ATTEMPT TO COLLECT PATIENT BALANCES ARE ALSO TRAINED TO REFER PATIENTS TO THE FINANCIAL ASSISTANCE PROCESS THE FINANCIAL ASSISTANCE APPLICATION PROCESS IS COMPREHENSIVE AND EVALUATES A PATIENT'S ELIGIBILITY FOR A VARIETY OF FEDERAL, STATE, AND LOCAL GOVERNMENT PROGRAMS IN ADDITION TO CMC'S INTERNALLY FUNDED FINANCIAL ASSISTANCE PROGRAM

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE MEDICAL CENTER IS THE ONLY HOSPITAL IN ITS PRIMARY SERVICE AREA ("PSA") MANAGEMENT DEFINES ITS PSA AS THE CITY OF KEENE AND 19 GEOGRAPHICALLY PROXIMATE COMMUNITIES TOWNS AND CITIES INCLUDED IN THE PSA INCLUDE ALSTEAD, CHESTERFIELD, FITZWILLIAM, GILSUM, HARRISVILLE/CHESHAM, KEENE, MARLBOROUGH, MARLOW, NELSON/MUNSONVILLE, RICHMOND, ROXBURY, STODDARD, SULLIVAN, SURRY, SWANZEY, TROY, WALPOLE, WESTMORELAND AND WINCHESTER, ALL LOCATED IN CHESHIRE COUNTY ACCORDING TO THE US CENSUS BUREAU, 2007-2011 FIVE YEAR ESTIMATES, THE MEDICAL CENTER'S PSA REPRESENTED APPROXIMATELY 5 09% OF NEW HAMPSHIRE'S POPULATION THE PSA'S TOTAL POPULATION WAS 77,301 WITH 22,563 RESIDING IN KEENE, THE LARGEST COMMUNITY IN THE SERVICE AREA ACCORDING TO THE US CENSUS BUREAU, 2007-2011 FIVE YEAR ESTIMATES, 11,265 OR 14 57% OF THE MEDICAL CENTER'S PSA RESIDENTS WERE 65 YEARS OF AGE OR OLDER APPROXIMATELY 44% OF THE POPULATION OF THE MEDICAL CENTER'S PSA WAS 45 YEARS OF AGE OR OLDER APPROXIMATELY 36% OF THE POPULATION OF THE MEDICAL CENTER'S PSA WAS BETWEEN 18 AND 44, THE ACCORDING TO THE US BUREAU OF LABOR STATISTICS, APRIL 2013, THE STATE UNEMPLOYMENT RATE WAS 5 10% AND THE UNEMPLOYMENT RATE FOR CHESHIRE COUNTY WAS 5 00% ACCORDING TO THE US CENSUS BUREAU, 2007-2011 FIVE YEAR ESTIMATES, THE POVERTY RATE FOR CHESHIRE COUNTY WAS 9 87% AS COMPARED TO 7 97% FOR THE STATE OF NEW HAMPSHIRE
		PART VI, LINE 5 A COMPLETE COPY OF THE ORGANIZATION'S COMMUNITY BENEFIT REPORT CAN BE FOUND AT HTTP //WWW CHESHIRE-MED COM/IMAGES/STORIES/COMMHEALTH/COMMUNITY_BENEFITS_2013 PDFPART VI, LINE 6 THE MEDICAL CENTER PLAYS AN ACTIVE ROLE IN PROMOTING COMMUNITY HEALTH AND OFFERS EDUCATIONAL PROGRAMS INCLUDING CLASSES AND WORKSHOPS THE 2013 YEAR PROGRAMS OFFERED A VARIETY OF CHRONIC DISEASE AND WELLNESS TOPICS SUCH AS NUTRITION, DIABETES, END OF LIFE ISSUES, ALTERNATIVE MEDICINE OPTIONS, AIR POLLUTION, MOBILITY ISSUES, AND GARDENING IN ADDITION, THE MEDICAL CENTER OFFERS SEVERAL COMMUNITY PROGRAMS INCLUDING CHESHIRE SMILES, A SCHOOL-BASED DENTAL HEALTH PROGRAM FOR CHILDREN IN GRADES K-3, PROVIDES SCREENING, PREVENTION AND RESTORATIVE DENTAL CARE FOR CHILDREN IN CHESHIRE COUNTY SCHOOLS CHESHIRE MEDICAL CENTER /DARTMOUTH-HITCHCOCK KEENE ALSO WORKS IN PARTNERSHIP WITH OTHER COMMUNITY HEALTH AND HUMAN SERVICE ORGANIZATIONS TO MEET THE DENTAL HEALTH NEEDS OF UNDERSERVED POPULATIONS SUCH AS THE CHRONICALLY MENTALLY ILL, PREGNANT WOMEN WHO CANNOT AFFORD DENTAL CARE, CHILDREN IDENTIFIED THROUGH THE SCHOOL BASED CHESHIRE SMILES PROGRAM, AND OTHERS THE MEDICAL CENTER SPONSORS PATIENT VISITS AT DENTAL HEALTH WORKS, A PUBLIC/PRIVATE PROGRAM SERVING UNDERSERVED RESIDENTS OF CHESHIRE COUNTY THE MEDICAL CENTER ALSO PROVIDES LEADERSHIP AND SUPPORT TO THE DENTAL PUBLIC HEALTH TASK FORCE, A COALITION OF DENTAL STAFF, HOSPITAL STAFF AND CONCERNED CITIZENS ADDRESSING THE ORAL HEALTH NEEDS OF ADULTS CHESHIRE COALITION FOR TOBACCO-FREE YOUTH IS COMMITTED TO REDUCING THE NUMBER OF YOUNG PEOPLE IN THE COMMUNITY WHO USE TOBACCO PRODUCTS WORKING WITH LOCAL SCHOOLS, POLICE AND HEALTH PROVIDERS, THE COALITION HAS IMPLEMENTED VENDOR COMPLIANCE PROGRAMS, HAS PROVIDED A TOBACCO AVOIDANCE CURRICULUM FOR USE IN AREA SCHOOLS AND HAS PRODUCED ITS OWN TELEVISION AND RADIO PUBLIC SERVICE ANNOUNCEMENTS ADDRESSING TOBACCO USE MEDICATION ASSISTANCE PROGRAM ADDRESSES THE CRITICAL NEED FOR PROGRAMS TO HELP LOW INCOME PEOPLE AFFORD MEDICATIONS THE MEDICATION ASSISTANCE PROGRAM AT THE MEDICAL CENTER WAS INITIATED IN MARCH, 1999 IT WAS THE FIRST HOSPITAL-BASED PROGRAM OF ITS KIND IN THE STATE OF NEW HAMPSHIRE AND WAS THE FIRST RECIPIENT OF THE NEW HAMPSHIRE MEDICATION BRIDGE AWARD ADVOCATES FOR HEALTHY YOUTH ("AFHY") IS A COMMUNITY COALITION SUPPORTED BY THE MEDICAL CENTER WHICH HAS BEEN WORKING CLOSELY WITH COMMUNITY HEALTH PROVIDERS, KEENE STATE COLLEGE, ANTIOCH UNIVERSITY NEW ENGLAND, KEENE PARKS AND RECREATION CENTER, AND AREA SCHOOLS TO ADDRESS THE EPIDEMIC OF CHILDHOOD OBESITY IN 2007, AFHY BEGAN TAKING STEPS TO IMPLEMENT THE 5-2-1-0 COMMUNITY PUBLIC MESSAGING CAMPAIGN TO EDUCATE FAMILIES ABOUT CHILDHOOLD OBESITY AND TO ADVOCATE HEALTH PROMOTION OPTIONS TO PREVENT OR REDUCE OBESITY THE PROGRAM IS NOW WORKING WITH LOCAL SCHOOLS AND AFTERSCHOOL PROGRAMS TO IMPLEMENT THE COORDINATED APPROACH TO CHILD HEALTH (CATCH) PROGRAM A STRONG PARTNERSHIP BETWEEN THE MEDICAL CENTER, KEENE STATE COLLEGE AND THE KEENE FAMILY YMCA ALLOWED FOR THE DEVELOPMENT OF THE FAMILY BEFIT PROGRAM TO SUPPORT FAMILIES TO LEARN SKILLS AND CHANGE BEHAVIOR RELATED TO HEALTH EATING AND ACTIVE LIVING SKILLS THE CHESHIRE COUNTY HEAL (CC HEAL) ENGAGES ORGANIZATION CHAMPIONS TO ADOPT HEALTHY EATING, ACTIVE LIVING INITIATIVES THAT PROMOTE AND SUPPORT WORKSITE WELLNESS USING THE CDC WORKSITE HEALTH SCORECARD ASSESSMENT TOOL, CC HEAL ASSISTS BUSINESSES AND ORGANIZATIONS TO IMPLEMENT PROGRAMS, PROJECTS AND POLICIES THAT ARE RELEVANT AND FEASIBLE FOR THEIR WORKSITE IN ADDITION TO WORKSITE WELLNESS, CC HEAL IS COORDINATING EFFORTS FOR HEALTHIER MENU OPTIONS IN LOCAL FOOD VENUES TURN A NEW LEAF, (TANL) IS A HEALTHY EATING PROGRAM THAT HAS BEEN LAUNCHED LOCALLY IN RESTAURANTS, CAFETERIAS AND OTHER FOOD VENUES TO MAKE IT EASIER FOR CHESHIRE COUNTY RESIDENTS TO CHOOSE HEALTHIER OPTIONS WHEN DINING OUT MENU ITEMS ARE LABELED WITH A LEAF AND A HEART TO ASSIST PATRONS IN IDENTIFYING THE HEALTHY OPTIONS SENIOR PASSPORT PROGRAM IS DESIGNED TO SERVE THE MEDICAL CENTER'S COMMUNITIES' ELDERS PASSPORT MEMBERSHIP, WHICH IS OFFERED AT NO COST TO THOSE SIXTY YEARS AND OLDER, ENTITLES HOLDERS TO ENJOY LOW COST, HEART HEALTHY MEALS IN THE MEDICAL CENTER CAFETERIA, ATTEND WORKSHOPS AND HEALTH LECTURES WITH A SENIOR FOCUS, AND PARTICIPATE IN THE CHESHIRE WALKERS PROGRAM WHICH IS A WALKING GROUP THAT TAKES ORGANIZED NATURE AND HISTORIC WALKS IN THE SPRING AND FALL THE TOTAL EXPENDITURES ASSOCIATED WITH THESE AND OTHER PROGRAMS FOR THE FISCAL YEAR ENDING 6/30/13 IS $5,124,151

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	NH

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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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

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**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
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**	Yes	
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				
(1)ARTHUR NICHOLS PRESIDENT	(i)	451,776	45,500	47,000	29,692	22,731	596,699	0
	(ii)	0	0	0	0	0	0	0
(2)JILL BATTY VP FINANCE, CFO	(i)	217,448	0	46,400	19,495	25,449	308,792	0
	(ii)	0	0	0	0	0	0	0
(3)PAUL PEZONE VP SUPPORT SERVICES	(i)	127,667	0	36,620	11,410	11,618	187,315	0
	(ii)	0	0	0	0	0	0	0
(4)CINDI COUGHLIN CNO	(i)	148,338	0	32,280	16,868	17,155	214,641	0
	(ii)	0	0	0	0	0	0	0
(5)JULIE GREEN VP HR	(i)	123,724	0	46,390	19,498	22,265	211,877	0
	(ii)	0	0	0	0	0	0	0
(6)ERLI CHEN PHYSICIST	(i)	189,127	0	29,442	16,509	13,000	248,078	0
	(ii)	0	0	0	0	0	0	0
(7)LARRY MILLER CHIEF CRNA	(i)	170,319	0	22,490	22,105	15,715	230,629	0
	(ii)	0	0	0	0	0	0	0
(8)KRISTIN ROSSI CRNA	(i)	124,063	0	22,100	12,823	13,323	172,309	0
	(ii)	0	0	0	0	0	0	0
(9)DENIS FORTIER PHARMACY DIRECTOR	(i)	114,831	0	33,455	12,904	16,318	177,508	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	CHESHIRE MEDICAL CENTER DOES NOT REIMBURSE EXPENSES FOR FIRST CLASS TRAVEL, HOUSING ALLOWANCE, HEALTH OR SOCIAL CLUB DUES, PERSONAL SERVICES, BUSINESS USE OF PERSONAL RESIDENCE, DISCRETIONARY SPENDING ACCOUNTS, OR PROVIDE TAX INDEMNIFICATION OR GROSS UP PAYMENTS CHESIRE MEDICAL CENTER DOES REIMBURSE BOARD MEMBERS FOR COMPANION TRAVEL TO BUSINESS RELATED MEETING UNDER SPECIFIC CIRCUMSTANCES ALL REIMBURSEMENTS ARE REPORTED ON FORM 1099 ISSUED TO THE BOARD MEMBER ONE REIMBURSEMENT WAS MADE IN CALENDAR 2012
	PART I, LINE 7	SENIOR MANAGEMENT IS ELIGIBLE FOR AN INCENTIVE COMP PAYMENT AT THE DISCRETION OF THE BOARD BASED ON, BUT NOT DIRECTLY RELATED TO, OVERALL ORGANIZATIONAL FINANCIAL PERFORMANCE AND OTHER DISCRETIONARY MEASURES

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 02-0354549
Name: THE CHESHIRE MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ARTHUR NICHOLS	(I)	451,776	45,500	47,000	29,692	22,731	596,699	0
	(II)	0	0	0	0	0	0	0
JILL BATTY	(I)	217,448	0	46,400	19,495	25,449	308,792	0
	(II)	0	0	0	0	0	0	0
PAUL PEZONE	(I)	127,667	0	36,620	11,410	11,618	187,315	0
	(II)	0	0	0	0	0	0	0
CINDI COUGHLIN	(I)	148,338	0	32,280	16,868	17,155	214,641	0
	(II)	0	0	0	0	0	0	0
JULIE GREEN	(I)	123,724	0	46,390	19,498	22,265	211,877	0
	(II)	0	0	0	0	0	0	0
ERLI CHEN	(I)	189,127	0	29,442	16,509	13,000	248,078	0
	(II)	0	0	0	0	0	0	0
LARRY MILLER	(I)	170,319	0	22,490	22,105	15,715	230,629	0
	(II)	0	0	0	0	0	0	0
KRISTIN ROSSI	(I)	124,063	0	22,100	12,823	13,323	172,309	0
	(II)	0	0	0	0	0	0	0
DENIS FORTIER	(I)	114,831	0	33,455	12,904	16,318	177,508	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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

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	NH HEALTH & EDUCATION FACILITIES AUTHORITY	02-0279866		11-15-2012	29,650,000	REFUND EXISTING DEBT, ACQUISITION OF EQUIPMENT		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	29,650,000			
4	Gross proceeds in reserve funds	4,777,102			
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	379,754			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds	554,125			
10	Capital expenditures from proceeds	4,777,102			
11	Other spent proceeds				
12	Other unspent proceeds				
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?	X							

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	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?	X							
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?		X						

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
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
SCHEDULE K SUPPLENTAL INFORMATION		SCHEDULE K PART V THE MEDICAL CENTER IS IN THE PROCESS OF ESTABLISHING WRITTEN PROCEDURES TO ENSURE THAT VIOLATIONS OF FEDERAL TAX REQUIREMENTS ARE TIMELY IDENTIFIED AND CORRECTED AND ARE EXPECTED TO BE COMPLETED BY NOVEMBER 2013

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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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE CHESHIRE MEDICAL CENTER IS THE CHESHIRE HEALTH FOUNDATION
	FORM 990, PART VI, SECTION A, LINE 7A	THE BY-LAWS OF THE MEDICAL CENTER STIPULATE THAT THE BOARDS OF TRUSTEES SHALL CONSIST OF NOT LESS THAN FIFTEEN MEMBERS THE CURRENT BOARD CONSISTS OF 17 TRUSTEES, INCLUDING THE PRESIDENT/CEO OF THE MEDICAL CENTER AND THE PRESIDENT OF THE MEDICAL STAFF, WHO SERVE AS EX-OFFICIO, VOTING MEMBERS EACH TRUSTEE SERVES FOR THREE YEARS AND MAY SERVE THREE CONSECUTIVE TERMS
	FORM 990, PART VI, SECTION B, LINE 11	COPY OF 990 IS AVAILABLE FOR ANY BOARD MEMBER TO REVIEW PRIOR TO FILING THE BOARD HAS FORMALLY DELEGATED REVIEW OF THE 990 TO THE FINANCE AND AUDIT COMMITTEE COMMITTEE MEMBERS RECEIVE COPIES OF THE 990 AND IT IS REVIEWED IN A MEETING PRIOR TO FILING
	FORM 990, PART VI, SECTION B, LINE 12C	OFFICER, BOARD MEMBERS AND KEY EMPLOYEES ANNUALLY DISCLOSE POTENTIAL CONFLICTS OF INTEREST AND ARE REQUIRED TO RECUSE THEMSELVES FROM ALL BOARD ACTIVITY RELATED TO ALL CONFLICTS
	FORM 990, PART VI, SECTION B, LINE 15A	CHESHIRE MEDICAL CENTER/DARTMOUTH HITCHCOCK KEENE HAS RETAINED YAFFE & COMPANY, INC TO PROVIDE CONSULTATION TO THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES REGARDING EXECUTIVE COMPENSATION, BENEFITS, AND PERQUISITES YAFFE & COMPANY, INC IS A INDEPENDENT CONSULTING FIRM WITH 35 YEARS OF SERVICE AND PROVIDES SERVICES TO NOT-FOR-PROFIT HOSPITALS AND HEALTH SYSTEMS FURTHER YAFFE & COMPANY, INC HAS BEEN ENGAGED DIRECTLY BY THE BOARD OF TRUSTEES OF CHESHIRE MEDICAL CENTER THROUGH ITS EXECUTIVE COMMITTEE TO ONLY PROVIDE SERVICES TO THE BOARD AN EXECUTIVE COMMITTEE D/B/A COMPENSATION COMMITTEE CHARTER AND COMPENSATION PHILOSOPHY (APPROVED BY THE BOARD) DOCUMENTS THE COMPENSATION REVIEW PROCESS AND GUIDELINES SO AS TO PROVIDE AN ORDERLY STRUCTURE FOR EXECUTIVE TOTAL COMPENSATION DECISIONS ANNUALLY, A MULTI-TIERED APPROACH USING INDEPENDENT COMPARABILITY DATA IS UTILIZED TO GAUGE APPROPRIATE COMPARATIVE MARKET LEVELS OF COMPENSATION AND BENEFITS AN ANNUAL PERFORMANCE EVALUATION IS BASED ON SUBJECTIVE AND OBJECTIVE CRITERIA WHICH FLOW FROM THE STRATEGIC PLAN BY WAY OF QUESTIONNAIRE, BOARD MEMBERS PARTICIPATE IN THE PERFORMANCE REVIEW PROCESS AND A SUMMARY REPORT IS SHARED WITH THE CEO VARIABLE PAY IS AWARDED BASED ON ACHIEVEMENT OF SPECIFIC QUALITATIVE AND QUANTITATIVE GOALS IN CONJUNCTION WITH THE EXECUTIVE COMMITTEE, CHALLENGING AND MEASURABLE GOALS ARE ESTABLISHED FOR THE OFFICE OF THE PRESIDENT WHICH PROVIDES AN ALIGNMENT BETWEEN EXECUTIVE COMPENSATION AND ACHIEVEMENT OF THE HOSPITAL'S STRATEGIC GOALS " KEY EMPLOYEE COMPENSATION IS SET AT THE DISCRETION OF THE CEO BASED ON PERFORMANCE & MARKET DATA
	FORM 990, PART VI, SECTION C, LINE 19	CMC MAKES GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO MEMBERS OF THE PUBLIC UPON REQUEST, THROUGH ITS ANNUAL REPORT, AND THROUGH STATE AND FEDERAL FILINGS
ALL OTHER FUNCTIONAL EXPENSES	FORM 990, PART IX, LINE 24E	OTHER PURCHASED SERVICES PROGRAM SERVICE EXPENSES 4,849,816 MANAGEMENT AND GENERAL EXPENSES 869,307 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 5,719,123 MEDICAID ENHANCEMENT TAX PROGRAM SERVICE EXPENSES 4,657,932 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 4,657,932 PHYSICIAN FEES PROGRAM SERVICE EXPENSES 4,464,205 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 4,464,205 MAINTENANCE CONTRACTS PROGRAM SERVICE EXPENSES 2,367,206 MANAGEMENT AND GENERAL EXPENSES 424,310 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,791,516 DATA PROCESSING FEES PROGRAM SERVICE EXPENSES 1,872,770 MANAGEMENT AND GENERAL EXPENSES 335,685 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,208,455 JOA GAINSHARE PROGRAM SERVICE EXPENSES 1,484,848 MANAGEMENT AND GENERAL EXPENSES 266,152 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,751,000 FOOD & FOOD SUPPLIES PROGRAM SERVICE EXPENSES 951,267 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 951,267 RENTAL AND LEASE EXPENSE PROGRAM SERVICE EXPENSES 779,226 MANAGEMENT AND GENERAL EXPENSES 139,673 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 918,899 CHILDCARE CENTER EXPENSE PROGRAM SERVICE EXPENSES 896,724 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 896,724 MAINTENANCE & REPAIR PROGRAM SERVICE EXPENSES 643,959 MANAGEMENT AND GENERAL EXPENSES 115,427 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 759,386 DUES & SUBSCRIPTIONS PROGRAM SERVICE EXPENSES 489,833 MANAGEMENT AND GENERAL EXPENSES 87,800 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 577,633 MISCELLANEOUS EXPENSE PROGRAM SERVICE EXPENSES 404,810 MANAGEMENT AND GENERAL EXPENSES 72,560 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 477,370 INSTRUMENTS & MINOR EQUIPMENT PROGRAM SERVICE EXPENSES 374,265 MANAGEMENT AND GENERAL EXPENSES 67,085 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 441,350 LOSS ON EXTINGUISHMENT OF DEBT PROGRAM SERVICE EXPENSES 360,734 MANAGEMENT AND GENERAL EXPENSES 64,660 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 425,394 POSTAGE PROGRAM SERVICE EXPENSES 314,565 MANAGEMENT AND GENERAL EXPENSES 56,384 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 370,949 COLLECTION EXPENSE PROGRAM SERVICE EXPENSES 353,928 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 353,928 LICENSES & TAXES PROGRAM SERVICE EXPENSES 202,099 MANAGEMENT AND GENERAL EXPENSES 36,225 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 238,324 AFFILIATION EXPENSES PROGRAM SERVICE EXPENSES 96,924 MANAGEMENT AND GENERAL EXPENSES 17,373 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 114,297 COMPUTERS PROGRAM SERVICE EXPENSES 87,053 MANAGEMENT AND GENERAL EXPENSES 15,604 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 102,657 LINENS & APPAREL PROGRAM SERVICE EXPENSES 94,232 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 94,232 QUALITY CONTROL PROGRAM SERVICE EXPENSES 68,927 MANAGEMENT AND GENERAL EXPENSES 12,355 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 81,282 BANK FEES PROGRAM SERVICE EXPENSES 64,237 MANAGEMENT AND GENERAL EXPENSES 11,514 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 75,751 COURIER FEES PROGRAM SERVICE EXPENSES 37,473 MANAGEMENT AND GENERAL EXPENSES 6,717 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 44,190 RECRUITMENT PROGRAM SERVICE EXPENSES 23,734 MANAGEMENT AND GENERAL EXPENSES 4,254 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 27,988 TRUSTEE DEVELOPMENT PROGRAM SERVICE EXPENSES 8,298 MANAGEMENT AND GENERAL EXPENSES 1,487 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 9,785 BOND FEES PROGRAM SERVICE EXPENSES 4,656 MANAGEMENT AND GENERAL EXPENSES 834 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 5,490 PATIENT VALUABLES PROGRAM SERVICE EXPENSES 922 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 922
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	PENSION LIABILITY ADJUSTMENT 14,222,990

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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
THE CHESHIRE MEDICAL CENTER

Employer identification number
02-0354549

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) CHESHIRE HEALTH FOUNDATION 580 COURT STREET KEENE, NH 03431 02-0202220	MNGT OF BOARD DESIGNATED, SPF, BUILDING AND ENDOWMENT FUNDS	NH	501(C)(3)	LINE 11B, II			No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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) KEENE HEALTH ALLIANCE 580 COURT STREET KEENE, NH 03431 30-0179297	HEALTHCARE	NH		MEDICAL CARE				No		Yes		50 000 %

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) KEENE HEALTH SERVICES 580 COURT STREET KEENE, NH 03431 02-0374997	INVESTMENTS REAL ESTATE	NH	CHESHIRE HEALTH FOUNDATION	C			100 000 %		No
(2) KEENE HEALTH REALTY 580 COURT STREET KEENE, NH 03431 02-0374998	INVESTMENTS REAL ESTATE	NH	KEENE HEALTH SERVICES	C			100 000 %		No
(3) KEENE HEALTH ENTERPRISES 580 COURT STREET KEENE, NH 03431 02-0374999	INVESTMENTS REAL ESTATE	NH	KEENE HEALTH SERVICES	C			100 000 %		No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the 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	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
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		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
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		No
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) CHESHIRE HEALTH FOUNDATION	C	340,508	CASH
(2) CHESHIRE HEALTH FOUNDATION	D	2,781,824	CASH
(3) CHESHIRE HEALTH FOUNDATION	J	72,000	CASH
(4) CHESHIRE HEALTH FOUNDATION	N	1,075,985	CASH

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	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 02-0354549
Name: THE CHESHIRE MEDICAL CENTER

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

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The Cheshire Medical Center

Audited Financial Statements

Year Ended June 30, 2013 and
Nine-Month Period Ended June 30, 2012
With Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Cheshire Medical Center

We have audited the accompanying financial statements of The Cheshire Medical Center, which comprise the balance sheet as of June 30, 2013, and the related statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Trustees
The Cheshire Medical Center

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cheshire Medical Center as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of The Cheshire Medical Center as of and for the nine-month period ended June 30, 2012, were audited by other auditors whose report dated September 27, 2012 expressed an unmodified opinion on those statements.

Baker Newman & Noyes

Manchester, New Hampshire
September 10, 2013

Limited Liability Company

THE CHESHIRE MEDICAL CENTER

BALANCE SHEETS

June 30, 2013 and 2012

ASSETS

	2013	2012
Current assets:		
Cash and cash equivalents	$ 26,344,654	$ 26,195,809
Accounts receivable, less allowance for doubtful accounts of $7,254,000 in 2013 and $6,855,000 in 2012 (note 16)	11,661,580	12,458,722
Inventories	2,273,489	2,169,916
Prepaid expenses and other current assets	2,418,354	2,237,514
Current portion of New Hampshire Medicaid enhancement tax credits (note 18)	887,108	–
Due from Cheshire Health Foundation (note 4)	2,781,824	1,437,331
Current portion of funds held by trustee under debt agreements (note 10)	1,261,424	775,353
Total current assets	47,628,433	45,274,645
Investments, including certain assets whose use is limited or restricted (notes 5, 7 and 16)	15,832,092	13,832,078
Other assets whose use is limited, net of current portion:		
Funds held by trustee under debt agreements (notes 5, 7 and 10)	1,274,097	1,074,645
Employee benefit plans (notes 5 and 7)	911,280	645,891
Total other assets whose use is limited, net of current portion	2,185,377	1,720,536
New Hampshire Medicaid enhancement tax credits, net of current portion (note 18)	887,300	–
Property, plant and equipment, net (notes 8, 10 and 12)	68,647,653	67,550,825
Other assets (note 2)	1,406,271	1,136,148
Total assets	$136,587,126	$129,514,232

LIABILITIES AND NET ASSETS

	2013	2012
Current liabilities:		
Accounts payable and accrued expenses	$ 5,274,287	$ 4,800,800
Accrued salaries and related expenses (note 11)	5,753,080	5,138,149
Amounts payable to third-party payors	1,255,584	725,451
Due to Dartmouth-Hitchcock, net (note 1)	7,395,668	6,371,601
New Hampshire Medicaid enhancement tax liability (note 18)	–	1,100,000
Current portion of capital lease obligation (note 12)	194,365	183,797
Current portion of long-term debt (note 10)	705,000	744,630
Total current liabilities	20,577,984	19,064,428
Other liabilities (notes 2 and 6)	17,744,811	33,601,764
Capital lease obligation, less current portion (note 12)	422,997	617,267
Long-term debt, less current portion (note 10)	29,627,458	25,462,927
Commitments and contingencies (notes 1, 2, 6, 11, 12 and 18)		
Net assets:		
Unrestricted	64,611,818	47,712,572
Temporarily restricted (note 13)	3,602,058	3,055,274
Total net assets	68,213,876	50,767,846
Total liabilities and net assets	$136,587,126	$129,514,232

See accompanying notes.

THE CHESHIRE MEDICAL CENTER

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Year Ended June 30, 2013 and Nine-Month Period Ended June 30, 2012

	2013	2012
Net patient service revenues, net of contractual allowances and discounts (notes 2 and 3)	$151,400,602	$ 115,850,935
Provision for doubtful accounts (notes 2 and 3)	(13,059,228)	(9,320,859)
Net patient service revenues less provision for doubtful accounts	138,341,374	106,530,076
Other revenue (notes 3 and 5)	4,903,806	2,886,070
Net assets released from restrictions used for operations	375,350	218,747
Total revenues and other support	143,620,530	109,634,893
Expenses (notes 2, 12 and 14):		
Salaries and wages	53,811,385	39,863,303
Employee benefits	19,232,652	15,011,770
Physicians fees	4,447,103	3,018,871
Supplies and other (note 4)	47,930,758	36,552,358
New Hampshire Medicaid enhancement tax (note 18)	4,657,932	5,744,610
Interest	1,089,114	784,159
Depreciation and amortization (note 2)	8,457,999	5,887,072
Total expenses	139,626,943	106,862,143
Income from operations before effect of interest rate swap, loss on bond refunding and expense relating to joint provision of medical services	3,993,587	2,772,750
Effect of interest rate swap (note 10)	(77,127)	(119,796)
Loss on bond refunding (note 10)	(425,394)	–
Expense relating to joint provision of medical services (note 1)	(1,751,000)	(3,100,000)
Gain (loss) from operations	1,740,066	(447,046)
Nonoperating gains, net (note 5)	612,295	85,770
Excess (deficiency) of revenues and net nonoperating gains over expenses	2,352,361	(361,276)

Continued next page.

THE CHESHIRE MEDICAL CENTER

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)

Year Ended June 30, 2013 and Nine-Month Period Ended June 30, 2012

	2013	2012
Unrestricted net assets:		
Excess (deficiency) of revenues and net nonoperating gains over expenses	$ 2,352,361	$ (361,276)
Changes in net unrealized gain on investments	323,895	533,629
Pension liability adjustments (note 6)	14,222,990	2,833,621
Increase in unrestricted net assets	16,899,246	3,005,974
Temporarily restricted net assets:		
Investment income (note 5)	400,139	289,890
Realized gains, net (note 5)	186,561	36,286
Restricted contributions	234,785	154,965
Changes in net unrealized gains on investments	100,649	158,311
Net assets released from restrictions used for operations	(375,350)	(218,747)
Increase in temporarily restricted net assets	546,784	420,705
Increase in net assets	17,446,030	3,426,679
Net assets, beginning of period	50,767,846	47,341,167
Net assets, end of period	$ 68,213,876	$ 50,767,846

See accompanying notes.

THE CHESHIRE MEDICAL CENTER

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2013 and Nine-Month Period Ended June 30, 2012

	2013	2012
Operating activities:		
Increase in net assets	$ 17,446,030	$ 3,426,679
Adjustments to reconcile increase in net assets to net cash provided by operating activities.		
Depreciation and amortization	8,457,999	5,887,072
Change in net unrealized gains on investments	(424,544)	(691,940)
Change in fair value of interest rate swap	8,973	(2,986)
Loss on bond refunding	425,394	–
Changes in operating assets and liabilities:		
Accounts receivable, net	797,142	3,020,270
Inventories, prepaid expenses and other assets	(2,414,964)	(1,161,994)
Due from Cheshire Health Foundation	(1,344,493)	(899,197)
Due to Dartmouth-Hitchcock	1,024,067	2,127,272
Accounts payable, accrued expenses and other liabilities	(15,722,841)	(2,348,625)
Accrued salaries and related expenses	614,931	(19,541)
Due to third-party payors	530,133	13,067
Net cash provided by operating activities	9,397,827	9,350,077
Investing activities:		
Purchase of property, plant and equipment, net of disposals	(9,554,827)	(4,233,398)
Net purchases of investments, including certain assets whose use is limited or restricted	(2,260,993)	(1,189,039)
Net cash used by investing activities	(11,815,820)	(5,422,437)
Financing activities:		
Payment of long-term debt and capital lease	(26,853,495)	(373,051)
Proceeds from issuance of long-term debt, net of issuance costs	29,974,458	–
Payment to settle interest rate swap	(554,125)	–
Net cash provided (used) by financing activities	2,566,838	(373,051)
Increase in cash and cash equivalents	148,845	3,554,589
Cash and cash equivalents at beginning of period	26,195,809	22,641,220
Cash and cash equivalents at end of period	$ 26,344,654	$26,195,809

See accompanying notes.

1. Organization

The Cheshire Medical Center (the Medical Center) is a not-for-profit acute care hospital serving residents of southwestern New Hampshire and the Connecticut River Valley. The Cheshire Health Foundation (the Foundation), a not-for-profit corporation, functions as the parent company to the Medical Center, and is the sole member of the Medical Center. The Foundation carries on fundraising activities and manages related investments.

Effective October 1, 1998, the Medical Center entered into a Partnership Agreement (the Agreement) with Dartmouth-Hitchcock Medical Center, which combined the operations of Dartmouth-Hitchcock's Keene Division and the Medical Center. By creating a Joint Operating Board and a unified management team to manage the clinical, administrative and financial operations of the combined entities, the Agreement recognizes the value of health care organizations working together to better meet patient and community needs. Both entities are pursuing opportunities to improve the quality and efficiency of health care delivery through the Agreement. The Agreement also provides for the financial sharing between the entities of combined operating results. As of June 30, 2013 and June 30, 2012, the Medical Center owed $15,410,854 and $13,659,854, respectively, under this Agreement. As of June 30, 2013 and June 30, 2012, Dartmouth-Hitchcock owed the Medical Center $8,015,186 and $7,288,253, respectively, for amounts incurred by the Medical Center on behalf of Dartmouth-Hitchcock for capital and operating activities.

During fiscal year 2012, the Medical Center changed its fiscal year end from September 30 to June 30.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Estimates are used when accounting for the allowance for doubtful accounts, long-lived assets, insurance costs, employee benefit plans, contractual allowances, third-party payor settlements and contingencies. It is reasonably possible that actual results could differ from those estimates.

Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, per diem payments and fee schedules. 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. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the financial statements in the year in which they occur.

2. Significant Accounting Policies (Continued)

The Medical Center recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients, the Medical Center provides a discount approximately equal to that of its largest private insurance payors. On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center records a significant provision for doubtful accounts related to uninsured patients in the period the services are provided.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The cost is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments which have a maturity of three months or less when purchased.

The Medical Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Medical Center has not experienced any losses on such accounts.

Accounts Receivable and the Allowance for Doubtful Accounts

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

2. Significant Accounting Policies (Continued)

The total provision for the allowance for doubtful accounts was $13,059,228 for the year ended June 30, 2013 and $9,320,859 for the nine-month period ended June 30, 2012 The Medical Center's bad debt writeoffs increased from $9,402,857 for the nine-month period ended June 30, 2012 to $12,534,229 for the year ended June 30, 2013. The increase in the allowance and annualized bad debt writeoffs was a result of collection trends.

Inventories

Inventories of supplies and drugs are stated at the lower of cost or market, determined on a weighted-average basis.

Bond Issuance Costs/Original Issue Discount or Premium

Bond issuance costs incurred to obtain financing and the original issue discount or premium are being amortized by the straight-line method, which approximates the effective interest method, over the life of the respective bonds. The bond issuance costs are presented as a component of other assets and the original issue discount or premium is presented as a component of bonds payable. During the year ended June 30, 2013, the Medical Center capitalized $386,071 of bond issuance costs. This amount, net of accumulated amortization, is included in other assets in the accompanying balance sheet.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess (deficiency) of revenues and net nonoperating gains over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues and net nonoperating gains over expenses. Periodically, the Medical Center reviews investments where the market value is below cost and, in cases where the decline is considered to be other than temporary, an adjustment is recorded to realize the loss.

Alternative investments consist primarily of limited partnership interests. The Medical Center has elected to reflect changes in the fair value of alternative investments in nonoperating gains, including both increases and decreases in value whether realized or unrealized, unless the income or loss is restricted by donor or law, in which case it would be reported as a change in temporary or permanently restricted net assets.

Certain of the limited partnerships may hold some securities without readily determinable fair values and, consequently, the general partner may estimate fair value for such securities. These estimates may differ significantly from the values that would have been used had a ready market existed, and may also differ significantly from the values at which such investments may be sold, and the differences could be material.

2. Significant Accounting Policies (Continued)

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include certain assets set aside by the Board of Trustees to provide for the future replacement of property, plant and equipment and certain donor-restricted funds. These assets are reported as board-designated and donor-restricted funds and are included in long-term investments See also Note 4 Also, under certain debt agreements, the Medical Center is required to maintain assets which have been segregated as externally designated trustee funds. In addition, certain assets under employee deferred compensation plans are also included.

Property, Plant and Equipment

Property, plant and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed less accumulated depreciation. The Medical Center's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the year ended June 30, 2013 and the nine-month period ended June 30, 2012, depreciation expense was $8,457,999 and $5,887,072, respectively

Professional Liability Loss Contingencies

The Medical Center is insured for professional liability through a claims-made insurance policy. The possibility exists, as a normal risk of doing business, that professional liability claims in excess of insurance coverage may be asserted against the Medical Center. The Medical Center presents anticipated insurance recoveries and estimated liabilities for medical malpractice claims separately on the balance sheets. At June 30, 2013 and 2012, the Medical Center recorded $1,457,386 and $800,000, respectively, related to the undiscounted estimated professional liability losses. These amounts have been recorded in other liabilities in the accompanying balance sheets. At June 30, 2013 and 2012, the Medical Center also recorded in other assets $925,000 and $800,000, respectively, related to estimated loss recoveries under its insurance coverage

Classification of Restricted Net Assets

Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net assets as either net assets released from restrictions (for non-capital-related items) or as net assets released from restrictions used for purchase of fixed assets (capital-related items). Contributions whose restrictions lapse, expire, or are otherwise met in the same reporting period as the contribution was received are recorded as unrestricted support in that year. Permanently restricted net assets would be restricted by donors to be maintained in perpetuity

2. Significant Accounting Policies (Continued)

Operating Indicator

The Medical Center has deemed all activities as ongoing, major or central to the provision of health care services and, accordingly, they are reported as operating revenue and expenses, except for realized gains and losses on securities, investment income and contributions which are recorded as nonoperating income

The statements of operations also include excess (deficiency) of revenues and net nonoperating gains over expenses. Changes in unrestricted net assets which are excluded from excess (deficiency) of revenues and net nonoperating gains over expenses, consistent with industry practice, include the change in net unrealized gains and losses on investments other than losses considered other than temporary and pension liability adjustments.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Financial instruments consist of cash and cash equivalents, accounts receivable, assets whose use is limited or restricted, accounts payable, estimated third-party payor settlements and long-term debt.

The fair value of all financial instruments other than long-term debt approximates their relative book value as these financial instruments have short-term maturities or are recorded at fair value. See Note 7. The fair value of the Medical Center's long-term debt is estimated using discounted cash flow analyses, based on the Medical Center's current incremental borrowing rates for similar types of borrowing arrangements, and is disclosed in Note 7 to the financial statements.

Retirement and Deferred Compensation Plans

The Medical Center closed its noncontributory defined benefit pension plan to new participants on March 31, 2008. Benefits had been based on years of service and the employee's average compensation in the last five consecutive plan years out of the latest ten years immediately preceding termination of employment, which produces the highest average. The plan has frozen existing participants' years of service. The Medical Center's funding policy is to contribute at a minimum the amount recommended by the Medical Center's actuary to fulfill *Employee Retirement Income Security Act of 1974* requirements. During the nine-month period ended June 30 2012, the plan's measurement date was changed from September 30 to June 30.

The Medical Center established a qualified defined contribution pension plan under Section 403(b) of the Internal Revenue Code (the Code), covering all eligible employees, effective as of July 1, 2008. Annual contributions to the pension plan are determined by applying the specified plan rates to the employees' gross salaries. The benefit expense recorded under the pension plan was $2,357,680 and $1,721,324 for the year ended June 30, 2013 and nine-month period ended June 30, 2012, respectively.

The Medical Center sponsors deferred compensation plans for certain qualifying employees. The amounts ultimately due to the employees are to be paid upon the employees attaining certain criteria, including age At June 30, 2013 and 2012, $911,280 and $645,891, respectively, is reflected in both assets whose use is limited and in other long-term liabilities related to such agreements.

2. Significant Accounting Policies (Continued)

Employee Fringe Benefits

The Medical Center has an earned time plan under which each employee earns paid leave for each pay period worked. These hours of paid leave may be used for vacations, holidays or illnesses. Hours earned but not used are vested with the employee. The Medical Center accrues a liability for such paid leave as it is earned.

Income Taxes

The Medical Center is a not-for-profit corporation as described in Section 501(c)(3) of the Code, and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the Medical Center's tax positions and concluded the Medical Center has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying financial statements. With few exceptions, the Medical Center is no longer subject to income tax examination by the U.S. federal or state tax authorities for years before 2010

Reclassifications

Certain amounts in the 2012 statements of operations have been reclassified to reflect the adoption of changes to accounting principles generally accepted in the United States of America related to the presentation of the provision for doubtful accounts, which has been reclassified from an operating expense to a deduction from net patient service revenue, net of contractual allowances and discounts. There was no impact to the balance sheet or the excess (deficiency) of revenues and net nonoperating gains over expenses attributable to the Medical Center for all periods presented as a result of this change.

Additionally, certain other 2012 amounts have been reclassified to conform with the current year presentation.

Subsequent Events

Events occurring after the date of the balance sheet are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through September 10, 2013 which is the date the financial statements were available to be issued.

2. Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2011-07, "*Health Care Entities*" (Topic 954): *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The ASU was effective for fiscal years and interim periods beginning after December 31, 2011, with early adoption permitted. Changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations are applied retrospectively to all prior periods presented. The ASU states that a health care entity that recognizes significant amounts of patient service revenue at the time the services are rendered, even though it does not assess the patient's ability to pay, must present bad debts as a reduction of net patient revenue and not as a separate item in operating expenses. The Medical Center adopted this guidance for the year ended June 30, 2013, and has reclassified amounts for the nine months ended June 30, 2012 in order to ensure consistency.

3. Patient Service and Other Revenues

An estimated breakdown of patient service revenue, net of contractual allowances, discounts and the provision for doubtful accounts recognized in the year ended June 30, 2013 from major payor sources, is as follows:

	Gross Patient Service Revenues	Contractual Allowances and Discounts	Provision for Doubtful Accounts	Net Patient Service Revenues Less Provision for Doubtful Accounts
Private payors (includes coinsurance and deductibles)	$151,746,879	$ 70,082,322	$ 3,800,235	$ 77,864,322
Medicaid	25,659,627	18,887,018	1,292,864	5,479,745
Medicare	160,011,647	105,056,285	848,850	54,106,512
Self-pay	18,166,766	10,158,692	7,117,279	890,795
	$355,584,919	$204,184,317	$13,059,228	$138,341,374

The Medical Center maintains contracts with the Social Security Administration (Medicare) and the State of New Hampshire Division of Health and Human Services (Medicaid). The Medical Center is paid a prospectively determined fixed price for Medicare and Medicaid inpatient acute care services depending on the type of illness, or the patient's diagnostic-related group classification. Outpatient services are based upon a prospective standard rate for procedures performed or services rendered. Capital costs and certain Medicaid outpatient services are also reimbursed on a prospectively determined fixed price. The Medical Center receives payment for other Medicare and Medicaid inpatient and outpatient services on a reasonable cost basis, which is settled with retroactive adjustments upon completion and audit of related cost-finding reports.

3. Patient Service and Other Revenues (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all laws and regulations, and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenues in the year that such amounts become known. There is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. For the year ended June 30, 2013 and the nine-month period ended June 30, 2012, net patient service revenues in the accompanying statements of operations increased by approximately $2,472,925 and $465,253, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements. Revenues from the Medicare and Medicaid programs accounted for approximately 36% and 4% and 35% and 4% of the Medical Center's net patient service revenue for the year ended June 30, 2013 and the nine-month period ended June 30, 2012, respectively.

The Medical Center also maintains contracts with Blue Cross and various other payors, which pay the Medical Center for services based on charges with varying discounts or fee schedules.

Electronic Health Records Incentive Payments

The CMS Electronic Health Records (EHR) incentive programs provide a financial incentive for the "meaningful use" of certified EHR technology to achieve health and efficiency goals. To qualify for incentive payments, eligible organizations must successfully demonstrate meaningful use of certified EHR technology through various stages defined by CMS. The Medical Center filed its Stage I meaningful use attestations with CMS. Revenue totaling approximately $1,800,000 associated with these meaningful use attestations was recorded as other revenue for the year ended June 30, 2013.

4. Related-Party Transactions

In the absence of donor restrictions, the Foundation has discretionary control over the distribution of its funds, the timing of such distributions, and the purposes for which such funds are to be used. The Foundation's funds are distributed to the Medical Center or others in amounts, and in periods, determined by the Foundation's Board of Trustees, who may also restrict the use of general funds for specific purposes. Contributions made by the Foundation to the Medical Center during the year ended June 30, 2013 and nine-month period ended June 30, 2012 amounted to $340,508 and $212,631, respectively, and were used to support community programs. These amounts are included in other revenue in the accompanying statements of operations and changes in net assets.

At the year ended June 30, 2013 and nine-month period ended June 30, 2012, the Foundation owed the Medical Center $2,781,824 and $1,437,331, respectively, for amounts incurred by the Medical Center on behalf of the Foundation for construction and operating activities.

4. Related-Party Transactions (Continued)

For the year ended June 30, 2013 and nine-month period ended June 30, 2012, the Medical Center paid $192,000 and $122,625, respectively, to the Foundation for the use of building space. This amount is included in supplies and other expenses in the accompanying statements of operations and changes in net assets.

5. Investments and Assets Whose Use is Limited or Restricted

Investments are carried at fair value, and include amounts held in common trust funds consisting of short-term fixed income securities and amounts pooled with the investments of the Foundation. At June 30, 2013 and 2012, components of investments were as follows:

	2013	2012
Cash and cash equivalents	$ 944,847	$ 944,847
Money market mutual funds	265,120	255,757
Domestic equity securities	1,279,954	1,108,101
Domestic equity mutual funds	2,589,676	2,152,527
International equity mutual funds	3,719,922	3,003,303
Global equity mutual funds	360,130	280,630
U.S. Government fixed income mutual funds	866,012	877,120
Domestic bond fixed income mutual funds	1,509,592	1,316,268
Alternative investments:		
Commingled commodities fund	271,935	285,912
Combined REIT fund	427,954	377,296
Global fixed income commingled fund	683,601	672,012
Long/short hedge fund	939,120	1,240,843
Multi-strategy hedge fund	1,974,229	1,317,462
	$15,832,092	$13,832,078

Investments and assets whose use is limited or restricted are recorded at fair value. At June 30, 2013 and 2012, they are reported in the accompanying consolidated balance sheets as follows:

	2013	2012
Investments	$10,117,840	$ 8,878,776
Board-designated funds and donor-restricted assets	5,714,252	4,953,302
Funds held by trustee under debt agreements	2,535,521	1,849,998
Employee benefit plans	911,280	645,891
	$19,278,893	$16,327,967

6. Pension Plan

Reconciliation of Funded Status and Accumulated Benefit Obligation

A reconciliation of the changes in the pension plan's projected benefit obligation and the fair value of assets, and the accumulated benefit obligation of the plan is as follows for the year ended June 30, 2013 and the nine-month period ended June 30, 2012:

	2013	2012
Change in benefit obligation:		
Projected benefit obligation at beginning of period	$(77,506,756)	$(75,276,729)
Interest cost	(2,858,641)	(2,515,345)
Benefits and expenses paid	1,865,947	1,262,796
Change in assumptions	5,605,933	(2,588,544)
Decrease for plan amendment	4,865,507	–
Experience (loss) gain	(485,226)	1,611,066
Projected benefit obligation at end of period	(68,513,236)	(77,506,756)
Changes in plan assets:		
Fair value of plan assets at beginning of period	45,896,035	41,373,575
Actual return on plan assets	5,616,131	4,182,044
Contributions by plan sponsor	3,490,872	1,603,212
Benefits and expenses paid	(1,865,947)	(1,262,796)
Fair value of plan assets at end of period	53,137,091	45,896,035
Funded status of the plan	$(15,376,145)	$(31,610,721)
Accumulated benefit obligation	$ 66,768,222	$ 70,282,153

The underfunded status of the plan of $15,376,145 and $31,610,721 at June 30, 2013 and 2012, respectively, is reported in the accompanying balance sheets in other liabilities. The decrease in this liability is primarily due to the 2013 plan amendment (see below), and changes in actuarial assumptions

Included in other changes in unrestricted net assets for the year ended June 30, 2013 and the nine-month period ended June 30, 2012 are the following amounts that have not yet been recognized in net periodic pension (credit) cost: unrecognized prior service costs of $(4,104,306) and $617,264, respectively, and unrecognized actuarial losses of $20,952,011 and $30,453,431, respectively. The prior service cost and actuarial loss included as other changes in unrestricted net assets, and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2014 is $265,575 and $1,410,069, respectively.

6. Pension Plan (Continued)

Asset Class	Policy Range
Domestic equity	20-30%
International equity	20-30%
Flexible capital	15-25%
Core bond	6-9%
Deflation hedging (U.S. Treasuries)	6-9%
Global fixed income	4-6%
Inflation hedging	8-12%
U.S. TIPS	2-3%
Commodities	2-3%
Natural resources	2-3%
Real estate	2-3%

The pension plan's weighted average asset allocations by asset category are as follows at June 30:

Asset Category	2013	2012
Domestic equity mutual funds	17%	16%
International equity mutual funds	26	24
Global equity mutual funds	2	2
Domestic equity securities	9	9
U.S. Government fixed income mutual funds	7	7
Domestic bond fixed income mutual funds	9	11
Alternative investments	30	31
	100%	100%

Contributions

The Medical Center expects to contribute $3,000,000 to its pension plan in 2014

Plan Amendment

On September 20, 2012, the plan was amended to freeze considered compensation for participants after December 31, 2015.

Estimated Future Benefit Payments

Benefit payments are estimated to be paid as follows:

Fiscal years:	
2014	$ 2,209,095
2015	2,357,285
2016	2,582,418
2017	2,885,008
2018	3,172,304
Years 2019 – 2023	20,141,799

7. Fair Value of Financial Instruments (Continued)

The financial instruments of the Medical Center which are carried at fair value as of June 30, 2013, are classified in the table below in the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets				
Investments and assets whose use is limited or restricted:				
Cash and cash equivalents	$ 944,847	$ –	$ –	$ 944,847
Funds held by trustee under revenue bond agreement:				
Cash and cash equivalents	2,535,521	–	–	2,535,521
Money market mutual funds	265,120	–	–	265,120
Domestic equity securities	1,279,954	–	–	1,279,954
Domestic equity mutual funds	2,589,676	–	–	2,589,676
International equity mutual funds	3,719,922	–	–	3,719,922
Global equity mutual funds	360,130	–	–	360,130
U.S. Government fixed income mutual funds	866,012	–	–	866,012
Domestic bond fixed income mutual funds	1,509,592	–	–	1,509,592
Alternative investments	–	427,954	3,868,885	4,296,839
Employee benefit plans	911,280	–	–	911,280
Total investments and assets whose use is limited or restricted	$14,982,054	$427,954	$3,868,885	$19,278,893

7. Fair Value of Financial Instruments (Continued)

The financial instruments of the Medical Center which are carried at fair value as of June 30, 2012, are classified in the table below in the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets				
Investments and assets whose use is limited or restricted:				
Cash and cash equivalents	$ 944,847	$ –	$ –	$ 944,847
Funds held by trustee under revenue bond agreement:				
Cash and cash equivalents	1,849,998	–	–	1,849,998
Money market mutual funds	255,757	–	–	255,757
Domestic equity securities	1,108,101	–	–	1,108,101
Domestic equity mutual funds	1,848,716	303,811	–	2,152,527
International equity mutual funds	3,003,303	–	–	3,003,303
Global equity mutual funds	280,630	–	–	280,630
U.S. Government fixed income mutual funds	877,120	–	–	877,120
Domestic bond fixed income mutual funds	1,316,268	–	–	1,316,268
Alternative investments	–	377,296	3,516,229	3,893,525
Employee benefit plans	645,891	–	–	645,891
Total investments and assets whose use is limited or restricted	$12,130,631	$681,107	$3,516,229	$16,327,967
Liabilities				
Interest rate swap agreement	$ –	$545,152	$ –	$ 545,152

7. Fair Value of Financial Instruments (Continued)

Financial instruments in the Medical Center's defined benefit pension plan carried at fair value as of June 30, 2012 are classified in the table below in the three categories described above:

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 295,332	$ –	$ –	$ 295,332
Domestic equity securities	4,074,869	–	–	4,074,869
Domestic equity mutual funds	6,281,940	876,656	–	7,158,596
International equity mutual funds	5,355,405	5,745,668	–	11,101,073
Global equity mutual funds	1,009,663	–	–	1,009,663
U.S. Government fixed income mutual funds	3,227,325	–	–	3,227,325
Domestic bond fixed income mutual funds	4,940,800	–	–	4,940,800
Alternative investments	–	1,240,412	12,847,965	14,088,377
	$25,185,334	$7,862,736	$12,847,965	$45,896,035

Fair value for Level 1 assets is based upon quoted market prices. Fair value for Level 2 assets is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers. Level 3 assets consist of alternative investments that are not redeemable in the near term. The valuation for alternative investments included in Levels 2 and 3 are stated at fair value, as estimated in an unquoted market. Fair value for alternative investments is determined for each investment using net asset values as a practical expedient, as permitted by generally accepted accounting principles, rather than using another valuation method to independently estimate fair value. The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Medical Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The fair value for interest rate swap agreement was primarily determined using techniques consistent with the market approach, and includes observable inputs such as interest rates and credit spreads.

Long-term debt is reported in the accompanying balance sheets at principal value, plus unamortized premium, which totaled $30,332,458 at June 30, 2013. The fair value of these obligations at June 30, 2013, as estimated based on quoted market prices for similar bonds, totaled $27,382,668.

7. Fair Value of Financial Instruments (Continued)

During the year ended June 30, 2013 and nine-month period ended June 30, 2012, the changes in the fair value of the financial instruments in the Medical Center's defined benefit pension plan alternative investment holdings and alternative investments measured using significant unobservable inputs (Level 3), were composed of the following.

	2013	2012
Defined benefit plan alternative investments:		
Balance at beginning of period	$12,847,965	$ 7,920,286
Net realized and unrealized gains	1,110,128	316,020
Purchases and issuances	811,388	6,900,000
Settlements	(14,645)	(2,288,341)
Ending balance at June 30	$14,754,836	$12,847,965
Investments and assets whose use is limited or restricted:		
Alternative investments:		
Balance at beginning of period	$ 3,516,229	$ 2,858,302
Net realized and unrealized gains	339,155	78,532
Investment income	22,903	18,091
Expenses	(6,259)	(4,156)
Purchases and issuances	501,718	1,159,116
Settlements	(504,861)	(593,656)
Ending balance at June 30	$ 3,868,885	$ 3,516,229

8. Property, Plant and Equipment

Property, plant and equipment consists of the following at June 30:

	2013	2012
Land and land improvements	$ 4,196,423	$ 4,058,473
Buildings	76,123,524	75,296,902
Fixed equipment	30,255,469	24,515,648
Major movable equipment	65,800,031	62,067,971
	176,375,447	165,938,994
Less accumulated depreciation	(109,033,844)	(100,654,775)
	67,341,603	65,284,219
Renovations in progress	1,306,050	2,266,606
	$ 68,647,653	$ 67,550,825

9. Estimated Third-Party Payor Settlements

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient and outpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. In addition to this, the Medical Center is also reimbursed for other items which require cost settlement and retrospective review by the fiscal intermediary. Accordingly, the Medical Center files an annual cost report with the Medicare program after the completion of each fiscal year to report activity applicable to the Medicare program and to determine any final settlements.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under fee schedules and cost reimbursement methodologies subject to various limitations or discounts. The Medical Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid program.

Other

The Medical Center has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined rates.

The accrual for estimated third-party payor settlements reflected on the accompanying balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Medical Center have been finalized through 2007 for Medicare and Medicaid.

10. Long-Term Debt

Long-term debt consists of the following at June 30, 2013 and 2012:

	2013	2012
New Hampshire Health and Education Facilities Authority (the Authority) Revenue Bonds:		
Series 2012 bonds with fixed interest coupon rates ranging from 2.0% to 5 0% (a net interest cost of 3.96%). Principal is payable in annual installments ranging from $705,000 to $1,750,000 through July 2039	$29,650,000	$ –
Series 2009 bonds with a variable interest rate computed based on .69 times the one-month LIBOR as defined in the agreement. Principal is payable in annual installments ranging from $279,630 to $318,534 through the mandatory redemption date of August 26, 2019, at which time a balloon payment of $11,997,825 is due. Paid in full in November 2012 using proceeds from Series 2012 bonds above	–	14,297,990
Series 1998 bonds with interest from 4.875% to 5.125% per year, and payable in annual sinking fund installments ranging from $465,000 to $1,005,000 through July 1, 2028. Paid in full in November 2012 using proceeds from Series 2012 bonds above	–	12,080,000
Less unamortized original issue discount	–	(170,433)
Plus unamortized original issue premium	682,458	–
	30,332,458	26,207,557
Less current portion	(705,000)	(744,630)
Long-term debt, less current portion	$29,627,458	$25,462,927

On November 15, 2012, the Medical Center, in connection with the Authority, issued $29,650,000 of tax-exempt Revenue Bonds (Series 2012). The proceeds of these bonds were used to refund the 1998 and 2009 Series Bonds of the Medical Center, to finance the settlement cost of the interest rate swap associated with the Series 2009 Bonds, and to finance the purchase of certain equipment and renovations. As a result of this transaction, the Medical Center recognized a loss on bond refunding of $425,394 for the year ended June 30, 2013 primarily as a result of writing off prior debt issuance costs capitalized on the repaid bonds and settlement of the outstanding interest rate swap agreement. The Medical Center granted the Authority a security interest in its gross receipts under the terms of the bond agreement.

On August 27, 2009, the Medical Center and the Foundation, in connection with the Authority, issued $15,000,000 of tax-exempt Revenue Bonds (Series 2009). The proceeds of these bonds were used to pay off the VHA of New England outstanding promissory notes of the Medical Center and the Bank of America promissory note held by the Foundation, and to finance the purchase of equipment and renovations. The Medical Center granted the Authority a security interest in its gross receipts under the terms of the bond agreement.

On September 1, 1998, the Medical Center, in connection with the Authority, issued $16,570,000 of tax-exempt Revenue Bonds (Series 1998) The proceeds of these bonds were used to advance refund the outstanding Series 1989 Revenue Bonds, and to finance the purchase of equipment and renovations. The Medical Center granted the Authority a security interest in its gross receipts under the terms of the bond agreement.

10. Long-Term Debt (Continued)

The Medical Center used an interest rate swap agreement in order to manage its interest rate risk associated with its outstanding debt. The swap was settled in conjunction with the Series 2012 bond issuance. The swap effectively converted interest rates on variable rate bonds to a fixed rate. The fair value of the swap of $(545,152) at June 30, 2012 was reported in the accompanying balance sheets in other liabilities. The change in fair value was $(8,973) and $2,986 for the year ended June 30, 2013 (prior to settlement payment) and nine-month period ended June 30, 2012, respectively Cash flows under the swaps netted to payments of $68,154 and $122,782 for the year ended June 30, 2013 (prior to settlement payment) and the nine-month period ended June 30, 2012, respectively. Both the change in fair value and the cash flows under the swap are included in the effect of interest rate swap in the statements of operations and changes in net assets. While the swap serves as an economic hedge, it did not qualify as an accounting hedge under ASC 815.

The Medical Center's agreement with the Authority provides for the establishment of various funds, the use of which is limited to approved project costs and debt service These funds are administered by a trustee and invested in cash and cash equivalents and income on certain of these funds is similarly limited. Amounts held by trustee are as follows at June 30, 2013 and 2012:

	2013	2012
Debt service	$1,261,424	$ 775,353
Debt service reserve	1,274,097	1,074,645
	$2,535,521	$1,849,998

Aggregate annual principal payments required for the Series 2012 bonds for the next five years ending June 30 are as follows:

2014	$ 705,000
2015	720,000
2016	735,000
2017	755,000
2018	780,000
Thereafter	25,955,000
	$29,650,000

For the year ended June 30, 2013 and nine-month period ended June 30, 2012, the Medical Center paid interest of $816,740 and $567,903, respectively.

The Medical Center has entered into an unsecured open line-of-credit agreement with a local bank in the amount of $2,500,000, of which $543,315 is required for the letter of credit related to the workers' compensation plan. As of June 30, 2013 and 2012, $1,956,685 and $1,630,000, respectively, remains available.

11. Commitments and Contingencies

Workers' Compensation

The Medical Center is currently insured under a claims-incurred policy for workers' compensation insurance. Prior to October 1, 2010, the Medical Center was insured under a high deductible plan and prior to that, was self insured. The previous high deductible plan offered, among other provisions, certain specific and aggregate stop-loss coverage to protect the Medical Center against excessive losses. The Medical Center has used an independent actuary to estimate the outstanding liability of claims related to the high deductible and self-insured plan periods. Undiscounted accrued workers' compensation losses of $1,300,000 and $1,700,000 at June 30, 2013 and 2012, respectively, have been recorded in accounts payable and accrued expenses and, in management's opinion, provide an adequate reserve for loss contingencies for the previous workers' compensation plans. In addition, a standby letter of credit of approximately $543,315 has been established under these plans.

Litigation

The Medical Center is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Medical Center's financial position, results of operations or cash flows.

Health Insurance

The Medical Center has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The Medical Center recognizes revenue for services provided to employees of the Medical Center during the year. The Medical Center is insured above a stop-loss amount of $225,000 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at June 30, 2013 and 2012, have been recorded as a liability of $1,270,000 and $1,220,000, respectively, and are reflected in the accompanying balance sheets within accrued salaries and related expenses.

12. Leases

Rent expense of $590,661 and $447,125 for medical equipment, building space, and pharmacy dispensers was incurred during the year ended June 30, 2013 and nine-month period ended June 30, 2012, respectively, under noncancellable operating lease agreements covering a term greater than one year.

At both June 30, 2013 and 2012, assets recorded under a capital lease totaled $722,262. There was accumulated amortization on the equipment of $325,017 and $180,565 at June 30, 2013 and 2012, respectively. The cost and accumulated amortization of the equipment are included in property, plant and equipment.

Amortization expense for these assets are included in depreciation and amortization expense in the statements of operations and changes in net assets.

12. Leases (Continued)

Future minimum lease payments under noncancellable operating leases, and under the capital lease, are as follows:

	Operating Leases	Capital Lease
2014	$ 637,539	$229,858
2015	386,692	229,858
2016	351,853	229,858
2017	266,761	–
2018	75,695	–
	$1,718,540	689,574
Less portion representing interest		(72,212)
Net lease obligation		$617,362

13. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2013 and 2012:

	2013	2012
Health education and program services	$3,602,058	$3,055,274

14. Functional Expenses

The Medical Center provides general health care services to residents within its geographic location, including inpatient, outpatient and emergency care. Expenses related to providing these services are as follows at June 30:

	2013	2012
Health care services	$112,799,787	$ 85,043,368
General and administrative	26,827,156	21,818,775
	$139,626,943	$106,862,143

15. Charity Care

The Medical Center does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenues. The net cost of charity includes the direct and indirect cost of providing charity care services, offset by revenues received from financial assistance donations. The estimated cost of charity care provided during year ended June 30, 2013 and the nine-month period ended June 30, 2012 was $2,631,407 and $2,046,162, respectively. Donations received to offset charity services provided totaled $121,608 and $104,176 for the year ended June 30, 2013 and nine-month period ended June 30, 2012, respectively.

16. Concentration of Credit Risk

The Medical Center grants credit without collateral to the insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at June 30:

	2013	2012
Medicare	30%	29%
Medicaid	4	5
Commercial insurance and other	23	24
Patients	25	27
Blue Cross	18	15
	100%	100%

Financial instruments which subject the Medical Center to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the Medical Center's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The Medical Center's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts. The Medical Center's investment portfolio consists of diversified investments, which are subject to market risk. At June 30, 2013, investment concentrations of 5% or greater of the investment portfolio (excluding funds held by trustee under debt agreements) were as follows:

Dodge & Cox International Fund	$1,916,141	12.1%
EuroPacific Growth Fund	1,803,779	11.4
Vanguard Total Stock Index Fund	1,776,320	11.2
Forester Partners II, L.P.	939,119	5.9
PIMCO Total Return Institutional Fund	811,626	5.1
Weatherlow Offshore Fund I	809,134	5.1

17. Volunteer Services (Unaudited)

Total volunteer service hours received by the Medical Center were approximately 24,200 and 17,400 in the year ended June 30, 2013 and the nine-month period ended June 30, 2012, respectively. The volunteers provide various nonspecialized services to the Medical Center, none of which has been recognized as revenue or expense in the accompanying statements of operations.

18. Taxes

The Medical Center has losses from unrelated business income activities of approximately $3,645,765. A deferred tax asset for these losses of approximately $1,458,306 is offset by a corresponding valuation allowance of the same amount.

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. In addition, as part of the State of New Hampshire's biennial budget process for the two-year period ending June 30, 2013, the State eliminated disproportionate share payments to certain New Hampshire hospitals, including the Medical Center As a result, during the year ended June 30, 2013 and the nine-month period ended June 30, 2012, the Medical Center paid the State of New Hampshire's Medicaid enhancement tax based on 5.5% of net patient service revenues, with certain exclusions but did not receive disproportionate share payments.

In response to the State's actions, the Medical Center and several other New Hampshire hospitals collectively filed a lawsuit against the State of New Hampshire. This lawsuit was settled on May 28, 2013, and included all tax years up to the year ended June 30, 2013. The settlement included a credit to the Medical Center to offset future taxes for the years ending June 30, 2014 and June 30, 2015. At June 30, 2013, $1,774,408 has been recorded related to this future tax credit, with the applicable amount broken out as current.