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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 10-01-2012 , 2012, and ending 09-30-2013

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

C Name of organization
GIFFORD MEDICAL CENTER INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
44 SOUTH MAIN STREET
Suite

City or town, state or country, and ZIP + 4
RANDOLPH, VT 05060

D Employer identification number
03-0179418

E Telephone number
(802)728-4441

G Gross receipts $ 69,344,177

F Name and address of principal officer
JOSEPH L WOODIN
44 SOUTH MAIN STREET
RANDOLPH, VT 05060

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW GIFFORDMED ORG

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

L Year of formation 1905

M State of legal domicile VT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
GIFFORD MEDICAL CENTER IS A NON-PROFIT ACUTE-CARE HOSPITAL PROVIDING HEALTHCARE ON AN INPATIENT AND OUTPATIENT BASIS

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	17
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	690
6	Total number of volunteers (estimate if necessary)	**6**	120
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	153,822
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-47,638

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	560,123	1,601,972
9	Program service revenue (Part VIII, line 2g)	62,984,021	66,431,263
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	269,379	1,067,884
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-78,727	-24,269
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	63,734,796	69,076,850
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	9,750
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	36,445,533	39,372,203
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶174,634		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	25,219,861	25,680,301
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	61,665,394	65,062,254
19	Revenue less expenses Subtract line 18 from line 12	2,069,402	4,014,596

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	68,859,686	77,776,406
21	Total liabilities (Part X, line 26)	33,028,430	33,430,255
22	Net assets or fund balances Subtract line 21 from line 20	35,831,256	44,346,151

Part II Signature Block

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

Sign Here

****** | 2014-07-23
Signature of officer | Date

JEFFREY HEBERT CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Brian D Todd				
Firm's name ▶ BKD LLP			Firm's EIN ▶	
Firm's address ▶ 910 E ST LOUIS 200/PO BOX 1190 SPRINGFIELD, MO 658062523			Phone no (417) 865-8701	

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

AS A COMMUNITY HOSPITAL, GIFFORD MEDICAL CENTER'S MISSION IS TO IMPROVE THE HEALTH OF THE PEOPLE WE SERVE BY PROVIDING AND ASSURING ACCESS TO AFFORDABLE AND HIGH-QUALITY HEALTH CARE, AND BY PROMOTING THE HEALTH AND WELL-BEING OF EVERYONE IN OUR SERVICES AREA

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 $ 17,349,350 including grants of $) (Revenue $ 8,317,451)

GIFFORD MEDICAL CENTER OFFERS VARIOUS CLINICAL SERVICES THROUGH ITS MAIN CAMPUS AND OUTLYING FAMILY HEALTH CENTERS AND SPECIALTY CLINICS SPECIALTY CLINICS INCLUDE ANTICOAGULATION, DIABETES, PRE-OPERATIVE, TRAVEL, AND WOUND CARE CLINIC SERVICES AVAILABLE INCLUDE HEALTH EDUCATION, CHECK-UPS, SAFETY TIPS AND ADVICE, NUTRITION AND EXERCISE COUNSELING, MEDICAL CLEARANCE FOR PATIENTS HAVING SURGERY, DETERMINATION OF NECESSARY VACCINATIONS OR MEDICATIONS FOR TRAVELING, AND MONITORING WOUNDS AND COORDINATING HOME WOUND CARE

4b (Code) (Expenses $ 8,709,145 including grants of $) (Revenue $ 7,286,106)

GIFFORD MEDICAL CENTER OFFERS PEDIATRIC AND FAMILY MEDICINE SERVICES FROM A TEAM OF EXPERT PEDIATRICS PHYSICIANS AND STAFF IN A FAMILY FRIENDLY SETTING AN EMPHASIS IS PLACED ON PREVENTION AND WELLNESS AS WELL AS TIMELY CARE FOR ACUTE ILLNESSES SERVICES AVAILABLE INCLUDE ANNUAL WELL-CHILD VISITS AND SPORTS PHYSICALS, CHILDHOOD IMMUNIZATIONS, ACUTE CARE, FAMILY EDUCATION ON HEALTHY BEHAVIORS AND CHILD DEVELOPMENT, MEDICATION MANAGEMENT, MANAGEMENT OF CHRONIC CONDITIONS, AND EYE AND HEARING SCREENINGS OBSTETRIC AND GYNECOLOGY SERVICES ARE ALSO AVAILABLE FOR WOMEN, FROM ANNUAL SCREENINGS TO ADVANCED SURGERIES

4c (Code) (Expenses $ 5,446,158 including grants of $) (Revenue $ 11,401,371)

GIFFORD MEDICAL CENTER OFFERS GENERAL SURGERY SERVICES BY A CARING AND KNOWLEDGEABLE TEAM, INCLUDING SKIN LESION AND CYST REMOVAL, COMPREHENSIVE BREAST CARE, DIAGNOSIS AND TREATMENT OF ALL FORMS OF CANCER, WOUND CARE, CARDIAC PACEMAKERS, PILL ENDOSCOPY, COLONOSCOPIES, AND APPENDIX REMOVAL, AMONG OTHERS GENERAL SURGEONS PROVIDE A WIDE RANGE OF PROCEDURES IN THE OFFICE AND IN THE OPERATING ROOM SETTINGS, PRIMARILY FOCUSING ON THE ABDOMINAL ORGANS AS WELL AS DISEASES OF THE SKIN, BREAST, SOFT TISSUE AND HERNIAS

4d Other program services (Describe in Schedule O)

(Expenses $ 27,925,336 including grants of $ 9,750) (Revenue $ 39,272,513)

4e **Total program service expenses** ▶ 59,429,989

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		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
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	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	144		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	1		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	690		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 19		
	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**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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 ▶JEFFREY HEBERT PO BOX 2000 RANDOLPH, VT (802)728-2356

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) SHARON DIMMICK CHAIR	1 0	X		X				0	0	0
(2) AUGUST MEYER VICE CHAIR	1 0	X		X				0	0	0
(3) PAUL KENDALL SECRETARY	1 0	X		X				0	0	0
(4) LINCOLN CLARK TREASURER	1 0	X		X				0	0	0
(5) DAVID AINSWORTH TRUSTEE	1 0	X						0	0	0
(6) WILLIAM BAUMANN JR TRUSTEE	1 0	X						0	0	0
(7) LINDA CHUGKOWSKI TRUSTEE	1 0	X						0	0	0
(8) LEO CONNOLLY TRUSTEE	1 0	X						0	0	0
(9) JACK COWDREY TRUSTEE THRU 2/2013	1 0	X						0	0	0
(10) DR MARCUS COXON TTEE/MED STAFF PRES THRU 12/12	22 4	X						91,108	0	7,419
(11) RANDY GARNER TRUSTEE	1 0	X						0	0	0
(12) KAREN GILLESPIE-KORROW TRUSTEE THRU 2/2013	1 0	X						0	0	0
(13) FRED NEWHALL TRUSTEE	1 0	X						0	0	0
(14) PETER NOWLAN TRUSTEE	1 0	X						0	0	0
(15) BARBARA ROCHAT TRUSTEE	1 0	X						0	0	0
(16) BOB WRIGHT TRUSTEE	1 0	X						0	0	0
(17) SHELIA JACOBS TRUSTEE BEG 3/2013	1 0	X						0	0	0

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) LINDA MORSE TRUSTEE BEG 3/2013	1 0	X						0	0	0
(19) MONA COLTON TRUSTEE BEG 3/2013	1 0	X						0	0	0
(20) CAROL BUSHEY TRUSTEE BEG 3/2013	1 0	X						0	0	0
(21) ELLAMARIE RUSSO-DEMARA TTEE/MED STAFF PRES BEG 1/2013	22 4	X						106,493		36,158
(22) JOSEPH WOODIN PRESIDENT & CEO	40 0	X		X				424,590	0	44,243
(23) JEFFREY HEBERT CFO	40 0			X				108,292		5,906
(24) STEPHANIE LANDVATER PROVIDER	40 0					X		607,958	0	44,467
(25) BESS BRACKETT PROVIDER	40 0					X		493,711	0	44,467
(26) RICHARD GRAHAM PROVIDER	40 0					X		444,374	0	43,239
(27) DENNIS HENZIG PROVIDER	40 0					X		275,487	0	37,267
(28) JON-RICHARD KNOFF PROVIDER	40 0					X		273,464	0	40,942
(29) DAVID SANVILLE FORMER CFO							X	162,112	0	32,977
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,987,589	0	337,085

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 46

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
DEW CONSTRUCTION CORPORATION ,	BUILDING CONTRACTOR	2,127,459
CONNOR CONTRACTING INC ,	BUILDING CONTRACTOR	849,253
AMERICAN HEALTH CENTERS INC ,	MRI SERVICES	494,738
M MODAL ,	CONTRACTED SERVICES	358,518
UNIVERSITY OF VERMONT ,	TSP	283,799
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 18		

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	66,309			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,535,663			
	g	Noncash contributions included in lines 1a-1f $		1,288			
	h	**Total.** Add lines 1a-1f			1,601,972		
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	621400		62,575,087	62,575,087	
	b	PHARMACY REVENUE	446110		1,050,893	1,050,893	
	c	DAYCARE REVENUE	812900		375,813	221,991	153,822
	d	CAFETERIA REVENUE	722514		313,061	313,061	
	e	OTHER REVENUE	624100		2,116,409	2,116,409	
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f			66,431,263		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)			971,921		971,921
	4	Income from investment of tax-exempt bond proceeds			0		
	5	Royalties			0		
			(i) Real	(ii) Personal			
	6a	Gross rents	59,923				
	b	Less rental expenses	81,944				
	c	Rental income or (loss)	-22,021	0			
	d	Net rental income or (loss)			-22,021		-22,021
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	227,871	33,945			
	b	Less cost or other basis and sales expenses	119,926	45,927			
	c	Gain or (loss)	107,945	-11,982			
	d	Net gain or (loss)			95,963		95,963
	8a	Gross income from fundraising events (not including $ 66,309 of contributions reported on line 1c) See Part IV, line 18	a	3,892			
	b	Less direct expenses	b	13,242			
	c	Net income or (loss) from fundraising events			-9,350		-9,350
	9a	Gross income from gaming activities See Part IV, line 19	a	10,837			
	b	Less direct expenses	b	6,288			
	c	Net income or (loss) from gaming activities			4,549		4,549
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory			0		
		Miscellaneous Revenue	Business Code				
	11a	EXTRAORDINARY GAIN	900099		2,553		2,553
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d			2,553		
	12	**Total revenue.** See Instructions			69,076,850	66,277,441	153,822	1,043,615

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	0			
2 Grants and other assistance to individuals in the United States See Part IV, line 22	9,750	9,750		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	824,209	241,178	583,031	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	195,089		195,089	
7 Other salaries and wages	29,015,185	26,727,704	2,192,287	95,194
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,253,599	1,151,337	98,157	4,105
9 Other employee benefits	6,098,750	5,538,310	540,740	19,700
10 Payroll taxes	1,985,371	1,787,385	191,667	6,319
11 Fees for services (non-employees)				
a Management	0			
b Legal	50,538		50,538	
c Accounting	90,368		90,368	
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	20,014		20,014	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	5,464,878	4,919,908	527,576	17,394
12 Advertising and promotion	72,772	65,515	7,025	232
13 Office expenses	2,087,332	1,877,231	203,395	6,706
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	914,433	823,243	88,279	2,911
17 Travel	464,869	418,511	44,878	1,480
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	288,097	259,367	27,813	917
20 Interest	992,317	893,361	95,798	3,158
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	2,986,552	2,688,726	288,320	9,506
23 Insurance	847,945	763,386	81,860	2,699
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 BAD DEBT	2,710,268	2,710,268		
b MEDICAL SUPPLIES & DRUGS	4,195,430	4,195,430		
c LICENSES, DUES, SUBSCRIPTIONS	670,373	603,522	64,717	2,134
d PROVIDER TAXES	3,149,388	3,149,388		
e All other expenses	674,727	606,469	66,079	2,179
25 **Total functional expenses.** Add lines 1 through 24e	65,062,254	59,429,989	5,457,631	174,634
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		137,396	1	152,395
	2	Savings and temporary cash investments		7,457,990	2	6,360,292
	3	Pledges and grants receivable, net		23,581	3	618,010
	4	Accounts receivable, net		7,328,813	4	8,442,027
	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		1,130,171	8	1,264,146
	9	Prepaid expenses and deferred charges		1,415,765	9	1,612,863
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 60,764,775			
	b	Less accumulated depreciation	10b 31,483,916	25,885,445	10c	29,280,859
	11	Investments—publicly traded securities		25,072,254	11	29,607,969
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		24,124	14	20,391
	15	Other assets See Part IV, line 11		384,147	15	417,454
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		68,859,686	16	77,776,406
Liabilities	17	Accounts payable and accrued expenses		8,474,838	17	9,828,366
	18	Grants payable		0	18	0
	19	Deferred revenue		128,012	19	501,140
	20	Tax-exempt bond liabilities		19,599,466	20	19,168,494
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		165,806	23	115,889
	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		4,660,308	25	3,816,366
	26	**Total liabilities.** Add lines 17 through 25		33,028,430	26	33,430,255
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		34,269,832	27	41,805,620
	28	Temporarily restricted net assets		1,091,685	28	1,411,991
	29	Permanently restricted net assets		469,739	29	1,128,540
		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		35,831,256	33	44,346,151
	34	Total liabilities and net assets/fund balances		68,859,686	34	77,776,406

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	69,076,850
2	Total expenses (must equal Part IX, column (A), line 25)	2	65,062,254
3	Revenue less expenses Subtract line 2 from line 1	3	4,014,596
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	35,831,256
5	Net unrealized gains (losses) on investments	5	2,530,656
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	1,969,643
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	44,346,151

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
GIFFORD MEDICAL CENTER INC	03-0179418

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		17,952
j	Total Add lines 1c through 1i			17,952
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
OTHER LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1(I)	GIFFORD MEDICAL CENTER, INC IS A MEMBER OF THE VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS, THE BI-STATE PRIMARY CARE ASSOCIATION, AND THE AMERICAN HOSPITAL ASSOCIATION A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS IS AVAILABLE FOR LOBBYING EXPENDITURES ON BEHALF OF GIFFORD MEDICAL CENTER AND THE OTHER MEMBER ORGANIZATIONS IN FURTHERANCE OF THEIR EXEMPT PURPOSES GIFFORD MEDICAL CENTER DOES NOT DIRECTLY PERFORM ANY LOBBYING ACTIVITIES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

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

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	4,319,608	3,753,013	3,836,630	28,100,136	27,594,808
b	Contributions	1,173,313	2,379		100,000	114,149
c	Net investment earnings, gains, and losses	216,134	564,216	-83,617	224,040	469,829
d	Grants or scholarships					
e	Other expenditures for facilities and programs				24,587,546	78,650
f	Administrative expenses					
g	End of year balance	5,709,055	4,319,608	3,753,013	3,836,630	28,100,136

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

- a Board designated or quasi-endowment ▶ 60 810 %
- b Permanent endowment ▶ 19 770 %
- c Temporarily restricted endowment ▶ 19 420 %

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	655,000	542,114		1,197,114
b Buildings		28,212,726	12,445,563	15,767,163
c Leasehold improvements		302,815	214,911	87,904
d Equipment		27,709,905	17,349,304	10,360,601
e Other		3,342,215	1,474,138	1,868,077
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				29,280,859

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

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

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

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

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

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

1 (a) Description of liability	(b) Book value
Federal income taxes	0
EST AMT DUE TO THIRD PARTY	1,816,666
INTEREST RATE SWAP AGREEMENT	1,999,700
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	3,816,366

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

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

1	Total revenue, gains, and other support per audited financial statements			1	70,446,642
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	2,530,656		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	-1,180,394		
e	Add lines **2a** through **2d**			2e	1,350,262
3	Subtract line **2e** from line **1**			3	69,096,380
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	-19,530		
c	Add lines **4a** and **4b**			4c	-19,530
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	69,076,850

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

1	Total expenses and losses per audited financial statements			1	61,931,747
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	19,530		
e	Add lines **2a** through **2d**			2e	19,530
3	Subtract line **2e** from line **1**			3	61,912,217
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	20,014		
b	Other (Describe in Part XIII)	4b	3,130,023		
c	Add lines **4a** and **4b**			4c	3,150,037
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	65,062,254

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
RESTATED ENDOWMENT FUNDS	SCHEDULE D, PART V	IN 2013, THE HOSPITAL DISCOVERED NET ASSETS THAT WERE PERMANENTLY RESTRICTED BASED ON THE ORIGINAL DONOR'S INTENT, BUT WERE CLASSIFIED AS UNRESTRICTED IN 2012 AND PRIOR ADJUSTMENTS OF $514,512 WERE MADE TO 2012 PERMANENTLY RESTRICTED AND UNRESTRICTED NET ASSET AMOUNTS TO PROPERLY STATE RESTRICTED AMOUNTS THIS RESTATEMENT HAD NO EFFECT ON THE PREVIOUSLY REPORTED 2012 CHANGE IN NET ASSETS, BUT DOES AFFECT THE ENDOWMENT BALANCES LISTED ON SCHEDULE D, PART V THE CURRENT YEAR CONTRIBUTIONS ON LINE 1B, COLUMN A, INCLUDES THE ADJUSTMENT OF $514,512 FOR THESE PREVIOUS CONTRIBUTIONS TO THE ENDOWMENT FUND USE OF ENDOWMENT FUNDS SCHEDULE D, PART V, LINE 4 THE TEMPORARILY RESTRICTED ENDOWMENT NET ASSETS ARE USED FOR HEALTH CARE SERVICES AND CAPITAL THE PERMANENTLY RESTRICTED ENDOWMENT NET ASSETS ARE USED FOR INDIGENT CARE, COMMUNITY OUTREACH INITIATIVES, NURSING, BUILDINGS, MAINTENANCE AND OPERATIONS
UNCERTAIN TAX POSITIONS	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740 BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS
OTHER REVENUE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XI, LINE 2D	$ 1,969,643 CHANGE IN FV OF INTEREST RATE SWAP AGREEMENT (2,710,268) BAD DEBT EXPENSE (20,014) INVESTMENT MGMT FEES (419,755) EXPENSES INCLUDED IN REVENUE ---------- $(1,180,394)
OTHER REVENUE INCLUDED ON FORM 990, PART VIII, LINE 12, BUT NOT ON LINE 1	SCHEDULE D, PART XI, LINE 4B	$(19,530) FUNDRAISING EVENT/GAMING EXPENSES
OTHER EXPENSE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART IX, LINE 25	SCHEDULE D, PART XII, LINE 2D	$ 19,530 FUNDRAISING EVENT/GAMING EXPENSES
OTHER EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XII, LINE 4B	$2,710,268 BAD DEBT EXPENSE 419,755 EXPENSES INCLUDED IN REVENUE ---------- $3,130,023

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

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

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

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

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

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

		(a) Event #1 LAST MILE RIDE (event type)	(b) Event #2 (event type)	(c) Other events 0 (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	70,201			70,201
	2 Less Contributions	66,309			66,309
	3 Gross income (line 1 minus line 2)	3,892			3,892
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs	4,351			4,351
	7 Food and beverages	958			958
	8 Entertainment	450			450
	9 Other direct expenses	7,483			7,483
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(13,242)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				-9,350

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

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

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

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	13a	
b	An outside facility	13b	

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

Name ▶ .....

Address ▶ .....

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

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

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

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493223012644

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
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 225 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			315,455		315,455	0 510 %
b Medicaid (from Worksheet 3, column a)			10,275,790	9,472,189	803,601	1 290 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			10,591,245	9,472,189	1,119,056	1 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			815,178	346,290	468,888	0 750 %
f Health professions education (from Worksheet 5)			91,993		91,993	0 150 %
g Subsidized health services (from Worksheet 6)			11,430,268	8,257,618	3,172,650	5 090 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			9,750		9,750	0 020 %
j **Total.** Other Benefits			12,347,189	8,603,908	3,743,281	6 010 %
k **Total.** Add lines 7d and 7j			22,938,434	18,076,097	4,862,337	7 810 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			294,033	53,662	240,371	0 390 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			2,446		2,446	
9	Other						
10	**Total**			296,479	53,662	242,817	0 390 %

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	2,710,268		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	322,522		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	17,177,965		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	16,971,336		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	206,629		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	GIFFORD MEDICAL CENTER INC PO BOX 2000 RANDOLPH,VT 05060	X	X			X		X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

GIFFORD MEDICAL CENTER INC

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	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☑ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 225 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year?
8

	Name and address	Type of Facility (describe)
1	GIFFORD HEALTH CENTER AT BERLIN 82 EAST VIEW LANE BERLIN,VT 05641	RURAL HEALTH CENTER
2	ADVANCE PHYSICAL THERAPY 331 OLCOTT DRIVE U2 WHITE RIVER JUNCTION,VT 05001	RURAL HEALTH CENTER
3	BETHEL HEALTH CENTER 1823 ROUTE 107 BETHEL,VT 05032	RURAL HEALTH CENTER
4	CHELSEA HEALTH CENTER 356 VT ROUTE 110 CHELSEA,VT 05038	RURAL HEALTH CENTER
5	KINGWOOD HEALTH CENTER 1422 ROUTE 66 RANDOLPH,VT 05060	RURAL HEALTH CENTER
6	ROCHESTER HEALTH CENTER 235 SOUTH MAIN STREET ROCHESTER,VT 05767	RURAL HEALTH CENTER
7	SHARON HEALTH CENTER 12 SHIPPEE LANE SHARON,VT 05065	RURAL HEALTH CENTER
8	TWIN RIVER HEALTH CENTER 108 N MAIN ST WHITE RIVER JUNCTION,VT 05001	RURAL HEALTH CENTER
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
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 WAS REDUCED BY BAD DEBT EXPENSE OF $2,710,268
SUBSIDIZED SERVICES	SCHEDULE H, PART I, LINE 7G	THE ORGANIZATION HAS INCLUDED COSTS ASSOCIATED WITH RURAL HEALTH CENTERS (RHC) IN THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G, WITH A NET SUBSIDY FROM RHCS OF $3,093,577 THESE SERVICES ARE PROVIDED IN RURAL AREAS WHERE THERE WOULD BE A SHORTAGE OF QUALITY MEDICAL CARE WITHOUT THE SERVICES GIFFORD MEDICAL CENTER CONTINUES TO PROVIDE THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT FINANCIAL SHORTFALLS WILL BE SUSTAINED

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY	SCHEDULE H, PART I, LINE 7	THE COST TO CHARGE RATIO CALCULATED ON IRS WORKSHEET 2 WAS USED IN THE CALCULATION OF COST ON IRS WORKSHEETS 1 AND 6
COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	INCLUDED IN PART II AS COMMUNITY BUILDING ACTIVITIES ARE THE RTCC PRACTICE JOB INTERVIEWS WITH LNA STUDENTS, STUDENT OBSERVATIONS, AND STUDENT TOURS ON LINE 8 AS WORKFORCE DEVELOPMENT THE DAYCARE/AFTER SCHOOL PROGRAM IS INCLUDED ON LINE 3 AS COMMUNITY SUPPORT THESE ACTIVITIES PROVIDE OPPORTUNITIES TO ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS, INCLUDING POVERTY, HOMELESSNESS, AND UNEMPLOYMENT

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE THEY DO, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ORGANIZATION CALCULATED BAD DEBT USING THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS PER THE AUDITED FINANCIAL STATEMENTS BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU
COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, LINE 8	SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY

Identifier	ReturnReference	Explanation
COLLECTION POLICY	SCHEDULE H, PART III, SECTION C, LINE 9B	THE APPLICATION FOR AND APPROVAL OF FINANCIAL ASSISTANCE CAN OCCUR BEFORE, DURING OR AFTER TREATMENT SO LONG AS THE ACCOUNT HAS NOT BEEN WRITTEN OFF TO BAD DEBT PRIOR TO RECEIPT OF A COMPLETED APPLICATION AND THE NECESSARY DOCUMENTATION ACCOUNTS SENT TO BAD DEBT AFTER REQUIRED INFORMATION HAS BEEN RECEIVED CAN BE RETURNED FROM COLLECTIONS FOR PROCESSING WITHOUT PENALTY TO THE APPLICANT GIFFORD MEDICAL CENTER, INC , ENCOURAGES THE APPLICATION PROCESS TO BEGIN AS EARLY AS POSSIBLE
COMMUNITY INPUT	SCHEDULE H, PART V, SECTION B, LINE 3	COMMUNITY HEALTHCARE NEEDS ASSESSMENT SURVEYS WERE HANDED OUT AT SEVERAL TOWN MEETINGS WITHIN THE GIFFORD MEDICAL CENTER SERVICE AREA, AS WELL AS TO EMPLOYEES AND VOLUNTEER STAFF

Identifier	ReturnReference	Explanation
CHNA AVAILABILITY TO THE PUBLIC	SCHEDULE H, PART V, SECTION B, LINE 5C	THE CHNA WAS ALSO DISTRIBUTED AT LOCAL TOWN MEETINGS IMPLEMENTATION STRATEGY SCHEDULE H, PART V, SECTION B, LINE 6 IN RESPONSE TO THE RESULTS OF GIFFORD MEDICAL CENTER'S MOST RECENTLY CONDUCTED COMMUNITY HEALTH NEEDS ASSESSMENT, THE ORGANIZATION ADOPTED AN IMPLEMENTATION STRATEGY THE IMPLEMENTATION STRATEGY IS ATTACHED
ADDRESSING IDENTIFIED NEEDS	SCHEDULE H, PART V, SECTION B, LINE 7	GIFFORD MEDICAL CENTER IS CURRENTLY FOCUSING ON THE AREAS THAT APPEAR TO BE THE HIGHEST CONCERN WITHIN THE COMMUNITY

Identifier	ReturnReference	Explanation
MEASURES TO PUBLICIZE THE POLICY	SCHEDULE H, PART V, SECTION B, LINE 14G	GIFFORD MEDICAL CENTER CONTACTS ANY UNINSURED PATIENTS THAT REGISTER WITH THE HOSPITAL TO SEE IF THEY ARE IN NEED OF FINANCIAL ASSISTANCE
NEEDS ASSESSMENT		IDENTIFYING AND MEETING THE COMMUNITY'S HEALTH CARE NEEDS WOULD NOT BE POSSIBLE WITHOUT INPUT FROM THE PUBLIC GIFFORD MEDICAL CENTER PROVIDES AMPLE OPPORTUNITIES FOR THE PUBLIC TO PROVIDE BOTH INPUT AND ACTIVELY PARTICIPATE IN MEDICAL CENTER ACTIVITIES THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS, ANNUAL HOSPITAL REPORT CARD MEETINGS, PATIENT SATISFACTION SURVEYS AND ONE-ON-ONE COMMENTS TO HOSPITAL STAFF AND BOARD MEMBERS HELP DIRECT STRATEGIC PLANNING AND OPERATIONAL DECISIONS EVERY THREE YEARS, GIFFORD ENGAGES IN AN EXTENSIVE STRATEGIC PLANNING PROCESS THAT RESULTS IN THE IDENTIFICATION AND IMPLEMENTATION OF A LIST OF INITIATIVES THE HOSPITAL STRIVES TO ACHIEVE OVER THE COMING THREE YEARS SUCCESS AT ACHIEVING THOSE INITIATIVES THROUGHOUT, AND BY THE CONCLUSION, OF THE THREE-YEAR PERIOD IS EXTENSIVELY MONITORED BY THE HOSPITAL'S LEADERS, INCLUDING ITS VOLUNTEER BOARD OF TRUSTEES

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		PATIENTS ARE ADVISED OF COMMUNITY OUTREACH AND ARE ENCOURAGED TO SET UP AN APPOINTMENT TO MEET WITH THE APPROPRIATE GIFFORD MEDICAL CENTER PERSONNEL THE PATIENTS ARE ALSO DIRECTED TO GMC'S WEBSITE FOR AN EXPLANATION OF THE FREE CARE POLICY PROCESS
COMMUNITY INFORMATION		IN ADDITION TO THE CLINICAL OFFICES LOCATED ON THE ORGANIZATION'S MAIN CAMPUS IN RANDOLPH, VERMONT, THE ORGANIZATION OPERATES COMMUNITY HEALTH CARE CENTERS LOCATED IN BETHEL, CHELSEA, ROCHESTER, SHARON, BERLIN, RANDOLPH, AND WHITE RIVER JUNCTION, VERMONT THE RANDOLPH/BAINTREE AREA PROVIDES THE MOST VISITS AND IS LOCATED IN ORANGE COUNTY, VERMONT ORANGE COUNTY DEMOGRAPHICS SHOW APPROXIMATELY 16 2% OVER THE AGE OF 65 AND 20 1% UNDER 18 YEARS OVER 97% ARE WHITE, WITH 50 2% FEMALE THE AVERAGE HOUSEHOLD INCOME IS $52,407, WITH THE POVERTY LEVEL AT 10 6%, COMPARED TO THE STATE'S 11 3%

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH		AS A COMMUNITY HOSPITAL, GIFFORD MEDICAL CENTER'S MISSION IS TO IMPROVE THE HEALTH OF THE PEOPLE WE SERVE BY PROVIDING AND ASSURING ACCESS TO AFFORDABLE AND HIGH-QUALITY HEALTH CARE, AND BY PROMOTING THE HEALTH AND WELL-BEING OF EVERYONE IN OUR SERVICE AREA WE OFFER DIAGNOSTIC TECHNOLOGIES THAT INCLUDE A 64-SLICE CT SCANNER, A MOBILE MRI UNIT, A FILMLESS RADIOLOGY SYSTEM, DIGITAL MAMMOGRAPHY AND STEREOTACTIC BREAST BIOPSIES OUR 25-BED CRITICAL ACCESS HOSPITAL HAS A BIRTHING CENTER THAT IS RECOGNIZED AROUND THE STATE WE HAVE A 24-HOUR EMERGENCY DEPARTMENT, A 30-BED NURSING HOME WITH AN EXTENSIVE WAITING LIST AND NUMEROUS QUALITY AWARDS TO ITS CREDIT, A CHILDCARE CENTER, AN ADULT DAY PROGRAM AND SO MUCH MORE WE'RE EXTREMELY PROUD OF THOSE ADDITIONS, OUR PROGRESSIVE CAN-DO ATTITUDE, AND OUR FINANCIAL STABILITY THE FOLLOWING ARE THE ACTIVITIES FOR 2013 -GIFFORD JOINED ALL VERMONT HOSPITALS AS PART OF ONECARE VERMONT, LLC - AN ACCOUNTABLE CARE ORGANIZATION OFFICIALLY LAUNCHED ON JANUARY 1 -DISTRICT 3 ENVIRONMENTAL COMMISSION APPROVAL WAS OBTAINED FOR A MUCH-NEEDED SENIOR LIVING COMMUNITY IN RANDOLPH CENTER -THE LABORATORY MADE EQUIPMENT UPGRADES TO ITS CHEMISTRY ANALYZERS TO IMPROVE TURNAROUND TIMES, EFFICIENCY AND RELIABILITY -A FREE EDUCATIONAL SERIES ON DEATH AND DYING CONTINUES, WITH MULTIPLE DISCUSSIONS THROUGHOUT THE YEAR -A NEW "HEALTHIER LIVING WORKSHOP" FOCUSES ON MANAGEMENT OF CHRONIC PAIN THESE ARE SIX-WEEK CLASSES OFFERED FOR FREE THROUGHOUT THE YEAR AT GIFFORD THROUGH THE VERMONT BLUEPRINT FOR HEALTH -THE UROLOGY TEAM BEGINS OFFERING A NEW ALTERNATIVE - MEDTRONIC INTERSTIM THERAPY, OR SACRAL NERVE STIMULATION - GIFFORD LAUNCHES A NEW "MATTERS OF THE HEART" MONTHLY EDUCATIONAL SERIES ON HEART HEALTHY TOPICS, SUCH AS DIET, EXERCISE, MANAGING STRESS AND UNDERSTANDING VARIOUS MEDICATIONS -FOR A THIRD CONSECUTIVE YEAR, THE MENIG EXTENDED CARE FACILITY IS NAMED AMONG THE NATION'S "2013 BEST NURSING HOMES " -LOCAL SITE PLAN APPROVAL IS AWARDED TO GIFFORD BY THE RANDOLPH DEVELOPMENT REVIEW BOARD FOR THE FIRST TWO PHASES - A NEW NURSING HOME AND 40 INDEPENDENT LIVING UNITS - OF A SENIOR LIVING COMMUNITY TO BE BUILT IN RANDOLPH CENTER -THE EIGHTH ANNUAL DIABETES EDUCATION EXPO FOCUSES ON EYE CARE, SHOPPING ON A BUDGET, MAKING LIFESTYLE CHANGES AND OVERCOMING OBSTACLES TO SUCCESSFUL SELF-MANAGEMENT -A NEW WOUND CARE CLINIC IS OPENED WITH THE SKILLS OF A SPECIALLY CERTIFIED WOUND CARE AND DIABETIC WOUND CARE NURSE -AN "AGING TOGETHER" FREE TALK FEATURES GYNECOLOGY AND UROLOGY EXPERTS TALKING ABOUT A COUPLE'S CHANGING SEXUAL HEALTH -"MEDICARE - READY OR NOT" FEATURES A FREE TALK FROM A HEALTH INSURANCE SPECIALIST ON MEDICARE PARTS A THROUGH D, ELIGIBILITY AND RESOURCES -GIFFORD PARTNERS WITH THE VERMONT CHAPTER OF THE AMERICAN FOUNDATION FOR SUICIDE PREVENTION AND THE CLARA MARTIN CENTER, TO OFFER A FREE TALK ON "LIVING WITH BIPOLAR DISORDER " -A NEW "QUIT IN PERSON GROUP", A FOUR-WEEK CLASS OFFERED BY GIFFORD AND AIMED AT HELPING PEOPLE QUIT TOBACCO PRODUCTS, IS HELD IN ROCHESTER AND BETHEL -A NEW "HEALTHIER LIVING WORKSHOP" FOR THE CHRONICALLY ILL IS HELD -OPHTHALMOLOGIST DR CHRIS SOARES IS THE FIRST IN VERMONT TO OFFER SURGERY TO TREAT GLAUCOMA USING A NEW DEVICE CALLED AN ISTENT AND PERFORMS THE STATE'S FIRST ISTENT SURGERIES -GIFFORD WORKS WITH AAA NORTHERN NEW ENGLAND TO BRING A TALK ON SAFE DRIVING LATER IN LIFE CALLED "KEEPING THE KEYS" TO THE RANDOLPH AREA COMMUNITY -UROLOGY CARE EXPANDS TO THE GIFFORD HEALTH CENTER AT BERLIN TO PROVIDE MORE PATIENTS ACCESS TO ESSENTIAL UROLOGY CARE -GIFFORD'S ANNUAL SUMMER CONCERT SERIES IN THE PARK IS HELD THE SERIES IS FREE AND OPEN TO THE PUBLIC -A "FAMILY AND FRIENDS CPR" COURSE TEACHES THE BASICS IN INFANT, CHILD AND ADULT CPR TO INTERESTED COMMUNITY MEMBERS - GIFFORD WORKS WITH PREVENT CHILD ABUSE VERMONT TO OFFER A "NURTURING HEALTHY SEXUAL DEVELOPMENT" COURSE FOR CHILD CARE PROVIDERS AND PARENTS OF YOUNG CHILDREN -A "HEALTHIER LIVING WORKSHOP" BEGINS AT GIFFORD FOR THOSE EXPERIENCING CHRONIC PAIN -A "BABYSITTER'S TRAINING COURSE" IS HELD AND ATTRACTS SO MANY YOUTH THAT WOULD LIKE TO BE SITTERS THAT A LONG WAITING LIST FORMS FOR FUTURE CLASSES -GIFFORD, ALONG WITH ALL OTHER VERMONT HOSPITALS, SIGNS ON TO THE NATIONAL HEALTHIER HOSPITALS INITIATIVE, WHICH INCLUDES EFFORTS TO IMPROVE ENERGY EFFICIENCY GIFFORD IS ALREADY THE MOST ENERGY EFFICIENT HOSPITAL IN THE STATE -A "HOME ALONE AND SAFE" COURSE IS OFFERED FOR CHILDREN 8-11 ON HOW TO RESPOND TO HOME ALONE SITUATIONS, INCLUDING SAFETY, COMMUNICATIONS AND BASIC EMERGENCY CARE -A TWO-NIGHT SERIES AT THE CHELSEA HEALTH CENTER TEACHES PATIENTS ABOUT "EATING RIGHT WHEN MONEY IS TIGHT "

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

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

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

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) PATIENT GRANTS	16	9,750			

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
MONITORING GRANT FUNDS	SCHEDULE I, PART 1, LINE 2	THE ORGANIZATION PROVIDES GRANTS TO PATIENTS USING THE RESULTS OF THE LAST MILE RIDE SPECIAL FUNDRAISING EVENT DURING FYE 09/30/13, THE ORGANIZATION PROVIDED GRANTS IN THE FOLLOWING CATEGORIES MUSIC THERAPY - 35% MASSAGE - 9% ACUPUNCTURE - 2% FAMILY WISHES - 32% GAS CARDS - 6% LEGACY PROJECTS - 5% COMFORT KITS - 5% FAMILY CARDS - 1% OUTREACH/EDUCATION - 5%

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
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?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)JOSEPH WOODIN PRESIDENT & CEO	(i) (ii)	362,073 0	36,707 0	25,810 0	12,500 0	31,743 0	468,833 0	0 0
(2)STEPHANIE LANDVATER PROVIDER	(i) (ii)	506,823 0	41,354 0	59,781 0	12,500 0	31,967 0	652,425 0	0 0
(3)BESS BRACKETT PROVIDER	(i) (ii)	488,298 0	1,000 0	4,413 0	12,500 0	31,967 0	538,178 0	0 0
(4)RICHARD GRAHAM PROVIDER	(i) (ii)	402,932 0	21,000 0	20,442 0	11,358 0	31,881 0	487,613 0	0 0
(5)DENNIS HENZIG PROVIDER	(i) (ii)	238,100 0	1,000 0	36,387 0	12,500 0	24,767 0	312,754 0	0 0
(6)JON-RICHARD KNOFF PROVIDER	(i) (ii)	271,878 0	1,000 0	586 0	10,000 0	30,942 0	314,406 0	0 0
(7)DAVID SANVILLE FORMER CFO	(i) (ii)	135,899 0	1,322 0	24,891 0	8,443 0	24,534 0	195,089 0	0 0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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	VERMONT EDUCATIONAL & HEALTH BUILDING FINANCING AG	23-7154467	9241608B3	09-01-2010	20,430,000	TO FINANCE GIFFORD'S CAPITAL PROJE		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0			
2	Amount of bonds legally defeased	0			
3	Total proceeds of issue	20,430,000			
4	Gross proceeds in reserve funds	0			
5	Capitalized interest from proceeds	0			
6	Proceeds in refunding escrows	20,310,307			
7	Issuance costs from proceeds	119,693			
8	Credit enhancement from proceeds	0			
9	Working capital expenditures from proceeds	0			
10	Capital expenditures from proceeds	0			
11	Other spent proceeds	0			
12	Other unspent proceeds	0			
13	Year of substantial completion	2010			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		X						
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?		X						
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

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	DEUTSCHE BANK							
c	Term of hedge	26							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) RANDOLPH COAL OIL CO	SEE PART V	419,812	SEE PART V		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	SCHEDULE L, PART IV, LINE 1	KAREN GILLESPIE KORROW, GMC BOARD MEMBER, IS THE OWNER OF RANDOLPH COAL & OIL CO , WHICH GMC PURCHASED FUEL AT FMV DURING THE YEAR

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SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

Identifier	Return Reference	Explanation
OTHER PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4D	
ORGANIZATION'S MEMBERS	FORM 990, PART VI, SECTION A, LINES 6, 7A & 7B	THE MEMBERSHIP OF THE ORGANIZATION CONSISTS OF THOSE PERSONS SERVING AS CORPORATORS TO BE ELIGIBLE TO SERVE AS A CORPORATOR, AN INDIVIDUAL MUST SUPPORT THE MISSION AND PURPOSES OF THE ORGANIZATION CORPORATORS ARE NOMINATED BY THE NOMINATING COMMITTEE AND ELECTED BY MA JORITY VOTE OF THE CORPORATORS PRESENT AT THE ANNUAL MEETING OF THE CORPORATORS, AND SERVE A TERM OF THREE YEARS THE CORPORATORS SHALL ELECT TRUSTEES OF THE ORGANIZATION, WHO MANA GE AND CONDUCT THE AFFAIRS OF THE ORGANIZATION THE CORPORATORS MAKE NO OTHER GOVERNANCE D ECISIONS FOR THE ORGANIZATION, NOR ARE THE DECISIONS OF THE BOARD OF TRUSTEES SUBJECT TO A PPROVAL BY THE CORPORATORS
REVIEW OF THE FORM 990	FORM 990, PART VI, SECTION B, LINE 11B	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION THE FULL BOARD OF TRUSTEES REVIEWS THE PUBLIC DISCLOSURE COPY OF THE FORM 990 AT ONE OF THE BO ARD MEETINGS BEFORE FILING THE PUBLIC DISCLOSURE COPY DOES NOT LIST THE NAMES OR ADDRESSE S OF THE DONORS TO RESPECT THE CONFIDENTIALITY OF THE DONORS
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	GIFFORD MEDICAL CENTER, INC REQUIRES BOARD MEMBERS TO COMPLETE A YEARLY CONFLICT OF INTER EST SURVEY ANY DUALITY OF INTEREST OR POSSIBLE CONFLICT OF INTEREST ON THE PART OF ANY TR USTEE SHALL BE DISCLOSED TO THE OTHER BOARD MEMBERS ANY TRUSTEE HAVING DUALITY OF INTERES T OR POSSIBLE CONFLICT OF INTEREST ON ANY MATTER SHALL NOT VOTE OR USE HIS PERSONAL INFLUE NCE ON THE MATTER, AND SHALL NOT BE PRESENT FOR DISCUSSION OF THE MATTER THE MINUTES OF T HE MEETING SHALL REFLECT THAT A DISCLOSURE WAS MADE AND THAT THE TRUSTEE ABSTAINED FROM VO TING AND DISCUSSION
COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	GIFFORD USES A BOARD COMPENSATION COMMITTEE WITH INPUT AND DATA FROM A VARIETY OF INDEPEND ENT SOURCES THE EVALUATION AND RECOMMENDATION IS THEN PRESENTED TO THE BOARD OF TRUSTEES FOR APPROVAL TO EVALUATE THE COMPENSATION OF THE ORGANIZATION'S OTHER OFFICERS AND KEY EM PLOYEES, THE COMPENSATION REVIEW IS ADMINISTERED BY HUMAN RESOURCES AND THE CEO THE HUMAN RESOURCES DEPARTMENT HAS SOME INTERNAL AND EXTERNAL SOURCES THAT ARE UTILIZED TO COMPARE COMPENSATION AMOUNTS
DOCUMENT DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS CONFLICT OF INTEREST POLICY AVAILABLE UPON REQUEST THE FINANCI AL STATEMENTS ARE AVAILABLE ON THE ORGANIZATION'S WEBSITE, ANOTHER'S WEBSITE AND UPON REQU EST
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9	$1,969,643 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GIFFORD MEDICAL CENTER INC

Employer identification number
03-0179418

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) GIFFORD HEALTH CARE INC 44 SOUTH MAIN STREET RANDOLPH, VT 05060 46-0938716	PARENT	VT	501(C)(3)	9	NA		No
(2) GIFFORD RETIREMENT COMMUNITY INC 44 S MAIN ST RANDOLPH, VT 05060 46-3593492	RETIREMENT	VT	APPLIED FOR		NA		No

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

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

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

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

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

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	**1a**	**No**
b	Gift, grant, or capital contribution to related organization(s)	**1b**	**No**
c	Gift, grant, or capital contribution from related organization(s)	**1c**	**No**
d	Loans or loan guarantees to or for related organization(s)	**1d**	**No**
e	Loans or loan guarantees by related organization(s)	**1e**	**No**
f	Dividends from related organization(s)	**1f**	**No**
g	Sale of assets to related organization(s)	**1g**	**No**
h	Purchase of assets from related organization(s)	**1h**	**No**
i	Exchange of assets with related organization(s)	**1i**	**No**
j	Lease of facilities, equipment, or other assets to related organization(s)	**1j**	**No**
k	Lease of facilities, equipment, or other assets from related organization(s)	**1k**	**No**
l	Performance of services or membership or fundraising solicitations for related organization(s)	**1l**	**No**
m	Performance of services or membership or fundraising solicitations by related organization(s)	**1m**	**No**
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	**1n**	**No**
o	Sharing of paid employees with related organization(s)	**1o**	**No**
p	Reimbursement paid to related organization(s) for expenses	**1p**	**No**
q	Reimbursement paid by related organization(s) for expenses	**1q**	**No**
r	Other transfer of cash or property to related organization(s)	**1r**	**No**
s	Other transfer of cash or property from related organization(s)	**1s**	**No**

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 03-0179418
Name: GIFFORD MEDICAL CENTER INC

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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Gifford Medical Center, Inc.

Independent Auditor's Report and Financial Statements

September 30, 2013 and 2012

BKD LLP
CPAs & Advisors

Gifford Medical Center, Inc.

September 30, 2013 and 2012

Contents

Independent Auditor's Report

Board of Trustees
Gifford Medical Center, Inc
Randolph, Vermont

We have audited the accompanying financial statements of Gifford Medical Center, Inc (Hospital), which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gifford Medical Center, Inc as of September 30, 2013 and 2012, and the results of its operations, the 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

Emphasis of Matter

As discussed in *Note 18* to the financial statements, the 2012 financial statements have been restated to correct a misstatement Our opinion is not modified with respect to this matter

BKD, LLP

Springfield, Missouri
January 20, 2014

Gifford Medical Center, Inc.
Balance Sheets
September 30, 2013 and 2012

Assets

	2013	(Restated - *Note 18)* 2012
Current Assets		
Cash and cash equivalents	$ 5,411,892	$ 6,187,886
Short-term investments	1,835,043	995,434
Patient accounts receivable, net of allowance, 2013 - $1,518,626, 2012 - $1,565,918	8,442,027	7,328,813
Other receivables	562,857	321,758
Supplies	1,264,146	1,130,171
Prepaid expenses and other	1,612,863	1,415,765
Total current assets	19,128,828	17,379,827
Assets Limited as to Use	22,181,443	19,062,076
Long-Term Investments	7,347,278	6,447,244
Property and Equipment, Net	28,625,859	25,860,445
Other Assets	492,998	110,094
Total assets	$ 77,776,406	$ 68,859,686

See Notes to Financial Statements

Liabilities and Net Assets

	2013	(Restated - *Note 18)* 2012
Current Liabilities		
Current portion of long-term debt	$ 501,069	$ 480,890
Accounts payable	3,350,063	2,613,412
Accrued expenses	6,406,818	5,797,518
Estimated amounts due to third-party payers	1,816,666	690,965
Other	86,979	32,411
Total current liabilities	12,161,595	9,615,196
Long-Term Debt	18,783,314	19,284,382
Deferred Annuities	414,161	95,601
Interest Rate Swap Agreement	1,999,700	3,969,343
Deferred Compensation	71,485	63,908
Total liabilities	33,430,255	33,028,430
Net Assets		
Unrestricted	41,805,620	33,755,320
Temporarily restricted	1,411,991	1,091,685
Permanently restricted	1,128,540	984,251
Total net assets	44,346,151	35,831,256
Total liabilities and net assets	$ 77,776,406	$ 68,859,686

Gifford Medical Center, Inc.
Statements of Operations
Years Ended September 30, 2013 and 2012

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Patient service revenue (net of contractual discounts and allowances)	$ 62,575,087	$ 61,124,867
Provision for uncollectible accounts	2,710,268	3,065,153
Net patient service revenue less provision for uncollectible accounts	59,864,819	58,059,714
Other	3,703,381	2,035,533
Net assets released from restrictions used for operations	110,152	112,880
Total unrestricted revenues, gains and other support	63,678,352	60,208,127
Expenses and Losses		
Salaries and wages	29,907,780	29,092,727
Employee benefits	9,464,423	7,352,806
Purchased services and professional fees	5,457,060	5,285,602
Supplies and other	13,123,615	12,890,839
Depreciation and amortization	2,986,552	2,988,750
Interest	992,317	1,002,417
Total expenses and losses	61,931,747	58,613,141
Operating Income	1,746,605	1,594,986
Other Income		
Investment return	3,610,522	3,223,786
Change in fair value of interest rate swap agreement	1,969,643	(247,167)
Other income	58,871	125,548
Total other income	5,639,036	3,102,167
Excess of Revenues Over Expenses	7,385,641	4,697,153
Net assets released for acquisition of property and equipment	664,659	61,737
Increase in Unrestricted Net Assets	$ 8,050,300	$ 4,758,890

Gifford Medical Center, Inc.

Statements of Changes in Net Assets

Years Ended September 30, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Excess of revenues over expenses	$ 7,385,641	$ 4,697,153
Net assets released for acquisition of property and equipment	664,659	61,737
Increase in unrestricted net assets	8,050,300	4,758,890
Temporarily Restricted Net Assets		
Contributions	1,095,117	251,262
Net assets released from restrictions	(774,811)	(174,617)
Increase in temporarily restricted net assets	320,306	76,645
Permanently Restricted Net Assets		
Contributions	144,289	-
Increase in permanently restricted net assets	144,289	-
Change in Net Assets	8,514,895	4,835,535
Net Assets, Beginning of Year	35,831,256	30,995,721
Net Assets, End of Year	$ 44,346,151	$ 35,831,256

Gifford Medical Center, Inc.

Statements of Cash Flows

Years Ended September 30, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	$ 8,514,895	$ 4,835,535
Items not requiring (providing) cash		
Depreciation and amortization	2,986,552	2,988,750
Net gain on investments	(2,638,601)	(2,646,778)
Change in fair value of interest rate swap agreement	(1,969,643)	247,167
Restricted contributions and investment income received	(1,239,406)	(251,262)
Changes in		
Patient accounts receivable, net	(1,113,214)	845,441
Inventories	(133,975)	40,592
Estimated amounts due from and to third-party payers	1,125,701	286,774
Accounts payable and accrued expenses	615,973	431,679
Other assets and liabilities	(461,227)	(299,959)
Net cash provided by operating activities	5,687,055	6,477,939
Investing Activities		
Purchases of property and equipment	(5,001,157)	(2,850,472)
Proceeds from sale of investments	227,871	1,037,981
Purchases of investments	(2,448,280)	(5,038,188)
Net cash used in investing activities	(7,221,566)	(6,850,679)
Financing Activities		
Restricted contributions and investment income received	1,239,406	251,262
Principal payments on long-term debt	(480,889)	(521,230)
Net cash provided by (used in) financing activities	758,517	(269,968)
Decrease in Cash and Cash Equivalents	(775,994)	(642,708)
Cash and Cash Equivalents, Beginning of Year	6,187,886	6,830,594
Cash and Cash Equivalents, End of Year	$ 5,411,892	$ 6,187,886
Supplemental Cash Flows Information		
Interest paid	$ 992,317	$ 1,002,417
Capital lease obligations incurred for property and equipment	$ -	$ 187,118
Purchase of property and equipment in accounts payable	$ 1,102,940	$ 372,962

Gifford Medical Center, Inc.

Notes to Financial Statements

September 30, 2013 and 2012

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Gifford Medical Center, Inc (Hospital) is a not-for-profit organization incorporated under the laws of the State of Vermont for the purpose of providing health care services Gifford Medical Center, Inc is a 25-bed hospital, providing general and specialty services and has a hospital-based 30-bed nursing home unit In addition to the clinical offices located on the main campus in Randolph, Vermont, Gifford Medical Center, Inc operates community health care centers located in Bethel, Chelsea, Rochester, Sharon, Berlin and White River Junction, Vermont

During 2013 a corporate reorganization occurred A new parent entity, Gifford Health Care (GHC) was created, which received federal approval as a federally qualified health center (FQHC) after September 30, 2013 Certain Hospital operations will be transferred to GHC A grant for $812,500 was awarded to GHC as part of the federal approval for FQHC status

Use of Estimates

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

Cash and Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents At September 30, 2013 and 2012, cash equivalents consisted primarily of sweep products The Hospital utilizes repurchase and sweep products as part of their cash management policy, which are not FDIC insured, but may be covered by separate agreements with the financial institution

At September 30, 2013, the Hospital's cash accounts exceeded federally insured limits by approximately $283,000

At September 30, 2013 and 2012, the Hospital held $6,270,097 and $5,808,056, respectively, in repurchase and sweep accounts

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Assets Limited As To Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements which the Board retains control and may at its discretion subsequently use for other purposes.

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers 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 Hospital records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Hospital's allowance for doubtful accounts for self-pay patients increased from 74% of self-pay accounts receivable at September 30, 2012, to 75% of self-pay accounts receivable at September 30, 2013 In addition, the Hospital's write-offs decreased $288,643 from $3,046,203 for the year ended September 30, 2012, to $2,757,560 for the year ended September 30, 2013 Allowance for uncollectible accounts activity for 2013 and 2012, is shown in the following table

	2013	2012
Balance, beginning of year	$ 1,565,918	$ 1,546,968
Provision for year	2,710,268	3,065,153
Accounts charged off during year	(2,757,560)	(3,046,203)
Balance, end of year	$ 1,518,626	$ 1,565,918

Supplies

The Hospital states supply inventories at the lower of cost, determined using the first-in, first-out method, or market

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor Monetary gifts that must be used to acquire property and equipment are reported as restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

Long-Lived Asset Impairment

The Hospital evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value No asset impairment was recognized during the years ended September 30, 2013 and 2012

Deferred Financing Costs

Deferred financing costs, which are included in other long-term assets, represent costs incurred in connection with the issuance of long-term debt Such costs are being amortized over the term of the respective debt using the straight-line method

Deferred Annuities

Annuity obligations represent the amount of various planned giving instruments where the Hospital has fiduciary responsibility for the safekeeping, investment management and distribution of such funds to designated individuals Annuity obligations are valued at the actuarial present value of the expected payments based upon the life expectancy for the annuitants The present value of the estimated future payments at September 30, 2013 and 2012, was $475,118 and $112,758, respectively, and is presented in accrued expenses and deferred annuities At September 30, 2013 and 2012, the corresponding assets to satisfy the future payments were $1,106,634 and $283,981, respectively

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity

Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from their established rates Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR) Critical access hospitals (CAHs) are eligible to receive incentive payments in the cost reporting period beginning in the federal fiscal year in which meaningful use criteria have been met The Medicare incentive payment is for qualifying costs of the purchase of certified EHR technology multiplied by the Hospital's Medicare share fraction, which includes a 20% incentive This payment is an acceleration of amounts that would have been received in future periods based on reimbursable costs incurred, including depreciation If meaningful use

criteria are not met in future periods, the Hospital is subject to penalties that would reduce future payments for services Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services The final amount for any payment year under both programs is determined based upon an audit by the fiscal intermediary Events could occur that would cause the final amounts to differ materially from the initial payments under the program

For the year ended September 30, 2013, the Hospital recorded revenue of approximately $1,270,000, which is included in other revenue within operating revenues in the statements of operations No amounts were recognized for the year ended September 30, 2012

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue

Contributions

Unconditional gifts expected to be collected within one year are reported at their net realizable value Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique The resulting discount is amortized using the level-yield method and is reported as contribution revenue

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor

Estimated Self-Insurance Costs

The Hospital records an estimated liability for self-insured employee health claims, which is included in accrued expenses, and includes an estimate of both reported claims and claims incurred but not reported

Professional Liability Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any Professional liability claims are described more fully in *Note 6*

Income Taxes

The Hospital has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law However, the Hospital is subject to federal income tax on any unrelated business taxable income

Excess of Revenues Over Expenses

The statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, permanent transfers 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 purpose of acquiring such assets

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued

Note 2: Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Hospital records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates These payment arrangements include

Medicare The Hospital is a 25-bed facility certified by Medicare as a critical access hospital (CAH) Medicare inpatient and outpatient reimbursement as a CAH is based on the defined allowable costs of services rendered This certification places several restrictions on a CAH's operations, including a 96-hour average annual acute-care length of stay restriction and a limit of 25 medical/surgical beds

The Hospital's Medicare Administrative Contractor has recently challenged the allowable nature of Vermont provider tax on previously filed cost reports At September 30, 2013, the Hospital has recorded a liability of $1,400,000 in the accompanying financial statements, which is presented in estimated amounts due to third-party payers No amounts are recorded at September 30, 2012 Changes or developments to this estimate could be material

The nursing home unit is not impacted by the CAH designation Providers of care to nursing facility residents eligible for "Part A" Medicare benefits are paid on a prospective basis, with no retrospective settlement The prospective payment is based on the scoring attributed to the acuity level of the resident at a rate determined by Federal guidelines

Medicaid Inpatient, outpatient and skilled nursing services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates

On March 1, 2013, certain provisions of the Federal Government's Budget Control Act of 2011 went into effect Among these are mandatory payment reductions under the Medicare program, known as sequestration Under these provisions, Medicare reimbursement was reduced by two percent on all claims with dates-of-service or dates-of-discharge on or after April 1, 2013 The continuation of these payment cuts for an extended period of time will have an adverse effect on operating results to the Hospital

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

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

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended September 30, 2013 and 2012, respectively, was approximately

	2013	2012
Medicare	$ 18,916,279	$ 21,508,508
Medicaid	9,722,753	8,729,807
Blue Cross	17,248,030	16,696,008
Other third-party payers	15,141,300	12,770,682
Patients	1,546,725	1,419,862
	$ 62,575,087	$ 61,124,867

Note 3: Concentration of Credit Risk

The Hospital grants credit without collateral to their patients, most of whom are area residents and are insured under third-party payer agreements The mix of receivables from patients and third-party payers at September 30, 2013 and 2012, is

	2013	2012
Medicare	33%	25%
Medicaid	8%	9%
Blue Cross	18%	26%
Other third-party payers	34%	32%
Patients	7%	8%
	100%	100%

Note 4: Investments and Investment Return

Short-Term Investments

Short-term investments include

	2013	2012
Short-term investments		
Cash and cash equivalents	$ 1,956	$ 13,947
U S Treasury	70,977	99,651
U S agency	26,748	41,049
Corporate and foreign obligations	312,884	218,687
Equity securities		
Consumer discretionary	91,820	72,680
Consumer staples	87,587	72,929
Energy	71,263	70,390
Financial	111,591	69,786
Health care	95,890	69,521
Industrials	96,131	57,307
Information technology	134,474	108,009
Materials	35,817	26,571
Telecommunications	26,208	30,252
Utilities	16,697	19,012
Equity mutual funds	-	643
Real estate	655,000	25,000
Total	$ 1,835,043	$ 995,434

Assets Limited As To Use

Assets limited as to use include

	2013	2012
Internally designated		
Cash and cash equivalents	$ 35,684	$ 264,722
Certificates of deposit	645,929	642,220
U S Treasury obligations	1,295,317	1,891,490
U S agency obligations	488,140	779,154
Corporate obligations	5,710,060	4,150,902
Equity securities		
Consumer discretionary	1,675,692	1,379,545
Consumer staples	1,598,446	1,384,277
Energy	1,300,542	1,336,083
Financial	2,036,519	1,324,614
Health care	1,749,969	1,319,584
Industrials	1,754,374	1,087,739
Information technology	2,454,112	2,050,120
Materials	653,658	504,340
Telecommunications	478,287	574,217
Utilities	304,714	360,862
Equity mutual funds	-	12,207
Total	$ 22,181,443	$ 19,062,076

Long-Term Investments

Long-term investments include

	2013	2012
Long-term investments		
Cash and cash equivalents	$ 11,385	$ 85,980
Certificates of deposit	405,841	400,631
U S Treasury obligations	413,214	614,349
U S agency obligations	155,719	253,067
Corporate obligations	1,821,542	1,348,199
Equity securities		
Consumer discretionary	534,555	448,071
Consumer staples	509,913	449,608
Energy	414,880	433,955
Financial	649,661	430,230
Health care	558,250	428,596
Industrials	559,655	353,294
Information technology	782,876	665,872
Materials	208,521	163,808
Telecommunications	152,576	186,504
Utilities	97,205	117,207
Equity mutual funds	71,485	67,873
Total	$ 7,347,278	$ 6,447,244

Total investment return is comprised of the following

	2013	2012
Interest and dividend income	$ 971,921	$ 577,008
Net realized gains (losses) on sales of securities	107,945	(366,522)
Net unrealized gains on trading securities	2,530,656	3,013,300
Total	$ 3,610,522	$ 3,223,786

Note 5: Property and Equipment

Property and equipment consists of the following at September 30, 2013 and 2012

	2013	2012
Land and land improvements	$ 3,023,994	$ 2,996,420
Buildings and building improvements	28,515,541	26,129,077
Equipment	27,709,905	25,695,903
Construction in progress	860,335	643,636
	60,109,775	55,465,036
Less accumulated depreciation	31,483,916	29,604,591
Property and equipment, net	$ 28,625,859	$ 25,860,445

At September 30, 2013, construction in progress represents costs incurred in connection with the construction of various additions and alterations to the Hospital's facilities and equipment The primary project included is the construction of a stand-alone nursing home Approximately $560,000 is included in construction in progress at September 30, 2013, for this project Completion is expected during 2015 at a total cost of approximately $8,700,000, with funding through donor funds, internally designated funds and external financing

Note 6: Professional Liability Claims

The Hospital purchases medical malpractice insurance under a claims-made policy Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered The Hospital also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy

Based upon the Hospital's claims experience, an accrual had been made for the Hospital's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy, amounting to approximately $920,000 and $820,000 as of September 30, 2013 and 2012, respectively It is reasonably possible that this estimate could change materially in the near term

Note 7: Long-Term Debt

	2013	2012
Series 2010 Bonds (A)	$ 19,168,494	$ 19,599,466
Capital lease obligations (B)	115,889	165,806
	19,284,383	19,765,272
Less current maturities	501,069	480,890
	$ 18,783,314	$ 19,284,382

(A) On September 1, 2010, the Vermont Educational and Health Buildings Financing Agency (the "Agency") issued $20,430,000 of tax-exempt revenue bonds to extinguish the existing 2006 Series A bonds and pay certain costs incurred in the authorization and issuance of the bonds The Bonds are payable monthly at a variable rate of 69% of the one-month LIBOR plus 2 86%, with a floor of 1 97% The rate as of September 30, 2013 and 2012, was 2 10% and 2 13%, respectively The Bonds mature in September 2030, but contain a 7-year put provision allowing a redemption option by the Agency in September 2017 and 2024

Pursuant to the debenture agreement, the Hospital has granted the Agency a security interest in gross receipts The Bonds contain certain covenants including maintaining a minimum amount of days cash on hand and debt service ratio

The Hospital has entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on this Bond, see *Note 8*

(B) At varying rates of imputed interest from 7 33% to 9 63%, due through 2016, collateralized by equipment

Aggregate annual maturities of long-term debt and principal payments on capital lease obligations at September 30, 2013, are

2014	$ 501,069
2015	527,119
2016	520,095
2017	528,063
2018	555,577
Thereafter	16,652,460
	$ 19,284,383

The Hospital also has a $1,000,000 line-of-credit agreement available No amounts were outstanding at September 30, 2013 and 2012 If drawn, interest payments are due monthly at 4%

Note 8: Interest Rate Swap Agreement

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Hospital entered into an interest rate swap agreement for its Series 2010 Bond The notional amount is adjusted every October 1 to the amount outstanding for the Series 2010 Bonds (*Note 7*) The agreement provides for the Hospital to receive interest from the counterparty equivalent to the sum of 68% of 3-month LIBOR and pay interest to the counterparty at a fixed rate of 3 08% The swap expires on October 1, 2036

The table below presents certain information regarding the Hospital's interest rate swap agreement

	2013	2012
Other Liabilities		
Fair value of interest rate swap agreement	$ 1,999,700	$ 3,969,343
Interest Expense		
Loss reclassified from unrestricted net assets into excess of revenues over expenses	569,065	560,542
Other Income		
Change in interest rate swap agreement	1,969,643	(247,167)

Note 9: Temporarily and Permanently Restricted Net Assets (Restated – *Note 18*)

Temporarily restricted net assets are available for health care services and capital purposes

During 2013 and 2012, net asset were released from donor restrictions by incurring expenses, satisfying the operating restricted purposes in the amounts of $110,152 and $112,880, respectively During 2013 and 2012, net assets of $664,659 and $61,737, respectively, were released to purchase property and equipment

Permanently restricted net assets are restricted to

	2013	2012
Investments to be held in perpetuity, the income from which is expendable to support		
Indigent care	$ 227,585	$ 227,585
Community outreach initiatives	527,116	527,116
Nursing	35,025	35,025
Buildings and maintenance	40,996	40,996
Operations	53,529	53,529
Unrestricted	244,289	100,000
	$ 1,128,540	$ 984,251

Note 10: Endowment (Restated – *Note 18*)

The Hospital's endowment consists of various individual donor-restricted funds which were established for general operational and certain departmental purposes As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions

The Hospital's governing body has interpreted the Uniform Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the Hospital classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, and temporarily restricted net assets, the investment earnings of the gifts donated which have not met the donor stipulations for recognition in unrestricted net assets In accordance with UPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

1 Duration and preservation of the fund
2 Purposes of the Hospital and the fund
3 General economic conditions
4 Possible effect of inflation and deflation
5 Expected total return from investment income and appreciation or depreciation of investments
6 Other resources of the Hospital
7 Investment policies of the Hospital

Changes in endowment net assets for the years ended September 30, 2013 and 2012, were

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,907,910	$ 941,959	$ 984,251	$ 4,834,120
Investment return and contributions	563,769	166,877	144,289	874,935
Endowment net assets, end of year	$ 3,471,679	$ 1,108,836	$ 1,128,540	$ 5,709,055

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 2,510,217	$ 773,057	$ 984,251	$ 4,267,525
Investment return and contributions	397,693	168,902	-	566,595
Endowment net assets, end of year	$ 2,907,910	$ 941,959	$ 984,251	$ 4,834,120

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment Endowment assets include those assets of donor-restricted endowment funds the Hospital must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds Under the Hospital's policies, endowment assets are invested in a manner that is intended to produce results equal inflation plus four percent Actual returns in any given year may vary from this amount

To satisfy its long-term rate of return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized) The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints

The Hospital has a spending policy of appropriating for expenditure each year 4% of its endowment fund's average fair value over the prior 3 years through the year end preceding the year in which expenditure is planned It is the Hospital's intent that the distribution rate will not exceed the total return of the endowment In establishing this policy, the Hospital considered the long-term expected return on its endowment This is consistent with the Hospital's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return

Note 11: Charity Care

The estimated costs of charity provided under the Hospital's charity care policy were approximately $288,000 and $424,000 for 2013 and 2012, respectively The cost of charity care is estimated by applying the ratio of cost to charges to the gross uncompensated care charges

Note 12: Functional Expenses

The Hospital provides health care services primarily to residents within their geographic area Expenses related to providing these services are as follows

	2013	2012
Health care services	$ 56,369,831	$ 52,768,099
General and administrative	5,388,885	5,658,481
Fundraising	173,031	186,561
	$ 61,931,747	$ 58,613,141

Note 13: Pension Plan

The Hospital has a defined contribution pension plan covering all employees meeting age and service requirements The plan provides for immediate vesting of all eligible employees Discretionary contributions by the Hospital are funded at 4% of covered compensation plus an additional 1% matching contribution to eligible employees Pension expense was $1,289,755 and $1,109,869 for 2013 and 2012, respectively

Note 14: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs There is a hierarchy of three levels of inputs that may be used to measure fair value

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2013 and 2012

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2013				
Cash equivalents - money market funds	$ 49,025	$ 49,025	$ -	$ -
Equity securities and mutual funds	19,313,368	19,313,368	-	-
Corporate obligations	7,844,486	7,844,486	-	-
U S Treasury obligations	1,779,508	1,779,508	-	-
U S agency obligations	670,607	-	670,607	-
Interest rate swap agreement	1,999,700	-	1,999,700	-
September 30, 2012				
Cash equivalents - money market funds	$ 364,649	$ 364,649	$ -	$ -
Equity securities and mutual funds	15,675,706	15,675,706	-	-
Corporate obligations	5,717,788	5,717,788	-	-
U S Treasury obligations	2,605,490	2,605,490	-	-
U S agency obligations	1,073,270	-	1,073,270	-
Interest rate swap agreement	3,969,343	-	3,969,343	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy There have been no significant changes in the valuation techniques during the year ended September 30, 2013

Investments and Cash Equivalents

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Hospital has no securities classified as Level 3.

Fair Value of Financial Instruments

The following table presents estimated fair value of the Hospital's financial instruments at September 30, 2013 and 2012:

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 5,411,892	$ 5,411,892	$ 6,187,886	$ 6,187,886
Short-term investments	1,835,043	1,835,043	995,434	995,434
Assets limited as to use	22,181,443	22,181,443	19,062,076	19,062,076
Long-term investments	7,347,278	7,347,278	6,447,244	6,447,244
Financial liabilities				
Long-term debt	19,284,383	19,284,383	19,765,272	19,765,272
Interest rate swap agreement	1,999,700	1,999,700	3,969,343	3,969,343

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value:

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value:

Cash and Cash Equivalents

The carrying amount approximates fair value

Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to the Hospital for bank loans with similar terms and maturities and determined through the use of a discounted cash flow model

Note 15: Related Party Transactions

The Hospital receives support from the Gifford Medical Center Auxiliary (Auxiliary), which is a not-for-profit thrift shop All proceeds from the Auxiliary go to GMC and are recorded in GMC's financials In 2013, the Auxiliary provided support of $650,000 At September 30, 2013, the Hospital had a $487,500 pledge receivable from the Auxiliary, which is included in other long-term assets

In 2012, the Hospital purchased goods from a company for which a member of the Hospital's Board of Trustees has controlling interest On September 30, 2013, this related party no longer exists During 2012, expenses of approximately $435,000, respectively, were paid to the affiliated company At September 30, 2012, approximately $27,000, respectively, was payable to the affiliate and included in accounts payable

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *6*

Self-Insurance

The Hospital is self-insured for employee health care benefits The Hospital accrues a liability for self-insured losses by charging the statement of operations for certain known claims and reasonable estimates for incurred but not reported claims based on claims experience and premiums paid The amount of actual losses incurred could differ materially from these estimates in the near term

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by the Hospital's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performances of contracts The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Investments

The Hospital invests in various investment securities Investment securities are exposed to various risks such as interest rate, market and credit risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheet

340B Drug Pricing Program

The Hospital participates in the 340B Drug Pricing Program (340B Program) which provides discounted prices from drug manufacturers on outpatient pharmaceutical purchases The 340B Program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA) HRSA is currently conducting routine audits at participating health care organizations and increasing its compliance monitoring processes Laws and regulations governing the 340B Program are complex and subject to interpretation and change As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near term

Current Economic Conditions

The current economic decline continues to present hospitals with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing The financial statements have been prepared using values and information currently available to the Hospital

Current economic conditions, including the high unemployment rate, have made it difficult for certain of our patients to pay for services rendered As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Hospital's future operating results Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program The impact from health care reform will be significant, but is highly uncertain at this point

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and contributions receivable that could negatively impact the Hospital's ability to meet debt covenants or maintain sufficient liquidity

Note 17: Patient Protection and Affordable Care Act

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer provided health care coverage the opportunity to purchase insurance It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products

Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased Each state's participation in an expanded Medicaid program is optional

The PPACA is extremely complex and may be difficult for the federal government and each state to implement While the overall impact of the PPACA cannot currently be estimated, it is possible it will have a negative impact on the Hospital's net patient service revenue In addition, it is possible the Hospital will experience payment delays and other operational challenges during PPACA's implementation

Note 18: Restatement of Prior Years' Financial Statements

In 2013, the Hospital discovered net assets that were permanently restricted based on the original donor's intent, but were classified as unrestricted in 2012 and prior Adjustments of $514,512 were made to 2012 permanently restricted and unrestricted net asset amounts to properly state restricted amounts This restatement had no effect on the previously reported 2012 change in net assets

The following balance sheet line items were affected by the correction

	As Restated	As Previously Reported	Effect of Change
Unrestricted net assets	$ 33,755,320	$ 34,269,832	$ (514,512)
Permanently restricted net assets	984,251	469,739	514,512

Community Needs Assessment
Implementation Strategy

In 2012 as part of the federal Patient Protection and Affordable Care Act, Gifford performed a Community Needs Assessment in part through surveying community members in multiple area towns

Identified health problems listed by survey respondents included

- Addiction
- Obesity
- Unhealthy lifestyle choices

Top health needs, or services community members have tried unsuccessfully to access within the community, included

- Assisted living and nursing home care
- Alcohol and drug counseling
- Dental care

Gifford has worked, and continues to work, to address each need as best it can within its role as a health care provider Below we describe some of our efforts to date

Addiction and alcohol and drug counseling
Gifford's Blueprint for Health Team has grown to include additional addiction counselors and behavioral health specialists providing one-on-one patient care at all Gifford primary care locations In addition, Dr David Pattison and Dr Ellamarie Russo-DeMara offers suboxone care to both men and women Dr Russo-DeMara is a gynecologist and has increased her role to work with pregnant women suffering from an addiction to receive comprehensive care within their community, previously they would have been referred to a larger institution

Gifford is seeking a psychiatrist to lead its mental health team, including Blueprint staff and psychologist who provides addiction counseling This change will mean more coordinated care for mental illness and addiction, and a much-needed source for local psychiatric care Gifford was recently designated as a Federally Qualified Health Center This status provides resources, opportunity and direction to support primary health care, mental health and dental care Gifford has also worked to raise awareness internally on the drug epidemic by showing the film, "Hungry Heart "

Obesity and unhealthy lifestyle choices

Gifford's primary care team has long been a proponent of healthy lifestyle choices for good health and the prevention of disease and obesity BMIs are determined at annual health screenings and patients are guided by providers and Gifford's registered dietitian on healthy diets and portion control Patients are strongly encouraged to be active through exercise as well

In 2014, Gifford took the discussion outside of the doctor's office and gave area schools, both elementary and high schools, grants to fund healthy food and exercise initiatives to help stem the childhood obesity epidemic Additionally, Gifford's chefs have spoken to school personnel and other institutions about creating healthier meals Discussions around specific chronic conditions, such as diabetes in the support group setting, also often focus on healthy choices to reduce and prevent disease Examples of free community health offerings include Healthier Living Workshops, weight loss support group, smoking cessation classes, diabetes classes and a chronic conditions support group Classes are met with great success

Assisted living and nursing home care

Gifford currently operates the only nursing home in Orange County At 30 beds, it has a 100-person waiting listing In 2008, Gifford had purchased land in Randolph Center The purchase was not done with a specific building plan, or use, in mind Community feedback for more senior housing options in the region prompted Gifford to dedicate this land to building a senior living community It took two years to receive required state permits Construction is now under way Constructed over time will be a new nursing home (the same 30 beds), 20 to 30 assisted living beds and up to 100 independent living units for the growing number of seniors moving outside of the area for this type of housing and care

Dental care

Dental care has typically fallen outside of the hospital spectrum As a Federally Qualified Health Center, Gifford now has resources to help support local dentists as they strive to better care for the under- and uninsured Deciding how this support will be delivered amid such great need is an essential next step of the process Gifford officially became a Federally Qualified Health Center on July 1, 2014

Additional Data

Software ID:
Software Version:
EIN: 03-0179418
Name: GIFFORD MEDICAL CENTER INC

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			
SHARON DIMMICK CHAIR	1 0	X		X				0	0	0
AUGUST MEYER VICE CHAIR	1 0	X		X				0	0	0
PAUL KENDALL SECRETARY	1 0	X		X				0	0	0
LINCOLN CLARK TREASURER	1 0	X		X				0	0	0
DAVID AINSWORTH TRUSTEE	1 0	X						0	0	0
WILLIAM BAUMANN JR TRUSTEE	1 0	X						0	0	0
LINDA CHUGKOWSKI TRUSTEE	1 0	X						0	0	0
LEO CONNOLLY TRUSTEE	1 0	X						0	0	0
JACK COWDREY TRUSTEE THRU 2/2013	1 0	X						0	0	0
DR MARCUS COXON TTEE/MED STAFF PRES THRU 12/12	22 4	X						91,108	0	7,419
RANDY GARNER TRUSTEE	1 0	X						0	0	0
KAREN GILLESPIE-KORROW TRUSTEE THRU 2/2013	1 0	X						0	0	0
FRED NEWHALL TRUSTEE	1 0	X						0	0	0
PETER NOWLAN TRUSTEE	1 0	X						0	0	0
BARBARA ROCHAT TRUSTEE	1 0	X						0	0	0
BOB WRIGHT TRUSTEE	1 0	X						0	0	0
SHELIA JACOBS TRUSTEE BEG 3/2013	1 0	X						0	0	0
LINDA MORSE TRUSTEE BEG 3/2013	1 0	X						0	0	0
MONA COLTON TRUSTEE BEG 3/2013	1 0	X						0	0	0
CAROL BUSHEY TRUSTEE BEG 3/2013	1 0	X						0	0	0
ELLAMARIE RUSSO-DEMARA TTEE/MED STAFF PRES BEG 1/2013	22 4	X						106,493		36,158
JOSEPH WOODIN PRESIDENT & CEO	40 0	X		X				424,590	0	44,243
JEFFREY HEBERT CFO	40 0			X				108,292		5,906
STEPHANIE LANDVATER PROVIDER	40 0					X		607,958	0	44,467
BESS BRACKETT PROVIDER	40 0					X		493,711	0	44,467

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			
RICHARD GRAHAM PROVIDER	40 0					X		444,374	0	43,239
DENNIS HENZIG PROVIDER	40 0					X		275,487	0	37,267
JON-RICHARD KNOFF PROVIDER	40 0					X		273,464	0	40,942
DAVID SANVILLE FORMER CFO							X	162,112	0	32,977