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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 mission of Alice Peck Day Health Systems is to provide personalized, high quality, patient-focused healthcare services which are responsive to community needs, promote wellness, and continually improve the quality of healthcare in the community

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 \$ 50,028,636 including grants of \$ 40,150) (Revenue \$ 54,164,603)

Alice Peck Day Memorial Hospital is a community-based critical access hospital operating in Lebanon, NH The Hospital began as a small cottage hospital in 1932 From its humble beginnings, Alice Peck Day has continually demonstrated its commitment to provide patient-focused health care services which improve the quality of life within its community and promote wellness for all Alice Peck Day Memorial Hospital is a charitable health care organization which is dedicated to serving its community This commitment includes granting credit to patients, substantially all of whom are local residents The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than the established rates Collections are not pursued for amounts determined to qualify as charity care The Hospital maintains records to identify and monitor the level of charity care it provides These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the established costs of the services and supplies provided, and equivalent service statistics For the year ended September 30, 2013, charity care at a cost of \$867,713 was provided to eligible patients Estimated costs incurred in excess of payment for inpatient and outpatient services for Medicaid patients in the year ended September 30, 2013 were \$2,083,515 In addition to the charity care services described above, the Hospital provided a number of other services for which little or no payment was received Services included community health services, health professional education, community building activities, and community benefit programs Services ranged from community flu clinics, Upper Valley Smiles Dental Program, student and professional education, emergency pharmacy vouchers, and many other programs which contributed to and supported our community As a local hospital, Alice Peck Day works closely with community organizations to address community needs Organizations that were beneficiaries of hospital staff time, meeting space, and/or materials include Alcoholics Anonymous, AARP, Arthritis Foundation, Awake Support Group, Childbirth Education and Postpartum Massage, Colby Sawyer College, Community Health Department, Geisel School of Medicine at Dartmouth, Good Neighbor Health Clinic, Grafton County Senior Center, Grafton County Senior Citizens' Council, Lebanon Area Chamber of Commerce, Lebanon College, Lebanon School Bike Rodeo, Lebanon School Distrct, NE Institute of Technology, Over-Eaters Anonymous, River Valley Community College, Savvy Seniors Exercise Program, Upper Valley Interfaith Project, Upper Valley Turning Point, Upper Valley Smiles Dental Program, Vermont Technical College, and Yale University In certain instances, assistance was provided to the community for which no value can be placed This assistance included leadership in identifying community needs, staff commitment to volunteer for community organizations, advocacy and support for the socially and physically disadvantaged, and support for local public safety organizations Alice Peck Day considers caring for our community a special responsibility that we are honored to fulfill Through our many programs, dedicated staff and unwavering commitment to quality care, Alice Peck Day works to exceed these expectations and make a real difference in our community

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 ▶ 50,028,636

Form 990 (2012)

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	51	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	692	
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	20		
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	17		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes
13	Did the organization have a written whistleblower policy?	13	Yes
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	15a	Yes
b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	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	Evalie M Crosby CPA FHFMA 10 Alice Peck Day Drive Lebanon, NH (603) 448-3121

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount 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

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	2,806,910	227,424	382,843

\$100,000 of reportable compensation from the organization

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Upper Valley Neurology 106 Hanover Street Lebanon NH 03766	Professional Services	1,927,991
Engelberth Construction 428 Main Street Keene NH 03431	Construction Services	605,525
Carpenter & Costin 289 North Main Street Rutland VT 05701	Landscaping Services	147,139

\$100,000 of compensation from the organization ➡3

Part VIII

Statement of Revenue

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

				(A)	(B)	(C)	(D)
				Total revenue	Related or exempt function revenue	Unrelated business revenue	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				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	483,872			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f			483,872		
Program Service Revenue	2a	Patient services	Business Code				
			621400	53,729,634	53,729,634		
	b	Other operating	621400	343,728	343,728		
	c	Nutritional services	722210	91,241	91,241		
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f			54,164,603		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		97,095			97,095
	4	Income from investment of tax-exempt bond proceeds . . .					
	5	Royalties					
	6a	Gross rents	(i) Real	(ii) Personal			
			36,958				
	b	Less rental expenses	23,883				
	c	Rental income or (loss)	13,075				
	d	Net rental income or (loss)		13,075			13,075
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
			988,215	7,879			
	b	Less cost or other basis and sales expenses	942,899	0			
	c	Gain or (loss)	45,316	7,879			
	d	Net gain or (loss)		53,195			53,195
	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							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See Instructions			54,811,840	54,164,603	0	163,365

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.	40,150	40,150		
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.	659,091	61,564	597,527	
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.	25,964,607	24,673,868	1,054,380	236,359
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	402,759	374,806	24,248	3,705
9	Other employee benefits.	2,501,297	2,380,140	97,569	23,588
10	Payroll taxes.	1,754,554	1,632,788	105,624	16,142
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	26,109	3,740	22,369	
c	Accounting.	47,125		47,125	
d	Lobbying.	11,920		11,920	
e	Professional fundraising services. See Part IV, line 17.	11,502			11,502
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).	5,400,274	5,041,985	322,292	35,997
12	Advertising and promotion.	42,405	10,587	31,697	121
13	Office expenses.	1,245,305	882,409	347,320	15,576
14	Information technology.	83,622	78,320	4,407	895
15	Royalties.				
16	Occupancy.	1,084,965	919,583	160,810	4,572
17	Travel.	196,149	174,557	19,183	2,409
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	481,043		481,043	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	1,955,564	1,655,517	291,813	8,234
23	Insurance.	983,557	971,306	11,915	336
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	Medical supplies/equipm.	5,620,283	5,612,130	7,950	203
b	Medicaid Enhancement ta	2,433,571	2,433,571		
c	Provison for bad debt	2,085,471	2,085,471		
d	Equipment rental/mainte	481,802	470,973	10,747	82
e	All other expenses	589,977	525,171	55,571	9,235
25	Total functional expenses. Add lines 1 through 24e.	54,103,102	50,028,636	3,705,510	368,956
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		49,669	1	382,532
	2	Savings and temporary cash investments		2,737,368	2	4,210,783
	3	Pledges and grants receivable, net		1,833,739	3	1,347,100
	4	Accounts receivable, net		7,528,117	4	8,282,884
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		1,238,856	8	1,129,039
	9	Prepaid expenses and deferred charges		387,557	9	440,197
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a43,240,471			
	b	Less accumulated depreciation	10b24,839,043	19,099,897	10c	18,401,428
	11	Investments—publicly traded securities		3,395,054	11	4,047,095
	12	Investments—other securities See Part IV, line 11		8,500	12	8,500
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		122,544	14	116,963
	15	Other assets See Part IV, line 11		3,431,650	15	5,606,619
	16	Total assets. Add lines 1 through 15 (must equal line 34)		39,832,951	16	43,973,140
Liabilities	17	Accounts payable and accrued expenses		7,799,569	17	8,372,064
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		14,807,522	20	14,830,040
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	837,113
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		840,603	25	2,412,567
	26	Total liabilities. Add lines 17 through 25		23,447,694	26	26,451,784
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		15,898,995	27	16,878,683
	28	Temporarily restricted net assets		458,576	28	612,221
	29	Permanently restricted net assets		27,686	29	30,452
	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		16,385,257	33	17,521,356
	34	Total liabilities and net assets/fund balances		39,832,951	34	43,973,140

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	54,811,840
2	Total expenses (must equal Part IX, column (A), line 25)	2	54,103,102
3	Revenue less expenses Subtract line 2 from line 1	3	708,738
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	16,385,257
5	Net unrealized gains (losses) on investments	5	336,654
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	90,707
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	17,521,356

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

An organization that normally receives (1) more than 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Alice Peck Day Memorial Hospital	Employer identification number 02-0222791
--	--

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
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-															
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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		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?	Yes		7,279
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		495
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		4,196
j	Total. Add lines 1c through 1i.			11,970
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	The Organization pays dues to the New Hampshire Hospital Association and the American Hospital Association, a portion of which are attributable to lobbying activities. Also, APD joined the 10 Mile CAH Coalition which engaged in strategic health resources (SHA) in lobbying efforts with regards to efforts in trying to eliminate CAH status. The CEO and CFO participated in a gathering in Washington DC that included visits to and discussions with all 4 members of the New Hampshire Legislative delegation. This was a two day event in February 2013. APD signed letters produced by SHA and sent them to members of Congress regarding the protection of the critical access hospital program. The CEO and CFO participated in phone conference calls with SHA and other members of the Coalition for strategic planning purposes.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization Alice Peck Day Memorial Hospital	Employer identification number 02-0222791
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Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 2a

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

☐ Yes

☐ No
- b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	27,686	25,840	28,065	26,827	26,456
b Contributions					
c Net investment earnings, gains, and losses	2,766	1,846	-2,225	1,238	371
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	30,452	27,686	25,840	28,065	26,827

- 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

100 000 %
- c

Temporarily restricted endowment

0 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

unrelated organizations

3a(i)

☐ Yes

☐ No

(ii)

related organizations

3a(ii)

☐ Yes

☐ 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		927,577		927,577
b Buildings		19,758,231	8,441,352	11,316,879
c Leasehold improvements		250,651	209,757	40,894
d Equipment		20,111,647	15,339,583	4,772,064
e Other		2,192,365	848,351	1,344,014
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				18,401,428

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	The Organization uses the income from its endowment funds for use in operations.
Description of Uncertain Tax Positions Under FIN 48	Part X, Line 2	The System consists of not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, all of which are exempt from federal income taxes on related income pursuant to Sections 501(a) of the Code. Management evaluated the System's tax positions and concluded the System 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 the consolidated financial statements. With few exceptions, the System is no longer subject to income tax examinations by the U S federal or state tax authorities for years before 2010.

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☐ 200% ☒ Other <u>27500 0000000000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other <u>27500 0000000000 %</u> c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			867,713		867,713	1 670 %
b Medicaid (from Worksheet 3, column a)			4,165,481	2,081,966	2,083,515	4 010 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			5,033,194	2,081,966	2,951,228	5 680 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			141,559		141,559	0 270 %
f Health professions education (from Worksheet 5)			190,934		190,934	0 370 %
g Subsidized health services (from Worksheet 6)			13,214,767	5,689,151	7,525,616	14 470 %
h Research (from Worksheet 7)			0			
i Cash and in-kind contributions for community benefit (from Worksheet 8)			70,523		70,523	0 140 %
j Total. Other Benefits			13,617,783	5,689,151	7,928,632	15 250 %
k Total. Add lines 7d and 7j			18,650,977	7,771,117	10,879,860	20 930 %

Part IICommunity 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
1Physical improvements and housing			0			
2Economic development			1,939		1,939	0 %
3Community support			12,549		12,549	0 020 %
4Environmental improvements			3,736		3,736	0 010 %
5Leadership development and training for community members			3,725		3,725	0 010 %
6Coalition building			1,650		1,650	0 %
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			23,599		23,599	0 040 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1Yes

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

21,376,250

3Enter 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.

3100,000

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

514,850,900

6Enter Medicare allowable costs of care relating to payments on line 5.

613,849,369

7Subtract line 6 from line 5. This is the surplus (or shortfall).

71,001,531

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9aYes

bIf "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.

9bYes

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Alice Peck Day Memorial Hospital 10 Alice Peck Day Drive Lebanon, NH 03766 www.alicepeckday.org	X	X			X		X		Physician Clinics	

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)

Alice Peck Day Memorial Hospital

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	☒ A definition of the community served by the hospital facility		
b	☒ Demographics of the community		
c	☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☒ How data was obtained		
e	☒ The health needs of the community		
f	☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☒ The process for consulting with persons representing the community's interests		
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	☒ Hospital facility's website		
b	☒ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☒ Execution of the implementation strategy		
c	☒ Participation in the development of a community-wide plan		
d	☒ Participation in the execution of a community-wide plan		
e	☒ Inclusion of a community benefit section in operational plans		
f	☒ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☒ Prioritization of health needs in its community		
h	☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>275 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>275 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☒ Asset level			
c ☒ Medical indigency			
d ☒ Insurance status			
e ☒ Uninsured discount			
f ☒ Medicaid/Medicare			
g ☐ State regulation			
h ☒ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☒ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☒ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☒ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☒ Reporting to credit agency			
b ☒ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	Yes
a ☐ Reporting to credit agency			
b ☒ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

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

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

8

Name and address	Type of Facility (describe)
1 RAM Center for Community Care 5 Alice Peck Day Drive Lebanon, NH 03766	Primary Care Physician Clinic
2 Women's Care Center 141 Mascoma Street Lebanon, NH 03766	OB/GYN Physician Clinic
3 APD Orthopaedic Clinic 17 Alice Peck Day Drive Lebanon, NH 03766	Orthopaedic Physician Clinic
4 General Surgery Clinic 10 Alice Peck Day Drive 17A Lebanon, NH 03766	General Surgeon Clinic
5 Pain Management Clinic 17 Alice Peck Day Drive B Lebanon, NH 03766	Pain Management Clinic
6 APD Hand & Upper Extremity Clinic 205 Billings Farm Road Unit 3A White River Junction, NH 05001	Hand & Upper Extremity Orthopaedic Physician Clinic
7 Occupational Health Services 127 Mascoma Street 2nd Floor Lebanon, NH 03766	Occupational Health Physician Clinic
8 Neurosurgery Services at APD (NSAPD) 106 Hanover Street Lebanon, NH 03766	Neurosurgery Physician Clinic
9	
10	

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		Part I, Line 3c Family income limit for eligibility for discounted care ranges from 200%-275% of FPG
		Part I, Line 7 The costs of charity care and means-tested programs are calculated using the facility-wide cost to charge ratio as calculated in Worksheet 2 Subsidized health services are calculated using the cost to charge ratios per service area, using a step-down cost allocation methodology consistent with Medicare cost report methodology The cost of financial assistance and other community benefits at cost are 6 19% of total expenditures on Form 990, Part IX, Column A, Line 25, excluding bad debt expense

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Bad debt expense reported on Form 990, Part IX, Line 25 was excluded from total expenses for the calculation of net community benefit expenses as a percent of total expense
		Part II Alice Peck Day Memorial Hospital participates in various community building activities to promote and advocate for the health needs of the community Significant activities include participation in the Upper Valley Interfaith Project, which promotes adequate public transportation in the region, including availability of transportation for hospital and clinic visits for area residents APD's social services department works with patients who seek assistance with living wills and advance medical directives APD personnel are actively involved in disaster and emergency preparedness planning and training activities These activities are designed to promote the health and safety of the community in the event of widespread or large natural or other disaster, or in the event of widespread viral outbreaks, such as influenza Finally, APD personnel are active participants in the New Hampshire Hospital Association (NHHA) NHHA advocates for the care and protection of NH hospital patients, including making quality health care available, affordable, and accessible to all, regardless of ability to pay

Identifier	ReturnReference	Explanation
		Part III, Line 4 Bad debt cost is calculated using a cost to charge ratio using a step-down cost allocation methodology consistent with Medicare cost reporting In FY 13, accounts written off to bad debt included gross charges being written off less any payments received against those charges Any cash collected on accounts previously written off is included as an offset to bad debt expense as recoveries of bad debt We estimated the amount of charity care in bad debt expense based on the number of applications for charity care We believe the amount is minimal based on our extensive efforts to educate our patients and staff about our various payment plans and charity care to ensure that patients who qualify for any of our programs utilize them Depending on the specific circumstances, a patient may be eligible for charity care, discounted care, time-payment programs, or a combination of the above Due to these efforts, we feel that amounts written off to bad debt that could qualify as charity care are minimal Footnote 1 to the audited consolidated financial statements of Alice Peck Day Health Systems, Corp includes the following to address bad debt Accounts receivable are stated at the amount management expects to collect on outstanding balances Management provides for possible uncollectible amounts through a charge to operations and a credit to the valuation allowances based on its assessment of individual accounts and historical adjustments Accounts deemed uncollectible are written off through a charge against the established allowance
		Part III, Line 8 Medicare allowable costs for the Medicare Cost Report are reported in accordance with CMS guidelines using the cost to charge ratio methodology

Identifier	ReturnReference	Explanation
		Part III, Line 9b Our bad debts collection policy applies to all patient accounts in a consistent manner. The policy specifically indicates that, after a second statement is sent with no payment received, a patient accounts representative will attempt to contact the patient by phone to determine if a financial assistance application or payment plan is appropriate. This is completed to avoid further escalation of past due account(s) if the patient may qualify for full or partial relief under the charity care policy. If the application is successful, then the qualifying balance or balances are classified as charity care and no longer pursued for collections. Once a patient balance is classified as charity care, it is not subject to collection activities. Alice Peck Day is committed to helping our patients obtain quality healthcare, regardless of ability to pay. Our financial assistance programs encourage and enable our patients to make healthcare decisions free of financial barriers. We educate our patients about our programs and provide assistance prior to their receiving services, at registration for services, and during our billing process to ensure that any and all patients in need of assistance are provided with the help they qualify for under APD programs if they choose to pursue these benefits. Brochures and signs are placed in high traffic areas such as the ER and Registration. Our staff is trained to identify patients during registration, provide information, and offer assistance in completing the necessary forms. During our billing process, calls are made to patients with outstanding balances. APD staff work with patients to identify problems they are facing in dealing with outstanding balances. Patients are notified again of the many types of financial assistance available for which they may qualify. Programs are explained and assistance is offered, if needed in completing the applications. Due to this multi-level approach and staff that is trained to identify clients who may need financial assistance, very few qualifying patients reach the point of bad debt. Our collection policies and procedures, in conjunction with our small size, allow our organization to place great emphasis on helping all patients who may be in need to apply for, and obtain, the appropriate level of financial assistance.
Alice Peck Day Memorial Hospital		Part V, Section B, Line 3 The 2012 Upper Valley Community Needs Assessment Report was the product of an almost year-long process coordinated by Alice Peck Day Memorial Hospital, Mount Ascutney Hospital and Health Care, Dartmouth-Hitchcock Medical Center and Granite United Way. Between November 2011 and October 2012, information on health, education and economic needs of the Upper Valley region were gathered through secondary data gathering, two forums with informed stateholders, a stakeholders' survey, and six focus group discussions. The CAN process was guided by a Steering Committee composed of individuals (including the Community Health Director at Alice Peck Day Memorial Hospital) with expertise in the areas of health, education and economic well being.

Identifier	ReturnReference	Explanation
Alice Peck Day Memorial Hospital		Part V, Section B, Line 4 Alice Peck Day Memorial HospitalMount Ascutney Hospital and Health CareDartmouth-Hitchcock Medical Center
Alice Peck Day Memorial Hospital		Part V, Section B, Line 7 Through primary and secondary data analysis, as well as qualitative research that was inclusive of a wide spectrum of health and human services professionals and community residents, twelve key community needs were identified 1 Lack of quality jobs/income2 Transportation access and cost3 Housing cost4 Tobacco/alcohol/drug use5 Oral health6 Mental health7 Obesity/poor nutrition/lack of physical activity8 All health/oral health /insurance access9 Child care10 Asthma11 Isolation/less time for "community" and12 Quality of/limited educationMany of those community needs (1,2,3,9,11, and 12) do not fall within the primary purview of the health care delivery system While we acknowledge the growing evidence pointing to the interplay between economic and educational status and health, APD as a small, community-based rural hospital is not positioned to directly address those significant areas of concern (an exception to this is need 2, transportation access and cost APD made a substantial cash donation to the Grafton County Senior Citizens Council, earmarked for the elderly/disabled bus service) As described in other sections of this report, Alice Peck Day Memorial Hospital focuses its community health resources in two major areas oral health (need 5) and health access (need 8)

Identifier	ReturnReference	Explanation
Alice Peck Day Memorial Hospital		Part V, Section B, Line 12h Alice Peck Day Memorial Hospital offers financial assistance to patients demonstrating need In making the need determination, APD participates with and honors the founding principles and guidelines of the New Hampshire Health Access Network (NHHAN) Accordingly, decisions regarding the granting of financial assistance will be based primarily on a patient and his or her household income and assets There will be minimal consideration of expenses except when they identify areas for further investigation or incomplete or inaccurate information The value of a patient's principal residence is not considered in qualifying a patient for in-house assistance APD requires exhaustion of other payment methodologies, including but not limited to, Worker's Compensation, Veterans Benefits, Medicaid, liability (auto accidents), victims of crime, and COBRA When applicable, proof of determination may be required prior to consideration for financial assistance
Alice Peck Day Memorial Hospital		Part V, Section B, Line 14g Please see Part V, Line 3 for a description of the financial assistance program and the efforts made to publicize and promote the program

Identifier	ReturnReference	Explanation
Alice Peck Day Memorial Hospital		Part V, Section B, Line 20d The hospital facility provides uninsured patients with a 15% discount At the time the discount was established, the discount exceeded the average of the three lowest negotiated commercial insurance rates for services at the hospital facility The average of the three lowest commercial insurance rates was approximately 87.5%, the rate applied to uninsured patients was lower than that rate, at 85%, representing a 15% discount In addition to these eligible patients, a 10% prompt pay discount is offered
		Part VI, Line 2 Due to our rural location and size, a collaborative effort between the United Way, Dartmouth Hitchcock Memorial Hospital, Mount Ascutney Hospital, Granite United Way and Alice Peck Day Memorial Hospital created the 2012 Community Needs Assessment that formed the basis for the FY 2013 Community Benefits Plan Priority needs and health concerns for our community were based upon information collected from community needs assessments and community surveys Identified population health concerns included tobacco/alcohol/drug use, oral health, mental health, obesity/poor nutrition/lack of physical activity, access to care and asthma Alice Peck Day used this information to help focus its community benefit efforts to meet the priority needs identified in the Community Benefit Plan Of special note is the Upper Valley Smiles Program that has served a priority need to oral health within our local community Upper Valley Smiles has touched the lives of many children ages newborn to eighteen in our community and provided much needed care, particularly for the uninsured

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Alice Peck Day believes that quality health care should be available to all, regardless of ability to pay Our financial assistance programs and staff are dedicated to helping people obtain the care they need We reach out to our patients in many different ways to ensure that they are aware that help is available and to help guide them through the process Brochures and signage are posted in high traffic areas such as the emergency room, registration, and the lobby Registration staff are trained to identify patients who may be in need of financial assistance Once identified, staff notify the patient that APD has various forms of financial assistance and explain that assistance is available for anyone who might require help or guidance in completing any necessary paperwork In addition to the above, our billing staff are trained to help identify and offer assistance to anyone who might require financial assistance Patients with outstanding claims are contacted by our credit coordinator who works with them to clear up balances through the variety of programs we offer Assistance is also provided in applying for federal/state programs to those who qualify Specially trained staff guide applicants through the process to ensure forms are filled out correctly, all required documentation is attached, and the applicants understand what they can expect to happen along the way
		Part VI, Line 4 Alice Peck Day Memorial Hospital is part of the Lebanon Health Care service area The Lebanon service area comprises cities and towns in New Hampshire and Vermont APD's service area in NH is comprised of 15 towns in addition to the city of Lebanon, including Canaan, Cornish, Croydon, Dorchester, Enfield, Grafton, Grantham, Hanover, Lyme, Newport, Orange, O rford, Piermont, Plainfield and Warren Vermont towns include East Thetford, Fairlee, Hartford, Hartland, North Hartland, North Thetford, Post Mills, Quechee, Sharon, South Strafford, Strafford, Thetford, Thetford Center, Vershire, West Vershire, West Fairlee, West Hartford, White River Junction and Woodstock

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Alice Peck Day actively promotes community-based leadership development Staff members participate in the Lebanon Chamber of Commerce, Leadership Upper Valley, Vital Communities Corporate Council, Foundation for Healthy Communities, the Rural Health Coalition, and the Advocacy Task Force As an active member of the community, APD works to be proactive concerning disaster readiness Staff have participated in onsite training for disaster preparedness as well as off-site training with other regional hospitals Collaborative efforts include all hazard regional training, emergency response training, and a regional mass casualty response program to help facilitate cooperative efforts if such needs arise
		Part VI, Line 6 Alice Peck Day Memorial Hospital is a critical access hospital located in Lebanon, NH The Hospital is served by a board of trustees consisting of local citizens active in community activities and organizations The majority of board members are not employed by the Hospital, and include local government and business representatives as well as practicing independent physicians Despite its small size, APD is committed to giving back to the community to the greatest extent possible During FY13, cash donations were given to organizations to help those in need Local financial contributions helped support free primary care clinics for the uninsured, provided transportation for the elderly and disabled to receive medical care, and provided local nonprofit organizations with meeting space and refreshments Alice Peck Day supported community flu clinics, provided emergency prescription drug vouchers, provided childbirth education classes, offered a dedicated office space for a local public health collaborative, provided space for a satellite free clinic, and worked toward the expansion of local public transportation to ensure all those in need of medical care could receive it One of APD's most exciting and celebrated programs is the Upper Valley Smiles Dental Program This program provides an oral health safety net for disadvantaged residents within our service area In 6 different schools, over 1,600 students received oral health education, with nearly 400 of those children receiving screenings from a dental team Additionally, over 1,200 preventative sealants were given to 239 low-income, uninsured children Referrals for follow-up restorative treatment were given to 97 of the 239 children With grant support, APD continued its Women, Infants and Children (WIC) Oral Health Initiative in Lebanon and Enfield New Hampshire, and in Hartford, Vermont Under the WIC initiative, a total of 104 low-income children aged 0-10 received oral health education, a dental screening, and preventative care Individuals were provided with assistance in applying for NH/VT Medicaid to ensure increased access to medical care for this needy population As a result, a significant number of people were successfully enrolled and received ongoing care To promote health professional education, APD provided clinical undergraduate training to students from Bay Path College, Geisel School of Medicine at Dartmouth, George Washington University, Lebanon College, New England Institute of Technology, River Valley Community College, the University of Vermont and Yale University APD annually sponsors district-wide professional development for school nurses in our local area and for others within our region These initiatives and ongoing efforts continue to address several of the most pressing community needs as identified in our community needs assessment

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	NH

Part III

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

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

Part IV Supplemental Information.		
Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information		
Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 As part of APD's Access Improvement Plan developed in 2003, Hospital staff and Board members identified the Grafton County Senior Citizens Council and the Good Neighbor Health Clinic (which also includes the Red Logan Dental Clinic) as essential to providing access to health care in the Upper Valley NH and White River VT areas Based on the needed services provided, the Board approved on-going monetary support for these organizations The annual amount to be contributed by APD to these organizations is approved annually through the annual budget process APD receives and reviews each year the organizations' published annual reports and also maintains informal contacts throughout the year to monitor the organizations' operations and services

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☐ First-class or charter travel ☐ 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		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ 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? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c		No
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		No
b	Any related organization? If "Yes," to line 5a or 5b, describe in Part III	5b		No
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		No
b	Any related organization? If "Yes," to line 6a or 6b, describe in Part III	6b		No
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

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

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

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

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	Part I, Line 3	The compensation of the Organization's CEO/President is determined through a related party, APD Health Systems, Corp, the sole corporate member of the Organization. APD Health Systems used its Compensation Committee, an independent compensation consultant, a compensation survey/study, and approval by its Board's Compensation Committee to establish the CEO/President's compensation and benefits.
Supplemental Information	Part III	Schedule J, Part II. Salary and benefit expense for the CEO/President and CFO are charged to APD Health Systems, Corp. and then allocated to Alice Peck Day Memorial Hospital and Alice Peck Day Lifecare Center, Inc. based on the relative share of services performed for those entities. On the audited consolidated financial statements and 990, these expenses (\$459,052) are included in salaries and benefits expense.

Software ID:
Software Version:
EIN: 02-0222791
Name: Alice Peck Day Memorial Hospital

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Harry G Dorman III FACHE	(i)	130,523	0	17,775	3,684	10,828	162,810	0
	(ii)	159,528	0	21,725	4,502	13,234	198,989	0
Susan E Mooney MD MS	(i)	241,428	0	16,134	7,541	35,268	300,371	0
	(ii)	12,707	0	849	397	1,856	15,809	0
Beverley Rankin RN BSN	(i)	136,525	0	13,001	4,836	37,193	191,555	0
	(ii)	0	0	0	0	0	0	0
Evalie M Crosby CPA FHFMA	(i)	116,864	0	13,599	4,118	25,743	160,324	0
	(ii)	29,216	0	3,399	1,029	6,436	40,080	0
J Todd Miller MS	(i)	135,302	0	22,490	4,988	36,318	199,098	0
	(ii)	0	0	0	0	0	0	0
Andrew Best MD	(i)	315,461	0	0	7,156	25,961	348,578	0
	(ii)	0	0	0	0	0	0	0
Diane C Riley MD	(i)	401,177	0	7,624	9,427	25,722	443,950	0
	(ii)	0	0	0	0	0	0	0
Leonard M Rudolf MD	(i)	455,192	0	8,347	10,000	19,921	493,460	0
	(ii)	0	0	0	0	0	0	0
Douglas Cedeno MD	(i)	263,965	0	22,500	7,983	14,041	308,489	0
	(ii)	0	0	0	0	0	0	0
David R Kroner MD	(i)	267,907	0	20,499	8,375	24,239	321,020	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Alice Peck Day Memorial Hospital

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

Employer identification number

02-0222791

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 Business Finance Authority of the State of NH	52-1304598		11-30-2010	12,282,000	Current Refund Existing Bond		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	12,282,000							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows	12,237,068							
7	Issuance costs from proceeds	44,932							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
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?		X						
b	Exception to rebate?		X						
c	No rebate due?	X							
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X							
b	Name of provider	TD Banknorth NA							
c	Term of hedge	5 000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
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 Part IV, Arbitrage, Line 2c	Date Rebate Computation Performed	Issuer Name Business Finance Authority of the State of NH Date the Rebate Computation was Performed 01/03/2011

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 Alice Peck Day Memorial Hospital	Employer identification number 02-0222791
--	--

Identifier	Return Reference	Explanation
	Form 990, Part V, Line 2a	For administrative purposes, Alice Peck Day Memorial Hospital acts as the common paymaster for both Alice Peck Day Health Systems, Corp and Alice Peck Day Lifecare Center, Inc

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	Alice Peck Day Health Systems, Corp , a charitable corporation, acting by and through its board of trustees, is the sole member of the organization

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	All Trustees shall be elected by the Board of Trustees of the member at the annual meeting of the Member. A nomination slate for the Trustees shall be submitted by the governance committee of the Member. Any Trustee may be removed at any time, with or without cause, by the Member. Vacancies on the Board of Trustees due to death, resignation, or other cause except removal shall be filled by election by the remaining members of the Board. Vacancies caused by removal shall be filled by election by the Member. Trustees elected to fill vacancies shall hold office until the next annual meeting of the Member, at which time successors shall be elected in the manner provided for in the case of original elections.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	The Organization's annual operating budget and all capital budgets shall be subject to approval by the Member. Any overall strategic plan for the Organization, including the development of off-site facilities or the addition of new programs and affiliations with other institutions, shall be consistent with the strategic plan of the Member as determined by the Member. The borrowing of any sum in excess of \$50,000 which has a stated term of greater than one year or which is secured by a mortgage of all or any portion of the Organization's real property or by a security interest in the Organization's assets or revenues shall be subject to approval by the member, provided, however, that the approval by the Member shall not be necessary for any borrowing to purchase or lease equipment or other personal property secured by a purchase money lien or title retention or security agreement, except as incident to the review of the capital budget. Any voluntary dissolution, merger or consolidation of the Organization or the sale or transfer of all or substantially all of the Organization's assets or the creation or acquisition of any subsidiary or affiliate corporation shall be subject to approval by the Member. The Board shall select certified public accountants for the Organization which will audit the books and records of the Member. The Board shall select the President who must be confirmed by the Member.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The completed Form 990 is provided to all members of the finance and governance committees of the Board of Trustees in advance of the filing deadline to enable a detailed and conscientious review by all members of both committees. The completed Form 990 is also distributed to all members of the full Board for review no later than the final regularly scheduled Board meeting prior to the filing deadline. All questions and concerns are addressed by the Chief Financial Officer and incorporated into the Form 990 as deemed appropriate. After all input from the Board, finance, and governance committees has been appropriately addressed and incorporated into the final Form 990, a vote of acceptance of the final document is required. The vote is recorded in the minutes of the Board of Trustees prior to the filing of the Form 990. Once approved, senior management files the final Form 990 with the Internal Revenue Service as required.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The Alice Peck Day Health System has a multifaceted conflict of interest policy. Members of the Board of Trustees complete conflict of interest questionnaires on an annual basis and any new members complete the questionnaire upon joining the Board. As part of our ongoing monitoring process, our executive assistant reviews all Board questionnaires and disclosures to identify any potential conflicts before they arise. In addition, our executive assistant attends all Board meetings to ensure that if any conflicts arise, they are handled appropriately. If such conflicts do arise, the Organization complies with the State of New Hampshire and federal requirements for disclosures of such events. The Organization is committed to conducting its business in a manner that is both ethical and legal. As part of this commitment, a standard of conduct form is required of all employees of the Organization. This is reviewed with all employees upon hire and on an annual basis thereafter. The standard of conduct covers conflict of interest and other vital matters to ensure all business activity is conducted in a manner that is consistent with the highest standards of honesty, integrity, and fairness.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	The Compensation Committee of the Alice Peck Day Health Systems, Corp Board of Trustees is responsible for determining the compensation of the Chief Executive Officer/President The Vice President of Human Resources and Organizational Development provides compensation data of comparable organizations with approximately the same size staff and spending in a location of similar size The committee determines the appropriate compensation and approves an amount that is then communicated to Human Resources for adjustment The CEO/President is responsible for reviewing the performance of senior management staff The information is brought to the compensation committee of the Board of Trustees along with a recommendation for the salary of each individual The compensation is determined through a variety of analysis of salary data and performance Individual salary increases are then based on overall performance, within budgeted increases for the organization APD Health Systems used its Compensation Committee, an independent compensation consultant, a compensation survey/study, and approval by its Board's Compensation Committee to establish the CEO/President's compensation and benefits

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The Organization makes its governing documents, conflict of interest policy, and financial statements available to the public upon request

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A, Column D	Dr Susan E Mooney is a practicing physician in addition to being the President & CEO She worked an average of 61 hours per week, of which an average of 59 hours per week were spent on executive matters and 2 in her role as a physician

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Impact of interest rate sw aps 90,707

Identifier	Return Reference	Explanation
Oversight of Audit Process	Form 990, Part XII, Line 2c	The finance committee acts as the audit committee and oversees the audit process for the Alice Peck Day entities. The audit process for the financial statements did not change from the prior year. Independent accountants performed the audit for the fiscal years ended 9/30/12 and 9/30/13.

Identifier	Return Reference	Explanation
	Form 990, Part IV, Line 34	Alice Peck Day Health Systems, Corp is the direct controlling parent company of Alice Peck Day Lifecare Center, Inc (02-0479094) and Alice Peck Day Memorial Hospital (02-0222791) Alice Peck Day Health Systems, Corp is also the direct controlling parent company of Alice Peck Day Realty Corp (02-0485369) and Alice Peck Day Health Management Corp (02-0485370) Both entities are inactive and hold no assets

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
Alice Peck Day Memorial Hospital

Employer identification number
02-0222791

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Alice Peck Day Health Systems Corp 10 Alice Peck Day Drive Lebanon, NH 03766 02-0479095	Promote Health	NH	501(c)(3)	Line 11b, II	N/A		No
(2) Alice Peck Day Lifecare Center Inc 10 Alice Peck Day Drive Lebanon, NH 03766 02-0479094	Independent & Assisted Living	NH	501(c)(3)	Line 9	APD Health Systems		No
(3) Alice Peck Day Realty Corp 10 Alice Peck Day Drive Lebanon, NH 03766 02-0485369	Inactive	NH	501(c)(2)		APD Health Systems		No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Alice Peck Day Health Management Corp 10 Alice Peck Day Drive Lebanon, NH 03766 02-0485370	Inactive	NH	APD Health Systems	C					No

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

No

1n

No

1o

No

1p

Yes

1q

No

1r

No

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

Schedule R (Form 990) 2012

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

[illegible]

Software ID:
Software Version:
EIN: 02-0222791
Name: Alice Peck Day Memorial Hospital

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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**Alice Peck Day Health Systems Corp.
and Subsidiaries**

Audited Consolidated Financial Statements
and Additional Information

*Years Ended September 30, 2013 and 2012
With Independent Auditors' Report*

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

Audited Consolidated Financial Statements and Additional Information

Years Ended September 30, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Alice Peck Day Health Systems Corp. and Subsidiaries

We have audited the accompanying consolidated financial statements of Alice Peck Day Health Systems Corp. and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the System as of September 30, 2013 and 2012, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Manchester, New Hampshire
January 22, 2014

Limited Liability Company

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2013 and 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 9,646,850	\$ 7,330,357
Short-term investments	6,701,579	6,419,913
Accounts receivable, less allowance for bad debts and contractual allowances of \$10,374,440 in 2013 and \$10,378,020 in 2012	8,324,722	7,580,393
Current portion of pledges receivable, less allowance for bad debts of \$33,108 in 2013 and \$31,271 in 2012	541,475	617,129
Estimated third-party payor settlements	1,831,736	—
Supplies	1,152,991	1,263,440
Prepaid expenses and other current assets	<u>531,208</u>	<u>446,800</u>
Total current assets	28,730,561	23,658,032
Assets whose use is limited or restricted	1,599,535	1,454,273
Property and equipment, net	49,015,375	50,896,289
Resident unit deposits	160,000	182,998
Long-term investments	30,452	26,189
Pledges receivable, net of current portion, less allowance for bad debts of \$80,063 in 2013 and \$15,748 in 2012	805,625	1,216,610
Deferred financing costs, net of accumulated amortization of \$15,073 in 2013 and \$9,492 in 2012	116,963	122,544
Other assets	2,071,941	615,841
Total assets	<u>\$82,530,452</u>	<u>\$78,172,776</u>

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current liabilities:		
Line of credit	\$ 300,000	\$ —
Accounts payable and accrued expenses	6,300,187	5,457,268
Accrued salaries and related amounts	2,858,876	2,898,936
Estimated third-party payor settlements	—	223,122
Current portion of deferred annuities	17,645	17,645
Current portion of capital lease obligation	117,015	—
Current portion of long-term debt	<u>569,974</u>	<u>546,353</u>
Total current liabilities	10,163,697	9,143,324
Long-term debt, net of current portion	28,022,935	28,592,908
Capital lease obligation, net of current portion	420,098	—
Resident unit deposits	160,000	182,998
Deferred revenue from entrance fees, net of accumulated amortization of \$7,156,930 in 2013 and \$6,067,745 in 2012	20,502,933	20,024,888
Interest rate swap	360,756	546,694
Other liabilities	<u>2,207,798</u>	<u>322,006</u>
Total liabilities	61,838,217	58,812,818
Net assets:		
Unrestricted	19,512,379	18,278,670
Temporarily restricted	1,149,404	1,053,602
Permanently restricted	<u>30,452</u>	<u>27,686</u>
Total net assets	<u>20,692,235</u>	<u>19,359,958</u>
Total liabilities and net assets	<u>\$82,530,452</u>	<u>\$78,172,776</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Net patient service revenues, net of contractual allowances and discounts	\$53,729,634	\$51,399,106
Provision for bad debts	<u>(2,085,471)</u>	<u>(2,439,576)</u>
Net patient service revenues less provision for bad debts	51,644,163	48,959,530
Resident service revenue	5,532,214	5,324,103
Earned entrance fees	1,740,535	1,859,133
Other revenue	981,814	1,153,417
Net assets released from restrictions used for operations	<u>60,718</u>	<u>213,044</u>
Total unrestricted revenues, gains and other support	59,959,444	57,509,227
Expenses:		
Salaries and benefits	34,956,744	34,624,824
Provider fees	2,776,458	2,506,506
Supplies and other	16,615,738	15,870,574
Insurance	1,073,795	597,272
Depreciation and amortization	3,379,048	2,931,476
Interest expense	<u>862,372</u>	<u>725,084</u>
Total expenses	<u>59,664,155</u>	<u>57,255,736</u>
Income from operations	295,289	253,491
Nonoperating income (expense):		
Impact of interest rate swap	<u>185,938</u>	<u>(17,898)</u>
Excess of revenues, gains and other support over expenses	481,227	235,593
Change in net unrealized gains on investments	529,330	334,208
Net assets released from restrictions used for purchases of property and equipment	<u>223,152</u>	<u>2,857,070</u>
Increase in unrestricted net assets	<u>\$ 1,233,709</u>	<u>\$ 3,426,871</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended September 30, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balances at September 30, 2011	\$14,851,799	\$ 1,468,994	\$25,840	\$16,346,633
Excess of revenues, gains and other support over expenses	235,593	—	—	235,593
Change in net unrealized gains on investments	334,208	—	1,846	336,054
Restricted contributions	—	2,654,722	—	2,654,722
Net assets released from restrictions used for operations	—	(213,044)	—	(213,044)
Net assets released from restrictions used for purchase of property and equipment	<u>2,857,070</u>	<u>(2,857,070)</u>	<u>—</u>	<u>—</u>
	<u>3,426,871</u>	<u>(415,392)</u>	<u>1,846</u>	<u>3,013,325</u>
Balances at September 30, 2012	18,278,670	1,053,602	27,686	19,359,958
Excess of revenues, gains and other support over expenses	481,227	—	—	481,227
Change in net unrealized gains on investments	529,330	—	2,766	532,096
Restricted contributions	—	379,672	—	379,672
Net assets released from restrictions used for operations	—	(60,718)	—	(60,718)
Net assets released from restrictions used for purchase of property and equipment	<u>223,152</u>	<u>(223,152)</u>	<u>—</u>	<u>—</u>
	<u>1,233,709</u>	<u>95,802</u>	<u>2,766</u>	<u>1,332,277</u>
Balances at September 30, 2013	<u>\$19,512,379</u>	<u>\$ 1,149,404</u>	<u>\$30,452</u>	<u>\$20,692,235</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,332,277	\$ 3,013,325
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Amortization of deferred entrance fees	(1,219,185)	(1,292,055)
Depreciation and amortization	3,379,048	2,931,476
Provision for bad debts, net of recoveries	2,085,471	2,439,576
Net realized and unrealized gains on investments	(706,378)	(887,991)
Adjustment of interest rate swap to fair value	(185,938)	17,898
Loss on sale of equipment	2,521	59,927
Restricted contributions	(379,672)	(2,654,722)
Resident unit deposits	22,998	57,295
Changes in operating assets and liabilities:		
Accounts receivable	(2,829,800)	(2,437,825)
Supplies	110,449	(18,451)
Prepaid expenses, other current assets, and other assets	(1,540,508)	(246,521)
Accounts payable and accrued expenses	842,919	1,051,920
Accrued salaries and related amounts	(40,060)	378,453
Estimated third-party payor settlements	(2,054,858)	(105,197)
Other liabilities	<u>1,885,792</u>	<u>189,000</u>
Net cash provided by operating activities	705,076	2,496,108
Cash flows from investing activities:		
Purchases of property and equipment	(891,343)	(8,355,325)
Proceeds from sale of property and equipment	1,521	459
Purchases of investments	(1,955,123)	(6,440,993)
Proceeds from sales of investments	2,375,572	6,150,891
Increase in assets whose use is limited	<u>(145,262)</u>	<u>(898,859)</u>
Net cash used by investing activities	(614,635)	(9,543,827)
Cash flows from financing activities:		
Entrance fees received	4,364,735	4,741,521
Refunds of entrance fees	(2,690,503)	(2,964,600)
Payments on long-term debt	(546,352)	(523,711)
Payments on capital lease	(68,139)	-
Advances (repayments) on lines of credit, net	300,000	(495,000)
Increase in deferred annuities	-	9,433
Proceeds from restricted contributions	<u>866,311</u>	<u>894,413</u>
Net cash provided by financing activities	<u>2,226,052</u>	<u>1,662,056</u>
Net increase (decrease) in cash and cash equivalents	2,316,493	(5,385,663)
Cash and cash equivalents at beginning of year	<u>7,330,357</u>	<u>12,716,020</u>
Cash and cash equivalents at end of year	\$ <u>9,646,850</u>	\$ <u>7,330,357</u>
Supplemental information:		
Interest paid, including capitalized interest of \$120,211 in 2012	\$ <u>859,416</u>	\$ <u>854,225</u>
Noncash transaction:		
Assets acquired under capital lease	\$ <u>605,752</u>	\$ <u>-</u>

See accompanying notes.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

1. Description of Organization and Summary of Significant Accounting Policies

Organization

Alice Peck Day Health Systems Corp. (the Parent) is a not-for-profit corporation organized under the laws of the State of New Hampshire. The Parent was established in January 1995 as a tax-exempt holding company whose purpose is to provide and promote health care and health education provided by the Parent's subsidiaries, Alice Peck Day Memorial Hospital (Hospital), Alice Peck Day Lifecare Center, Inc., d/b/a Harvest Hill, and The Woodlands at Harvest Hill (Lifecare). The Parent has additional subsidiaries, Alice Peck Day Realty Corp. (Realty) and Alice Peck Day Health Management Services, Inc. (Management). Management and Realty are currently inactive.

Principles of Consolidation

The consolidated financial statements of Alice Peck Day Health Systems Corp. and Subsidiaries (the System) include the accounts of the Parent and its wholly-controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas which are affected by the use of estimates include the allowance for bad debts and contractual adjustments, estimated third-party payor settlements, insurance-related reserves and recoverables, and self-insured health care costs.

Concentrations of Credit Risk

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable, amounts receivable under irrevocable trusts, and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected contractual allowances and uncollectible amounts (see also note 12). Amounts due under irrevocable trusts are evaluated for collectibility and presented net of any required allowances. The System's investment portfolio consists of diversified investments, which are subject to market risk. At September 30, 2013, three mutual funds comprised 17% of total investments. There were no concentrations as of September 30, 2012.

Cash and Cash Equivalents

Cash and cash equivalents include money market funds and secured repurchase agreements with original maturities of three months or less, excluding assets whose use is limited or restricted.

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

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

Investments and Investment Income

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues, gains and other support over expenses unless the income is restricted by donor or law. Gains and losses on investments are computed on a specific identification basis. Unrealized gains and losses on investments are excluded from the excess of revenues, gains and other support over expenses unless the investments are classified as trading securities or losses are considered other-than-temporary. Periodically, management reviews investments for which the market value has fallen significantly below cost and recognizes impairment losses where they believe the declines are other-than-temporary. At September 30, 2013 and 2012, the System had certain investments that were below cost by approximately \$60,300 and \$1,800, respectively, which were deemed by management to be temporary.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include assets designated by the Board for construction costs, agency funds, and donor-restricted funds.

Accounts Receivable and the Allowance for Bad Debts

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

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

The System's allowance for bad debts for self-pay patients decreased from 82.5% of self-pay accounts receivable at September 30, 2012 to 81.7% of self-pay accounts receivable at September 30, 2013. The System's self-pay bad debt writeoffs decreased \$296,071 from \$2,573,095 in 2012 to \$2,277,024 in 2013. The decrease in the allowance as a percentage of self-pay accounts receivable and bad debt writeoffs was a result of collection trends related to the outsourcing of the self-pay collection function.

Supplies

Supplies are carried at the lower of cost (determined by the first-in, first-out method) or market.

Property and Equipment

Property and equipment is stated at cost or, if contributed, at fair market value determined at the date of donation, less accumulated depreciation. Property and equipment under capital leases is amortized over the estimated useful lives of the assets or lease term, whichever is shorter. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Deferred Financing Costs

The costs incurred to obtain long-term financing are being amortized by the straight-line method over the period during which the debt is outstanding.

Derivative and Hedging Activities

The System uses interest rate swap contracts to eliminate the cash flow exposure of interest rate movements on variable-rate debt. The System applies the requirements of Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 815, *Derivatives and Hedging* to account for its interest rate swap contract described in note 9. The interest rate swap contract has not been designated as a cash flow hedge. Gains and losses on derivative financial instruments not designated as cash flow hedges are required to be included in the performance indicator. As a result, any gains or losses on the interest rate swap for 2013 and 2012 have been included in the excess of revenues, gains and other support over expenses.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Temporarily and Permanently 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 has been limited by donors to a specific time period or purpose. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported as either net assets released from restrictions (for noncapital related items) or as net assets released from restrictions used for capital purchases (capital related items). Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Excess of Revenues, Gains and Other Support Over Expenses

The consolidated statements of operations include excess of revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from this performance indicator, consistent with industry practice, include the change in net unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Health Insurance

The System is partially self-insured with respect to health care coverage. This coverage provides medical health benefits to eligible employees and their eligible dependents. The System estimates an accrual for claims incurred but not reported which is included in accrued salaries and related amounts in the accompanying consolidated balance sheets. Health insurance expense approximated \$2,026,000 and \$2,868,000 in 2013 and 2012, respectively.

Net Patient Service Revenues

The System has agreements with third-party payors that provide for payments to the System 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 revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in these estimates are reflected in the consolidated financial statements in the year in which they occur. For the years ended September 30, 2013 and 2012, net patient service revenues in the accompanying consolidated statements of operations changed by approximately \$(450,000) and \$289,000, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements for prior years.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and intentions to give are reported at fair value at the date the condition is met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets.

Donor-restricted endowment gifts are reported as long-term investments.

Any future annuity payments resulting from contributions received which are life income gifts or annuity gifts are determined actuarially and through present value techniques. The future liability for these payments is reflected as a deferred annuity in the consolidated balance sheets. As of September 30, 2013 and 2012, the liability for these gift annuities was \$67,910 and \$70,651, respectively. The long-term portion of these deferred annuities is included in other liabilities in the accompanying consolidated balance sheet.

Income Taxes

The System consists of not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, all of which are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Management evaluated the System's tax positions and concluded the System 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 the consolidated financial statements. With few exceptions, the System is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years before 2010.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was approximately \$125,000 and \$137,000 in 2013 and 2012, respectively.

Recent Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-01, *Health Care Entities (Topic 954), Continuing Care Retirement Communities- Refundable Advance Fees* (ASU 2012-01), which requires an advance fee to be classified as deferred revenue when a continuing care retirement community has a resident contract that provides for payment of the refundable advance fee upon reoccupancy by a subsequent resident, if such amount is limited to the proceeds of reoccupancy. Refundable advance fees that are contingent upon reoccupancy by a subsequent resident but are not limited to the proceeds of reoccupancy are to be accounted for and reported as a liability. The estimated amount of advance fees that is expected to be refunded to current residents under the terms of the contracts is accounted for and reported as a liability. The remaining amount of refundable advance fees is accounted for as deferred revenue within the liability section of an entity's balance sheet. ASU 2012-01 is effective for the System for the year ended September 30, 2014, although early adoption is permitted. The System is currently evaluating the impact of this accounting pronouncement on its consolidated financial statements.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

Events occurring after the consolidated balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through January 22, 2014 which is the date the consolidated financial statements were available to be issued.

2. Net Patient Service Revenues

Patient service revenues and contractual and other allowances consisted of the following for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Patient services:		
Routine services	\$ 4,295,827	\$ 4,210,703
Ancillary services	<u>69,953,558</u>	<u>65,647,023</u>
Gross patient service revenues	74,249,385	69,857,726
Provision for contractual allowances	(19,259,271)	(17,449,911)
Provision for charity care	<u>(1,260,480)</u>	<u>(1,008,709)</u>
	<u>(20,519,751)</u>	<u>(18,458,620)</u>
Net patient service revenues, net of contractual allowances and discounts	53,729,634	51,399,106
Provision for bad debts	<u>(2,085,471)</u>	<u>(2,439,576)</u>
Net patient service revenues less provision for bad debts	\$ <u>51,644,163</u>	\$ <u>48,959,530</u>

An estimated breakdown of patient service revenues, net of contractual allowances, discounts and provision for bad debts recognized from major payor sources, is as follows:

	<u>Gross Patient Service Revenues</u>	<u>Contractual Allowances and Discounts</u>	<u>Provision for Bad Debts</u>	<u>Net Patient Service Revenues Less Provision for Bad Debts</u>
2013				
Private payors (includes coinsurance and deductibles)	\$42,699,521	\$11,947,229	\$ 776,543	\$29,975,749
Medicaid	6,899,415	4,951,733	102,462	1,845,220
Medicare	21,640,041	6,415,014	74,079	15,150,948
Self-pay	3,010,408	1,632,223	1,132,387	245,798
Disproportionate share funding	<u>—</u>	<u>(4,426,448)</u>	<u>—</u>	<u>4,426,448</u>
	<u>\$74,249,385</u>	<u>\$20,519,751</u>	<u>\$2,085,471</u>	<u>\$51,644,163</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

2. Net Patient Service Revenues (Continued)

	Gross Patient Service Revenues	Contractual Allowances and Discounts	Provision for Bad Debts	Net Patient Service Revenues Less Provision for Bad Debts
2012				
Private payors (includes coinsurance and deductibles)	\$39,198,865	\$12,112,164	\$ 804,186	\$26,282,515
Medicaid	6,714,769	3,192,378	39,239	3,483,152
Medicare	20,702,667	5,179,646	160,713	15,362,308
Self-pay	3,241,425	1,497,608	1,435,438	308,379
Disproportionate share funding	<u>—</u>	<u>(3,523,176)</u>	<u>—</u>	<u>3,523,176</u>
	<u>\$69,857,726</u>	<u>\$18,458,620</u>	<u>\$2,439,576</u>	<u>\$48,959,530</u>

Revenues from the Medicare and Medicaid programs accounted for approximately 28% and 4%, respectively, of the System's net patient service revenues for the year ended September 30, 2013 and 30% and 7%, respectively, for the year ended September 30, 2012. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

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

Medicare

The Hospital is a Critical Access Hospital (CAH) and is reimbursed 101% of allowable costs for its inpatient and outpatient services provided to beneficiaries with a decrease of 2% beginning April 1, 2013 related to sequestration. The Hospital is reimbursed at tentative interim rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's cost reports have been audited by the fiscal intermediary through 2010 with final settlements processed through 2008.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retroactive adjustment. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a fee schedule methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through 2010 with final settlements processed through 2008.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

2. Net Patient Service Revenues (Continued)

Anthem Blue Cross

Inpatient and outpatient services rendered to Anthem Blue Cross subscribers are reimbursed at submitted charges less a negotiated discount. The amounts paid to the Hospital are not subject to any retroactive adjustments.

3. Charity Care (Unaudited)

The Hospital provided charity care to eligible patients. Estimated costs incurred to provide charity care were approximately \$868,000 and \$691,000 for the years ended September 30, 2013 and 2012, respectively. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. The Hospital also provides other community benefit services as follows:

	<u>2013</u>	<u>2012</u>
Estimated costs incurred in excess of payment for inpatient and outpatient services	\$3,770,000	\$2,658,000
Estimated cost of community health improvement sources, community benefit operations, health professions education and cash and in-kind contributions to community groups	<u>247,000</u>	<u>305,000</u>
	<u>\$4,017,000</u>	<u>\$2,963,000</u>

4. Investments

The composition of assets whose use is limited or restricted and other investments at September 30, 2013 and 2012 is set forth in the following table:

	<u>Cost</u> <u>2013</u>	<u>Fair Value</u> <u>2013</u>	<u>Cost</u> <u>2012</u>	<u>Fair Value</u> <u>2012</u>
Cash and cash equivalents	\$1,599,535	\$1,599,535	\$1,454,273	\$1,454,273
Corporate bonds	—	—	15,465	15,229
U.S. government securities	45,760	50,863	96,309	103,868
Marketable equity securities	28,752	43,524	73,771	100,748
Exchange traded funds	—	—	471,768	480,906
Mutual funds	<u>5,755,100</u>	<u>6,637,644</u>	<u>5,415,700</u>	<u>5,745,351</u>
Total assets	<u>\$7,429,147</u>	<u>\$8,331,566</u>	<u>\$7,527,286</u>	<u>\$7,900,375</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

4. Investments (Continued)

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted consist of the following at September 30:

	<u>2013</u>	<u>2012</u>
Donor restricted:		
Cash and cash equivalents	\$ 528,039	\$ 448,670
Board designated for Hospital renovation:		
Cash and cash equivalents	1,016,004	971,440
Agency funds:		
Cash and cash equivalents	<u>55,492</u>	<u>34,163</u>
	<u>\$1,599,535</u>	<u>\$1,454,273</u>

Other Investments

Other investments, stated at fair value, include the following at September 30:

	<u>2013</u>	<u>2012</u>
Corporate bonds	\$ —	\$ 15,229
U.S. government securities	50,863	103,868
Marketable equity securities	43,524	100,748
Exchange traded funds	—	480,906
Mutual funds	<u>6,637,644</u>	<u>5,745,351</u>
	6,732,031	6,446,102
Less long-term investments	<u>(30,452)</u>	<u>(26,189)</u>
	<u>\$6,701,579</u>	<u>\$6,419,913</u>

Investment income, net realized gains and losses from assets whose use is limited, cash equivalents, and other investments are included in other revenue and are comprised of the following:

	<u>2013</u>	<u>2012</u>
Income:		
Interest and dividend income	\$164,056	\$ 104,531
Realized gains on sales of securities	<u>174,282</u>	<u>551,937</u>
	<u>\$338,338</u>	<u>\$ 656,468</u>
Other changes in net assets:		
Unrealized gains:		
Unrestricted	\$529,330	\$ 334,208
Permanently restricted	<u>2,766</u>	<u>1,846</u>
	<u>\$532,096</u>	<u>\$ 336,054</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

4. Investments (Continued)

The System's long-term investment objective is to preserve and enhance the real value of the investment assets over time, in order to provide a sufficient rate of return for fulfilling the philanthropic purposes of the System.

5. Fair Value Measurements

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

5. Fair Value Measurements (Continued)

For the fiscal years ended September 30, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2013</u>				
Assets:				
Assets whose use is limited or restricted:				
Cash and cash equivalents	\$1,599,535	\$ —	\$ —	\$1,599,535
Investments:				
Marketable equity securities.				
Materials	1,171	—	—	1,171
Industrials	3,435	—	—	3,435
Consumer discretionary	5,980	—	—	5,980
Consumer staples	4,018	—	—	4,018
Energy	3,742	—	—	3,742
Financial	6,726	—	—	6,726
Health care	6,472	—	—	6,472
Utilities	1,122	—	—	1,122
Information technology	3,847	—	—	3,847
Telecommunications	607	—	—	607
Commodities	6,404	—	—	6,404
Mutual funds:				
Domestic equity	3,976,473	—	—	3,976,473
Foreign equity	1,664,347	—	—	1,664,347
Fixed income	996,824	—	—	996,824
U.S. government securities	<u>—</u>	<u>50,863</u>	<u>—</u>	<u>50,863</u>
Total assets	<u>\$8,280,703</u>	<u>\$ 50,863</u>	<u>\$ —</u>	<u>\$8,331,566</u>
Liabilities:				
Interest rate swap	<u>\$ —</u>	<u>\$ —</u>	<u>\$360,756</u>	<u>\$ 360,756</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

5. Fair Value Measurements (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2012</u>				
Assets:				
Assets whose use is limited or restricted:				
Cash and cash equivalents	\$1,454,273	\$ —	\$ —	\$1,454,273
Investments:				
Marketable equity securities:				
Materials	2,262	—	—	2,262
Industrials	10,359	—	—	10,359
Consumer discretionary	12,372	—	—	12,372
Consumer staples	12,915	—	—	12,915
Energy	8,298	—	—	8,298
Financial	15,378	—	—	15,378
Health care	12,880	—	—	12,880
Utilities	2,532	—	—	2,532
Information technology	19,744	—	—	19,744
Telecommunications	4,008	—	—	4,008
Mutual funds:				
Money market	116,124	—	—	116,124
Domestic equity	3,155,864	—	—	3,155,864
Foreign equity	1,919,659	—	—	1,919,659
Fixed income	553,704	—	—	553,704
Exchange traded fund	480,906	—	—	480,906
U.S. government securities	—	103,868	—	103,868
Corporate bonds	—	15,229	—	15,229
Total assets	<u>\$7,781,278</u>	<u>\$119,097</u>	<u>\$ —</u>	<u>\$7,900,375</u>
Liabilities:				
Interest rate swap	<u>\$ —</u>	<u>\$ —</u>	<u>\$546,694</u>	<u>\$ 546,694</u>

The valuation of the interest rate swap of \$360,756 and \$546,694 at September 30, 2013 and 2012, respectively is estimated based upon the anticipated cash flows under the swap agreement over its duration at market interest rates and, therefore, is classified as Level 3.

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets and statements of operations.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

5. Fair Value Measurements (Continued)

The following is a reconciliation of interest rate swaps in which significant unobservable inputs (Level 3) were used in determining fair value at September 30:

Balance at September 30, 2011	\$ 528,796
Fair value adjustment, net	<u>17,898</u>
Balance at September 30, 2012	546,694
Fair value adjustment, net	<u>(185,938)</u>
Balance at September 30, 2013	<u>\$ 360,756</u>

Other financial instruments consist of accounts receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt. The fair value of all financial instruments approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value.

6. Property and Equipment

Property and equipment, including amounts recorded under capital leases, consists of the following at September 30:

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 3,137,107	\$ 3,073,847
Buildings and improvements	55,281,251	48,551,299
Fixed equipment	7,567,592	5,917,088
Major movable equipment	<u>16,771,255</u>	<u>16,192,709</u>
	82,757,205	73,734,943
Less accumulated depreciation and amortization	<u>(34,748,824)</u>	<u>(31,503,624)</u>
	48,008,381	42,231,319
Construction in progress	<u>1,006,994</u>	<u>8,664,970</u>
	<u>\$ 49,015,375</u>	<u>\$ 50,896,289</u>

The carrying amount of assets under capital lease was \$605,252 at September 30, 2013 and is included in construction in progress above. There were no assets under capital lease at September 30, 2012. See also note 13.

Depreciation expense for the years ended September 30, 2013 and 2012 amounted to \$3,373,467 and \$2,926,010, respectively.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

7. Pledges Receivable

Gross pledges receivable from donors as of September 30, 2013 and 2012 were \$1,460,271 and \$1,972,421, respectively. Pledges are due as follows at September 30, 2013:

2014	\$ 574,583
2015	380,085
2016	344,925
2017	<u>160,678</u>
	1,460,271
Less discounts and allowances for uncollectible pledges	<u>(113,171)</u>
	<u>\$1,347,100</u>

8. Irrevocable Trust

In February 2011, Lifecare was named the beneficiary of an irrevocable charitable lead annuity trust, the proceeds of which are temporarily restricted for the subsidy for Harvest Hill residents and for the Hughes Care Unit at Harvest Hill. Under the terms of the agreement, a Trust was established to hold, manage and invest the funds. The Trustee will make payments to Lifecare totaling \$500,000 over the eleven-year term of the agreement. At the end of the term, the remaining trust assets revert to the donor's family. The expected future cash inflows from the trust have been recorded at present value in prepaid expenses and other current assets (\$50,500 at both September 30, 2013 and 2012) and other assets (\$300,908 and \$338,341 at September 30, 2013 and 2012, respectively), based on a discount rate of 3.31%.

Expected cash payments to be received under the trust are as follows as of September 30, 2013:

Less than one year	\$ 50,500
One to five years	202,000
More than five years	<u>154,524</u>
	407,024
Less discount to net present value	<u>(55,616)</u>
Net annuity receivable	<u>\$351,408</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

9. Long-Term Debt

Long-term debt consists of the following at September 30:

	<u>2013</u>	<u>2012</u>
Variable rate bonds, collateralized by a mortgage note, issued under Business Finance Authority of the State of New Hampshire Revenue Bonds, Series 2010, variable daily interest rate, 2.02% as of September 30, 2013, payable in monthly amounts of principal and interest through November 2030, with a balloon payment of approximately \$14.5 million due on or before December 1, 2030	\$28,592,909	\$29,139,261
Less current portion	<u>(569,974)</u>	<u>(546,353)</u>
	<u>\$28,022,935</u>	<u>\$28,592,908</u>

On November 30, 2010, Alice Peck Day Health Systems refinanced its Series 2007 and 2008 outstanding bonds with \$30,000,000 Series 2010 Revenue Bonds issued through the Business Finance Authority (BFA) of the State of New Hampshire. Interest is based on an annual percentage rate equal to the sum of (a) the product of 69% times 1-Month LIBOR Rate plus (b) 1.8975%. The System may prepay certain of these bonds according to the terms of the loan and trust agreement. The bonds are redeemable at any time by the System at par value plus any accrued interest. The bonds are also subject to optional tender for purchase (as a whole) in November 2020 at par plus accrued interest. The bonds are collateralized by substantially all assets and gross receipts of the System and were issued to advance refund existing bonds.

The Series 2010 Revenue Bonds contain various restrictive covenants, which include compliance with certain financial ratios and a detail of events constituting defaults. The System is in compliance with these requirements at September 30, 2013.

On August 2, 2010, the System entered into an interest rate swap agreement on the 2007A and 2008 Series Bonds with a financial institution holding an original notional amount of \$15,000,000. This swap contract was executed for risk management purposes and was not designated as a hedge. This interest rate swap agreement effectively fixed the rate of interest on the bonds at 1.485%, through August 1, 2015, which is the termination date of the swap. The swap was not terminated upon the refinancing of the bonds described above. Under the agreement, the System makes or receives payments based on the difference between the fixed-rate interest payments and the variable market-indexed payments. The fixed interest payment rate is 1.485%, and the variable interest payment received is calculated as the 1-Month U.S. Libor Rate multiplied by 69% (0.13% at September 30, 2013). The fair value of the swap agreement is recorded in the consolidated balance sheet as of September 30, 2013 and 2012.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

9. Long-Term Debt (Continued)

Scheduled principal repayments on long-term debt are as follows:

2014	\$ 569,974
2015	594,616
2016	620,324
2017	647,143
2018	675,121
Thereafter	<u>25,485,731</u>
	<u>\$28,592,909</u>

10. Lines of Credit

The System has an unsecured line of credit totaling \$1,000,000 with a local bank. Interest on borrowings is charged at the Wall Street Journal prime rate or 3.25%, whichever is higher as determined by the System at the time of borrowing. There was a balance of \$300,000 on the line of credit as of September 30, 2013. There was no balance as of September 30, 2012. The line of credit expires in April 2014.

The System has an additional unsecured line of credit with another bank totaling \$1,000,000. Interest on borrowings is charged at the Wall Street Journal prime rate adjusted daily, with a floor rate of 3.00%. There were no amounts outstanding under this agreement as of September 30, 2013 and 2012. The line of credit expires in February 2014.

11. Temporarily and Permanently Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Monthly rent subsidies and assisted living operations	\$ 537,183	\$ 595,026
Health care services, community welfare and construction projects	<u>612,221</u>	<u>458,576</u>
	<u>\$1,149,404</u>	<u>\$1,053,602</u>

Permanently restricted net assets are attributed to the following at September 30.

	<u>2013</u>	<u>2012</u>
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	<u>\$30,452</u>	<u>\$27,686</u>

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

12. Concentrations of Credit Risk

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows:

	<u>2013</u>	<u>2012</u>
Medicare	13%	8%
Medicaid	8	7
Anthem Blue Cross	9	11
Other third-party payors	21	14
Patients	<u>49</u>	<u>60</u>
	<u>100%</u>	<u>100%</u>

13. Commitments and Contingencies

Operating Leases

The System has various operating leases relative to its office and offsite locations. Future annual minimum lease payments under these noncancellable leases as of September 30, 2013 are as follows:

Year Ending September 30:

2014	\$513,090
2015	448,801
2016	346,592
2017	251,525
2018	32,616

Rent expense was \$563,000 and \$538,000 for the years ended September 30, 2013 and 2012, respectively.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

13. Commitments and Contingencies (Continued)

Capital Lease

The System entered into a capital lease during fiscal 2013 for certain information technology assets. Expected monthly payments are \$12,425 through September 30, 2017. Future minimum lease payments are as follows:

Year Ending September 30:

2014	\$ 149,100
2015	149,100
2016	149,100
2017	<u>149,100</u>
Total minimum lease payments	596,400
Less interest and present value adjustment	<u>(59,287)</u>
	537,113
Less current portion	<u>(117,015)</u>
Capital lease obligation, net of current portion	<u>\$ 420,098</u>

Insurance

The System, along with other New England Alliance for Health entities, purchases comprehensive general and professional liability coverage on a claims-made basis from a commercial insurance carrier. The policy is made up of primary and excess coverage subject to shared policy aggregate limits and covers all employees of the System. The policy includes an endorsement that covers the System for claims made retroactive to January 1995 (and retroactive to September 1985 for the Hospital). This policy has been renewed through September 30, 2014. As of September 30, 2013, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, and there are no unasserted claims or incidents which require loss accrual. At September 30, 2013, the System had recorded \$395,000 as an estimated tail liability for their claims made policy, which amount is included in other liabilities in the accompanying consolidated balance sheet.

In accordance with ASU No. 2010-24, "Health Care Entities" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2013 and 2012, the System recorded a liability of approximately \$1,763,000 and \$269,000, respectively, related to estimated professional liability losses. At September 30, 2013 and 2012, the System also recorded a receivable of \$1,763,000 and \$269,000, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in other liabilities and other assets, respectively, on the accompanying consolidated balance sheets.

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013 and 2012

13. Commitments and Contingencies (Continued)

The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System. In the event a loss contingency should occur, the System would give it appropriate recognition in its consolidated financial statements in conformity with applicable accounting principles.

Environmental Liability

FASB ASC 410 requires entities to record asset retirement obligations at fair value if they can be reasonably estimated. The State of New Hampshire requires special disposal procedures relating to building materials containing asbestos. The System owns facilities which may contain some asbestos, but a liability has not been recorded since it has an indeterminate settlement date and its fair value cannot be reasonably estimated.

14. Functional Expenses

The System provides general health care services to residents within its geographic location including inpatient and outpatient surgery, assisted and independent living services, and promotion of health care and health education. Expenses related to providing these services were as follows for the years ended September 30:

	<u>2013</u>	<u>2012</u>
Health care services	\$47,702,338	\$46,014,018
Program activities	7,149,589	6,393,653
General and administrative	4,432,344	4,169,399
Fundraising expenses	<u>379,884</u>	<u>678,666</u>
	<u>\$59,664,155</u>	<u>\$57,255,736</u>

**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

The Board of Trustees
Alice Peck Day Health Systems Corp. and Subsidiaries

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Manchester, New Hampshire
January 22, 2014

Limited Liability Company

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS

September 30, 2013
(With Comparative Totals for 2012)

ASSETS

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	Elimi- nations	2013 Consol- idated	2012 Consol- idated
Current assets:						
Cash and cash equivalents	\$ 100,632	\$ 3,167,367	\$ 6,378,851	\$ -	\$ 9,646,850	\$ 7,330,357
Short-term investments	2,684,936	4,016,643	-	-	6,701,579	6,419,913
Accounts receivable, net	-	8,282,884	41,838	-	8,324,722	7,580,393
Current portion of pledges receivable, net	-	541,475	-	-	541,475	617,129
Estimated third-party payor settlements	-	1,831,736	-	-	1,831,736	-
Due from affiliates	-	2,012,350	-	(2,012,350)	-	-
Supplies	-	1,129,039	23,952	-	1,152,991	1,263,440
Prepaid expenses and other current assets	330	440,197	90,681	-	531,208	446,800
Total current assets	2,785,898	21,421,691	6,535,322	(2,012,350)	28,730,561	23,658,032
Assets whose use is limited or restricted	-	1,425,948	173,587	-	1,599,535	1,454,273
Property and equipment, net	-	18,401,428	30,613,947	-	49,015,375	50,896,289
Resident unit deposits	-	-	160,000	-	160,000	182,998
Long-term investments	-	30,452	-	-	30,452	26,189
Pledges receivable, net of current portion	-	805,625	-	-	805,625	1,216,610
Deferred financing costs, net	-	116,963	-	-	116,963	122,544
Other assets	-	1,771,033	300,908	-	2,071,941	615,841
Total assets	\$ 2,785,898	\$ 43,973,140	\$ 37,783,764	\$ (2,012,350)	\$ 82,530,452	\$ 78,172,776

LIABILITIES AND NET ASSETS

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	Elimi- nations	2013 Consol- idated	2012 Consol- idated
Current liabilities:						
Line of credit	\$ 1,089	\$ 5,824,495	\$ 474,603	\$ -	\$ 300,000	\$ -
Accounts payable and accrued expenses	10,792	2,547,569	300,515	-	6,300,187	5,457,268
Accrued salaries and related amounts	-	-	-	-	2,858,876	2,898,936
Estimated third-party payor settlements	614,059	-	1,398,291	(2,012,350)	-	223,122
Due to affiliates	-	17,645	-	-	17,645	-
Current portion of deferred annuities	-	117,015	-	-	117,015	-
Current portion of capital lease obligations	9,650	295,624	264,700	-	569,974	546,353
Current portion of long-term debt	635,590	9,102,348	2,438,109	(2,012,350)	10,163,697	9,143,324
Total current liabilities	474,459	14,534,416	13,014,060	-	28,022,935	28,592,908
Long-term debt, net of current portion	-	-	-	-	-	-
Capital lease obligation, net of current portion	-	420,098	-	-	420,098	-
Resident unit deposits	-	-	160,000	-	160,000	182,998
Deferred revenue from entrance fees, net	-	-	20,502,933	-	20,502,933	20,024,888
Interest rate swap	6,097	187,124	167,535	-	360,756	546,694
Other liabilities	-	2,207,798	-	-	2,207,798	322,006
Total liabilities	1,116,146	26,451,784	36,282,637	(2,012,350)	61,838,217	58,812,818
Net assets:						
Unrestricted	1,669,752	16,878,683	963,944	-	19,512,379	18,278,670
Temporarily restricted	-	612,221	537,183	-	1,149,404	1,053,602
Permanently restricted	-	30,452	-	-	30,452	27,686
Total net assets	1,669,752	17,521,356	1,501,127	-	20,692,235	19,359,958
Total liabilities and net assets	\$2,785,898	\$43,973,140	\$37,783,764	\$(2,012,350)	\$82,530,452	\$78,172,776

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF OPERATIONS

Year Ended September 30, 2013
(With Comparative Totals for 2012)

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	Elimi- nations	2013 Consol- idated	2012 Consol- idated
Unrestricted revenue, gains and other support:						
Net patient service revenue, net of contractual allowances and discounts	\$ -	\$53,729,634	\$ -	\$ -	\$53,729,634	\$51,399,106
Provision for bad debts	-	(2,085,471)	-	-	(2,085,471)	(2,439,576)
Net patient service revenues less provision for bad debts	-	51,644,163	-	-	51,644,163	48,959,530
Resident service revenue	-	-	5,532,214	-	5,532,214	5,324,103
Earned entrance fees	-	-	1,740,535	-	1,740,535	1,859,133
Other revenue	175,393	733,041	73,380	-	981,814	1,153,417
Net assets released from restrictions used for operations	-	60,718	-	-	60,718	213,044
Total unrestricted revenues, gains and other support	175,393	52,437,922	7,346,129	-	59,959,444	57,509,227
Expenses:						
Salaries and benefits	44,747	31,282,307	3,629,690	-	34,956,744	34,624,824
Provider fees	-	2,776,458	-	-	2,776,458	2,506,506
Supplies and other	2,466	14,562,585	2,050,687	-	16,615,738	15,870,574
Insurance	369	983,557	89,869	-	1,073,795	597,272
Depreciation and amortization	-	1,955,564	1,423,484	-	3,379,048	2,931,476
Interest expense	13,331	481,043	367,998	-	862,372	725,084
Total expenses	60,913	52,041,514	7,561,728	-	59,664,155	57,255,736
Income (loss) from operations	114,480	396,408	(215,599)	-	295,289	253,491
Nonoperating income (expense):						
Impact of interest rate swaps	3,142	90,707	92,089	-	185,938	(17,898)
Excess (deficiency) of revenues, gains and other support over expenses	117,622	487,115	(123,510)	-	481,227	235,593
Change in net unrealized gains on investments	195,442	333,888	-	-	529,330	334,208
Net assets released from restrictions used for purchases of property and equipment	-	158,685	64,467	-	223,152	2,857,070
Increase (decrease) in unrestricted net assets	\$313,064	\$ 979,688	\$ (59,043)	\$ -	\$ 1,233,709	\$ 3,426,871

ALICE PECK DAY HEALTH SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended September 30, 2013
(With Comparative Totals for 2012)

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	2013 Consol- idated	2012 Consol- idated
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ 313,064	\$ 1,136,099	\$ (116,886)	\$ 1,332,277	\$ 3,013,325
Adjustments to reconcile increase (decrease) in net assets to net cash (used) provided by operating activities:					
Amortization of deferred entrance fees	—	—	(1,219,185)	(1,219,185)	(1,292,055)
Depreciation and amortization	—	1,955,564	1,423,484	3,379,048	2,931,476
Provision for bad debts, net of recoveries	—	2,085,471	—	2,085,471	2,439,576
Net realized and unrealized gains on investments	(303,815)	(402,563)	—	(706,378)	(887,991)
Adjustment of interest rate swap to fair value	(3,142)	(90,706)	(92,090)	(185,938)	17,898
Gain on sale of equipment	—	521	2,000	2,521	59,927
Restricted contributions	—	(373,048)	(6,624)	(379,672)	(2,654,722)
Resident unit deposits	—	—	22,998	22,998	57,295
Changes in operating assets and liabilities:					
Accounts receivable	—	(2,840,238)	10,438	(2,829,800)	(2,437,825)
Supplies	—	109,817	632	110,449	(18,451)
Prepaid expenses, other current assets, and other assets	(1)	(1,546,173)	5,666	(1,540,508)	(246,521)
Due (from) to affiliates	(558,351)	1,150,300	(591,949)	—	—
Accounts payable and accrued expenses	34	601,996	240,889	842,919	1,051,920
Accrued salaries and related amounts	(30,928)	(29,501)	20,369	(40,060)	378,453
Estimated third-party payor settlements	—	(2,054,858)	—	(2,054,858)	(105,197)
Other liabilities	—	1,885,792	—	1,885,792	189,000
Net cash (used) provided by operating activities	(583,139)	1,588,473	(300,258)	705,076	2,496,108

	Alice Peck Day Health Systems Corp.	Alice Peck Day Memorial Hospital	Alice Peck Day Lifecare Center, Inc.	2013 Consol- idated	2012 Consol- idated
Cash flows from investing activities:					
Purchases of property and equipment	\$ -	\$ (646,783)	\$ (244,560)	\$ (891,343)	\$ (8,355,325)
Proceeds from sale of property and equipment	-	-	1,521	1,521	459
Purchases of investments	(717,430)	(1,237,693)	-	(1,955,123)	(6,440,993)
Proceeds from sales of investments	1,387,357	988,215	-	2,375,572	6,150,891
Increase in assets whose use is limited	-	(135,385)	(9,877)	(145,262)	(898,859)
Net cash provided (used) by investing activities	669,927	(1,031,646)	(252,916)	(614,635)	(9,543,827)
Cash flows from financing activities:					
Entrance fees received	-	-	4,364,735	4,364,735	4,741,521
Refunds of entrance fees	-	-	(2,690,503)	(2,690,503)	(2,964,600)
Payments on long-term debt	(9,233)	(281,982)	(255,137)	(546,352)	(523,711)
Proceeds from issuance of long-term debt	-	304,500	(304,500)	-	-
Payments on capital lease	-	(68,139)	-	(68,139)	-
Advances (repayments) on lines of credit, net	-	300,000	-	300,000	(495,000)
Increase in deferred annuities	-	-	-	-	9,433
Proceeds from restricted contributions	-	859,687	6,624	866,311	894,413
Net cash (used) provided by financing activities	(9,233)	1,114,066	1,121,219	2,226,052	1,662,056
Net increase (decrease) in cash and cash equivalents	77,555	1,670,893	568,045	2,316,493	(5,385,663)
Cash and cash equivalents at beginning of year	23,077	1,496,474	5,810,806	7,330,357	12,716,020
Cash and cash equivalents at end of year	\$ 100,632	\$ 3,167,367	\$ 6,378,851	\$ 9,646,850	\$ 7,330,357

Additional Data

Software ID:

Software Version:

EIN: 02-0222791

Name: Alice Peck Day Memorial Hospital

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Marty P Candon Trustee	1 00	X						0	0	0
Michael J Cryans Trustee	1 00	X						0	0	0
Closey F Dickey Trustee Emeritus (non-voting)	0 00	X						0	0	0
Terri C Dudley Trustee Emeritus (non-voting)	0 00	X						0	0	0
Curt A Jacques II Trustee	1 00	X						0	0	0
Richard S Jennings Trustee	1 00	X						0	0	0
Bruce N Johnstone Trustee	2 00	X						0	0	0
Edward T Kerrigan Trustee	2 00	X						0	0	0
Miriam M Maguire Trustee	50	X						0	0	0
Mark E Melendy Trustee	1 00	X						0	0	0
Shelly L Moses Trustee	1 00	X						0	0	0
Hildegard Z Ojibway Trustee	1 00	X						0	0	0
Brett C Peltzer Trustee	1 00	X						0	0	0
Wendall M Smith Trustee	1 00	X						0	0	0
Michael R Harris PhD Chair	1 00	X		X				0	0	0
Rev Dr Guy J D Collins Vice Chair	1 00	X		X				0	0	0
Judson T Pierson Treasurer	2 00	X		X				0	0	0
Karen G Kayen Secretary	2 00	X		X				0	0	0
Harry G Dorman III FACHE President & CEO (part year outgoing)	43 00	X		X				148,298	181,253	32,248
Susan E Mooney MD MS President & CEO (part year incoming)	17 00	X		X				257,562	13,556	45,062
Deborah A Glazer MD Med Staff President (part year outgoing)	50 00	X		X				59,347	0	0
Randall D Lea MD MPH VP & Chief Med Officer (part year incoming)	12 00	X		X				23,857	0	4,658
Claudia C Gibson President, Auxiliary	1 00	X		X				0	0	0
Beverley Rankin RN BSN VP Patient Care, CNO	5 00	X		X				149,526	0	42,029
Evalie M Crosby CPA FHFMA VP of Finance & CFO	60 00			X				130,463	32,615	37,326

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
J Todd Miller MS VP & COO	40 00 20 00			X				157,792	0	41,306
Brenda L Blair VP Human Resources & Organizational Learning	60 00			X				117,393	0	27,389
Andrew Best MD Physician	40 00					X		315,461	0	33,117
Diane C Riley MD Physician	40 00					X		408,801	0	35,149
Leonard M Rudolf MD Physician	40 00					X		463,539	0	29,921
Douglas Cedeno MD Physician	40 00					X		286,465	0	22,024
David R Kroner MD Physician	40 00					X		288,406	0	32,614