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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)	OMB No 1545-0047 2012 Open to Public Inspection
	The organization may have to use a copy of this return to satisfy state reporting requirements	

A For the 2012 calendar year, or tax year beginning 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 Fletcher Allen Health Care Inc		D Employer identification number 03-0219309
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 111 COLCHESTER AVENUE Suite	Room/suite	E Telephone number (802) 847-5959
	City or town, state or country, and ZIP + 4 BURLINGTON, VT 05401		G Gross receipts \$ 1,395,614,303
	F Name and address of principal officer JOHN R BRUMSTED MD 111 COLCHESTER AVENUE BURLINGTON, VT 05401		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No" attach a list (see instructions)

I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () (Insert no) ☐ 4947(a)(1) or ☐ 527		H(c) Group exemption number	
J Website: WWW.FLETCHER.ALLEN.ORG			
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other		L Year of formation 1968	M State of legal domicile VT

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities To improve the health of the people in the community we serve by integrating patient care, education, and research in a caring environment			
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	17	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	12	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	7,372	
6	Total number of volunteers (estimate if necessary)	800		
7a	Total unrelated business revenue from Part VIII, column (C), line 12	372,229		
7b	Net unrelated business taxable income from Form 990-T, line 34	-119,621		
Revenue	8	Contributions and grants (Part VIII, line 1h)	10,506,767	17,114,645
	9	Program service revenue (Part VIII, line 2g)	939,830,991	1,044,484,567
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	11,590,703	31,965,384
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	590,104	600,849
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	962,518,565	1,094,165,445
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	928,841
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)	567,720,593	600,518,966
16a		Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b		Total fundraising expenses (Part IX, column (D), line 25)	2,763,151	
17		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	343,923,450	406,198,183
18		Total expenses—Add lines 13–17 (must equal Part IX, column (A), line 25)	912,572,884	1,007,650,046
19		Revenue less expenses—Subtract line 18 from line 12	49,945,681	86,515,399
Net Assets or Fund Balances				Beginning of Current Year
	20	Total assets (Part X, line 16)	1,084,994,687	1,155,937,299
	21	Total liabilities (Part X, line 26)	589,069,884	579,936,411
	22	Net assets or fund balances—Subtract line 21 from line 20	495,924,803	576,000,888

Part II Signature Block

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

Sign Here	Signature of officer				2014-08-12 Date		
	JOHN R BRUMSTED MD President & CEO Type or print name and title						
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date	Check ☐ if self-employed	PTIN
	Firm's name  PricewaterhouseCoopers LLP					Firm's EIN 	
	Firm's address  125 High Street Boston, MA 02110					Phone no (617) 530-5000	

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

Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization’s mission

SEE SCHEDULE O

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 \$ 238,682,968 including grants of \$ 261,335) (Revenue \$ 292,594,183)
	INPATIENT SERVICES FOR MORE INFORMATION, SEE SCHEDULE O
4b	(Code) (Expenses \$ 352,958,613 including grants of \$ 386,456) (Revenue \$ 432,681,217)
	OUTPATIENT SERVICES FOR MORE INFORMATION, SEE SCHEDULE O
4c	(Code) (Expenses \$ 260,394,075 including grants of \$ 285,106) (Revenue \$ 319,209,167)
	PROFESSIONAL SERVICES FOR MORE INFORMATION, SEE SCHEDULE O
4d	Other program services (Describe in Schedule O)
	(Expenses \$ including grants of \$) (Revenue \$)
4e	Total program service expenses 852,035,656

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 Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV 	14b Yes	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV 	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV 	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) 	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II 	18 Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III 	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

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

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	17	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	12	
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	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	NY
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	RICHARD VINCENT 111 COLCHESTER AVENUE BURLINGTON, VT (802) 847-2089

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) DR JOHN BRUMSTED PRESIDENT & CEO	46 0 4 0	X		X				1,368,279	0	129,901
(2) DR RUTH UPHOLD TRUSTEE	2 0 1 0	X								
(3) ROGER STONE CHAIR (Until 1/2013)	2 0 2 0	X		X						
(4) DR PAUL DANIELSON TRUSTEE	2 0 3 0	X								
(5) A DONALD GILBERT Jr TRUSTEE	2 0 2 0	X								
(6) STEPHEN MARSH TRUSTEE	2 0 2 0	X								
(7) DR PHILIP MEAD TRUSTEE	2 0 2 0	X								
(8) DR FREDERICK C MORIN III TRUSTEE	2 0 2 0	X								
(9) JOHN NEUHAUSER PHD TRUSTEE	2 0 2 0	X								
(10) JOHN POWELL Chair (as of 1/2013)	2 0 2 0	X		X						
(11) PATRICIA PRELOCK PHD TRUSTEE	2 0	X								
(12) RUSSELL TRACY PHD SECRETARY	2 0 2 0	X		X						
(13) GRETCHEN MORSE VICE CHAIR (Until 1/2013)	2 0 2 0	X		X						
(14) TIMOTHY DAVIS TRUSTEE	2 0 1 0	X								
(15) DR MARK PHILLIPPE TRUSTEE	2 0 33 0	X						0	237,509	20,506
(16) KATHLEEN GINN Vice Chair (as of 1/13)	2 0 2 0	X		X						
(17) LAWRENCE DESHAW TRUSTEE	2 0 2 0	X								

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) ALLIE STICKNEY Trustee (as of 1/2013)	2 0	X								
(19) LARRY SUDBAY Trustee (as of 1/2013)	2 0	X								
(20) ROGER DESHAIES TREASURER & CFO	49 0 3 0			X				779,209	0	45,219
(21) SANDRA FELIS RN PTNT CARE SVCS - CHIEF NURSING	49 0 1 0				X			582,933	0	37,304
(22) SPENCER KNAPP GENERAL COUNSEL	48 0 4 0				X			634,733	0	39,824
(23) DR HOWARD M SCHAPIRO INTERIM PRES & CEO OF UVMMG	2 0 48 0				X			0	372,631	35,139
(24) DR PAUL TAHERI PRES&CEO OF UVMMG (UNTIL 1/13)	46 0 4 0				X			704,934	0	41,034
(25) CHARLES PODESTA CIO	50 0					X		474,360	0	44,780
(26) PAUL MACUGA CHIEF HR OFFICER	50 0					X		466,998	0	43,860
(27) THERESA ALBERGHINI DIPALMA SVP OF MRKTING & EXT RELATION	50 0					X		468,869	0	37,768
(28) TODD B MOORE SVP ACCOUNTABLE CARE & REV STG	50 0					X		416,112	0	40,465
(29) DR STEPHEN M LEFFLER CHIEF MEDICAL OFFICER	49 0 1 0					X		471,249	0	44,179
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								6,367,676	610,140	559,979
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▶354										

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year		
(A) Name and business address	(B) Description of services	(C) Compensation
PC CONSTRUCTION , 193 TILLEY DRIVE SOUTH BURLINGTON VT 05403	CONSTRUCTION	2,808,646
MAYO COLLABORATIVE SERVICES INC , PO BOX 9146 MINNEAPOLIS MN 55480	LABORATORY	2,572,041
FARRINGTON CONSTRUCTION CO , 4788 SPEAR STREET SHELBURNE VT 05482	CONSTRUCTION	2,249,847
MEDIQUE USA , 5900 AVENUE ANDOVER H4T 1H5VILLE MONT-ROYALQUEBEC	LAUNDRY SERVICE	2,201,975
UVM TECHNICAL SERVICES PROGRAM , 280 EAST AVENUE BURLINGTON VT 05401	TECHNICAL	1,673,770
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 ▶141		

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	155,510			
	d	Related organizations	1d	190,748			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	16,768,387			
	g	Noncash contributions included in lines 1a-1f \$		11,944,573			
	h	Total. Add lines 1a-1f		17,114,645			
Program Service Revenue	2a	PATIENT SERVICES	Business Code 900099	996,764,238	996,764,238		
	b	PATIENT SERVICES - PHARMACY	446110	21,090,690	20,718,461	372,229	
	c	PREMIUM REVENUE	900099	5,987,946	5,987,946		
	d	CAFETERIA	900099	5,289,485	5,289,485		
	e	MEANINGFUL USE PRGRM	900099	5,041,856	5,041,856		
	f	All other program service revenue		10,310,352	10,310,352		
	g	Total. Add lines 2a-2f		1,044,484,567			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		4,504,795		4,504,795
4		Income from investment of tax-exempt bond proceeds		0			
5		Royalties		0			
6a		Gross rents	(i) Real 1,025,629	(ii) Personal			
		b	Less rental expenses	418,792			
		c	Rental income or (loss)	606,837	0		
		d	Net rental income or (loss)		606,837		606,837
7a		Gross amount from sales of assets other than inventory	(i) Securities 327,240,000	(ii) Other 1,199,233			
		b	Less cost or other basis and sales expenses	300,127,000	851,644		
		c	Gain or (loss)	27,113,000	347,589		
		d	Net gain or (loss)		27,460,589		27,460,589
8a		Gross income from fundraising events (not including \$ 155,510 of contributions reported on line 1c) See Part IV, line 18					
		a	45,434				
		b	Less direct expenses	51,422			
c		Net income or (loss) from fundraising events		-5,988		-5,988	
9a		Gross income from gaming activities See Part IV, line 19					
		a					
		b	Less direct expenses				
c		Net income or (loss) from gaming activities		0			
10a		Gross sales of inventory, less returns and allowances					
	a						
	b	Less cost of goods sold					
	c	Net income or (loss) from sales of inventory		0			
Miscellaneous Revenue		Business Code					
11a							
	b						
	c						
	d	All other revenue					
	e	Total. Add lines 11a-11d		0			
12	Total revenue. See Instructions			1,094,165,445	1,044,112,338	372,229	32,566,233

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.	830,047	830,047		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	102,850	102,850		
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.	4,411,293		4,342,396	68,897
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	427,307	427,307		
7	Other salaries and wages.	469,975,563	399,952,622	69,416,152	606,789
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	31,112,308	27,508,104	3,564,800	39,404
9	Other employee benefits.	64,046,814	56,246,434	7,685,600	114,780
10	Payroll taxes.	30,545,681	26,655,857	3,845,800	44,024
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	1,300,225		1,300,225	
c	Accounting.	500,473		500,473	
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	44,095,795	27,324,596	16,202,911	568,288
12	Advertising and promotion.	1,245,152	1,245,152		
13	Office expenses.	144,918,995	142,687,931	2,197,004	34,060
14	Information technology.	13,697,849	11,754,267	1,920,079	23,503
15	Royalties.	0			
16	Occupancy.	19,053,491	17,776,652	1,227,202	49,637
17	Travel.	3,179,143	1,585,217	1,571,012	22,914
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	3,584,229	3,181,210	383,700	19,319
20	Interest.	16,985,456	8,941,879	8,015,842	27,735
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	46,836,534	24,671,090	22,089,015	76,429
23	Insurance.	15,658,920	13,930,777	1,708,478	19,665
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	CONTRACT MAINTENANCE	11,648,330	8,586,540	3,059,445	2,345
b	ACADEMIC SUPPORT	9,651,208	9,651,208		
c	RECRUITMENT	6,238,275	461,961	5,776,314	
d	AFFILIATION COMMITMENT PAYMENT	33,595,632	33,595,632		
e	All other expenses	34,008,476	34,918,323	-1,955,209	1,045,362
25	Total functional expenses. Add lines 1 through 24e.	1,007,650,046	852,035,656	152,851,239	2,763,151
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		5,467,535	1	4,989,792
	2	Savings and temporary cash investments		146,757,768	2	190,117,971
	3	Pledges and grants receivable, net		536,680	3	685,049
	4	Accounts receivable, net		110,551,680	4	114,333,071
	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		8,195,878	7	3,514,166
	8	Inventories for sale or use		20,912,803	8	21,499,579
	9	Prepaid expenses and deferred charges		32,863,912	9	45,041,331
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a860,281,954			
	b	Less accumulated depreciation	10b446,237,165	398,217,235	10c	414,044,789
	11	Investments—publicly traded securities		326,865,799	11	329,633,313
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		22,736,111	13	19,609,321
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		11,889,286	15	12,468,917
	16	Total assets. Add lines 1 through 15 (must equal line 34)		1,084,994,687	16	1,155,937,299
Liabilities	17	Accounts payable and accrued expenses		124,537,359	17	139,096,374
	18	Grants payable		8,430,153	18	8,799,352
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		331,187,487	20	291,609,354
	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		54,860,000	23	95,979,362
	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		70,054,885	25	44,451,969
	26	Total liabilities. Add lines 17 through 25		589,069,884	26	579,936,411
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		448,676,424	27	526,667,474
	28	Temporarily restricted net assets		21,185,014	28	22,659,404
	29	Permanently restricted net assets		26,063,365	29	26,674,010
	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		495,924,803	33	576,000,888
	34	Total liabilities and net assets/fund balances		1,084,994,687	34	1,155,937,299

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	1,094,165,445
2	Total expenses (must equal Part IX, column (A), line 25)	2	1,007,650,046
3	Revenue less expenses Subtract line 2 from line 1	3	86,515,399
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	495,924,803
5	Net unrealized gains (losses) on investments	5	-15,851,365
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	9,412,051
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	576,000,888

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 03-0219309

Name: Fletcher Allen Health Care 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			
DR JOHN BRUMSTED PRESIDENT & CEO	46 0	X		X				1,368,279	0	129,901
DR RUTH UPHOLD TRUSTEE	2 0	X								
ROGER STONE CHAIR (Until 1/2013)	2 0	X		X						
DR PAUL DANIELSON TRUSTEE	2 0	X								
A DONALD GILBERT Jr TRUSTEE	2 0	X								
STEPHEN MARSH TRUSTEE	2 0	X								
DR PHILIP MEAD TRUSTEE	2 0	X								
DR FREDERICK C MORIN III TRUSTEE	2 0	X								
JOHN NEUHAUSER PHD TRUSTEE	2 0	X								
JOHN POWELL Chair (as of 1/2013)	2 0	X		X						
PATRICIA PRELOCK PHD TRUSTEE	2 0	X								
RUSSELL TRACY PHD SECRETARY	2 0	X		X						
GRETCHEN MORSE VICE CHAIR (Until 1/2013)	2 0	X		X						
TIMOTHY DAVIS TRUSTEE	2 0	X								
DR MARK PHILLIPPE TRUSTEE	2 0	X						0	237,509	20,506
KATHLEEN GINN Vice Chair (as of 1/13)	2 0	X		X						
LAWRENCE DESHAW TRUSTEE	2 0	X								
ALLIE STICKNEY Trustee (as of 1/2013)	2 0	X								
LARRY SUDBAY Trustee (as of 1/2013)	2 0	X								
ROGER DESHAIES TREASURER & CFO	49 0			X				779,209	0	45,219
SANDRA FELIS RN PTNT CARE SVCS - CHIEF NURSING	49 0				X			582,933	0	37,304
SPENCER KNAPP GENERAL COUNSEL	48 0				X			634,733	0	39,824
DR HOWARD M SCHAPIRO INTERIM PRES & CEO OF UVMMG	2 0				X			0	372,631	35,139
DR PAUL TAHERI PRES&CEO OF UVMMG (UNTIL 1/13)	46 0				X			704,934	0	41,034
CHARLES PODESTA CIO	50 0					X		474,360	0	44,780

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			
PAUL MACUGA CHIEF HR OFFICER	50 0					X		466,998	0	43,860
THERESA ALBERGHINI DIPALMA SVP OF MRKTING & EXT RELATION	50 0					X		468,869	0	37,768
TODD B MOORE SVP ACCOUNTABLE CARE & REV STG	50 0					X		416,112	0	40,465
DR STEPHEN M LEFFLER CHIEF MEDICAL OFFICER	49 0 1 0					X		471,249	0	44,179

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 Fletcher Allen Health Care Inc	Employer identification number 03-0219309
--	--

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)
- | | Yes | No |
|----------|-----|----|
| 11g(i) | | |
| 11g(ii) | | |
| 11g(iii) | | |
- | (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? | | (v) Did you notify the organization in col (i) of your support? | | (vi) Is the organization in col (i) organized in the U S ? | | (vii) Amount of monetary support |
|------------------------------------|----------|--|--|----|---|----|--|----|----------------------------------|
| | | | Yes | No | Yes | No | Yes | No | |
| | | | | | | | | | |
| | | | | | | | | | |
| Total | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

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

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Fletcher Allen Health Care Inc	Employer identification number 03-0219309
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes	☐ No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		40,459
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		92,445
j	Total Add lines 1c through 1i			132,904
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
LOBBYING ACTIVITY	SCHEDULE C, PART II-B	FLETCHER ALLEN REGULARLY MONITORS THE WORK OF THE VERMONT STATE LEGISLATURE TO IDENTIFY ISSUES THAT DIRECTLY AFFECT THE ORGANIZATION AND PERIODICALLY WORKS DIRECTLY WITH STATE LEGISLATORS TO ADVOCATE ON PARTICULAR ISSUES. STAFF EXPENDITURES ASSOCIATED WITH THESE ACTIVITIES ARE REPORTED TO THE STATE THREE TIMES A YEAR AS REQUIRED BY VERMONT LOBBYIST DISCLOSURE LAWS. STAFF ALSO WORK DIRECTLY WITH OUR CONGRESSIONAL DELEGATION (TWO SENATORS AND ONE REPRESENTATIVE) ON SPECIFIC PIECES OF LEGISLATION THAT IMPACT THE ORGANIZATION. THESE EXPENSES ARE REPORTED ON LINE G. THE ORGANIZATION ALSO BELONGS TO MEMBER ORGANIZATIONS (INCLUDING THE AMERICAN HOSPITAL ASSOCIATION, THE ASSOCIATION OF AMERICAN MEDICAL COLLEGES, NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS, AND THE VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS) THAT IN TURN HAVE LOBBYING EXPENSES. THE PORTION OF DUES ASSOCIATED WITH THOSE ACTIVITIES IS REPORTED ON LINE I.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

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

2

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

a

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

b

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

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

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

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	27,880,258	24,729,696	24,040,705	22,798,137	22,578,923
b Contributions	104,141	131,962	117,726	81,914	142,738
c Net investment earnings, gains, and losses	1,836,478	3,368,995	903,730	1,255,349	805,381
d Grants or scholarships	0	0	0	0	4,784
e Other expenditures for facilities and programs	507,008	350,395	332,465	94,695	724,121
f Administrative expenses	0	0	0	0	0
g End of year balance	29,313,869	27,880,258	24,729,696	24,040,705	22,798,137

- 2

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

a

Board designated or quasi-endowment

b

Permanent endowment

55 000 %

c

Temporarily restricted endowment

45 000 %

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

3a

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

(i) unrelated organizations

(ii) related organizations

3a(i)

☐ Yes

☐ No

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No
- 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		10,474,988		10,474,988
b Buildings		527,253,468	211,536,569	315,716,899
c Leasehold improvements		40,998,835	33,192,644	7,806,191
d Equipment		261,227,988	192,620,015	68,607,973
e Other		20,326,675	8,887,937	11,438,738
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				414,044,789

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return					
1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines 2a through 2d			2e	
3	Subtract line 2e from line 1			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines 4a and 4b		4c		
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)			5	
Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return					
1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines 2a through 2d			2e	
3	Subtract line 2e from line 1			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines 4a and 4b		4c		
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)			5	

Part XIII Supplemental Information		
Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.		
Identifier	Return Reference	Explanation
ENDOWMENT FUNDS	SCHEDULE D, PART V, QUESTION 4	THE FUNDS, AND ALL NET EARNINGS IN ADDITION THERETO, ARE HELD TO BENEFIT CHARITY, EDUCATION, RESEARCH AND CHILDREN'S PROGRAMS
SCHEDULE D, PART X, LINE 2, FIN 48 (ASC 740)	FLETCHER ALLEN HEALTH CARE IS IN THE CONSOLIDATED FINANCIAL STATEMENTS	FOR FLETCHER ALLEN PARTNERS (FAP) THE FOOTNOTE STATES FAP ACCOUNTS FOR RECOGNITION AND MEASUREMENT OF UNCERTAIN TAX POSITIONS IN ACCORDANCE WITH ASC 740. NO PROVISION FOR UNCERTAIN TAX POSITIONS IS RECORDED IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS.

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.
► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I

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

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States.
- 3 Activites per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
Central America and the Caribbean	0	0	Program Services	SELF-INSURANCE	7,464,717
Central America and the Caribbean	0	0	Investments		15,805,291
3a Sub-total	0	0			23,270,008
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	0	0			23,270,008

Part II

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

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

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

Part III

(a) Type of grant or assistance

(b) Region

(c) Number of recipients

(d) Amount of cash grant

(e) Manner of cash disbursement

(f) Amount of non-cash assistance

**(g) Description
of non-cash
assistance**

(h) Method of valuation (book, FMV, appraisal, other)

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☒ Yes ☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes ☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☒ Yes ☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐ Yes ☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐ Yes ☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes ☒ No

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

[illegible]

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.

Revenue			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
			<u>Golf Tournament</u>	<u>JEFF WYAND RIDE</u>	<u>1</u>	(add col (a) through	
			(event type)	(event type)	(total number)	col (c))	
1	Gross receipts	. . .	152,756	34,416	13,772	200,944	
2	Less Contributions	. .	121,991	22,352	11,167	155,510	
3	Gross income (line 1 minus line 2)	. . .	30,765	12,064	2,605	45,434	
Direct Expenses	4	Cash prizes	. . .	330		330	
	5	Noncash prizes	. .	4,577	9,488	100	14,165
	6	Rent/facility costs	. .	19,100			19,100
	7	Food and beverages	.	7,799		100	7,899
	8	Entertainment	. . .				
	9	Other direct expenses	.	3,548	2,000	4,380	9,928
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶					(51,422)
	11	Net income summary Combine line 3, column (d), and line 10 ▶					-5,988

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			
	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
Direct Expenses	6	Volunteer labor			
	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
SCHEDULE G, PART II, LINE 11		THE NET INCOME AMOUNT FROM FUNDRAISING EVENTS IS NET OF CHARITABLE CONTRIBUTIONS

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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			8,700,718		8,700,718	0 860 %
b Medicaid (from Worksheet 3, column a)		38,452	199,339,617	167,519,124	31,820,493	3 160 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		1,437	2,753,352	1,916,459	836,892	0 080 %
d Total Financial Assistance and Means-Tested Government Programs		39,889	210,793,687	169,435,583	41,358,103	4 100 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			4,407,389		4,407,389	0 440 %
f Health professions education (from Worksheet 5)			69,221,109	13,518,952	55,702,157	5 530 %
g Subsidized health services (from Worksheet 6)			13,422,756	6,722,449	6,700,307	0 660 %
h Research (from Worksheet 7)			331,259	141,419	189,840	0 020 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,165,145		1,165,145	0 120 %
j Total. Other Benefits			88,547,658	20,382,820	68,164,838	6 770 %
k Total. Add lines 7d and 7j		39,889	299,341,345	189,818,403	109,522,941	10 870 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

26,355,037

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

2,284,250

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

207,598,863

6

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

6

251,189,586

7

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

7

-43,590,723

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	FLETCHER ALLEN HEALTH CARE INC 111 COLCHESTER AVE BURLINGTON,VT 05401 www.fletcherallen.org	X	X	X	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)

FLETCHER ALLEN HEALTH CARE 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 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)	1	Yes	
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>			
3 In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply) a ☒ Hospital facility's website b ☒ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	Yes	
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date) a ☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA b ☒ Execution of the implementation strategy c ☒ Participation in the development of a community-wide plan d ☒ Participation in the execution of a community-wide plan e ☐ Inclusion of a community benefit section in operational plans f ☒ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☒ Prioritization of health needs in its community h ☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		No
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____			

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☒ Asset level			
c ☒ Medical indigency			
d ☐ Insurance status			
e ☒ Uninsured discount			
f ☒ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☒ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☒ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
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?	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?		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?		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?

6

Name and address	Type of Facility (describe)
1 CHITTENDEN COUNTY DIALYSIS CENTER 35 JOY DRIVE SOUTH BURLINGTON, VT 05403	DIALYSIS
2 RUTLAND DIALYSIS 160 ALLEN STREET RUTLAND, VT 05701	DIALYSIS
3 BERLIN DIALYSIS 130 FISHER ROAD BERLIN, VT 05602	DIALYSIS
4 UROLOGY - ST ALBANS DIALYSIS - STE 7&8 6 CREST ROAD ST ALBANS, VT 05478	MEDICAL OFFICE
5 MCHV DIALYSIS CENTER 111 COLCHESTER AVE BURLINGTON, VT 05401	DIALYSIS
6 NORTH COUNTRY DIALYSIS 189 PROUTY DR NEWPORT, VT 05855	DIALYSIS
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7G		FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013 FLETCHER ALLEN HEALTH CARE INCLUDED PHYSICIAN CLINIC EXPENSES IN SUBSIDIZED HEALTH SERVICES FLETCHER ALLEN HEALTH CARE PHYSICIANS INCURRED \$2,825,073 OF COSTS ASSOCIATED WITH PROVIDING PSYCHIATRY SERVICES
SCHEDULE H, PART I, LINE 7, COLUMN (F)		THE PROVISION FOR BAD DEBT INCLUDED ON FORM 990, PART IX, LINE 25 BUT SUBTRACTED FOR PURPOSE OF CALCULATING THE AMOUNT REPORTED ON LINE 7(F) IS \$0 ALL BAD DEBT IS SHOWN AS A DEDUCTION FROM PATIENT REVENUE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7		FLETCHER ALLEN UTILIZED THE ALLIANCE FOR DECISION SUPPORT COST ACCOUNTING SYSTEM TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE ON LINE 7 THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS, INCLUDING, BUT NOT LIMITED TO, INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED AND SELF PAY THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 WAS ALSO UTILIZED FOR SOME OF THE FIGURES REPORTED IN THE TABLE ON LINE 7 APPROXIMATELY \$57M OF OUR MEDICAID EXPENSE IS FLETCHER ALLEN HEALTH CARE'S ANNUAL MEDICAID PROVIDER TAX, ASSESSED ON VERMONT ACUTE CARE HOSPITALS BY THE STATE OF VERMONT THE TAX ASSESSMENT IS CALCULATED AS 6% OF A HOSPITAL'S BASE YEAR NET PATIENT CARE REVENUE PART I, LINE 7K (F) In FY13, FAHC received a significant payment from Medicaid in support of our physician and hospital GME programs This payment of \$67M covered the time period of July 2011 through September 2013 The community benefit percentage decreased 7% from the prior year amount due to this retroactive payment Had this payment been received in the appropriate fiscal years, the Fy13 and FY12 community benefit percentages would have been 14 6% and 14 2%, respectively
SCHEDULE H, PART III, LINE 2 AND 3		THE AMOUNT OF BAD DEBT REPORTED ON PART III, LINE 2 REPRESENTS THE TOTAL PROVISION FOR BAD DEBT ON THE INCOME STATEMENT DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE NETTED AGAINST THE TOTAL GROSS CHARGES WHEN DETERMINING BAD DEBT EXPENSE THE \$2,284,250 REFLECTS THE ADJUSTED BAD DEBT EXPENSE FOR ALL PATIENTS WHO SUBMITTED AN INITIAL APPLICATION, HOWEVER, UPON FOLLOW-UP DID NOT RESPOND TO REQUESTS FOR ADDITIONAL INFORMATION OR SUPPORTING DOCUMENTATION FAHC HAS A DATABASE WHICH TRACKS ALL APPLICATIONS AND THEIR STATUS, A QUERY EXTRACTED ALL INCOMPLETE/NON RESPONSIVE ARCHIVED APPLICATIONS PROVIDING A LIST OF PATIENTS & DEPENDENTS SUBSEQUENTLY, A QUERY OF ASSOCIATED PATIENT SERVICES FROM 10/1/12 - 9/30/13 FOR "SELF PAY" AND COLLECTION ACCOUNTS WAS EXTRACTED FROM THE BILLING SYSTEM FLETCHER ALLEN HEALTH CARE'S FINANCIAL STATEMENTS INCLUDE A FOOTNOTE DESCRIBING BAD DEBT EXPENSE RECEIVABLES ARE REPORTED NET OF AN ALLOWANCE FOR DOUBTFUL ACCOUNTS THE PROVISION FOR BAD DEBTS IS REPORTED AS A DEDUCTION FROM GROSS REVENUE THIS EXPENSE IS DETERMINED AS A PERCENTAGE OF GROSS PATIENT SERVICE REVENUE BASED ON ACTUAL WRITE-OFF HISTORY, REVIEWED ON A QUARTERLY BASIS AND ADJUSTED ON A SEMI-ANNUAL BASIS SCHEDULE H, PART III, LINE 4 THE ORGANIZATION'S BAD DEBT EXPENSE IS ADDRESSED ON PAGE 40, IN FOOTNOTE 17 OF ITS MOST RECENT AUDITED FINANCIAL STATEMENTS

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 8		THE AMOUNT REPORTED IN PART III, LINE 6, MEDICARE ALLOWABLE COSTS OF CARE, IS DERIVED FROM FLETCHER ALLEN HEALTH CARE'S FYE 9/30/13 MEDICARE COST REPORT, WORKSHEET D-1, COMPUTATION OF INPATIENT OPERATING COSTS, WORKSHEET E PART B, CALCULATION OF OUTPATIENT SETTLEMENT, AND WORKSHEET I-4, COMPUTATION OF AVERAGE COST PER TREATMENT FOR OUTPATIENT RENAL DIALYSIS WHILE FLETCHER ALLEN HAS HISTORICALLY FOLLOWED THE CATHOLIC HOSPITAL ASSOCIATION'S GUIDANCE AND HAS NOT CONSIDERED ANY MEDICARE SHORTFALL (REPORTED IN PART III, LINE 7) AS A COMMUNITY BENEFIT, IT IS LIKELY THAT SOME PORTION OF MEDICARE PATIENTS WOULD HAVE QUALIFIED FOR CHARITY CARE UNDER OUR POLICIES IN THE ABSENCE OF MEDICARE COVERAGE, SUCH THAT SHORTFALLS ASSOCIATED WITH THOSE PATIENTS WOULD OTHERWISE HAVE BEEN INCLUDED IN OUR COMMUNITY BENEFITS
SCHEDULE H, PART III, LINE 9B		PURSUANT TO THE SELF-PAY COLLECTION PROCESS POLICY SHOULD A PATIENT EXPRESS FINANCIAL HARDSHIP AND/OR IF THE PATIENT'S ACCOUNT BALANCE WOULD LIKELY QUALIFY FOR CATASTROPHIC ASSISTANCE, THE CUSTOMER SERVICE ACCOUNT RESOLUTION REPRESENTATIVE WILL PROVIDE PATIENTS WITH INFORMATION REGARDING THE FAHC PATIENT ASSISTANCE PROGRAM PATIENTS EXPRESSING INTEREST IN THE PROGRAM WILL BE DIRECTED TO THE FAHC WEBSITE FOR A DOWNLOADABLE APPLICATION OR AN APPLICATION WILL BE SENT VIA THE US MAIL IN ADDITION, HIGH DOLLAR ACCOUNTS ARE MONITORED WEEKLY AND SCREENED FOR POSSIBLE PATIENT ASSISTANCE WHEN DIRECT CONTACT VIA THE PHONE CANNOT BE ESTABLISHED, THOSE ACCOUNTS WHERE BALANCES ARE HIGH, HAVE INTERMITTENT PAYMENT OR EMPLOYMENT HISTORY ARE FLAGGED AS POTENTIAL CATASTROPHIC QUALIFIERS THESE PATIENTS WILL BE SENT AN APPLICATION VIA CERTIFIED MAIL, INVITING THEM TO APPLY FOR ASSISTANCE

Identifier	ReturnReference	Explanation
SCHEDULE H, PART V		IN ADDITION TO THE FACILITIES OPERATED BY FLETCHER ALLEN HEALTH CARE (FAHC) LISTED IN SECTION A AND SECTION C, FAHC OPERATES 29 ADDITIONAL CLINIC SITES AROUND ITS SERVICE AREA EACH OF THESE SITES IS COVERED UNDER THE FAHC HOSPITAL LICENSE ALL LISTED OR NON-LISTED FACILITIES OPERATED BY FAHC OR ITS SUBSIDIARIES FOLLOW ALL OF THE SAME POLICIES AND PROCEDURES AS THE FAHC HOSPITAL SCHEDULE H, PART V, LINE 3 FAHC took into account input from persons who represent the community we serve in many different ways Interviews with seventeen key leaders in our community were completed in the initial phase of the work, with the leaders answering questions about healthy communities, unmet needs, important health issues, barriers, and the range of available community services and they offered recommendations for improving the quality of life for residents These leaders were selected based on various age groups served (seniors, children, adults, families, for example) as well as a mix of subject areas (low-income, refugees, mental health, substance abuse, for example) The Leaders represented human service agencies, state departments of health, federally qualified community health centers, schools, law enforcement, state agencies, local funders, health care, mental health care, youth services and senior services Additionally, FAHC held Focus Groups WITH PRIORITY POPULATIONS SUCH AS AT-RISK YOUTH, LOW INCOME SENIORS, AND NEW AMERICANS to solicit feedback and receive input Finally, FAHC provided a community wide survey - with online responses and paper responses - to receive input from the community as a whole SCHEDULE H, PART V, LINE 5 WWW.FLETCHER.ALLEN.ORG SCHEDULE H, PART V, LINE 7 FAHC'S CHNA IDENTIFIED 2 COMMUNITY NEEDS WHICH WERE NOT ADDRESSED AFFORDABLE HOUSING AND LIVABLE WAGE BOTH ARE BELIEVED TO BE OUTSIDE OF FAHC'S PURVIEW AND ABILITY TO IMPACT CHANGE SCHEDULE H, PART V, LINE 14B ALTHOUGH THE FINANCIAL ASSISTANCE POLICY IS NOT ATTACHED TO EACH BILLING INVOICE, THE POLICY IS REFERENCED ON EACH BILL SCHEDULE H, PART V, LINE 14G IN ADDITION TO POSTING GUIDELINES ONLINE, PATIENT BROCHURES ARE AVAILABLE IN WAITING ROOMS WHICH PROVIDE CONTACT INFORMATION ON HOW PATIENTS MAY RECEIVE ASSISTANCE WITH THEIR BILLS AS WELL AS AID IN THE APPLICATION PROCESS FROM REGISTRATION, PATIENTS ARE ROUTINELY REFERRED TO OUR FINANCIAL COUNSELING DEPARTMENT AND/OR FOR OUTPATIENT SERVICES, THE HEALTH ASSISTANCE PROGRAM AT OUR DEPARTMENT OF COMMUNITY HEALTH IMPROVEMENT BOTH AREAS PROVIDE KNOWLEDGE AND ASSISTANCE IN THE APPLICATION PROCESS FOR CHARITY AND OTHER APPLICABLE FUNDING SOURCES FINANCIAL COUNSELORS ACTIVELY EDUCATE ALL INPATIENT, OBSERVATION AND INVASIVE SERVICE OUTPATIENTS OF OUR PROGRAM, PRIOR TO OR CONCURRENT WITH THE PATIENTS STAY, SUBSEQUENTLY AIDING IN THE APPLICATION PROCESS FOR STATE AID AND FAHC'S FINANCIAL ASSISTANCE POLICY SCHEDULE H, PART V, LINE 20D THE PATIENT ASSISTANCE PROGRAM (CHARITY) HAS BOTH AN INCOME AND ASSETS BASED TEST UP TO 400% OF THE FEDERAL POVERTY GUIDELINES (FPG), ALONG WITH AN APPEALS PROGRAM FOR PATIENTS WHO TEST HIGHER THAN 400% OF THE FPG BASED UPON THE PATIENT'S FPG, A PATIENT MAY BE GRANTED FULL OR PARTIAL ASSISTANCE AT THE TIME OF APPLICATION APPROVAL FULL ASSISTANCE EQUALS A 100% WRITE-OFF OF CHARGES FOR A 6 MONTH TIMEFRAME PARTIAL ASSISTANCE EQUALS A SET DEDUCTIBLE FROM \$250.00 - \$1,000.00 MAXIMUM FOR THE 6 MONTH PERIOD FOR THOSE QUALIFYING WITHIN THE 400% LIMIT, FOLLOWED BY A 6 MONTH FULL CHARGE WRITE-OFF FOR MEDICALLY NECESSARY SERVICES IN ESSENCE, PATIENTS WHO QUALIFY FOR ASSISTANCE MAY PAY UP TO ONE TIME MAXIMUM OF \$1,000 DURING A SIX MONTH PERIOD WITH ALL OTHER CHARGES WRITTEN-OFF THIS METHODOLOGY IS APPLIED REGARDLESS OF THE ACCOUNT BALANCE
SCHEDULE H, PART VI, LINE 2	NEEDS ASSESSMENT	Fletcher Allen has a long history of conducting needs assessments to gauge the health care and related needs of the communities, including the creation of a chartered community benefit committee in October 2011 and a community health needs assessment committee during fiscal year 2013 The community benefit committee is the successor to a community benefit advisory group comprised exclusively of Fletcher Allen staff This newer committee includes six members from across the organization, six members from the community based Vermont Health Foundation, and is chaired by Fletcher Allen's Chief Medical Officer In FY13, Fletcher Allen finalized their community health needs assessment and accompanying implementation plan This document was the culmination of work over the two previous years to obtain input from the community around its needs and priorities (See Schedule H, Part V, Line 3 disclosures for information on how the organization completed this task) The governing body of the Board of Trustees over this area formally accepted and adopted the Community Health Needs Assessment and accompanying implementation plan in the latter part of 2013

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	FLETCHER ALLEN UTILIZES A VARIETY OF METHODS TO INFORM, EDUCATE AND ASSIST PATIENTS IN IDENTIFYING PAYMENT SOURCES, INCLUDING STATE / FEDERAL PROGRAMS AS WELL AS OUR PATIENT ASSISTANCE PROGRAM EDUCATE & INFORM -THE FAHC PATIENT ASSISTANCE (CHARITY) PROGRAM IS REFERENCED ON THE FAHC PUBLIC WEBSITE, ALONG WITH GUIDELINES, CRITERIA, FREQUENTLY ASKED QUESTIONS AND A DOWNLOADABLE APPLICATION ALL PATIENTS ARE INVITED TO APPLY PATIENTS WHO WOULD NOT NORMALLY QUALIFY MAY BE CONSIDERED DUE TO SPECIAL CIRCUMSTANCES -OUR PATIENT ASSISTANCE PROGRAM IS REFERENCED ON ALL OF OUR FAHC PATIENT STATEMENTS, ALONG WITH TELEPHONE NUMBERS FOR ASSISTANCE IN THE APPLICATION PROCESS -PAMPHLETS REGARDING OUR HEALTH ASSISTANCE PROGRAMS ARE AVAILABLE IN THE PUBLIC WAITING ROOMS AND REGISTRATION OFFICE WITH FOLLOW-UP DIRECTIONS TO OUR COMMUNITY OUTREACH CASE MANAGERS AND COORDINATORS - VERBAL COMMUNICATION REGARDING THE PROGRAMS IS PROVIDED TO PATIENTS DURING THE PRE-REGISTRATION PROCESS IF UNINSURED OR IF INSURED PATIENTS EXPRESS HARDSHIP, AT THE POINT OF ARRIVAL AND AT THE POINT OF DISCHARGE IN THE EMERGENCY DEPARTMENT APPLICATIONS FOR BOTH MEDICAID AND CHARITY ARE AVAILABLE TO EACH REGISTRAR AND ARE ROUTINELY PROVIDED TO PATIENTS DURING THE INTERVIEW AND/OR PATIENTS ARE DIRECTED TO OUR PATIENT FINANCIAL COUNSELORS AND CUSTOMER SERVICE REPRESENTATIVES FOR APPLICATION ASSISTANCE - WITHIN THE PHYSICIAN CLINICS, APPLICATIONS ARE AVAILABLE FOR PATIENTS AND FOLLOW-UP REFERRALS ARE PROVIDED DIRECTLY TO THE CUSTOMER SERVICE DEPARTMENT IN FY 14, A COPY OF THE POLICY SUMMARY IS DISTRIBUTED AT CHECK-IN FOR UNINSURED AND UNDERINSURED PATIENTS UPON ARRIVAL TO A CLINIC - PATIENT CALLS TO THE CUSTOMER SERVICE CENTER REGARDING BILLS, PAYMENTS, BUDGET PLANS, ETC WILL INCLUDE EDUCATION AND, WHEN NECESSARY, COUNSELING FOR PATIENTS REGARDING BOTH STATE AND FEDERAL OPTIONS AS WELL AS THE FAHC CHARITY PROGRAM APPLICATIONS FOR ASSISTANCE WITH ALL PROGRAMS ARE MAILED TO PATIENTS UPON REQUEST APPLICATION ASSISTANCE -ALL INPATIENTS AND OUTPATIENT PROCEDURES ARE FINANCIALLY SCREENED TO IDENTIFY THE UNDERINSURED OR UNINSURED PATIENT POPULATION PRIOR TO SERVICE, CONCURRENT WITH SERVICE AND POST SERVICE, OUR PATIENT FINANCIAL COUNSELORS WILL CALL AND/OR MEET WITH PATIENTS AND FAMILIES TO EDUCATE THEM ON THE AVAILABLE PROGRAMS AND WHERE APPLICABLE, ASSIST IN THE APPLICATION PROCESS THIS INCLUDES STATE AND FEDERAL AID APPLICATIONS AND THE FAHC CHARITY APPLICATION PROCESS -OUR COUNSELORS WILL ADDITIONALLY MEET WITH PATIENTS AT THE BEDSIDE TO HELP COMPLETE THE APPLICATIONS, PROVIDE DETAILS ON SUPPORTING DOCUMENTATION NEEDS & FACILITATE AND EXPEDITE THE REVIEW PROCESS UNTIL A NOTICE OF DECISION HAS BEEN RECEIVED -OUR COMMUNITY HEALTH IMPROVEMENT OFFICE PROVIDES EDUCATION AND APPLICATION ASSISTANCE FOR A VARIETY OF PROGRAMS, INCLUDING THE STATE AND FEDERAL MEDICAID APPLICATION PROCESS, THE PATIENT ASSISTANCE PROGRAM APPLICATION (CHARITY) AS WELL AS ASSIST WITH FINANCIAL ASSISTANCE TO PATIENTS FOR PHARMACEUTICALS PROCESSES HAVE BEEN ESTABLISHED TO REFER URGENT CARE AND EMERGENCY DEPARTMENT PATIENTS TO THE PROGRAM, WHERE CASE MANAGERS ASSIST IN BOTH THE APPLICATION PROCESS AND COMMUNITY RESOURCE NEEDS IDENTIFICATION ADDITIONALLY, THE CASE MANAGERS RECEIVE AND REVIEW REPORTS FOR THE UNINSURED EMERGENCY PATIENTS WHO HAVE FREQUENTED THE EMERGENCY DEPARTMENT MORE THAN 1 TIME PER MONTH THE MANAGERS WILL THEN REACH OUT TO THE PATIENTS, SEEKING TO ASSIST PATIENTS IN IDENTIFYING FINANCIAL SPONSORSHIP
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION	FLETCHER ALLEN HEALTH CARE IS BOTH A COMMUNITY HOSPITAL AND, IN PARTNERSHIP WITH THE UNIVERSITY OF VERMONT, THE STATE'S ONLY ACADEMIC MEDICAL CENTER IN ITS COMMUNITY HOSPITAL ROLE, FLETCHER ALLEN SERVES APPROXIMATELY 165,000 RESIDENTS IN CHITTENDEN AND GRAND ISLE COUNTIES AND PROVIDES PRIMARY CARE SERVICES AT TWELVE VERMONT SITES THE ORGANIZATION ALSO OFFERS FREE TO THE COMMUNITY A WIDE RANGE OF HEALTH, PREVENTION AND WELLNESS PROGRAMS, ALL OF WHICH HELP TO LIMIT THE NEED FOR MORE EXPENSIVE ACUTE CARE AS A REGIONAL REFERRAL CENTER, FLETCHER ALLEN PROVIDES ADVANCED-LEVEL CARE TO A POPULATION OF APPROXIMATELY ONE MILLION PEOPLE THROUGHOUT VERMONT AND NORTHERN NEW YORK THE MEDICAL CENTER EXTENDS BEYOND ITS FOUR MAIN CAMPUSES IN THE BURLINGTON AREA TO INCLUDE MORE THAN 30 PATIENT CARE SITES AND 100 OUTREACH CLINICS, PROGRAMS AND SERVICES THROUGHOUT THE REGION

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	FLETCHER ALLEN IS GOVERNED BY A BOARD OF COMMUNITY VOLUNTEERS FROM OUR SERVICE AREA, INCLUDING OUR PRIMARY, SECONDARY AND TERTIARY REFERRAL REGION. THE MAJORITY OF BOARD MEMBERS ARE INDEPENDENT AND NOT DIRECTLY AFFILIATED WITH THE ORGANIZATION. FLETCHER ALLEN'S MEDICAL STAFF IS AN "OPEN STAFF" MODEL WITH MEMBERSHIP GOVERNED BY THE MEDICAL STAFF'S BY-LAWS, AND INCLUDES APPROXIMATELY 580 EMPLOYED PHYSICIANS AND 150 COMMUNITY-BASED PHYSICIANS. AS A NON-PROFIT, ANY SURPLUS FUNDS GENERATED BY FLETCHER ALLEN ARE RE-INVESTED IN OUR ORGANIZATION TO SUPPORT OUR MISSION. PLEASE SEE SCHEDULE O FOR A MORE DETAILED DESCRIPTION OF FLETCHER ALLEN'S ROLE IN OUR REGIONAL HEALTH CARE SYSTEM AND OUR COMMUNITY BENEFIT ACTIVITIES.
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	AS OF OCTOBER 1, 2011, FLETCHER ALLEN HEALTH CARE, INC. (FAHC) AND CENTRAL VERMONT MEDICAL CENTER, INC. (CVMC), BECAME MEMBERS OF FLETCHER ALLEN PARTNERS, INC. (FAP), AN INTEGRATED SYSTEM OF CARE SERVING THE COMMUNITIES OF VERMONT AND NORTHERN NEW YORK. ON JANUARY 1, 2013, FAP ALSO BECAME THE SOLE MEMBER OF COMMUNITY PROVIDERS, INC. FLETCHER ALLEN PARTNERS IS CARRYING OUT CENTRALIZED ACTIVITIES FOR THE BENEFIT OF PATIENTS OF ALL THREE PARTNER ORGANIZATIONS, INCLUDING IMPROVING ACCESS TO LOCAL CARE, COST SAVINGS THROUGH GREATER JOINT PURCHASING POWER, ENHANCING INFORMATION TECHNOLOGY, INCREASING ACADEMIC OPPORTUNITIES FOR PHYSICIANS, ENGAGING IN REGIONAL STRATEGIC PLANNING, AND PARTICIPATING IN JOINT QUALITY AND CLINICAL INITIATIVES. COLLABORATIVE EFFORTS - FLETCHER ALLEN REGULARLY PARTNERS WITH OTHER ORGANIZATIONS AND PROVIDERS TO HELP MEET THE NEEDS OF OUR COMMUNITY. THIS INCLUDES WORKING WITH OTHER ORGANIZED SYSTEMS OF CARE (LIKE HOME HEALTH AGENCIES, OTHER VERMONT HOSPITALS, AND PHYSICIAN PRACTICES), AS WELL AS COMMUNITY-BASED ORGANIZATIONS WHOSE MISSIONS ARE SIMILAR TO OURS. FOR EXAMPLE, FLETCHER ALLEN COLLABORATES WITH COMMUNITY PARTNERS TO REGULARLY ASSESS COMMUNITY AND HEALTH CARE NEEDS, WHICH HELPS GUIDE OUR ORGANIZATION'S PRIORITIES. PLEASE READ FORM 990 PART III NARRATIVE IN SCHEDULE O FOR ADDITIONAL INFORMATION ON FLETCHER ALLEN HEALTH CARE'S INTERACTIONS IN AND WITH ITS COMMUNITY.

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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

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

2

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

17

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) Nursing Scholarships	23	72,500			
(2) Allied Health Scholarships	6	20,650			
(3) ENDOWMENT SCHOLARSHIPS	9	9,700			

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
SCHOLARSHIP MONITORING	SCHEDULE I, PART I, QUESTION 2	THE ORGANIZATION REQUIRES STRICT APPLICATION AND APPROVAL CRITERIA FOR SCHOLARSHIP RECIPIENTS TO MAINTAIN THE INTEGRITY OF EACH RESPECTIVE AWARD NURSING SCHOLARSHIPS NURSING SCHOOL ASSISTANCE IS AWARDED TO APPLICANTS IN ORDER FOR THEM TO OBTAIN A DEGREE IN NURSING FOR THE APPLICANT TO QUALIFY FOR THE SCHOLARSHIP, HE/SHE MUST AGREE THAT THEY WILL USE IT TO HELP FURTHER FLETCHER ALLEN HEALTH CARE'S CHARITABLE STATUS THIS IS DONE BY HAVING THE APPLICANT COMMIT TO TWO YEARS OF SERVICE AT THE ORGANIZATION AFTER SUCCESSFUL COMPLETION OF THE DEGREE PROGRAM IN ADDITION, A WRITTEN PROPOSAL STATING HOW ATTAINMENT OF THE DEGREE WILL BENEFIT NURSING AT THE ORGANIZATION IS REQUIRED ALLIED HEALTH SCHOLARSHIPS ALLIED HEALTH SCHOLARSHIPS ARE AWARDED TO SUPPORT THE CAREER DEVELOPMENT OF FLETCHER ALLEN HEALTH CARE (FAHC) EMPLOYEES IN POSITION CATEGORIES WHERE CURRENT AND PROJECTED SHORTAGES EXIST FOR THE APPLICANT TO QUALIFY FOR THE SCHOLARSHIP, HE OR SHE MUST BE AN EMPLOYEE OF FAHC FOR ONE YEAR OR MORE, COMPLETE AN APPLICATION AND WRITTEN ESSAY, HAVE A HISTORY OF SOLID JOB PERFORMANCE, BE ACCEPTED INTO AN APPROVED ACADEMIC PROGRAM, AND PROVIDE TWO LETTERS OF RECOMMENDATION ONCE THE SCHOLARSHIP IS AWARDED, RECIPIENTS MUST SIGN AN AGREEMENT TO WORK FOR FAHC FOR A MINIMUM OF THREE YEARS UPON GRADUATION, TAKE A MINIMUM OF SIX CREDIT HOURS EACH SEMESTER, MAINTAIN HIGH GRADES, AND WORK A MINIMUM OF 20 HOURS PER WEEK SCHOLARSHIPS FROM THE NURSING EDUCATION ENDOWMENT FUND AND THE MARY FLETCHER HOSPITAL SCHOOL OF NURSING ALUMNI FUND ASSISTANCE FROM THE NURSING EDUCATION ENDOWMENT FUND IS AWARDED TO ELIGIBLE APPLICANTS GOING INTO THE NURSING FIELD APPLICANTS MUST BE EMPLOYED AT LEAST TWO YEARS AT FAHC, WORK AT LEAST 40 HOURS PER PAY PERIOD, BE ENROLLED IN A NURSING CERTIFICATE, DEGREE OR DOCTORATE PROGRAM, AND NO CURRENT DISCIPLINARY ACTION IN THEIR FILE DECISION TO APPROVE FUNDING IS BASED ON THE APPLICANT'S COMPLETED APPLICATION FORM, TWO LETTERS OF RECOMMENDATION, AND COMMITMENT TO TWO YEARS OF SERVICE AT FAHC AFTER SUCCESSFUL COMPLETION OF THE DEGREE PROGRAM ASSISTANCE FROM THE MARY FLETCHER HOSPITAL SCHOOL OF NURSING ALUMNI FUND IS ALSO AWARDED TO ELIGIBLE APPLICANTS GOING INTO THE NURSING FIELD APPLICANTS MUST BE ENROLLED IN EITHER A FORMAL OR CONTINUING EDUCATION PROGRAM RELATED TO SOME ASPECT OF HEALTH CARE (FOR EXAMPLE, HOLISTIC NURSING, CHILD-BIRTH EDUCATION, CHEMICAL DEPENDENCY, NURSE PRACTITIONER) IN ADDITION, APPLICANTS MUST MEET THE FOLLOWING REQUIREMENTS BE EMPLOYED BY FLETCHER ALLEN HEALTH CARE FOR AT LEAST ONE YEAR, AND PROVIDE A COMPLETED APPLICATION FORM, RESUME, WRITTEN ESSAY AND TWO LETTERS OF RECOMMENDATION

Software ID:

Software Version:

EIN: 03-0219309

Name: Fletcher Allen Health Care Inc

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Community Health Center of Burlington617 Riverside Ave Burlington, VT 05401	23-7182584	501(c)(3)	200,000				Community Health Impr
Burlington School District150 Colchester Ave Burlington, VT 05401	03-6000410	Other Gov't	25,000				Community Health Impr

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United Way of Chittenden County412 Farrell St Suite 200 S Burlington, VT 05403	03-0217229	501(C)(3)	140,000				Community Health Impr
Vermont Ethics Network61 ELM STREET Montpelier,VT 056202951	03-0336174	501(c)(3)	14,000				COMMUNITY HLTH IMPROV

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

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Northern Vermont Area Health Education Center347 Emerson Falls Rd St Johnsbury, VT 05819	04-3366707	501(c)(3)	36,563				Community Health Impr
Champlain Valley Area Health Education Ctr92 Fairfield St St Albans, VT 05478	03-0357255	501(c)(3)	36,563				Community Health Impr

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Southern Vermont Area Health Education Ctr365 Summer Street Springfield, VT 05156	03-0360193	501(c)(3)	36,563				Community Health Impr
HOWARD CENTER for Human Svc208 FLYNN AVE BURLINGTON, VT 05401	03-0179433	501(c)(3)	50,000				Community Health Impr

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Cathedral Square Corporation 412 FARRELL STSuite 100 S BURLINGTON,VT 05403	03-0264362	501(C)(3)	50,000				Community Health Impr
VERMONT WORKS FOR WOMEN INC32A MALLETT'S BAY AVE WINOOSKI,VT 05404	22-2894557	501(C)(3)	11,000				Community Health Impr

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GREATER BURLINGTON YMCA266 COLLEGE ST BURLINGTON,VT 05401	03-0185810	501(C)(3)	9,000				Community Health Impr
COLCHESTER SCHOOL DISTRICT125 LAKER LN PO BOX 27 COLCHESTER,VT 05446	03-0269580	Other Gov't	8,500				Community Health Impr

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Champlain Housing Trust88 King St Burlington,VT 05401	22-2536446	501(c)(3)	25,000				Community Health Impr
State of VT Dept of Health108 Cherry St BURLINGTON,VT 05402	03-6000274	other govt	50,000				Community Health Impr

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Univ of VT College of MedicineOne So Prospect St BURLINGTON, VT 05401	03-0179440	other govt	36,563				Community Health Impr
VT Ethics Network Inc61 Elm St Montpelier, VT 05602	03-0336174	501(c)(3)	14,000				Community Health Impr

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
Visiting Nurses Association 1110 Prim Rd Colchester, VT 05446	03-0179603	501(c)(3)	55,000				Community Health Impr

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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☒ Personal services (e g , maid, chauffeur, chef)		
1b 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		No
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?		No
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 ☒ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☒ Compensation survey or study ☒ 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		
4a Receive a severance payment or change-of-control payment?		No
4b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
5a The organization?		No
5b Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
6a The organization?		No
6b Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	Yes	
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII
Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
PERSONAL SERVICE COMPENSATION	SCHEDULE J, PART I, QUESTIONS 1A, 1B & 2	THE FOLLOWING INDIVIDUALS RECEIVED COMPENSATION OF \$1,400 TO COVER TAX PREPARATION AND FINANCIAL ADVISORY SERVICES: TODD B. MOORE, DR. STEPHEN M. LEFFLER, ROGER DESHAIES, DR. PAUL TAHERI, SANDRA FELIS, R.N., DR. JOHN BRUMSTED, SPENCER KNAPP, CHARLES PODESTA, PAUL MACUGA, THERESA ALBERGHINI, DIPALMA. WHILE THERE IS NO ORGANIZATION-WIDE WRITTEN POLICY REGARDING PAYMENT OF THE EXPENSE DESCRIBED ABOVE, THE AMOUNT IS INCLUDED IN THE RESPECTIVE INDIVIDUAL'S EMPLOYMENT CONTRACT, WHICH IS DETERMINED THROUGH ANNUAL REVIEW (AS DISCUSSED IN SCHEDULE O). PERSONAL SERVICE COMPENSATION IS A FLAT AMOUNT INCLUDED IN THE INDIVIDUAL'S RESPECTIVE W-2 AS TAXABLE INCOME. NO REIMBURSEMENT IS MADE UNDER AN ACCOUNTABLE PLAN, THEREFORE, SUBSTANTIATION OF EXPENSE IS UNNECESSARY. SCHEDULE J, PART I, QUESTION 4B: Certain listed individuals participated in the Fletcher Allen Executive Benefit Plan under which participants are credited a Benefit Allowance equal to a specified percentage of base pay. Under the plan, participants may elect to have the amount of the benefit allowance deferred to a capital accumulation account subject to section 457(f). No amounts were deferred to or paid from a capital accumulation account in calendar 2012. During calendar year 2012, Fletcher Allen Health Care entered into a Supplemental Retirement Benefit Plan (SRP) with President Brumsted. Under the SRP, FAHC makes annual deferrals equal to 10% of the president's base salary for each year through the plan year ending September 30, 2015. This amount is included in Schedule J, Part II, Column C. Amounts deferred are subject to forfeiture if certain conditions are not met. NON-FIXED PAYMENTS: SCHEDULE J, PART I, QUESTION 7: FLETCHER ALLEN HEALTH CARE PAID A LUMP-SUM INCENTIVE AWARD TO UPPER MANAGEMENT (DIRECTORS, VICE PRESIDENTS, PHYSICIAN CHAIRS AND SENIOR EXECUTIVES) THROUGH ITS ANNUAL SHORT-TERM INCENTIVE (STI) PLAN AS THE PLAN'S ORGANIZATIONAL PERFORMANCE MEASURES WERE MET. THE MEASURES WERE REVIEWED AND APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES. THESE MEASURES INCLUDED FINANCIAL QUALITY, OPERATIONAL AND HUMAN RESOURCES RELATED METRICS. CERTAIN SENIOR EXECUTIVES PARTICIPATED IN A LONG-TERM INCENTIVE (LTI) PLAN IN CALENDAR 2012. THE PLAN COVERED FISCAL YEARS 2011 THROUGH 2013. THE PLAN WAS STRUCTURED TO HELP FLETCHER ALLEN HEALTH CARE RETAIN THESE KEY EXECUTIVES OVER THE LONG TERM BY PROVIDING MEANINGFUL INCENTIVES AND REWARDS FOR SUSTAINED SUCCESS OVER THE THREE-YEAR PERIOD, AND AWARDS ARE BASED ON SATISFACTION OF SPECIFIED PERFORMANCE CRITERIA. THERE WERE NO PAYOUTS FROM THE LTI PLAN IN CALENDAR 2012.

Software ID:
Software Version:
EIN: 03-0219309
Name: Fletcher Allen Health Care Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ROGER DESHAIES	(i) (ii)	453,533 0	250,198	75,478	22,500 0	22,719 0	824,428 0	0 0
SANDRA FELIS RN	(i) (ii)	350,047 0	172,703	60,183	12,567 0	24,737 0	620,237 0	0 0
DR JOHN BRUMSTED	(i) (ii)	760,698 0	484,886	122,695	107,500 0	22,401 0	1,498,180 0	0 0
SPENCER KNAPP	(i) (ii)	382,851 0	187,305	64,577	22,500 0	17,324 0	674,557 0	0 0
DR MARK PHILLIPPE	(i) (ii)	0 199,973	37,536		0 18,518	0 1,988	0 258,015	0 0
CHARLES PODESTA	(i) (ii)	299,647 0	149,336	25,377	17,500 0	27,280 0	519,140 0	0 0
PAUL MACUGA	(i) (ii)	288,419 0	141,963	36,616	22,500 0	21,360 0	510,858 0	0 0
THERESA ALBERGHINI DIPALMA	(i) (ii)	281,910 0	139,462	47,497	17,500 0	20,268 0	506,637 0	0 0
TODD B MOORE	(i) (ii)	276,343 0	101,911	37,858	17,500 0	22,965 0	456,577 0	0 0
DR STEPHEN M LEFFLER	(i) (ii)	322,032 0	116,785	32,432	22,500 0	21,679 0	515,428 0	0 0
DR HOWARD M SCHAPIRO	(i) (ii)	0 279,643	62,874	30,114	0 30,000	0 5,139	0 407,770	0 0
DR PAUL TAHERI	(i) (ii)	390,463 0	237,719	76,752	16,597 0	24,437 0	745,968 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
Fletcher Allen Health Care Inc

Supplemental Information on Tax Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number
03-0219309

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 VEBFA SERIES 2008A & 2004B	23-7154467	924166CJ8	05-21-2008	215,386,067	REFUND BONDS ISSUED 4/15/2004		X		X		X
B VEBFA SERIES 2007A	23-7154467	924166AQ4	02-25-2007	56,375,337	CONSTRUCT HEALTH CARE FACILITIES		X		X		X
C VEBFA SERIES 2004A	23-7154467	9241606Q2	04-15-2004	49,543,132	REFUND BOND ISSUED 1993		X		X		X
D VEBFA SERIES 2013A	23-7154467		03-05-2013	29,500,000	REFUND BOND ISSUED 2000		X		X		X

Part II

Proceeds

1 Amount of bonds retired	A		B		C		D	
	13,581,539		430,702		16,007,941		162,500	
2 Amount of bonds legally defeased	0		0		0		0	
3 Total proceeds of issue	215,386,067		56,375,337		49,543,132		29,500,000	
4 Gross proceeds in reserve funds	14,497,082		5,627,095		5,384,060		0	
5 Capitalized interest from proceeds	0		0		0		0	
6 Proceeds in refunding escrows	0		0		0		0	
7 Issuance costs from proceeds	1,708,089		895,983		451,483		263,962	
8 Credit enhancement from proceeds	0		0		0		0	
9 Working capital expenditures from proceeds	0		0		0		0	
10 Capital expenditures from proceeds	0		52,387,649		0		0	
11 Other spent proceeds	198,332,744		0		44,196,507		29,236,038	
12 Other unspent proceeds	0		0		0		0	
13 Year of substantial completion	2005		2005		2007		2013	
14 Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
	X			X	X		X	
15 Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16 Has the final allocation of proceeds been made?	X		X		X		X	
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?	X		X		X		X	
c	No rebate due?								
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed									
3	Is the bond issue a variable rate issue?	X			X		X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X		X		X
b	Name of provider	CITIBANK		0		0			
c	Term of hedge	21 2							
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		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
SCHEDULE K, PART I, LINES A AND B	0	THE VEHBFA SERIES 2008A BOND REISSUED THE VEHBFA SERIES 2004B BOND THE VEHBFA SERIES 2007A BOND WAS ISSUED TO REIMBURSE FLETCHER ALLEN HEALTH CARE'S CONSTRUCTION COSTS INCURRED FOR THE AMBULATORY CARE CENTER WITHIN 18 MONTHS OF THE DATE OF ISSUE SCHEDULE K, PART III, LINES 4-6 THE PRIVATE BUSINESS USE PERCENTAGE FOR FLETCHER ALLEN HEALTH CARE (FAHC) HAS BEEN PRESENTED AT 0% THE TAX CERTIFICATE AND AGREEMENT FILED WITH FORMS 8038 FOR THE ISSUANCES LISTED IN COLUMNS A AND B INDICATE THAT AN EQUITY CONTRIBUTION WILL BE MADE AS A PORTION OF THE FUNDING FOR THE PROJECT THE LANGUAGE DICTATES THAT THE EQUITY CONTRIBUTION WILL BE APPLIED TO PRIVATE USE PORTION OF THE PROJECT THE FAHC EQUITY CONTRIBUTION REPRESENTS APPROXIMATELY 33% OF THE TOTAL CONSTRUCTION COST

Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number

03-0219309

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?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		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) VERMONT GAS SYSTEMS	SEE PART V	1,488,501	NATURAL GAS		No
(2) R ALLEN MEAD	SON OF TRUSTEE MEAD	187,545	WAGES		No
(3) VMC INDEMNITY COMPANY LTD	SEE PART V	7,464,717	INSURANCE PREMIUMS		No
(4) SYMQUEST GROUP	SEE PART V	512,044	COPIER SERVICE		No
(5) JANET C SCHAPIRO	SEE PART V	239,762	WAGES		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	(1) RELATIONSHIP DONALD GILBERT, TRUSTEE, IS THE PRESIDENT AND CEO OF VERMONT GAS SYSTEMS, WHICH IS THE ORGANIZATION'S NATURAL GAS PROVIDER (3) RELATIONSHIP ROGER DESHAIES, SANDRA FELIS, R N , AND DR JOHN BRUMSTED SERVE AS OFFICERS OF VMC INDEMNITY COMPANY DR PAUL DANIELSON, DR HOWARD M SCHAPIRO, AND STEPHEN LEFFLER SERVE AS DIRECTORS OF VMC INDEMNITY COMPANY, FLETCHER ALLEN HEALTH CARE'S CAPTIVE INSURANCE COMPANY (4) RELATIONSHIP LARRY SUDBAY, TRUSTEE, IS THE PRESIDENT AND CEO OF SYMQUEST GROUP, WHICH IS THE ORGANIZATION'S COPIER SERVICE PROVIDER (5) RELATIONSHIP JANET C SCHAPIRO, WIFE OF UVMGM INTERIM PRESIDENT & CEO HOWARD M SCHAPIRO, RECEIVED WAGES FROM FLETCHER ALLEN HEALTH CARE, INC

SCHEDULE M
(Form 990)

Noncash Contributions

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

Part I

Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art	X	3		
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods	X		4,598	COST
6 Cars and other vehicles	X	1	4,000	COST
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	5	102,076	SALE PRICE LESS FEES
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial	X	1	11,821,190	APPRAISAL
17 Real estate—Other				
18 Collectibles	X	6	1,800	COST
19 Food inventory	X	11	858	COST
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (GIFT CERTIFICATES)	X	54	10,051	COST
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

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

291

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30aYesNo

31 If "Yes," describe the arrangement in Part II

31Yes

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32aYes

33 If "Yes," describe in Part II

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

Part II

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

Identifier	Return Reference	Explanation
Schedule M, Part I, Column B		Fletcher Allen Health Care, Inc is reporting the total number of contributions
Schedule M, Part I, Line 33		Fletcher Allen Health Care, Inc does not record revenue for SOME gifts-in-kind until they are sold Therefore, revenue for these gifts is not included on Form 990, Part VIII, Line I
Schedule M, PART II		IN MAY 2013, FLETCHER ALLEN HEALTH CARE RECEIVED THE LARGEST GIFT IN ITS HISTORY A VERMONT PHILANTHROPIST DONATED TWO BUILDINGS ON A 15-ACRE COMMERCIAL SITE VALUED AT \$11,821,190

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 Fletcher Allen Health Care Inc	Employer identification number 03-0219309
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Identifier	Return Reference	Explanation
NUMBER OF VOLUNTEERS	FORM 990, PART I, QUESTION 6	THE TOTAL NUMBER OF VOLUNTEERS INCLUDES NON-COMPENSATED MEMBERS OF THE BOARD OF TRUSTEES IN ADDITION, VOLUNTEERS WORK IN OVER 50 DEPARTMENTS TO SUPPORT THE WORK OF EMPLOYEES TO MEET PATIENT NEEDS AND ENHANCE THE PATIENT EXPERIENCE AT FLETCHER ALLEN

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT REPORT	FORM 990, PART III	FLETCHER ALLEN HEALTH CARE IS BOTH A COMMUNITY HOSPITAL AND, IN PARTNERSHIP WITH THE UNIVERSITY OF VERMONT, THE STATE'S ONLY ACADEMIC MEDICAL CENTER. IT IS OUR MISSION TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION AND RESEARCH IN A CARING ENVIRONMENT. IN ITS COMMUNITY HOSPITAL ROLE, FLETCHER ALLEN SERVES APPROXIMATELY 165,000 RESIDENTS IN CHITTENDEN AND GRAND ISLE COUNTIES AND PROVIDES PRIMARY CARE SERVICES AT ELEVEN VERMONT SITES. THE ORGANIZATION ALSO OFFERS FREE TO THE COMMUNITY A WIDE RANGE OF HEALTH, PREVENTION AND WELLNESS PROGRAMS, ALL OF WHICH HELP TO LIMIT THE NEED FOR MORE EXPENSIVE ACUTE CARE. THROUGH A VITAL PARTNERSHIP, FLETCHER ALLEN HEALTH CARE, THE UNIVERSITY OF VERMONT COLLEGE OF MEDICINE AND THE UNIVERSITY OF VERMONT COLLEGE OF NURSING AND HEALTH SCIENCES FORM VERMONT'S ACADEMIC MEDICAL CENTER - ONE OF ONLY APPROXIMATELY 130 SUCH CENTERS IN THE COUNTRY. TOGETHER, THESE INSTITUTIONS ARE COMMITTED TO HELPING IMPROVE OUR REGION'S QUALITY OF LIFE WITH INNOVATIONS IN MEDICINE AND HEALTH CARE THAT ARISE FROM NEW KNOWLEDGE AND DISCOVERY. THROUGH ITS ALLIANCE WITH THE UNIVERSITY OF VERMONT, FLETCHER ALLEN IS ABLE TO PROVIDE THE BEST PATIENT CARE POSSIBLE BY BRINGING MEDICAL EDUCATION AND RESEARCH TO THE BEDSIDE, THE DOCTOR'S OFFICE AND INTO THE COMMUNITY. AS A REGIONAL REFERRAL CENTER, FLETCHER ALLEN PROVIDES ADVANCED-LEVEL CARE TO A POPULATION OF APPROXIMATELY ONE MILLION PEOPLE THROUGHOUT VERMONT AND NORTHERN NEW YORK. THE MEDICAL CENTER EXTENDS BEYOND ITS FOUR MAIN CAMPUSES IN THE BURLINGTON AREA TO INCLUDE MORE THAN 30 PATIENT CARE SITES AND 100 OUTREACH CLINICS, PROGRAMS AND SERVICES THROUGHOUT THE REGION. EACH OF THESE RESPONSIBILITIES IS EQUALLY IMPORTANT IN FULFILLING FLETCHER ALLEN'S MISSION. 1. PATIENT CARE - SERVING A POPULATION OF APPROXIMATELY ONE MILLION THROUGHOUT VERMONT AND NORTHERN NEW YORK, FLETCHER ALLEN PROVIDES A FULL RANGE OF SERVICES COVERING EVERY MAJOR AREA OF MEDICINE. THE MEDICAL CENTER AVERAGES MORE THAN A MILLION PATIENT VISITS EACH YEAR, INCLUDING INPATIENT, OUTPATIENT, EMERGENCY DEPARTMENT AND PHYSICIAN OFFICE VISITS. FLETCHER ALLEN IS AT THE LEADING EDGE OF HEALTH CARE INNOVATIONS, INCLUDING HAVING IMPLEMENTED A SYSTEM-WIDE ELECTRONIC HEALTH RECORD THAT SUPPORTS IMPROVED HEALTH CARE FOR OUR COMMUNITIES AND SERVING AS ONE OF THE FIRST TWO PILOT SITES FOR THE VERMONT BLUEPRINT FOR HEALTH, A STATEWIDE PUBLIC/PRIVATE PARTNERSHIP FOCUSED ON ENSURING THAT ALL VERMONTERS HAVE ACCESS TO PRIMARY CARE SERVICES USING THE "PATIENT-CENTERED MEDICAL HOME" CARE DELIVERY MODEL. IN LINE WITH THE BLUEPRINT, FLETCHER ALLEN HAS IMPLEMENTED A COMMUNITY HEALTH TEAM TO SERVE ALL OF OUR PRIMARY CARE PRACTICES, ALL OF WHICH HAVE BEEN RECOGNIZED BY THE NATIONAL COMMITTEE ON QUALITY ASSURANCE AS PATIENT-CENTERED MEDICAL HOMES. 2. EDUCATION - AS AN ACADEMIC MEDICAL CENTER, WE HAVE THE SPECIAL RESPONSIBILITY OF EDUCATING THE NEXT GENERATION OF DOCTORS, NURSES AND ALLIED HEALTH PROFESSIONALS. THE VAST MAJORITY OF FLETCHER ALLEN DOCTORS NOT ONLY TAKE CARE OF PATIENTS, THEY ALSO TEACH MEDICAL STUDENTS THROUGH THEIR POSITIONS AS MEMBERS OF THE UNIVERSITY OF VERMONT COLLEGE OF MEDICINE FACULTY. A NUMBER OF FLETCHER ALLEN NURSES AND ALLIED HEALTH PROFESSIONALS ALSO TEACH AT THE UNIVERSITY OF VERMONT COLLEGE OF NURSING AND HEALTH SCIENCES. FLETCHER ALLEN HEALTH CARE SERVES AS THE CLINICAL TRAINING SITE FOR THE APPROXIMATELY 450 MEDICAL STUDENTS AND 870 NURSING AND ALLIED HEALTH STUDENTS WHO ATTEND THE UNIVERSITY OF VERMONT. ADDITIONALLY, FLETCHER ALLEN IS THE TRAINING SITE FOR APPROXIMATELY 280 RESIDENTS - PHYSICIANS WHO HAVE GRADUATED FROM MEDICAL SCHOOL AND ARE COMPLETING THE ADDITIONAL CLINICAL TRAINING REQUIRED FOR THEIR AREA OF CARE. PATIENTS BENEFIT FROM HAVING RESIDENTS, MEDICAL STUDENTS AND NURSING AND ALLIED HEALTH STUDENTS AS PART OF THEIR CARE TEAM. IN COLLABORATION WITH THE UNIVERSITY OF VERMONT, FLETCHER ALLEN HEALTH CARE CONTINUES TO USE THE DEVELOPMENT OF A SIMULATION CENTER THAT INCLUDES 9,000 SQUARE FEET OF TEACHING SPACE WITH FULLY-FUNCTIONING HOSPITAL ROOMS AND HIGH-TECH MANNEQUINS THAT SIMULATE ALL KINDS OF DISEASES AND INJURIES. THE SIMULATION CENTER ALSO HAS HANDS-ON LABS FOR SKILL-BUILDING AS WELL AS A VIRTUAL REALITY TRAINER THAT IMPROVES ON OLD TEACHING METHODS. IN ADDITION TO BEING USED TO TRAIN FUTURE DOCTORS AND NURSES, THE NEW FACILITY IS OPEN TO ALL VERMONT MEDICAL PROFESSIONALS, INCLUDING EMERGENCY MEDICAL TECHNICIANS AND VERMONT NATIONAL GUARD MEDICS. 3. RESEARCH - A CORE MISSION OF THE ACADEMIC MEDICAL CENTER IS TO ADVANCE MEDICAL KNOWLEDGE THROUGH RESEARCH, SO IN ADDITION TO TEACHING AND TRAINING, MANY OF OUR PHYSICIANS, NURSES AND OTHER PROVIDERS ENGAGE IN BIOMEDICAL RESEARCH, SEEKING NEW CURES AND MORE EFFECTIVE TREATMENTS. THERE ARE OVER 1,000 ACTIVE CLINICAL TRIALS AT THE UNIVERSITY OF VERMONT AND FLETCHER ALLEN. CLINICAL TRIALS ARE RESEARCH STUDIES CONDUCTED USING VOLUNTEERS. EACH STUDY ANSWERS SCIENTIFIC

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT REPORT	FORM 990, PART III	QUESTIONS AND TRIES TO FIND BETTER WAYS TO PREVENT, SCREEN FOR, DIAGNOSE, OR TREAT A DISEASE. THIS ACTIVE RESEARCH PROGRAM HAS A DIRECT BENEFIT TO PATIENTS AT FLETCHER ALLEN, WHO HAVE ACCESS TO THE LATEST TREATMENTS AND TECHNOLOGY AND WHO ARE CARED FOR BY SOME OF THE LEADING EXPERTS IN THEIR FIELD. THE ACADEMIC MEDICAL CENTER IS ALSO ACTIVELY ENGAGED IN POPULATION-BASED HEALTH RESEARCH, INCLUDING EVALUATING VERMONT BLUEPRINT FOR HEALTH PILOT PROJECTS INVOLVING THE DEVELOPMENT AND IMPACT OF PATIENT-CENTERED MEDICAL HOMES WITHIN THE STATE. 4. COMMUNITY BENEFIT - IN ADDITION TO DELIVERING HEALTH CARE, EDUCATING HEALTH CARE PROFESSIONALS, AND RESEARCHING NEW KNOWLEDGE, FLETCHER ALLEN ALSO LIVES ITS MISSION - TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES IT SERVES - BY REACHING OUT TO HELP PEOPLE TAKE CARE OF THEIR HEALTH. THESE EFFORTS INCLUDE, BUT ARE NOT LIMITED TO: COMMUNITY WELLNESS AND EDUCATION - FLETCHER ALLEN OFFERS NUMEROUS FREE HEALTH EDUCATION CLASSES, IN WHICH HEALTH PROFESSIONALS PROVIDE INFORMATION ON A VARIETY OF TOPICS. MANY OTHER HEALTH AND WELLNESS PROGRAMS OFFERED THROUGHOUT THE YEAR SERVE AS A VALUABLE RESOURCE TO OUR COMMUNITY, RANGING FROM CHILD PASSENGER CAR SEAT SAFETY CHECKS TO FREE BLOOD PRESSURE SCREENINGS, TOBACCO CESSATION CLASSES, AND WORKSHOPS FOR SENIORS. FRYMOYER COMMUNITY HEALTH RESOURCE CENTER - PATIENTS, FAMILIES AND THE PUBLIC ARE MORE INTERESTED THAN EVER IN GAINING ACCESS TO THE LATEST HEALTH INFORMATION AVAILABLE. THE FRYMOYER COMMUNITY HEALTH RESOURCE CENTER AT FLETCHER ALLEN OFFERS THE COMMUNITY EASY, FREE, GUIDED ACCESS TO THE BEST INFORMATION ABOUT HEALTH AND MEDICINE. COLLABORATIVE EFFORTS - FLETCHER ALLEN REGULARLY PARTNERS WITH OTHER ORGANIZATIONS AND PROVIDERS TO HELP MEET THE NEEDS OF OUR COMMUNITY. THIS INCLUDES WORKING WITH OTHER ORGANIZED SYSTEMS OF CARE (LIKE HOME HEALTH AGENCIES, OTHER VERMONT HOSPITALS, AND PHYSICIAN PRACTICES), AS WELL AS COMMUNITY-BASED ORGANIZATIONS WHOSE MISSIONS ARE SIMILAR TO OURS. FOR EXAMPLE, FLETCHER ALLEN COLLABORATES WITH COMMUNITY PARTNERS TO REGULARLY ASSESS COMMUNITY AND HEALTH CARE NEEDS, WHICH HELPS GUIDE OUR ORGANIZATION'S PRIORITIES.

Identifier	Return Reference	Explanation
OUR COMMUNITY BENEFITS FALL INTO FOUR GENERAL CATEGORIES		*DIRECT FINANCIAL ASSISTANCE TO PATIENTS THIS REPRESENTS FREE CARE GIVEN TO PATIENTS WHO QUALIFY UNDER FLETCHER ALLEN'S "PATIENT ASSISTANCE PROGRAM" POLICY THAT POLICY OFFERS FREE CARE TO PATIENTS UNDER 200% OF THE FEDERAL POVERTY LEVEL (FPL), WITH PATIENTS BETWEEN 200% AND 400% FPL PAYING A SLIDING-SCALE DEDUCTIBLE ONLY FOR FY 2013, WE CALCULATED THIS AMOUNT AT APPROXIMATELY \$8.7 MILLION IN ACTUAL COSTS (NOT CHARGES)(SEE SCHEDULE H, LINE 7A, COLUMN E) *SUBSIDIZED PROGRAMS THESE INCLUDE RESEARCH ACTIVITIES AND EDUCATION AND TRAINING PROGRAMS FOR HEALTH PROFESSIONALS THAT ARE NOT FULLY REIMBURSED THROUGH OTHER MEANS, AS WELL AS SUBSIDIES TO SUPPORT HEALTH SERVICES THAT BENEFIT OUR COMMUNITY, INCLUDING THE UNINSURED AND LOW-INCOME INDIVIDUALS THOSE SERVICES INCLUDE MENTAL HEALTH SERVICES, EMERGENCY SERVICES AND CRITICAL CARE TRANSPORTATION SERVICES FOR FY 2013, WE CALCULATED THESE SUBSIDIES AT APPROXIMATELY \$6.7 MILLION IN COMMUNITY BENEFIT (SEE SCHEDULE H, LINE 7G, COLUMN E) *COMMUNITY PROGRAMS AND DIRECT GRANTS THESE INCLUDE, FOR EXAMPLE, COMMUNITY HEALTH SERVICES (HEALTH EDUCATION CLASSES, SUPPORT GROUPS, SCREENING SERVICES, FREE CLINICS, ETC), FINANCIAL CONTRIBUTIONS AND IN-KIND DONATIONS (CASH DONATIONS, GRANTS, IN-KIND SUPPORT SUCH AS MEETING ROOMS, PARKING VOUCHERS, ETC), COMMUNITY-BUILDING AND LEADERSHIP ACTIVITIES (INCLUDING ADVOCACY FOR COMMUNITY HEALTH IMPROVEMENT, ECONOMIC DEVELOPMENT, AND ENVIRONMENTAL IMPROVEMENTS), AND COMMUNITY BENEFIT OPERATIONS (INCLUDING COSTS ASSOCIATED WITH OUR OFFICE OF COMMUNITY HEALTH IMPROVEMENT, COMMUNITY NEEDS ASSESSMENTS, ETC) FOR FY 2013, WE CALCULATED THE VALUE OF THESE COMMUNITY PROGRAMS AND GRANTS AT \$5.6 MILLION (SEE SCHEDULE H, LINE 7E AND 7I, COLUMN E) *MEDICAID AND OTHER PUBLIC PROGRAM UNDERPAYMENTS THESE INCLUDE UNDERPAYMENTS FROM VERMONT'S MEDICAID PROGRAM AS WELL AS SEVERAL SMALLER PUBLIC PROGRAMS (FOR EXAMPLE, LADIES FIRST) THESE DO NOT INCLUDE ANY UNDERPAYMENTS BY MEDICARE FOR FY 2013, WE CALCULATED THIS AMOUNT AT \$31.8 MILLION (SEE SCHEDULE H, LINE 7B, COLUMN E) OUR TOTAL NET COMMUNITY BENEFIT SPENDING IN FY 2013 WAS \$109.5 MILLION THIS REPRESENTS APPROXIMATELY 10.87% OF FLETCHER ALLEN'S TOTAL PROGRAM SERVICE EXPENSE IN FY 2013 (SEE SCHEDULE H, LINE 7K, COLUMN F) In FY 13, FAHC received a significant payment from Medicaid in support of our physician and hospital GME programs This payment of \$67M covered the time period of July 2011 through September 2013 The community benefit percentage decreased 7% from the prior year amount due to this retroactive payment Had this payment been received in the appropriate fiscal years, the FY13 and FY12 community benefit percentages would have been 14.6% and 14.2%, respectively ORGANIZATION'S MISSION FORM 990, PART III, QUESTION 1 ACADEMIC MEDICAL CENTER AND COMMUNITY HOSPITAL MISSION TO IMPROVE THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION, AND RESEARCH IN A CARING ENVIRONMENT VISION FLETCHER ALLEN IS COMMITTED TO THE DEVELOPMENT OF AN INTEGRATED DELIVERY SYSTEM WHICH PROVIDES HIGH VALUE HEALTH CARE TO THE COMMUNITIES WE SERVE AND ENHANCES OUR ACADEMIC MISSION STATEMENT OF VALUES *WE RESPECT THE DIGNITY OF ALL INDIVIDUALS AND ARE RESPONSIVE TO THEIR PHYSICAL, EMOTIONAL, SPIRITUAL AND SOCIAL NEEDS AND CULTURAL DIVERSITY *WE ARE JUST AND PRUDENT STEWARDS OF LIMITED NATURAL AND FINANCIAL RESOURCES *WE FOSTER A CLIMATE WHICH ENCOURAGES BOTH THOSE RECEIVING AND PROVIDING CARE TO MAKE RESPONSIBLE CHOICES *WE STRIVE FOR EXCELLENCE IN QUALITY AND CARE AND SEEK TO CONTINUOUSLY LEARN AND IMPROVE *WE ACKNOWLEDGE A PARTNERSHIP WITH THE COMMUNITY TO ENSURE THE BEST POSSIBLE CARE AT THE RIGHT TIME, IN THE RIGHT PLACE, AND BY THE RIGHT PROVIDER *WE ARE CARING AND COMPASSIONATE TO EACH OTHER AND TO THOSE WE SERVE *WE COMMUNICATE OPENLY AND HONESTLY WITH THE COMMUNITY WE SERVE

Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, QUESTION 4A-4D	FLETCHER ALLEN HEALTH CARE (FLETCHER ALLEN) IS A TERTIARY CARE TEACHING HOSPITAL THAT, IN AFFILIATION WITH THE UNIVERSITY OF VERMONT, SERVES AS VERMONT'S ONLY ACADEMIC MEDICAL CENTER AS ARTICULATED IN OUR MISSION STATEMENT, OUR FOCUS IS ON IMPROVING THE HEALTH OF THE PEOPLE IN THE COMMUNITIES WE SERVE BY INTEGRATING PATIENT CARE, EDUCATION, AND RESEARCH IN A CARING ENVIRONMENT. THESE EFFORTS ARE RECOGNIZED IN OUR 501(C)(3) STATUS AS A CHARITABLE AND EDUCATIONAL ORGANIZATION. AS A CHARITABLE ORGANIZATION, THE PROMOTION OF HEALTH THROUGH OUR ACADEMIC MISSION - HEALTH CARE DELIVERY, RESEARCH AND EDUCATION - IS OUR PRIMARY WORK. IN ADDITION TO THE COMMUNITY BENEFITS WE PROVIDE, FLETCHER ALLEN OFFERS THE BROAD RANGE AND SCOPE OF SERVICES NECESSARY TO ACHIEVE THAT GOAL. THIS INCLUDES A FULL-TIME EMERGENCY DEPARTMENT THAT IS CERTIFIED AS A LEVEL 1 TRAUMA CENTER BY THE AMERICAN COLLEGE OF SURGEONS, AS WELL AS NON-EMERGENCY SERVICES, ALL OF WHICH ARE AVAILABLE TO ALL PATIENTS REGARDLESS OF INSURANCE STATUS OR ABILITY TO PAY, AN OPEN MEDICAL STAFF THAT INCLUDES APPROXIMATELY 580 PHYSICIANS EMPLOYED BY FLETCHER ALLEN'S FACULTY PRACTICE (THE UNIVERSITY OF VERMONT MEDICAL GROUP), AS WELL AS ABOUT 150 COMMUNITY PHYSICIANS, AND AN INDEPENDENT BOARD OF TRUSTEES THAT REPRESENTS OUR COMMUNITY AS A WHOLE. IN TERMS OF PROGRAM SERVICES, FLETCHER ALLEN'S THREE LARGEST PROGRAMS (BY EXPENSES AND REVENUES) ARE OUR ACTUAL HEALTH CARE DELIVERY SERVICES, AS FOLLOWS: INPATIENT CARE SERVICES PROVIDED TO THOSE PATIENTS WHO REQUIRE ACUTE-CARE SERVICES IN A HOSPITAL SETTING. THESE SERVICES INCLUDE, FOR EXAMPLE, OUR LABOR AND DELIVERY UNIT, NURSING UNITS FOR GENERAL MEDICAL AND SURGICAL ISSUES, AND OUR INTENSIVE CARE UNITS (INCLUDING A PEDIATRIC ICU, A NEONATAL ICU, A SURGICAL ICU AND A MEDICAL ICU). OUTPATIENT CARE SERVICES PROVIDED TO THOSE PATIENTS WHO REQUIRE CARE, ON A WALK-IN BASIS, EITHER IN THE HOSPITAL OR IN ONE OF OUR MANY CLINIC SETTINGS. THESE INCLUDE ROUTINE PHYSICIAN VISITS, LABORATORY TESTS, CLINIC VISITS, EMERGENCY ROOM VISITS, AND MEDICAL EQUIPMENT AND SUPPLIES. PROFESSIONAL SERVICES: SERVICES DELIVERED BY MEMBERS OF THE UVM MEDICAL GROUP, OUR EMPLOYED GROUP OF PHYSICIANS. IN ADDITION TO THESE ACCOMPLISHMENTS, PROGRAM SERVICE REVENUES ARE EARNED FROM AND PROGRAM SERVICE EXPENSES ARE SPENT ON VARIOUS OTHER IMPORTANT ACTIVITIES RELATED TO THE ORGANIZATION'S TAX EXEMPT PURPOSE.

Identifier	Return Reference	Explanation
BUSINESS RELATIONSHIPS	FORM 990, PART VI, QUESTION 2	DR JOHN BRUMSTED, PRESIDENT AND CEO OF FLETCHER ALLEN HEALTH CARE(FAHC), SERVES AS THE CHAIR OF THE BOARD OF DIRECTORS OF VERMONT MANAGED CARE INDEMNITY COMPANY (VMCIC), FAHC'S CAPTIVE INSURANCE COMPANY DOMICILED IN BERMUDA, AND PRESIDENT OF FLETCHER ALLEN HEALTH VENTURES (FAHV) ROGER DESHAIES, CFO AND TREASURER OF FAHC, SERVES AS THE TREASURER AND SECRETARY OF FAHV, AND SERVES AS THE PRESIDENT OF VMCIC DR HOWARD SCHAPIRO, INTERIM PRESIDENT AND CEO OF THE UVM MEDICAL GROUP, ALSO SERVES AS THE VICE PRESIDENT FOR FAHV SANDRA FELIS, SR VP OF PATIENT CARE SERVICES/CHIEF NURSING OFFICER, ALSO SERVES AS THE VP OF VMCIC DR PAUL DANIELSON, TRUSTEE, ALSO SERVES AS A DIRECTOR AT VMCIC DR HOWARD M SCHAPIRO, INTERIM PRESIDENT & CEO OF UVM MG, ALSO SERVES AS A DIRECTOR AT VMCIC ORGANIZATION MEMBER FORM 990, PART VI, LINES 6 & 7 FLETCHER ALLEN PARTNERS (FAP) HAS POWERS TO ELECT FAHC'S BOARD OF TRUSTEES AND TO APPROVE SIGNIFICANT CORPORATE ACTIONS, INCLUDING ANNUAL OPERATING AND CAPITAL BUDGETS, STRATEGIC PLANS, THE APPOINTMENT OF THE CEP, THE INCURRENCE OF LONG-TERM INDEBTEDNESS, AND AMENDMENTS TO FAHC'S BYLAWS AND ARTICLES OF ORGANIZATION FAP IS A VERMONT NON-PROFIT CORPORATION WHICH HAS BEEN RECOGNIZED BY THE IRS AS A 501(C)(3) ORGANIZATION THAT IS NOT A PRIVATE FOUNDATION

Identifier	Return Reference	Explanation
FORM 990 REVIEW	FORM 990, PART VI, QUESTION 11B	FLETCHER ALLEN HEALTH CARE'S (FAHC) FORM 990 IS PREPARED BY A PAID PREPARER AND REVIEWED BY FAHC'S INTERNAL MANAGEMENT FOLLOWING THAT REVIEW, FAHC'S INTERNAL MANAGEMENT PRESENTS THE FORM 990 TO THE AUDIT COMMITTEE FOR REVIEW AND COMMENT THE COMPLETED FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD OF TRUSTEES PRIOR TO THE FORM BEING FILED WITH THE IRS

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, QUESTION 12	THE ORGANIZATION REGULARLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY IN ACCORDANCE WITH THE POLICY, TRUSTEES, OFFICERS, KEY EMPLOYEES AND PHYSICIANS ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE AND CERTIFICATION UPON HIRING, AT LEAST ANNUALLY, PRIOR TO PARTICIPATING IN ANY DECISION THAT MAY BE AFFECTED BY A PERSONAL INTEREST, AND WHENEVER A POTENTIALLY CONFLICTING INTEREST FIRST ARISES CONFLICT OF INTEREST DISCLOSURES AND CERTIFICATIONS MAY BE MADE ONLINE OR IN WRITING AND ARE REGULARLY REVIEWED BY THE GENERAL COUNSEL THE CONFLICT OF INTEREST POLICY IS ENFORCED BY THE OFFICE OF GENERAL COUNSEL AND OVERSEEN BY A FIVE-PERSON CONFLICT OF INTEREST COMMITTEE THE GENERAL COUNSEL REPORTS AT LEAST QUARTERLY ON CONFLICT OF INTEREST ISSUES TO THE AUDIT COMMITTEE OF THE BOARD OF TRUSTEES CONFLICTS OF INTEREST ARE MANAGED IN ACCORDANCE WITH THE POLICY, WHICH PROVIDES FOR A VARIETY OF REMEDIES TO ADDRESS CONFLICTS OF INTEREST IN ADDITION, "DISQUALIFIED PERSONS", CONSISTING OF TRUSTEES, OFFICERS AND KEY EMPLOYEES ARE SUBJECT TO SPECIAL PROCEDURES TO COMPLY WITH THE INTERMEDIATE SANCTION RULES, AS OUTLINED IN THE CONFLICT OF INTEREST POLICY

Identifier	Return Reference	Explanation
COMPENSATION DETERMINATION POLICY	FORM 990, PART VI, LINE 15A & 15B	*FLETCHER ALLEN'S COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES HIRES AN EXTERNAL INDEPENDENT CONSULTING FIRM, INTEGRATED HEALTHCARE STRATEGIES, TO ASSIST THE COMMITTEE IN ESTABLISHING THE TOTAL COMPENSATION FOR THE CEO, OFFICERS AND SENIOR MEMBERS OF THE LEADERSHIP TEAM *THE COMPENSATION COMMITTEE, AIDED BY INTEGRATED HEALTHCARE STRATEGIES, HAS ESTABLISHED A COMPENSATION PHILOSOPHY FOR THE ORGANIZATION WHICH DEFINES A PEER GROUP OF ORGANIZATIONS ACROSS THE COUNTRY AND INCLUDES ORGANIZATIONS OF SIMILAR SIZE, SCOPE, AND MANAGEMENT CHALLENGE, IT HAS ALSO ESTABLISHED THE COMPETITIVE LEVEL AT WHICH THE COMMITTEE WANTS TO COMPENSATE FLETCHER ALLEN EXECUTIVES COMPARED TO THE PEER GROUP ORGANIZATIONS *THE TOTAL COMPENSATION PLAN FOR THE EXECUTIVE STAFF INCLUDES APPROPRIATE SALARY RANGES FOR BASE SALARY ADMINISTRATION, ANNUAL AND LONG-TERM, PERFORMANCE-BASED INCENTIVE PROGRAMS AND EXECUTIVE LEVEL BENEFITS *THE CEO'S TOTAL COMPENSATION IS REVIEWED ANNUALLY, IN CONJUNCTION WITH THE ANNUAL PERFORMANCE EVALUATION, BY THE COMPENSATION COMMITTEE WITH FINAL APPROVAL MADE BY THE BOARD OF TRUSTEES TOTAL COMPENSATION FOR OTHER MEMBERS OF THE EXECUTIVE STAFF IS ESTABLISHED BY THE CEO, WITHIN THE PLANS APPROVED BY THE COMMITTEE, AND REVIEWED BY THE COMPENSATION COMMITTEE ANNUALLY *THE COMMITTEE DETERMINES PERFORMANCE INDICATORS FOR THE INCENTIVE PLANS EACH YEAR IN ADDITION, THE COMMITTEE REVIEWS THE TOTAL COMPENSATION PLAN PERIODICALLY AND MAKES ANY RECOMMENDATIONS FOR CHANGE AS NEEDED ALL DECISIONS OF THE COMMITTEE ARE DOCUMENTED IN MINUTES APPROVED BY THE MEMBERS OF THE COMMITTEE *INTEGRATED HEALTHCARE STRATEGIES BENCHMARKS AND ANALYZES THE TOTAL COMPENSATION FOR THESE EMPLOYEES USING PROPRIETARY HEALTH CARE EXECUTIVE COMPENSATION SURVEYS AND OTHER COMPARATIVE MARKET PAY DATA TO ENSURE THAT THIS COMPENSATION IS COMPETITIVE, EQUITABLE AND MEETS ALL REASONABLENESS STANDARDS DUE TO THE COMPLEXITY OF THIS REVIEW, CALENDAR YEAR ENDS ARE SOMETIMES SPANNED AND THE PROCESS DOES NOT COME TO CLOSURE EACH AND EVERY FISCAL YEAR THE MOST RECENT PROCESS BEGAN IN FY13 AND ENDED IN FY14 *INTEGRATED HEALTHCARE STRATEGIES CONDUCTS REASONABLENESS TESTING TO ENSURE THAT THE COMPENSATION PAID TO THESE EMPLOYEES IS CONSISTENT WITH BOARD POLICIES AND IRS REGULATIONS

Identifier	Return Reference	Explanation
DOCUMENT DISCLOSURE	FORM 990, PART VI, QUESTION 19	GOVERNANCE DOCUMENTS CONSIST OF THE ORGANIZATION'S ARTICLES OF INCORPORATION AND BYLAWS THE ARTICLES OF INCORPORATION ARE FILED WITH THE VERMONT SECRETARY OF STATE AND ARE PUBLICLY AVAILABLE THROUGH THAT OFFICE THE BYLAWS ARE NOT PUBLICLY POSTED, BUT WOULD BE FURNISHED TO ANY MEMBER OF THE PUBLIC WHO REQUESTED ONE THE CONFLICT OF INTEREST POLICY IS NOT PUBLICLY POSTED, BUT WOULD BE FURNISHED TO ANY MEMBER OF THE PUBLIC WHO REQUESTED ONE WITH THE ENACTMENT OF VERMONT'S ACT 48 IN MAY 2011, THE GREEN MOUNTAIN CARE BOARD (GMCB) BECAME THE REGULATORY BODY OVERSEEING HOSPITALS IN THE STATE OF VERMONT AS A RESULT, THE BUDGET FOR FLETCHER ALLEN IS SUBJECT TO REVIEW BY THE GMCB ON AN ANNUAL BASIS ONGOING DISCLOSURE OF OPERATING RESULTS IS ALSO REQUIRED AND FLETCHER ALLEN SUBMITS ITS FINANCIAL STATEMENTS REGULARLY THROUGHOUT THE YEAR FLETCHER ALLEN ALSO REGULARLY DISCLOSES ITS FINANCIAL RESULTS ON ITS WEBSITE AND SUBMITS PRESS RELEASES RELATING TO PERFORMANCE ON A REGULAR BASIS TO LOCAL NEWS ORGANIZATIONS THE ANNUAL EXTERNAL AUDIT REPORT IS ALSO POSTED ON THE WEB SITE AND IS ATTACHED TO THE CURRENT YEAR'S FORM 990

Identifier	Return Reference	Explanation
RECONCILIATION OF NET ASSETS		FORM 990, PART XI, LINE 9 PENSION ADJUSTMENT \$11,609,000 NET ASSETS RELEASED FROM RESTRICTIONS (\$2,702,918) CHANGE IN BENEFICIAL TRUSTS \$505,969 ----- TOTAL OTHER CHANGES IN NET ASSETS \$9,412,051

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
Fletcher Allen Health Care Inc

Employer identification number
03-0219309

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) FLETCHER ALLEN SKILLED NURSING LLC 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	HOLDING CO	VT	943,000	4,356,000	FAHC
(2) FLETCHER ALLEN COORDINATED TRANSPORT 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	AMBULANCE SVC	VT	1,049,000	2,604,000	FAHC
(3) FLETCHER ALLEN EXECUTIVE SERVICES 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0219309	EXEC STAFFING	VT	224,000	100,000	FAHC
(4) 116 REALTY LLC 111 COLCHESTER AVENUE BURLINGTON, VT 05401 46-1594847	REALTY	VT	127,000	18,000	FAHC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

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) Disproporionate 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	
(1) OneCare Vermont Accountable Care Organiz 111 Colchester Avenue Burlington, VT 05401 45-5399218	Accountable Care	VT	NA	RELATED	0	25,000		No	0	Yes		50 000 %
(2) ADIRONDACKS ACO LLC 75 BEEKMAN STREET PLATTSBURGH, NY 12901 46-2840926	ACCOUNTABLE CARE	NY	NA	N/A								

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
See Additional Data Table									

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a Yes

1b No

1c Yes

1d No

1e No

1f No

1g No

1h No

1i Yes

1j Yes

1k Yes

1l Yes

1m Yes

1n Yes

1o Yes

1p Yes

1q Yes

1r Yes

1s Yes

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

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

Schedule R (Form 990) 2012

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

[illegible]

Software ID:

Software Version:

EIN: 03-0219309

Name: Fletcher Allen Health Care 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
SCHEDULE R, PART IV, LINE 6		FAHC HAS BENEFICIAL INTEREST IN 4 OF THESE TRUSTS CVMC HAS BENEFICIAL INTEREST IN 3 OF THESE TRUSTS SCHEDULE R, PART V FLETCHER ALLEN HEALTH CARE LEASES AND SHARES FACILITIES, EQUIPMENT, AND OTHER ASSETS WITH ITS RELATED ORGANIZATIONS THE VALUE OF THESE TRANSACTIONS IS INDETERMINABLE

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
FLETCHER ALLEN HEALTH VENTURES 111 COLCHESTER AVENUE BURLINGTON, VT 05401 04-3380045	HOLDING COMPANY	VT	FAHC	C CORP	109,858,866	29,514,021	100 000 %	Yes	
VMC INDEMNITY COMPANY LTD	CAPTIVE INSURANCE	BD	FAHC	C CORP	10,237,541	39,846,423	100 000 %	Yes	
VERMONT MANAGED CARE 111 COLCHESTER AVENUE BURLINGTON, VT 05401 03-0333056	MANAGED CARE	VT	FAHV	C CORP				Yes	
CHARITABLE REMAINDER TRUST (3)	SUPPORT	VT	FAHC	TRUST				Yes	
PERPETUAL TRUST (3)	SUPPORT	VT	FAHC	TRUST				Yes	
CHARITABLE IRREVOCABLE TRUST (7)	SUPPORT	VT	FAHCCVMC	TRUST				Yes	
CHAMPLAIN VALLEY HEALTH NETWORK 75 BEEKMAN STREET PLATTSBURGH, NY 12901 16-1586102	ADMIN SERVICES	NY	NA	C CORP				Yes	
MEDIQUEST INC PO BOX 1656 PLATTSBURGH, NY 12901 14-1663061	MED OFFICE LEASE	NY	NA	C CORP				Yes	

--> **Form 990, Schedule R, Part V - Transactions With Related Organizations**

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
CENTRAL VERMONT MEDICAL CENTER	A	287,016	FMV
CENTRAL VERMONT MEDICAL CENTER	I,K,L	709,816	FMV
FLETCHER ALLEN MEDICAL GROUP	L	99,996	COST
FLETCHER ALLEN MEDICAL GROUP	P	91,749	COST
UNIVERSITY OF VERMONT MEDICAL GROUP	P	119,733,785	FMV
VMC INDEMNITY COMPANY	R,Q	7,464,717	FMV
UNIVERSITY HEALTH CENTER	C	980,515	COST
VERMONT MANAGED CAREINC	L	437,128	COST
VERMONT MANAGED CAREINC	M,P	4,664,009	COST
VERMONT MANAGED CAREINC	Q	3,051,328	COST
VERMONT MANAGED CAREINC	S	13,963,175	COST
OneCare Vermont Accountable Care orgLLC	C	25,000	COST
UMEA	Q	9,651,208	COST

Fletcher Allen Partners, Inc. and Subsidiaries

**Consolidated Financial Statements
September 30, 2013 and 2012**

Fletcher Allen Partners, Inc. and Subsidiaries

Index

September 30, 2013 and 2012

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Independent Auditor's Report

To the Board of Trustees of
Fletcher Allen Partners, Inc

We have audited the accompanying consolidated financial statements of Fletcher Allen Partners, Inc and its Subsidiaries (the "Organization"), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We did not audit the 2013 combined financial statements of Community Providers Inc and Affiliates, a subsidiary whose sole member is Fletcher Allen Partners, Inc, which statements reflect total assets constituting 16% of consolidated total assets at September 30, 2013 and total revenues constituting 16% of consolidated total revenues for the year then ended. Those statements as of September 30, 2013 and for the nine months then ended were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Community Providers Inc and Affiliates, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design



audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fletcher Allen Partners, Inc. and its Subsidiaries as of September 30, 2013 and 2012, and the results of their operations, their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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

PricewaterhouseCoopers LLP

February 7, 2014

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidated Balance Sheets
September 30, 2013 and 2012

<i>(in thousands)</i>	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 248,852	\$ 173,865
Patient and other trade accounts receivable - net of allowance for doubtful accounts of \$34,150 and \$26,572, respectively	175,792	132,939
Inventories	29,654	23,861
Current portion of assets whose use is limited or restricted	20,845	13,132
Receivables from third-party payers	4,951	6,140
Prepaid, other current assets, and short-term investments	55,831	27,088
Total current assets	<u>535,925</u>	<u>377,025</u>
Assets whose use is limited or restricted		
Board-designated assets	317,715	294,100
Assets held by trustee under bond indenture agreements	26,013	31,228
Restricted assets	39,006	37,319
Donor-restricted assets for specific purposes	28,708	25,351
Donor-restricted assets for permanent endowment	29,775	29,165
Total assets whose use is limited or restricted	<u>441,217</u>	<u>417,163</u>
Property and equipment, net	608,519	471,064
Other	28,909	28,938
Total assets	<u>\$ 1,614,570</u>	<u>\$ 1,294,190</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 27,688	\$ 13,489
Accounts payable	23,413	25,671
Accrued expenses and other liabilities	83,878	50,807
Accrued payroll and related benefits	90,903	72,253
Third-party payer settlements	20,926	16,916
Current portion of incurred but not reported claims	31,991	24,631
Total current liabilities	<u>278,799</u>	<u>203,767</u>
Long-term liabilities		
Long-term debt, net of current portion	470,721	401,833
Malpractice and workers' compensation claims, net of current portion	23,753	28,982
Pension and other postretirement benefit obligations	66,300	81,582
Other	29,457	21,248
Total long-term liabilities	<u>590,231</u>	<u>533,645</u>
Total liabilities	<u>869,030</u>	<u>737,412</u>
Net assets		
Unrestricted	681,708	500,374
Temporarily restricted	32,500	27,239
Permanently restricted	31,332	29,165
Total net assets	<u>745,540</u>	<u>556,778</u>
Total liabilities and net assets	<u>\$ 1,614,570</u>	<u>\$ 1,294,190</u>

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

Fletcher Allen Partners, Inc. and Subsidiaries
Consolidated Statements of Operations
Years Ended September 30, 2013 and 2012

<i>(in thousands)</i>	2013	2012
Unrestricted revenue and other support		
Net patient service revenue	\$ 1,297,512	\$ 1,037,259
Less Provision for bad debts	<u>(37,524)</u>	<u>(35,856)</u>
Net patient service revenue after provision for bad debts	1,259,988	1,001,403
Enhanced Medicaid Graduate Medical Education revenues-Hospital	18,582	-
Enhanced Medicaid Graduate Medical Education revenues-Professional	<u>48,639</u>	<u>-</u>
Net patient service revenue after provision for bad debts and enhanced Medicaid Graduate Medical Education revenues	1,327,209	1,001,403
Premium revenue	120,303	106,904
Other revenue	<u>55,118</u>	<u>36,242</u>
Total unrestricted revenue and other support	<u>1,502,630</u>	<u>1,144,549</u>
Expenses		
Salaries, payroll taxes, and fringe benefits	845,394	665,704
Supplies and other	389,719	264,803
Purchased services	59,844	45,660
Depreciation and amortization	70,338	57,104
Interest expense	21,332	19,951
Underwriting expenses	12,025	14,652
Medical claims	<u>60,197</u>	<u>47,609</u>
Total expenses	<u>1,458,849</u>	<u>1,115,483</u>
Income from operations	<u>43,781</u>	<u>29,066</u>
Nonoperating gains (losses)		
Investment income	38,297	21,668
Change in fair value of interest rate swaps	9,450	(1,266)
Loss on extinguishment of debt	(1,142)	(2,834)
Contribution revenue from acquisition	45,479	52,453
Other	<u>6,498</u>	<u>5,885</u>
Total nonoperating gains	<u>98,582</u>	<u>75,906</u>
Excess of revenue over expenses	142,363	104,972
Net (decrease) increase in unrealized gains on investments	(20,805)	30,945
Net assets released from restrictions for capital purchases	7,195	334
Pension related adjustments	<u>52,581</u>	<u>(18,343)</u>
Increase in unrestricted net assets	<u>\$ 181,334</u>	<u>\$ 117,908</u>

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

Fletcher Allen Partners, Inc. and Subsidiaries
Statements of Changes in Net Assets
Years Ended September 30, 2013 and 2012

<i>(in thousands)</i>	2013	2012
Unrestricted net assets		
Excess of revenue over expenses	\$ 142,363	\$ 104,972
Net (decrease) increase in unrealized gains on investments	(20,805)	30,945
Net assets released from restrictions for capital purchases	7,195	334
Pension related adjustments	52,581	(18,343)
Increase in unrestricted net assets	<u>181,334</u>	<u>117,908</u>
Temporarily restricted net assets		
Gifts, grants, and bequests	9,773	2,908
Investment income	192	180
Net increase in unrealized gains on investments	1,197	3,099
Net realized gains on investments	1,728	617
Net assets released from restrictions used in operations	(2,209)	(1,522)
Net assets released from restrictions used for nonoperating purposes	(1,150)	(306)
Net assets released from restrictions used for capital purchases	(7,195)	(334)
Transfer of net assets	(29)	(64)
Contribution of temporarily restricted net assets from acquisition	2,954	6,035
Increase in temporarily restricted net assets	<u>5,261</u>	<u>10,613</u>
Permanently restricted net assets		
Gifts, grants, and bequests	75	67
Change in beneficial interest in perpetual trusts	506	941
Transfer of net assets	29	64
Contribution of permanently restricted net assets from acquisition	1,557	3,101
Increase in permanently restricted net assets	<u>2,167</u>	<u>4,173</u>
Increase in net assets	188,762	132,694
Net assets		
Beginning of year	<u>556,778</u>	<u>424,084</u>
End of year	<u>\$ 745,540</u>	<u>\$ 556,778</u>

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

Fletcher Allen Partners, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended September 30, 2013 and 2012

(in thousands)

	2013	2012
Cash flows from operating activities		
Increase in net assets	\$ 188,762	\$ 132,694
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	70,338	57,104
Contribution revenue from acquisition	(49,990)	(61,589)
Provision for bad debts	37,524	35,856
Contributions restricted for long-term use	(5,478)	(67)
Pension related adjustments	(52,581)	18,343
Loss on extinguishment of debt	1,142	2,834
Gain on disposal of property and equipment	(264)	(218)
Change in fair value of interest rate swaps	(9,450)	1,266
Net realized and change in unrealized gains on investments	(13,301)	(48,943)
Undistributed losses (gains) of affiliated companies	1,293	(226)
Change in beneficial interest in perpetual trusts	(506)	(941)
Changes in operating assets and liabilities		
Increase in patient and other accounts receivable	(39,878)	(28,747)
Increase in other current and noncurrent assets	(3,584)	(5,607)
Decrease (increase) in estimated receivables from third-party payers	1,189	(901)
Increase in accounts payable and accrued expenses	17,249	16,843
Increase in accrued payroll and related expenses	5,658	7,743
(Decrease) increase in other current and noncurrent liabilities	(8,668)	11,289
Decrease in estimated settlements with third-party settlements	(6,434)	(3,580)
Decrease in pension and other postretirement benefit obligations	(10,559)	(7,398)
Net cash provided by operating activities	<u>122,462</u>	<u>125,755</u>
Cash flows from investing activities		
Purchases of property and equipment	(83,848)	(39,488)
Purchase of investments	(295,904)	(213,760)
Proceeds from sale of investments	314,003	201,683
Proceeds from sale of affiliated company	397	397
Cash received through acquisition	30,073	7,336
Net cash used in investing activities	<u>(35,279)</u>	<u>(43,832)</u>
Cash flows from financing activities		
Contributions restricted for long-term use	5,478	67
Proceeds from debt issuance	36,419	67,559
Payment of long-term debt	(53,843)	(85,438)
Debt issuance costs	(250)	(547)
Net cash used in financing activities	<u>(12,196)</u>	<u>(18,359)</u>
Net increase in cash and cash equivalents	74,987	63,564
Cash and cash equivalents		
Beginning of year	173,865	110,301
End of year	<u>\$ 248,852</u>	<u>\$ 173,865</u>
Supplemental cash flow information		
Cash paid during the year for interest	\$ 21,233	\$ 19,459
Capital expenditures included in accounts payable	4,765	3,460
Increase in fair value of assets acquired	2,634	5,390
Assets acquired under capital lease	-	571
Noncash increase in other current assets and long term debt associated with debt issuance	9,903	-

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

Fletcher Allen Partners, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

1. Organization

Fletcher Allen Partners, Inc. ("FAP"), established as of October 1, 2011, is a non-profit, tax-exempt Vermont corporation and the sole corporate member of Fletcher Allen Health Care, Inc., Central Vermont Medical Center, Inc., and Community Providers, Inc. FAP became the sole corporate member of Fletcher Allen Health Care, Inc. and Central Vermont Medical Center, Inc. on October 1, 2011, and Community Providers, Inc. on January 1, 2013. FAP's purpose is to establish an integrated regional health care system for the development of a highly coordinated health care network to improve the quality, increase the efficiencies, and lower the costs of health care delivery in the regions it serves.

Fletcher Allen Health Care, Inc. ("FAHC") is a tertiary care teaching hospital that, in affiliation with The University of Vermont ("UVM"), serves as Vermont's Academic Medical Center. As a regional referral center, FAHC provides advanced level care throughout Vermont and Northern New York, with a full time emergency department which is also certified as a Level 1 Trauma Center. It is FAHC's mission to improve the health of the people in the communities that it serves by integrating patient care, education, and research in a caring environment. As a charitable organization, FAHC lives its mission through a number of community benefit programs, many done in collaborative partnership with other community based organizations. These include, but are not limited to, community wellness programs, education, direct grants, free access to a community health resource center, direct financial assistance to patients, and other subsidized programs.

FAHC is the sole member of the following subsidiaries: Fletcher Allen Health Ventures, Inc. ("FAHV"), University of Vermont Medical Group ("UVM Medical Group"), Fletcher Allen Coordinated Transport, LLC ("FACT"), Fletcher Allen Skilled Nursing Care, LLC ("FASN"), Fletcher Allen Health Care Foundation, Inc. ("FAHC Foundation"), Fletcher Allen Executive Services, LLC ("FAES"), and VMC Indemnity Company Ltd. ("VMCIC"). Vermont Managed Care, Inc. ("VMC") is a wholly owned subsidiary of FAHV. The following entities are partly owned or controlled by FAHC: Medical Education Center Condominium Association, Inc., OB Net Services, LLC, Copley Woodlands, Inc., Fletcher Allen Medical Group, PLLC ("FAMG"), and OneCare Vermont Accountable Care Organization, LLC ("OCV").

Central Vermont Medical Center, Inc. ("CVMC") provides health care services under three distinct business units: Central Vermont Hospital, Woodridge Rehabilitation and Nursing ("Woodridge"), and Central Vermont Medical Group Practice. CVMC works collaboratively to meet the needs and improve the health of the residents of central Vermont. CVMC's hospital provides 24-hour emergency care and has a full spectrum of inpatient and outpatient services.

Community Providers, Inc. ("CPI") is incorporated as a not-for-profit corporation under the laws of the state of New York. CPI's primary purpose is to develop and coordinate a community and regionally focused healthcare system that provides appropriate, cost-effective care, emphasizing wellness and prevention, and promising both public and patient education.

CPI includes Champlain Valley Physician Hospital Medical Center ("CVPH"), Mediquist Corp. ("Mediquist"), Emergency Medical Transport of CVPH, Inc. ("EMT"), Champlain Valley Health Network, Inc. ("CVHN"), and Elizabethtown Community Hospital ("ECH"). CVPH is the sole member of the CVPH Medical Center Foundation, Champlain Valley Open MRI, LLC, and Valcour Imaging, Inc.

Fletcher Allen Partners, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of FAP and its subsidiaries for which it serves as the sole corporate member. All significant intercompany balances and transactions have been eliminated in consolidation. The assets of members of the consolidated group may not be available to meet the obligations of another member of the group.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowances for doubtful accounts and contractual allowances, receivables and accruals for estimated settlements with third-party payers, contingencies, self-insurance program liabilities, accrued medical claims, pension and postretirement costs, and the valuation of investments and interest rate swaps. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less when purchased, excluding amounts classified as assets whose use is limited or restricted.

Most of FAP's banking activity, including cash and cash equivalents, is maintained with several national banks and from time to time cash deposits exceed federal insurance limits. It is FAP's policy to monitor these banks' financial strength on an ongoing basis.

Inventories

Inventories are stated using the lesser of average cost or fair value.

Prepaid and Other Current Assets

Prepaid and other current assets include miscellaneous nonpatient receivables and prepaid expenses primarily related to software maintenance and other contracts. The carrying value of prepaid and other current assets is reviewed if the facts and circumstances suggest that it may be impaired.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted primarily include board-designated assets, assets held by trustees under indenture agreements, donor-restricted assets, and restricted assets which are held for insurance-related liabilities. Board-designated assets may be used at the Board's discretion. A significant portion of the assets are made up of investments.

Fletcher Allen Partners, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Investments and Investment Income

Investments in equity securities, mutual funds, and common collective trusts with readily determinable fair market values and all investments in debt securities are recorded at fair value. Investment income or loss (including realized gains and losses on investments, interest, and dividends), to the extent not capitalized, is included in nonoperating gains (losses), unless the income or gain (loss) is restricted by donor or law. Realized gains or losses on the sale of investments are determined by use of average costs. Unrealized gains and losses on investments carried at fair value are excluded from the excess of revenue over expenses and reported as an increase or decrease in net assets. Declines in fair value that are judged to be other-than-temporary are reported as realized losses.

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

FAP reviews its investments to identify those for which fair value is below cost. FAP then makes a determination as to whether the investment should be considered other-than-temporarily impaired. FAP recognized \$1,047,000 and \$778,000 in losses related to declines in value that were other-than-temporary in nature in the years ended September 30, 2013 and 2012, respectively.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, in the case of gifts, at fair market value at the date of the gift. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements.

Depreciation is calculated using the following estimated useful lives:

Land improvements	15 – 25 years
Building and improvements	7 – 40 years
Fixed equipment	5 – 20 years
Major moveable equipment	2 – 20 years

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

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell.

Fletcher Allen Partners, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets, net of investment income on borrowed assets held by trustees, is capitalized as a component of the cost of acquiring those assets. Approximately \$358,000 and \$339,000 of interest was capitalized during the years ended September 30, 2013 and 2012, respectively. Net deferred financing costs totaled \$13,956,000 and \$13,150,000 at September 30, 2013 and 2012, respectively. Such amounts are reported within other assets and are amortized over the period the related obligations are outstanding using the effective interest method. Accumulated amortization of deferred financing costs totaled \$8,290,000 and \$9,746,000 at September 30, 2013 and 2012, respectively.

Temporarily and Permanently Restricted Net Assets

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

Consolidated Statement of Operations

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as unrestricted revenue and other support and expenses. Peripheral or incidental transactions are reported as nonoperating gains (losses).

Excess of Revenue Over Expenses

The consolidated statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets which are excluded from the excess of revenue over expenses, consistent with industry practice, primarily include unrealized gains and losses on investments (other than those on which other-than-temporary losses are recognized), contributions of long-lived assets (including assets acquired using contributions restricted by donors for acquiring such assets), and pension related adjustments.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursement are subject to negotiation, audit, and/or final determination by the third-party payers. In addition, laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Differences between amounts previously estimated for retroactive adjustments and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known. Changes in prior-year estimates increased net patient service revenue by approximately \$3,202,000 and \$12,723,000 in the years ended September 30, 2013 and 2012, respectively.

Fletcher Allen Partners, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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

Medicare

Inpatient acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient rehabilitation services are paid based on a prospective per discharge methodology. These rates vary according to a patient classification system based upon services provided, the patient's level of functionality and other factors. Outpatient services are paid based upon a prospective standard rate for procedures performed or services rendered. FAP is reimbursed for cost-reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by FAP and audits thereof by the Medicare Audit Contractor ("MAC"). Medicare reimbursement for professional billings is determined by a standard fee schedule that is determined by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services. The percentage of net patient service revenue derived from the Medicare program was approximately 31% and 28% in the years ended September 30, 2013 and 2012, respectively.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. As with Medicare, reimbursement is based on a diagnosis-related group ("DRG") system that is based on clinical, diagnostic, and other factors. For inpatient rehabilitation and neonatal cases, additional reimbursement is paid through a per diem add-on. For inpatient psychiatric cases, reimbursement is based on a per diem rate calculation, including adjustments for diagnostic factors and length of stay. Outpatient services rendered to Medicaid beneficiaries are paid based upon a prospective standard rate. Certain laboratory, mammography, therapy, and dialysis services are paid on a fee schedule. Medicaid reimbursement for professional services is determined by a standard fee schedule. The Medicaid program accounts for approximately 11% of FAP's net revenue in each of the years ended September 30, 2013 and 2012.

Managed Care and Commercial Insurers

Services rendered to patients with commercial insurance are generally reimbursed at standard charges, less a negotiated discount or according to DRG or negotiated fee schedules. Approximately 44% and 46% of FAP's net revenues were derived from contracted insurers in the years ended September 30, 2013 and 2012, respectively. Approximately 9% of FAP's net revenues were derived from noncontracted insurers in each of the years ended September 30, 2013 and 2012.

VMC negotiates contracts with insurers and other payers for the provision of health care services through participating providers associated with its network. As a result, VMC is currently managing and/or has entered into contracts with managed care plans on behalf of FAP and its network providers. Under the terms of these agreements, VMC provides managed care services to subscribers of the managed care plans who select VMC as their primary health plan provider. Payments to FAP from VMC for services on behalf of respective managed care plan subscribers are based on a discounted fee for service or a predetermined fee schedule.

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VMC has agreements with various Health Maintenance Organizations ("HMO") to provide medical services to subscribing participants. Under these agreements, VMC receives monthly capitation payments based on the number of each HMO's participants regardless of services actually performed. These revenues are subsequently disbursed to participating providers based on both discounted fee for service schedules and predetermined payment rates. Participating providers share a limited degree of risk through a set withhold that is only paid if cost and utilization targets are met.

Enhanced Medicaid Graduate Medical Education Revenues (Hospital and Professional)

Under an Amendment to the Vermont State Medicaid Plan TN#11-019 (the "State Plan Amendment"), FAHC received increased Vermont Medicaid payments to support graduate medical education ("GME") during fiscal year 2013. The State Plan Amendment was approved by the Centers for Medicare and Medicaid Services in May 2013 with an effective date of July 1, 2011, the date of submission by the State's Department of Vermont Health Access. The State Plan Amendment provided for enhanced Medicaid payments of GME through two funding mechanisms: (1) payments to "qualified teaching hospitals" and (2) payments to "qualified teaching physicians." Under the definitions contained in the State Plan Amendment, FAHC is a qualified teaching hospital and physicians employed by UVM Medical Group are qualified teaching physicians.

The nonfederal source of these payments was provided by payments from the University of Vermont ("UVM") from its governmental appropriations from the State of Vermont ("the State"). UVM has entered into a contract with the State to provide annual amounts during the State's fiscal year as the nonfederal share of GME payments for that year. FAHC expects that UVM will enter into similar contracts for subsequent years, though there is no assurance of this. FAHC entered into a contract with the State, by which FAHC agrees to assess and monitor program benefits to Medicaid beneficiaries and to report to the State annually on its performance on certain quality measures and improvement focus areas for Medicaid beneficiaries pertaining to FAHC's GME programs, and the State agrees to provide GME payments to FAHC during the State fiscal year. FAHC expects to enter into similar contracts with the State for future years, but these are subject to continued funding by UVM of the nonfederal source. The State, FAHC and UVM have also entered into a Memorandum of Understanding ("MOU"), dated June 10, 2013 that describes the State Plan Amendment and these funding arrangements.

In June 2013, FAHC received GME funding from the State under the State Plan Amendment totaling \$67.2 million, of which approximately \$59.6 million had been collected and \$7.6 million remained outstanding at September 30, 2013. The \$67.2 million includes reimbursement to FAHC as a qualified teaching hospital in an amount of \$18.6 million and reimbursement to the UVM Medical Group as qualified teaching physicians in an amount of \$48.6 million. Of the \$67.2 million recorded in 2013, \$37.2 million was for prior fiscal years, covering the period since the effective date of the State Plan Amendment. Under the MOU, both UVM and the State retain the right to discontinue GME payments at any time in the future.

Premium Revenue

VMC has agreements with various insurers to provide medical services through its provider network to subscribing participants. Under these agreements, VMC receives monthly capitation payments based on the number of each insurer's participants, regardless of services actually performed by VMC's network of providers.

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Other Revenue

Other revenue consists primarily of research revenue, sales of pharmaceuticals and related products, cafeteria sales, meaningful use revenue under governmental Electronic Health Records Incentive programs, parking garage income, net assets released from restrictions used for operations, and rental income

Research Grants and Contracts

Revenue related to research grants and contracts is recognized as the related costs are incurred. Research grants and contracts are accounted for as exchange transactions. Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and are included within accrued expenses. Amounts expended in advance of the receipt of funding are included within patient and other trade accounts receivable.

Reserves for Outstanding Losses and Loss-Related Expenses for Malpractice and Workers' Compensation Claims

The liabilities for outstanding losses and loss-related expenses and the related provision for losses and loss-related expenses include estimates for malpractice losses incurred but not reported, losses pending settlement, as well as for workers' compensation claims and underwriting expenses. Such liabilities are necessarily based on estimates and, while management believes the amounts provided are adequate, the ultimate liabilities may be in excess of or less than the amounts provided. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The methods for making such estimates and the resulting liabilities are actuarially reviewed on an annual basis and any adjustments required are reflected in current operations.

Income Taxes

FAP, FAHC, CVMC, UVM Medical Group, FAMG, FAHC Foundation, CVPH, EMT, ECH and CPI are incorporated and recognized by the Internal Revenue Service ("IRS") as tax-exempt under Section 501(c) (3) of the Internal Revenue Code (the "Code"). Accordingly, the IRS has determined that FAP, FAHC, CVMC, UVM Medical Group, FAMG, FAHC Foundation, CVPH, EMT, ECH and CPI are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. FACT, FAES and FASN are single-member limited liability corporations. As such, for tax purposes, FACT, FAES, and FASN are treated as divisions of FAHC. OCV is a limited liability company taxed as a partnership. Earnings and losses are passed through to the owners, both of which are tax-exempt, and are treated in the same manner for tax purposes. No provision for federal income taxes has been recorded in the accompanying consolidated financial statements for these organizations.

FAHV, VMC, Mediquist and CVHN are for-profit subsidiaries subject to federal and state taxation. The tax provisions and related tax assets and liabilities for these entities are not material to the consolidated financial statements.

FAP accounts for recognition and measurement of uncertain tax positions in accordance with ASC 740. No provision for uncertain tax positions is recorded in the accompanying consolidated financial statements.

VMCIC is currently not a taxable entity under the provisions of the territory of Bermuda and, accordingly, no provision for taxes has been recorded by VMCIC. In the event that such taxes are levied, VMCIC has received an undertaking from the Bermuda Government exempting it from all such taxes until March 31, 2035.

Fletcher Allen Partners, Inc. and Subsidiaries

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Asset Retirement Obligations

FAP recognizes a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation is factored into the measurement of the liability when sufficient information exists. The types of asset retirement obligations that FAP considers are those for which it has a legal obligation to perform an asset retirement activity, however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within its control. The fair value of a liability for the legal obligation associated with an asset retirement is recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized.

The estimated future undiscounted value of the asset retirement obligation is approximately \$2,796,000 and \$1,272,000 at September 30, 2013 and 2012, respectively, substantially all of which relates to the estimated costs to remove asbestos that is contained within FAP's facilities. The initial asset retirement obligation was calculated using a discount rate of 4.5%-6.0%. The recorded asset retirement obligation at September 30, 2013 and 2012 was approximately \$1,616,000 and \$1,082,000, respectively.

Defined Benefit Pension and Other Postretirement Benefit Plans

FAP recognizes the overfunded or underfunded status of its defined benefit pension and other postretirement benefit plans (collectively, "postretirement benefit plans") in the balance sheet. Changes in the funded status of the plans are reported in the year in which the changes occur as a change in unrestricted net assets presented below the excess of revenue over expenses in the consolidated statements of operations and changes in net assets.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as an "exit price"). A fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. In determining fair value, the use of various valuation approaches, including market, income, and cost approaches, is permitted.

GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

FAP uses the following fair value hierarchy to present its fair value disclosures:

- | | |
|---------|---|
| Level 1 | Quoted (unadjusted) prices for identical assets or liabilities in active markets. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. |
| Level 2 | Other observable inputs, either directly or indirectly, including <ul style="list-style-type: none">• Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time) |

Fletcher Allen Partners, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 Unobservable inputs that cannot be corroborated by observable market data

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value

Mutual Funds

The fair values of mutual funds are based on quoted market prices for identical assets in active markets

Money Market Funds

The fair values of money market funds are based on quoted market prices

Bonds and Notes

The estimated fair values of debt securities are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices. The marketable debt securities classified as Level 2 were classified as such due to the usage of observable market prices for similar securities that are traded in less active markets or when observable market prices for identical securities are not available. Marketable debt instruments are priced using nonbinding market consensus prices that are corroborated with observable market data, quoted market prices for similar instruments, or pricing models, such as a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data. These Level 2 debt securities primarily include corporate bonds, notes and other debt securities.

Common Collective Trusts and Hedge Funds

The estimated fair values of common collective trusts and hedge funds are determined based upon the net asset value ("NAV") provided by the fund managers and assessed for reasonableness by management. Such information is generally based on the pro-rata interest in the net assets of the underlying investments within the fund. There are no unfunded commitments or liquidity restrictions related to these common collective trusts at September 30, 2013. FAP is able to redeem its investment in hedge funds on a calendar quarter basis after providing 90 days notice.

Beneficial Interest in Perpetual Trusts

The estimated fair values of FAP's beneficial interests in perpetual trusts are determined based upon information provided by the trustees and assessed for reasonableness by management. Such information is generally based on the pro-rata interest in the net assets of the underlying investments within the trust, which approximates fair value.

Interest Rate Swap Agreements

Interest rate swap agreements are valued at the present value of the estimated series of cash flows resulting from the exchange of fixed rate payments for floating rate payments from the counterparty over the remaining life of the contract from the balance sheet date. Each floating rate payment is calculated based on forward market rates at the valuation date for each respective payment date. The valuation based on the estimated series of cash flows is obtained from third parties and assessed by management for reasonableness. Because the inputs used to value the contract can generally be corroborated by market data, the fair value is categorized as Level 2.

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3. Community Providers, Inc. Affiliation

On January 1, 2013, FAP and CPI entered into an affiliation agreement whereby FAP became the sole member of CPI. In accordance with applicable accounting guidance on not-for-profit mergers and acquisitions, FAP recorded contribution income of \$49,990,000 reflecting the fair value of the contributed net assets of CPI on the transaction date. Of this amount, \$45,479,000 represents unrestricted net assets and is included as a nonoperating gain in the accompanying consolidated statement of operations. Temporarily restricted net assets and permanently restricted net assets of \$2,954,000 and \$1,557,000, respectively, were recorded as restricted contribution income in the accompanying consolidated statement of changes in net assets.

The consolidated statement of operations reflects the activity of CPI from the date of the transaction (January 1, 2013) to September 30, 2013. No consideration was exchanged for the net assets contributed. The fair value of assets, liabilities, and net assets contributed by CPI at January 1, 2013 were as follows:

(in thousands)

Assets

Cash and cash equivalents	\$	30,073
Assets limited as to use and investments		40,898
Patient accounts receivable, net		45,207
Property plant and equipment		122,376
Other assets		14,313
Total assets acquired	\$	<u>252,867</u>

Liabilities

Accounts payable and accrued expenses	\$	25,612
Estimated amounts due to third party payers		10,444
Long-term debt and interest rate swaps		102,675
Accrued pension and post-retirement benefits		47,858
Other liabilities		16,288
Total liabilities assumed		<u>202,877</u>

Net Assets

Unrestricted		45,479
Temporary restricted		2,954
Permanently restricted		1,557
Total net assets		<u>49,990</u>
	\$	<u>252,867</u>

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A summary of the financial results of CPI included in the consolidated statement of operations for the period from the date of acquisition, January 1, 2013, through September 30, 2013 is as follows

(in thousands)

Total operating revenues	\$ 233,287
Total operating expenses	<u>231,684</u>
Operating income	1,603
Nonoperating gains	<u>5,645</u>
Excess of revenues over expenses	7,248
Net assets released from restriction used for capital purchases	5,734
Change in net unrealized gains on investments	985
Pension adjustment	<u>22,793</u>
Increase in unrestricted net assets	<u>\$ 36,760</u>

A summary of the consolidated financial results of Fletcher Allen Partners for the years ended September 30, 2013 and 2012, as if the affiliation had occurred on October 1, 2011 is as follows (unaudited)

(in thousands)

	2013	2012
Total operating revenues	\$ 1,582,379	\$ 1,451,141
Total operating expenses	<u>1,537,630</u>	<u>1,426,985</u>
Operating income	44,749	24,156
Nonoperating gains	<u>103,107</u>	<u>79,338</u>
Excess of revenues over expenses	147,856	103,494
Pension related changes	56,321	(35,070)
Other changes	<u>(11,240)</u>	<u>32,653</u>
Increase in unrestricted net assets	<u>\$ 192,937</u>	<u>\$ 101,077</u>

4. Charity Care and Community Service

FAP provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because FAP does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The amount of charges foregone for services and supplies furnished under FAP's charity care policy aggregated approximately \$36,666,000 and \$27,685,000 for the years ended September 30, 2013 and 2012, respectively.

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Approximately \$15,215,000 and \$11,640,000 of FAP's total expenses for the years ended September 30, 2013 and 2012 arose from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on FAP's total expenses divided by gross patient service revenue. For the years ended September 30, 2013 and 2012, respectively, FAP used \$240,000 and \$285,000 in charitable endowment earnings to help defray the costs of indigent care.

5. Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted at September 30, 2013 and 2012 consisted of the following:

<i>(in thousands)</i>	2013	2012
Equities	\$ 14,746	\$ 1,247
Mutual funds	79,044	98,922
Money market funds	21,948	22,006
Bonds and notes	37,981	41,865
Common collective trusts		
Bond funds	137,619	74,125
U S treasury obligation funds	37,634	45,630
International equity funds	53,127	34,861
Domestic equity funds	25,121	58,749
Commodity funds	26,448	20,392
Real estate funds	14,908	19,876
Total common collective trusts	<u>294,857</u>	<u>253,633</u>
Beneficial interest in perpetual trusts	10,599	10,093
Hedge funds	2,416	2,229
Real estate	471	300
	<u>462,062</u>	<u>430,295</u>
Less: Current portion	<u>(20,845)</u>	<u>(13,132)</u>
	<u>\$ 441,217</u>	<u>\$ 417,163</u>

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Investment income and gains (losses) for the years ended September 30, 2013 and 2012 consisted of the following

<i>(in thousands)</i>	2013	2012
Nonoperating revenue and expenses		
Investment income	\$ 7,116	\$ 7,386
Net realized gains	31,181	14,282
	<u>38,297</u>	<u>21,668</u>
Net (decrease) increase in unrealized gains on investments	<u>(20,805)</u>	<u>30,945</u>
Changes in temporarily restricted net assets		
Investment income	192	180
Net increase in unrealized gains on investments	1,197	3,099
Net realized gains on investments	1,728	617
	<u>3,117</u>	<u>3,896</u>
Changes in permanently restricted net assets		
Change in beneficial interest in perpetual trusts	506	941
	<u>\$ 21,115</u>	<u>\$ 57,450</u>

As a result of the recognition of \$1,047,000 and \$778,000 in losses related to declines in value that were other-than-temporary in nature during the years ended September 30, 2013 and 2012, respectively, there were no investments that had a fair value less than cost at September 30, 2013 and 2012, respectively

The cost and estimated fair value of securities classified as available-for-sale by the organization, which excludes beneficial interest in perpetual trusts of \$10,599,000 and \$10,093,000, and includes short-term investments of \$5,568,000 and \$1,932,000 as of September 30, 2013 and 2012, respectively, and long-term investments of \$4,002,000 as of September 30, 2013, is as follows

<i>(in thousands)</i>	2013		
	Cost	Gross Unrealized Gains (Losses)	Estimated Fair Value
Mutual funds	\$ 73,369	\$ 10,077	\$ 83,446
Equities	16,382	3,016	19,398
Real estate	294	177	471
Hedge funds	2,142	274	2,416
Money market funds	22,087	-	22,087
Bonds and notes	38,724	(366)	38,358
Common collective trusts	279,813	15,044	294,857
	<u>\$ 432,811</u>	<u>\$ 28,222</u>	<u>\$ 461,033</u>

Fletcher Allen Partners, Inc. and Subsidiaries
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<i>(in thousands)</i>	2012		
	Cost	Gross Unrealized Gains	Estimated Fair Value
Mutual funds	\$ 91,027	\$ 9,827	\$ 100,854
Equities	1,073	174	1,247
Real estate	165	135	300
Hedge funds	2,143	86	2,229
Money market funds	22,006	-	22,006
Bonds and notes	41,439	426	41,865
Common collective trusts	218,061	35,572	253,633
	<u>\$ 375,914</u>	<u>\$ 46,220</u>	<u>\$ 422,134</u>

The following table presents information as of September 30, 2013 and 2012, about FAP's financial assets and liabilities that are measured at fair value on a recurring basis

<i>(in thousands)</i>	2013			
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
Mutual funds	\$ 63,284	\$ 20,162	\$ -	\$ 83,446
Equities	19,398	-	-	19,398
Money market funds	22,087	-	-	22,087
Hedge funds	-	-	2,416	2,416
Bonds and notes	12,921	25,437	-	38,358
Common collective trusts	-	294,857	-	294,857
Beneficial interest in perpetual trusts	-	-	10,599	10,599
Real estate	-	471	-	471
	<u>\$ 117,690</u>	<u>\$ 340,927</u>	<u>\$ 13,015</u>	<u>\$ 471,632</u>
Interest rate swap agreements	<u>\$ -</u>	<u>\$ 17,062</u>	<u>\$ -</u>	<u>\$ 17,062</u>

Fletcher Allen Partners, Inc. and Subsidiaries
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(in thousands)	2012			Fair Value
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Mutual funds	\$ 72,319	\$ 28,535	\$ -	\$ 100,854
Equities	1,247	-	-	1,247
Money market funds	22,006	-	-	22,006
Hedge funds	-	-	2,229	2,229
Bonds and notes	7,731	34,134	-	41,865
Common collective trusts	-	253,633	-	253,633
Beneficial interest in perpetual trusts	-	-	10,093	10,093
Real estate	-	300	-	300
	<u>\$ 103,303</u>	<u>\$ 316,602</u>	<u>\$ 12,322</u>	<u>\$ 432,227</u>
Interest rate swap agreements	<u>\$ -</u>	<u>\$ 14,342</u>	<u>\$ -</u>	<u>\$ 14,342</u>

A roll forward of Level 3 fair value measurements (defined above) for the years ended September 30, 2013 and 2012, is as follows

(in thousands)	2013		
	Beneficial Interest in Perpetual Trusts	Hedge Funds	Total Level 3 Assets
Beginning of year	\$ 10,093	\$ 2,229	\$ 12,322
Unrealized gains	506	187	693
End of the year	<u>\$ 10,599</u>	<u>\$ 2,416</u>	<u>\$ 13,015</u>
Increase in fair value of Level 3 investments held at September 30, 2013 included in the statement of changes in net assets	<u>\$ 506</u>	<u>\$ 187</u>	<u>\$ 693</u>

(in thousands)	2012		
	Beneficial Interest in Perpetual Trusts	Hedge Funds	Total Level 3 Assets
Beginning of year	\$ 9,152	\$ -	\$ 9,152
Purchases	-	2,254	2,254
Sales	-	(111)	(111)
Unrealized gains	952	86	1,038
Unrealized losses	(11)	-	(11)
End of the year	<u>\$ 10,093</u>	<u>\$ 2,229</u>	<u>\$ 12,322</u>
Increase in fair value of Level 3 investments held at September 30, 2012 included in the statement of changes in net assets	<u>\$ 941</u>	<u>\$ 86</u>	<u>\$ 1,027</u>

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6. Property and Equipment

A summary of property and equipment at September 30, 2013 and 2012 is as follows

<i>(in thousands)</i>	2013	2012
Land	\$ 20,234	\$ 13,526
Land improvements	17,062	14,119
Leasehold improvements	44,204	40,236
Buildings	664,949	568,057
Equipment, furniture, and fixtures	383,061	295,786
	<u>1,129,510</u>	<u>931,724</u>
Less Accumulated depreciation	<u>(538,876)</u>	<u>(472,163)</u>
	590,634	459,561
Construction-in-progress	17,885	11,503
	<u>\$ 608,519</u>	<u>\$ 471,064</u>

FAP wrote off approximately \$3,266,000 and \$3,683,000 in assets in the years ended September 30, 2013 and 2012, respectively. In conjunction with these write offs, a gain on disposal of property and equipment of \$264,000 and \$218,000 was recorded in the years ending September 30, 2013 and 2012, respectively, and is included in supplies and other expense. At September 30, 2013 and 2012, FAP had commitments to purchase approximately \$4,765,000 and \$3,460,000, respectively, of property and equipment.

FAP recorded depreciation expense of \$69,672,000 and \$56,436,000 for the years ended September 30, 2013 and 2012, respectively.

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7. Long-Term Debt

Long-term debt at September 30, 2013 and 2012 consisted of the following

<i>(in thousands)</i>	2013	2012
Vermont Educational and Health Buildings Financing Agency		
Hospital Revenue Bonds		
Series 2009A loan, fixed rate (5.08% to 7.23%), payable through 2024	\$ 11,841	\$ 12,642
Series 2008A Bonds, variable rate (0.07% at September 30, 2013), payable through 2030	54,705	54,705
Series 2007A Bonds, fixed rate (4.00% to 4.75%), payable through 2037 (including unamortized premium of \$90 and \$93 at September 30, 2013 and 2012, respectively)	55,945	56,098
Series 2004B Bonds, fixed rate (4.00% to 5.50%), payable through 2035 (including unamortized premium of \$125 and \$130 at September 30, 2013 and 2012, respectively)	147,100	149,580
Series 2004A Bonds, fixed rate (3.00% to 5.00%), payable through 2025 (including unamortized premium of \$1,000 and \$1,098 at September 30, 2013 and 2012, respectively)	33,535	35,513
Series 2000A Bonds, fixed rate (5.50% to 6.25%), payable through 2028 (including unamortized discount of \$0 and \$174 at September 30, 2013 and 2012, respectively)	-	32,376
Series 2013A Bonds, fixed rate (2.60%) payable through 2027	29,337	-
Series 1996 loan, fixed rate (4.23%), payable through 2021	9,889	11,052
Select Auction Variable-Rate Securities ("SAVRS") 1994 Bonds, variable rate maturing 2013 (including unamortized discount of \$35 at September 30, 2013)	-	2,915
County of Clinton Industrial Development Agency		
Hospital Revenue Bonds		
Series 2006A & 2006B Bonds, variable rate (0.15% at September 30, 2013), payable through 2017	5,375	-
Series 2007B Bonds, variable rate (0.15% at September 30, 2013), payable through 2042	11,595	-
Essex County Capital Resource Corporation		
Hospital Revenue Bonds		
Series 2011 Bonds, variable rate (1.67% at September 30, 2013), payable through 2032	5,810	-
Other long-term debt		
Series 2002A Key Bank Bonds, variable rate (1.65% at September 30, 2013), payable through 2024	6,450	-
Series 2007A Key Bank Bonds, variable rate (1.65% at September 30, 2013), payable through 2042	18,195	-
Associates in Radiology of Plattsburg, LLC Note Payable, fixed rate (3.00%), payable through 2017	4,218	-
Community Bank Loan Payable, fixed rate (3.50%), payable through 2017	16,555	-
Capital Lease, fixed rate (0.22% to 19.51%), payable through 2017	10,940	-
KeyBank loan, variable rate (1.68% at September 30, 2013), payable through 2023	5,000	-
KeyBank loan, fixed rate (3.49%), payable through 2023	51,870	53,110
People's United loan, variable rate (1.23% at September 30, 2013), payable through 2028	9,903	-
Other Debt	<u>10,146</u>	<u>7,331</u>
	498,409	415,322
Less: Current portion	<u>(27,688)</u>	<u>(13,489)</u>
Long-term debt	<u>\$ 470,721</u>	<u>\$ 401,833</u>

Obligated Group

Fletcher Allen Health Care and Central Vermont Medical Center presently are the sole members of the Fletcher Allen Obligated Group ("FA Obligated Group")

The Master Trust Indenture contains provisions permitting the addition, withdrawal or consolidation of members of the Obligated Group under certain conditions. The Master Trust Indenture constitutes joint and several obligations of the members of the Obligated Group.

No obligated group exists for the CPI entities.

Fletcher Allen Partners, Inc. and Subsidiaries

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Revenue Bonds

On May 21, 2008, FAHC converted the Series 2004B auction rate bonds from 35-day variable-rate bonds to fixed-rate bonds through a mandatory tender of the bonds as provided for under the original bond agreement. The tender was financed through the reissuance of \$160,525,000 of Series 2004B bonds as tax-exempt fixed-rate bonds, and a payment of \$2,700,000 from FAHC's debt service reserve funds. The Series 2004B bonds require FAHC to maintain a debt service reserve fund. As of September 30, 2013 and 2012, the reserve fund balances were approximately \$14,497,000 and \$13,924,000, respectively.

Also on May 21, 2008, FAHC in connection with the Vermont Educational and Health Buildings Financing Agency (the "Agency"), issued \$54,705,000 of tax-exempt variable-rate hospital revenue bonds ("Series 2008A"), the proceeds of which were used to refund its Series 2000B bonds in the amount of \$50,000,000, pay an early termination payment in the amount of \$3,128,000 on a related interest rate swap, and pay issuance costs in the amount of \$1,577,000. The Series 2008A bonds are collateralized by an irrevocable letter of credit from a bank in the amount of \$55,334,000 (covers principal of \$54,705,000 and interest of \$629,000), which expires in 2016. The interest rate on the Series 2008A bonds is set weekly. Series 2008A bondholders have the option to put the bonds back to FAHC. Such bonds would be subject to remarketing efforts by FAHC's remarketing agent. To the extent that such remarketing efforts were unsuccessful, the nonmarketable bonds would be purchased from the proceeds of the letter of credit. Monthly payments of principal on the letter of credit borrowings would commence on the first calendar day of the first month that commences more than one year after the borrowing. Repayment in full of the letter of credit would be required by the earlier of four years from the date of the borrowing under the letter of credit or the stated expiration date, currently, April 30, 2016.

In conjunction with these transactions, the notional amount of the original swap agreement covering the 2004B bonds was reduced from \$135,000,000 to \$55,190,000 and transferred to the 2008A bonds in exchange for the payment of \$3,128,000.

FAHC and certain of its subsidiaries are obligated under various other revenue bonds, capital leases, and notes payable. Various trustee-held funds are required under the terms of the loan agreements. Under one of the loan agreements, a reserve fund is required only upon the failure to meet certain financial ratios. As of September 30, 2013 and 2012, no funding has been required under this agreement.

FAHC has granted a mortgage on substantially all of its property and an interest in its gross receipts, as defined in connection with the issuance of its long-term debt.

Series 1996 Bond Refinancing

In November 2011, the Series 1996 Bonds were redeemed with the proceeds of a term loan made to CVMC by People's United Bank in the amount of \$11,600,000. The term loan has a fixed rate of interest of 4.23% and matures November 1, 2021. Interest payments are made monthly and principal payments in the amount of \$582,000 are made semi-annually each May and November, beginning May 1, 2012 and ending on November 1, 2021. The term loan is collateralized with assets, mortgage, and all other collateral securing repayment of the Obligation as defined in the Master Trust Indenture of the Obligated Group.

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Series 2002A Bonds

The Series 2002A bonds are bank qualified bonds held by Key Bank, payable in annual installments ranging from \$500,000 to \$700,000, plus interest at one month LIBOR times 0 6501 plus 153 basis points (1 65% at September 30, 2013) through July 2024

Series 2006A & 2006B Bonds

The Series 2006A and 2006B bonds are County of Clinton Industrial Development Agency, Variable Rate Demand Civic Facility Revenue Bonds, Series 2006A (tax-exempt) of \$12,650,000 and Series 2006B (taxable) of \$100,000, payable in annual installments ranging from \$1,210,000 to \$1,430,000 plus interest. Interest is payable semi-annually at a variable rate reset weekly by a remarketing agent (0 15% at September 30, 2013) from July 1, 2007 through July 1, 2017. The bonds are collateralized by a direct-pay letter of credit with a bank aggregating the outstanding principal amount plus 35 days interest at an assumed rate of 8% per annum for the term of the bonds.

Series 2007A Bonds

The Series 2007A bonds are bank qualified bonds held by Key Bank, payable in annual installments ranging from \$285,000 to \$1,125,000, plus interest at one month LIBOR times 0 6501 plus 153 basis points (1 65% at September 30, 2013) through July 2042.

Series 2007B Bonds

The Series 2007B bonds are County of Clinton Industrial Development Agency, Variable Rate Demand Civic Facility Revenue Bonds, Series 2007B (tax-exempt), payable in annual installments ranging from \$150,000 to \$700,000, plus interest at one month LIBOR times 0 68 (0 15% at September 30, 2013) through July 2042.

Series 2011 Bonds

On December 1, 2011, ECH issued Essex County Capital Resource Corporation Revenue Bonds, Series 2011 in the amount of \$6,160,000. The Series 2011 bonds were purchased by Key Bank, N A under a bond purchase agreement. As part of the agreement, the Series 2011 bonds are subject to mandatory redemption and are subject to optional tender by the bank for purchase by ECH at a price equal to the principal plus accrued and unpaid interest beginning on June 1, 2017. The Series 2011 bonds are collateralized by a mortgage that Key Bank holds with ECH. The Series 2011 bonds carry a variable interest rate of 65% of 1-month LIBOR plus 155 basis points (1 67% at September 30, 2013) due in quarterly installments through March 1, 2032.

Series 2013A Bonds

The 2000A Bonds were partially refunded in 2011. The remaining \$32,550,000 balance of the initial aggregate principal amount of the Series 2000A Bonds with maturities between December 2025 and December 2027 were refunded in March 2013 and replaced with a tax-exempt direct bank private placement with TD Bank (the 2013A bonds), in the aggregate principal amount of \$29,500,000 with a final maturity date in December 2027. Bond issuance costs of \$250,000 are recorded as deferred financing costs, net and will be amortized over the life of the loan. The 2013 refunding resulted in a loss on extinguishment of debt of \$1,142,000.

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People's United Loan

On September 30, 2013, FAHC entered into a mortgage for property ("Holly Court") in the amount of \$9,903,000. The mortgage is payable through September 2028, and bears interest at a variable rate equal to one month LIBOR plus 105 basis points (1.23% at September 30, 2013). The proceeds of this mortgage were not received as of September 30, 2013, and a receivable was recorded in the amount of \$9,903,000 and is included in other current assets. The mortgage proceeds were received on October 1, 2013. Concurrent with the issuance of the Holly Court mortgage payable, an interest rate swap was entered into whereby FAHC pays a fixed rate of 2.67% and receives a variable rate of one month LIBOR.

Scheduled Maturities of Long-Term Debt

As of September 30, 2013, scheduled maturities of long-term debt, not including a net unamortized premium of \$1,215,000, for the next five years and thereafter are as follows:

(in thousands)

Years ending September 30,	
2014	\$ 27,688
2015	21,866
2016	20,422
2017	20,603
2018	30,997
Thereafter	375,618
	<u>\$ 497,194</u>

Loan Covenants

Under the terms of the master indenture agreement, FA Obligated Group is required to meet certain covenant requirements, as are CVPH and ECH for their respective long-term debt. In addition, the indenture provides for restrictions on, among other things, additional indebtedness and dispositions of property of the FA Obligated Group.

Letter of Credit

The 2008A letter of credit was not drawn upon as of September 30, 2013, and the scheduled maturities of long-term debt assumes the Series 2008A bonds are not put back to FA Obligated Group. If the letter of credit was drawn upon, the repayment would begin one year and one day from the date of the letter of credit being drawn upon. The repayment schedule would occur over the remaining three years of the letter of credit term. The repayment of principal would be as follows: \$21,176,000 in year two, \$21,176,000 in year three and \$12,353,000 in the final year.

Line of Credit

CVMC has a bank line of credit that exists with a maximum borrowing of \$2,000,000 at September 30, 2013. The line matures on May 31, 2014, and bears interest at the Wall Street Journal prime rate adjusted daily with a floor of 3.25%, with advances collateralized by a portion of board designated funds. There was no outstanding balance drawn on this line of credit at September 30, 2013.

CPI has an uncollateralized line of credit in the amount of \$1,000,000 at September 30, 2013. The interest rate is set at a floating rate equal to LIBOR plus 150 basis points (1.68% at September 30, 2013). There was no outstanding balance on the line of credit at September 30, 2013.

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CVPH has an available uncollateralized line of credit in the amount of \$5,000,000 at September 30, 2013. The interest rate is set at a floating rate equal to LIBOR plus 150 basis points (1.68% at September 30, 2013). At September 30, 2013, CVPH had borrowings under the line of credit of \$5,000,000.

Long-Term Debt

The estimated fair value of FAP's long-term debt is based on current traded value for public debt and current outstanding par amount for private placement debt and property loans. Such amounts at September 30, 2013 and 2012 are approximately \$501,679,000 and \$355,212,000, respectively.

8. Interest Rate Swap Agreements

For certain variable rate debt, interest rate swap agreements are used to manage interest rate risk and hedge the risk of cash flow volatility. The table below details FAP's swap agreements. None of the swap agreements require collateral posting. Both FAP and the counterparties in the interest rate swap agreements are exposed to credit risk in the event of nonperformance or early termination of the agreements. In addition, each agreement may be terminated following the occurrence of certain events, at which time FAP or the counterparty may be required to make a termination payment to the other.

Bond Series	Notional Amount September 30, 2013 (\$ in 000's)	Notional Amount September 30, 2012 (\$ in 000's)	Counterparty	Expiration Date	Pay Fixed	Receive Floating
2008A	\$ 27,595	\$ 27,595	Citibank, NA	December 1, 2034	3.76 %	66.5% of LIBOR + 32bps
2008A	27,595	27,595	Citibank, NA	December 1, 2034	3.76 %	66.5% of LIBOR + 32bps
SAVRS 1994	-	2,950	Lehman Bros. Special Financing, Inc.	September 12, 2013	4.93 %	Variable SIFMA
Holly Court Loan	9,902	-	Peoples United Bank	September 30, 2028	3.72 %	LIBOR + Swap Rate
Series 2006A	5,375	5,375	Key Bank	July 1, 2017	3.50 %	69.0% of LIBOR
Series 2007B	11,595	11,595	Key Bank	July 1, 2042	4.06 %	68.0% of LIBOR
Series 2007A	18,195	18,195	Key Bank	July 1, 2042	4.00 %	65.0% of LIBOR
Series 2011	5,205	5,205	Key Bank	December 1, 2021	3.24 %	65.0% of LIBOR

The fair value of interest rate swap agreements, all of which are recorded as other long-term liabilities at September 30, is as follows:

(in thousands)	Fair Value	
	2013	2012
1994 Swap	\$ -	\$ (128)
2008A Swaps	(8,566)	(14,214)
Holly Court Swap	(155)	-
2006A Swap	(385)	-
2007B Swap	(2,789)	-
2007A Swap	(4,499)	-
2011 Swap	(668)	-
	<u>\$ (17,062)</u>	<u>\$ (14,342)</u>

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The effect of interest rate swap agreements on the consolidated statement of operations and changes in net assets for 2013 and 2012 are as follows

<i>(in thousands)</i>	Location of Gain/Loss Recognized in Statement of Operations	Amount of Gain (Loss) Recognized in Statement of Operations	
		2013	2012
1994 Swap	Gain (loss) on interest rate swap agreements	\$ 128	\$ 234
2008A Swaps	Gain (loss) on interest rate swap agreements	5,648	(1,500)
Holly Court Swap	Gain (loss) on interest rate swap agreements	(155)	-
2006A Swap	Gain (loss) on interest rate swap agreements	166	N/A
2007B Swap	Gain (loss) on interest rate swap agreements	1,335	N/A
2007A Swap	Gain (loss) on interest rate swap agreements	2,051	N/A
2011 Swap	Gain (loss) on interest rate swap agreements	277	N/A
		<u>\$ 9,450</u>	<u>\$ (1,266)</u>

9. Operating Leases

FAP has entered into certain operating lease agreements for the rental of building space and equipment. Rental expense, inclusive of common area maintenance charges, amounted to \$15,840,000 and \$12,654,000 for the year ended September 30, 2013 and 2012, respectively.

Minimum future lease payments required under noncancelable operating leases at September 30, 2013, were as follows

(in thousands)

Years ending September 30,	
2014	\$ 9,231
2015	8,354
2016	7,087
2017	5,037
2018	2,869
Thereafter	4,434
	<u>\$ 37,012</u>

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10. Net Assets

Temporarily Restricted Net Assets

At September 30, 2013 and 2012, temporarily restricted net assets are available for the following purposes

<i>(in thousands)</i>	2013	2012
Indigent care	\$ 1,037	\$ 1,005
Education and research	11,791	10,951
Children's programs	3,141	2,437
Capital projects	2,047	710
Other health care services	12,604	10,501
Long-term care services at Woodridge	1,880	1,635
	<u>\$ 32,500</u>	<u>\$ 27,239</u>

At September 30, 2013 and 2012, temporarily restricted net assets include approximately \$17,656,000 and \$16,126,000, respectively, of accumulated gains on permanently restricted net assets, which are subject to board appropriation in accordance with state law

Permanently Restricted Net Assets

At September 30, 2013 and 2012, income earned on permanently restricted net assets is restricted to

<i>(in thousands)</i>	2013	2012
Indigent care	\$ 4,705	\$ 4,143
Education and research	7,094	6,902
Other health care services	18,804	17,391
Long-term care services	729	729
	<u>\$ 31,332</u>	<u>\$ 29,165</u>

Endowment Funds

FAP's endowment consists of approximately 92 funds established for a variety of purposes. FAP does not currently have any unrestricted funds designated by the Board of Trustees (the "Board") to function as endowment. Accordingly, for the purposes of this disclosure, endowment funds include only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

FAP has interpreted relevant state laws for the states in which it operates as requiring realized and unrealized gains of permanently restricted net assets to be retained in a temporarily restricted net asset classification until appropriated by the Board and expended. These state laws allow the Board to appropriate the net appreciation of permanently restricted net assets as is prudent considering FAP's long and short-term needs, present and anticipated financial requirements, and expected total return on its investments, price level trends, and general economic conditions. In the years ended September 30, 2013 and 2012, \$1,116,000 and \$751,000, respectively, was appropriated.

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As a result of this interpretation, FAP classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of subsequent gifts to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present. The remaining portion of the donor-restricted endowment fund is comprised of accumulated gains not required to be maintained in perpetuity. These amounts are classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations. FAP considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: duration and preservation of the fund, purposes of the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, and the expected total return from income and the appreciation of investments, other resources of FAP, and the investment policies of FAP.

Endowment Net Asset Composition and Changes in Endowment Net Assets

The following is a summary of the endowment net asset composition by type of fund at September 30, 2013 and 2012, and the changes therein for the years then ended.

Endowment Net Asset Composition by Type of Fund

		2013		
		Unrestricted	Temporarily Restricted	Permanently Restricted
		Total		
<i>(in thousands)</i>				
September 30, 2013				
Donor-restricted endowment funds	\$	-	\$ 17,656	\$ 20,733
	\$	-	\$ 17,656	\$ 20,733
		2012		
		Unrestricted	Temporarily Restricted	Permanently Restricted
		Total		
<i>(in thousands)</i>				
September 30, 2012				
Donor-restricted endowment funds	\$	-	\$ 16,126	\$ 19,072
Adjustments for funds with deficiencies		(44)	44	-
	\$	(44)	\$ 16,170	\$ 19,072
				\$ 35,198

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Changes in endowment net assets

(in thousands)	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2012	\$ (44)	\$ 16,170	\$ 19,072	\$ 35,198
Acquired endowment net assets at October 1, 2012	-	14	1,557	1,571
Investment return				
Investment income	-	298	-	298
Net appreciation	-	2,422	-	2,422
Total investment return	-	2,720	-	2,720
Appropriations of endowment assets for expenditure	-	(1,116)	-	(1,116)
Adjustment for funds with deficiencies	44	(44)	-	-
Other	-	(88)	104	16
Endowment net assets at September 30, 2013	\$ -	\$ 17,656	\$ 20,733	\$ 38,389

(in thousands)	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at September 30, 2011	\$ -	\$ 8,891	\$ 15,839	\$ 24,730
Acquired endowment net assets at October 1, 2011	(163)	4,408	3,101	7,346
Investment return				
Investment income	-	251	-	251
Net appreciation	-	3,555	-	3,555
Total investment return	-	3,806	-	3,806
Appropriations of endowment assets for expenditure	-	(751)	-	(751)
Adjustment for funds with deficiencies	119	(119)	-	-
Other	-	(65)	132	67
Endowment net assets at September 30, 2012	\$ (44)	\$ 16,170	\$ 19,072	\$ 35,198

Beneficial Interest in Perpetual Trusts

The above amounts exclude FAP's beneficial interest in perpetual trusts, which are not within management's investment control. Such beneficial interests totaled \$10,599,000 and \$10,093,000 at September 30, 2013 and 2012, respectively.

Charitable Remainder Trust

FAP has received an irrevocable charitable remainder trust, for which FAP does not serve as trustee. For this trust, FAP recorded its beneficial interest in those assets as contributions revenue and pledges receivable at the present value of the expected future cash inflows. Trusts are recorded at the date FAP has been notified of the trust's existence and sufficient information regarding the trust has been accumulated to form the basis for an accrual. Changes in the value of these assets are recorded in either temporarily or permanently restricted net assets.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires FAP to retain as a fund of perpetual duration. There were no deficiencies at September 30, 2013, and the deficiency at September 30, 2012 was \$44,000, associated with one permanently restricted endowment fund which is managed by a trustee outside of the control of FAP management.

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Investment Return Objectives and Spending Policy

FAP has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, the endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index. To satisfy its return objective, FAP targets a diversified asset allocation that provides for a balanced portfolio.

11. Malpractice and Other Contingencies

Malpractice and Workers' Compensation

FAHC and CVMC are insured against malpractice losses under a claims-made insurance policy with VMCI, its wholly owned subsidiary. VMCI has reinsurance with commercial carriers for coverage above a self-insured retentive amount of \$5,000,000 per claim for Professional Liability and \$2,000,000 per claim for Commercial General Liability, with a \$20,000,000 aggregate for Professional Liability and \$10,000,000 for Commercial General Liability, with limits on such reinsurance. VMCI provides claims-made coverage to certain affiliates of FAHC for periods prior to the merger that created FAHC.

CVPH self-insures for professional and general liability claims. A revocable trust has been established for the purpose of setting aside assets based on actuarial funding recommendations. The self-insurance liability reserves and the corresponding charges to operating expenses are based on estimates of asserted and currently identifiable unasserted claims, if any, and related legal expenses, and a provision for unknown incidents. The professional and general liability reserves are reported at their estimated undiscounted value. CVPH maintains excess commercial professional liability insurance policies which provide for self-insured retention limits of \$2,000,000 per claim and \$4,000,000 in the aggregate per policy year.

ECH is insured for malpractice claims under a claims-made policy. Coverage under this plan is limited to \$2,000,000 per incident and \$6,000,000 in the aggregate.

FAP, excluding ECH (discussed below), is also self-insured for workers' compensation claims, and maintains an excess insurance policy to limit its exposure on claims up to \$1,000,000 per occurrence in the year ended September 30, 2013, with a \$25,000,000 aggregate limit.

Prior to 2010, ECH provided for workers' compensation insurance through participation in the Healthcare of New York Workers Compensation Trust ("Trust"), a group self-insured trust regulated by the New York State Workers' Compensation Board ("WCB"). Participation in the Trust subjects ECH to joint and several liability. Should the Trust's assets be insufficient to cover its debts, each Trust member would be subject to a proportional premium assessment to fund the shortage. The Trust uses reinsurance agreements to reduce its exposure to large losses on both an individual and aggregate claim basis. On December 31, 2011, the Trust was voluntarily terminated. ECH has not been notified of any assessment resulting from participation in the Trust. In addition, management of ECH monitors the financial stability of the Trust on an ongoing basis in order to mitigate the risk of joint and several liability. Effective January 2010, ECH terminated the agreement with the self-insured trust and is covered under an indemnity plan with an insurance company. However, ECH remains liable for any claims during the period they were participating in the Trust, including any future assessments of the Trust.

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The reserves for outstanding losses at FAHC and CVMC have been discounted at a rate of 2.9% and 3.0% at September 30, 2013 and 2012, resulting in a reduction in the reserve for professional liability of approximately \$870,000 and \$1,810,000 at September 30, 2013 and 2012, respectively, and a reduction in the reserve for workers' compensation of approximately \$437,000 and \$310,000 at September 30, 2013 and 2012, respectively.

As a result of changes in estimates of incurred events in prior years, primarily professional liability, the estimate of incurred losses increased by approximately \$7,394,000 and \$7,852,000 for the years ended September 30, 2013 and 2012, respectively.

Employee Health and Dental Insurance

FAHC maintains a self-insurance plan for employee health and dental insurance. Under the terms of the plan, employees and their dependents are eligible for participation and, as such, FAHC is responsible for the administration of the plan and any resultant liability incurred. FAHC maintained a stop-loss insurance policy to limit its exposure on cumulative claims between \$100,000 and \$175,000 per member per year in the year ended September 30, 2013, with a per-year benefit maximum equal to the amount of premiums paid under the policy. In addition to the self-insurance plan, FAHC maintained a commercial policy to limit its exposure on cumulative claims exceeding \$225,000 per member per year for the years ended September 30, 2013 and 2012, respectively. FAHC and CVMC maintain a self-insured plan for employee dental.

Effective January 1, 2013, CVPH became self-insured for employee health insurance. Under the terms of the plan, employees and their dependents are eligible for participation and, as such, CVPH is responsible for the administration of the plan and any resultant liability incurred. CVPH maintained a specific stop-loss insurance policy to limit its exposure on cumulative claims exceeding \$250,000 per member per year during the nine-month period ended September 30, 2013. Included in accounts payable and accrued expenses is a health insurance claims reserve of \$700,000 related to claims incurred but not paid as of September 30, 2013.

Other Contingencies

FAP and its subsidiaries are parties in various legal proceedings and potential claims arising in the ordinary course of business. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to government review and interpretation, as well as regulatory actions, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. Management does not believe that these matters will have a material adverse effect on FAP's consolidated financial position or results of operations.

12. Statutory Capital and Surplus

VMCIC is registered under the Bermuda Insurance Act of 1978 and related regulations (the "Act") and is obligated to comply with various provisions of the Act regarding minimum levels of solvency and liquidity. Statutory capital and surplus at September 30, 2013 and 2012, was \$14,372,000 and \$17,182,000, respectively. The required minimum statutory capital at September 30, 2013 and 2012 was \$2,332,000 and \$3,264,000, respectively. The required minimum surplus as of September 30, 2013 and 2012 was \$1,332,000 and \$2,264,000, respectively. In addition, a minimum liquidity ratio must be maintained whereby liquid assets, as defined by the Act, must exceed 75% of defined liabilities. The required minimum level of liquid assets was \$17,511,000 and \$24,617,000 at September 30, 2013 and 2012, respectively. The measurement of the required minimum level of liquid assets this at September 30, 2013 and 2012 is \$37,213,000 and

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\$50,005,000, respectively FAP reports all of VMCIC's investments in marketable securities as restricted assets in the accompanying consolidated balance sheets

13. Pension Plans

Substantially all employees of Fletcher Allen Partners are covered under various noncontributory defined benefit pension plans, various defined contribution pension plans, or combination thereof Total expense for these plans consists of the following

<i>(in thousands)</i>	For the Years Ending	
	September 30,	
	2013	2012
Defined benefit plans	\$ 7,282	\$ 8,467
Defined contribution plans	29,803	21,786
	<u>\$ 37,085</u>	<u>\$ 30,253</u>

In addition to providing pension benefits, FAHC sponsors a defined benefit postretirement health care plan for retired employees Substantially all of FAHC's employees who are at least age 55 with 15 years of service and all employees who are eligible for retirement may become eligible for such benefits The postretirement health care plan is contributory with retiree contributions adjusted annually The marginal cost method is used for accounting purposes for postretirement healthcare benefits

The premiums paid by retirees participating in the FAHC postretirement health care plan exceed the cost covered by FAHC Therefore, the projected benefit obligation has been reduced to zero

Information regarding FAP benefit obligations, plan assets, funded status, expected cash flows and net periodic benefit cost follows within this footnote

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Benefit Obligations

(in thousands)

	2013	2012
Changes in benefit obligations		
Projected benefit obligations - beginning of year	\$ (278,923)	\$ (231,950)
Impact of affiliation	(139,177)	-
Service cost	(4,999)	(4,457)
Interest cost	(15,503)	(12,136)
Benefits paid	13,118	9,696
Actuarial gain (loss)	46,512	(40,790)
Administrative expenses paid	1,014	714
Projected benefit obligation - end of year	<u>(377,958)</u>	<u>(278,923)</u>
Accumulated benefit obligation	<u>(372,332)</u>	<u>(270,156)</u>
Changes in plan assets		
Fair value of plan assets - beginning of year	197,341	161,313
Impact of affiliation	91,319	-
Actual gain on plan assets	22,970	30,422
Contributions	14,160	16,016
Benefits paid	(13,118)	(9,696)
Administrative expenses paid	(1,014)	(714)
Fair value of plan assets - end of year	<u>311,658</u>	<u>197,341</u>
Funded status of the plan (long-term)	<u>\$ (66,300)</u>	<u>\$ (81,582)</u>

Unrestricted net assets at September 30, 2013 and 2012 include unrecognized actuarial losses of \$27,244,000 and \$105,271,000, respectively, related to the defined benefit plan. Of this amount, \$2,112,000 and \$3,599,000 was recognized in net periodic pension costs in the years ended September 30, 2013 and 2012, respectively. The reconciliation of the unrecognized actuarial losses for the years ended September 30, 2013 and 2012 is as follows:

(in thousands)

	2013	2012
Unrecognized actuarial losses at beginning of year	\$ 105,271	\$ 86,764
Impact of affiliation	(25,459)	-
Net loss amortized during year	(2,112)	(3,492)
Net prior service cost amortized during year	-	(107)
Net loss (gain) during year	<u>(50,456)</u>	<u>22,106</u>
Unrecognized actuarial losses at end of year	<u>\$ 27,244</u>	<u>\$ 105,271</u>

Fletcher Allen Partners, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

The cost components of the net periodic benefit cost for the year ended September 30, 2013 and 2012 are as follows

<i>(in thousands)</i>	2013	2012
Service cost	\$ 4,999	\$ 4,457
Interest cost	15,503	12,136
Expected return on plan assets	(19,026)	(11,737)
Amortization of unrecognized net loss	2,112	3,492
Amortization of prior service cost	-	107
Net periodic benefit cost	<u>\$ 3,588</u>	<u>\$ 8,455</u>

The assumptions used in accounting for the defined benefit pension plan are as follows

	2013	2012
Weighted-average assumptions used to determine the benefit liability		
Discount rates	5.0% - 5.2%	4.0% - 4.2%
Rates of increase in future compensation levels	3.0% - 3.5%	3.5% - 3.8%
Weighted-average assumptions used to determine expense		
Discount rates	4.0% - 4.2%	5.0% - 5.4%
Rates of increase in future compensation levels	3.5% - 3.8%	3.5% - 3.8%
Expected long-term rate of return on plan assets	6.5% - 8.0%	7.0% - 8.0%

The expected long-term rate of return for the FAP Plans' total assets is based on the expected return of each of its asset categories, weighted based on the median of the allocation for each class. Equity securities are expected to return 9% to 11% over the long-term, while cash and fixed income is expected to return between 5% and 6%. Based on historical experience, FAP expects that the plans' asset managers will provide a modest (0.5% to 1.0% per annum) premium to their respective market benchmark indices.

Plan Assets

FAP's pension plan weighted-average asset allocations as of September 30, 2013 and 2012, by asset category, are as follows

	2013	2012
Asset category		
Money market	- %	1 %
Bonds	17	15
Equities	24	14
Real estate	2	3
Mutual funds	16	12
Common collective trusts	41	55
	<u>100 %</u>	<u>100 %</u>

Fletcher Allen Partners, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

The following table presents information, as of September 30, 2013 and 2012, about FAHC's pension assets that are measured at fair value on a recurring basis

2013				
<i>(in thousands)</i>	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
Money market	\$ 1,112	\$ -	\$ -	\$ 1,112
Bonds	39,665	13,031	-	52,696
Equities	70,130	4,375	-	74,505
Real estate	5,465	-	-	5,465
Mutual funds	51,114	-	-	51,114
Common collective trusts	-	126,766	-	126,766
	<u>\$ 167,486</u>	<u>\$ 144,172</u>	<u>\$ -</u>	<u>\$ 311,658</u>

2012				
<i>(in thousands)</i>	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Fair Value
Money market	\$ 1,063	\$ -	\$ -	\$ 1,063
Bonds	17,502	11,770	-	29,272
Equities	23,436	4,687	-	28,123
Real estate	5,750	-	-	5,750
Mutual funds	24,215	-	-	24,215
Common collective trusts	-	108,918	-	108,918
	<u>\$ 71,966</u>	<u>\$ 125,375</u>	<u>\$ -</u>	<u>\$ 197,341</u>

The investment strategy established for pension plan assets is to meet present and future benefit obligations to all participants and beneficiaries, cover reasonable expenses incurred to provide such benefits, and provide a total return that maximizes the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk

There was no Level 3 activity for the years ended September 30, 2013 and 2012

Cash Flows - Contributions

FAP expects to contribute \$16,010,000 to its pension plan in the year ending September 30, 2014

Fletcher Allen Partners, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Cash Flows - Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid

(in thousands)

Years ending September 30,

2014	\$	16,841
2015		17,932
2016		19,303
2017		20,874
2018		22,177
2019–2022		128,045

Multiemployer Defined Benefit Plan

CVPH contributes to a multiemployer defined benefit pension plan under the terms of their collective-bargaining agreement that covers its SEIU 1199 union-represented employees. Pension expense for the nine months ended September 30, 2013 was approximately \$3,694,000, and reflects increased funding requirements as a result of pension underfunding issues. CVPH may be liable for its share of unfunded vested benefits, if any, related to the union plan. Information from the union plan's administrator is not available to permit CVPH to estimate its share, if any, of unfunded vested benefits.

The risk of participating in this multiemployer plan is different from single-employer plans in the following aspects:

- a Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b If a participating employer stops contributing to the plan, the unfunded obligations of the Plan may be borne by the remaining participating employers.
- c If CVPH chooses to stop participating in the multiemployer plan, CVPH may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Fletcher Allen Partners, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

CVPH's participation in the plan for the nine months ended September 30, 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number ("EIN") and the three digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2013 is for the plan's year-end at December 31, 2012. The zone status is based on information that CVPH received from the Plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement to which the plan is subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/Implemented	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
		9/30/13	12/31/12			
1199 SEIU Health Care Employees Pension Fund	13-3604862-001	not available	Green	June 26, 2009	No	April 30, 2014

CVPH was not listed on the Plans' Forms 5500 as providing more than 5 percent of the total contributions. At the date the consolidated FAP financial statements were issued, Form 5500 was not available.

14. Concentrations of Credit Risk

FAP grants credit without collateral to its patients, most of whom are local residents and are insured under third-party agreements. The mix of net receivables from patients and third-party payers at September 30, 2013 and 2012 is as follows:

	2013	2012
Medicare	27 %	23 %
Medicaid	10	10
Blue cross	17	15
Other third-party payers	25	31
Patients	21	21
	<u>100 %</u>	<u>100 %</u>

15. Transactions With UVM

FAHC has an Affiliation Agreement with UVM that was most recently renewed as of August 1, 2010, for a five year term. The Agreement automatically renews for subsequent five-year terms unless either party gives written notice of nonrenewal at least one year prior to the end of a five-year term. The Affiliation Agreement expresses the shared goals of UVM and FAHC for teaching, clinical care and research, documents the many points of close collaboration between the two organizations, provides the underpinnings for FAHC's status as an academic medical center, and obligates FAHC to provide substantial, annual financial support to UVM. The current Affiliation Agreement provides for four components of financial support to UVM: (1) payments by FAHC, known as the "commitment," to fund two costs: (a) a portion of the salary, benefits and related

Fletcher Allen Partners, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

expenses paid through UVM to physician-faculty who are jointly employed by both UVM and UVM Medical Group and, (b) as a result of a Second Amendment to the Affiliation Agreement in 2013, a portion of the cost of UVM facilities, utilities and other campus operating expenses that are not paid or reimbursed by any form of federal funding, (2) an academic support payment paid by FAHC, (3) a Dean's Tax paid by UVM Medical Group, and (4) reimbursement by FAHC of certain UVM expenses for joint functions. The amounts of the commitment approximated \$54,389,000 and \$20,235,000 in the years ended September 30, 2013 and 2012, respectively. In addition, FAHC reimburses UVM for equipment rental, research, and certain other administrative expenses through the commitment. In addition to the commitment, FAHC made academic support payments to UVM in monthly installments. The amount of the academic support payment was \$4,935,000 and \$4,837,000 in the years ended September 30, 2013 and 2012, respectively. Under the Affiliation Agreement, the Dean's Tax is paid to UVM by FAHC in an amount equal to the greater of 2.3% of the Medical Group's net patient service revenues exclusive of all Medicaid revenues for that fiscal year, or \$4,600,000. The amount of the Dean's Tax approximated \$4,717,000 and \$4,624,000 in the years ended September 30, 2013 and 2012, respectively.

16. Functional Expenses

FAP provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended September 30, 2013 and 2012, are as follows:

<i>(in thousands)</i>	2013	2012
Education and research	\$ 2,786	\$ 1,788
Health care services	1,131,565	888,360
Management and general	327,045	226,961
Total functional expenses	<u>1,461,396</u>	<u>1,117,109</u>
Less: Nonoperating expenses	<u>2,547</u>	<u>1,626</u>
Total operating expenses	<u>\$ 1,458,849</u>	<u>\$ 1,115,483</u>

17. Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, FAP analyzes its past history and identifies trends for each of its major categories of revenue (inpatient, outpatient, and professional) to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major categories of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

Accounts receivable, prior to adjustment for doubtful accounts, is summarized as follows at September 30, 2013 and 2012:

<i>(in thousands)</i>	2013	2012
Receivables		
Patients	\$ 55,188	\$ 34,034
Third-party payers	154,754	125,477
	<u>\$ 209,942</u>	<u>\$ 159,511</u>

Fletcher Allen Partners, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

The allowance for doubtful accounts is summarized as follows at September 30, 2013 and 2012

<i>(in thousands)</i>	2013	2012
Allowance for doubtful accounts		
Patients	\$ 24,638	\$ 16,332
Third-party payers	9,512	10,240
	<u>\$ 34,150</u>	<u>\$ 26,572</u>

Bad debt expense for nonpatient related accounts receivable is reflected in total operating expenses on the statement of operations. Patient related bad debt is reflected as a reduction in patient service revenues on the statement of operations.

Net patient service revenue before the provision for bad debts and enhanced Medicaid graduate medical education revenues for the years ended September 30, 2013 and 2012, is summarized as follows

<i>(in thousands)</i>	2013	2012
Net patient service revenue		
Patients	\$ 58,851	\$ 38,817
Third-party payers	1,238,661	998,442
	<u>\$ 1,297,512</u>	<u>\$ 1,037,259</u>

18. Subsequent Events

FAP has evaluated subsequent events through February 7, 2014, which is the date the financial statements were issued and has concluded that, there were no such events that require adjustments to the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

Other Financial Information

Fletcher Allen Obligated Group

Obligated Group Balance Sheets

September 30, 2013 and 2012

(in thousands)

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 197,318	\$ 158,808
Patient and other trade accounts receivable - net of allowance for doubtful accounts of \$25,932 and \$26,572, respectively	129,983	131,606
Due from related parties	-	560
Inventories	24,120	23,861
Receivables from third-party payers	4,951	6,140
Prepaid, other current assets, and short-term investments	35,450	16,271
Total current assets	<u>391,822</u>	<u>337,246</u>
Assets whose use is limited or restricted		
Board-designated assets	304,174	294,100
Assets held by trustee under bond indenture agreements	25,883	31,228
Restricted assets	754	615
Donor restricted assets for specific purposes	28,008	25,351
Donor restricted assets for permanent endowment	29,775	29,165
Total assets whose use is limited or restricted	<u>388,594</u>	<u>380,459</u>
Property and equipment, net	<u>483,539</u>	<u>470,469</u>
Other assets		
Deferred financing costs, net	11,735	13,150
Notes receivable and other assets	5,017	9,823
Investment in affiliated companies	23,166	25,355
Pledges receivable	756	584
Total other assets	<u>40,674</u>	<u>48,912</u>
Total assets	<u>\$ 1,304,629</u>	<u>\$ 1,237,086</u>
Liabilities and Net Assets		
Current liabilities		
Current installments of long-term debt	\$ 14,009	\$ 13,489
Accounts payable	23,346	25,582
Accrued expenses and other liabilities	43,464	32,210
Accrued payroll and related benefits	75,394	72,191
Third-party payer settlements	16,778	16,916
Due to related parties	5,060	2,396
Current portion of incurred but not reported claims	15,584	13,050
Total current liabilities	<u>193,635</u>	<u>175,834</u>
Long-term liabilities		
Long-term debt, net of current installments	398,250	401,833
Pension and other postretirement benefit obligations	42,338	81,582
Other	11,049	20,998
Total long-term liabilities	<u>451,637</u>	<u>504,413</u>
Total liabilities	<u>645,272</u>	<u>680,247</u>
Net assets		
Unrestricted	600,250	500,435
Temporarily restricted	29,332	27,239
Permanently restricted	29,775	29,165
Total net assets	<u>659,357</u>	<u>556,839</u>
Total liabilities and net assets	<u>\$ 1,304,629</u>	<u>\$ 1,237,086</u>

Fletcher Allen Obligated Group
Obligated Group Statements of Operations
Years Ended September 30, 2013 and 2012

(in thousands)

	2013	2012
Unrestricted revenue and other support		
Net patient service revenue	\$ 1,105,729	\$ 1,078,052
Less Provision for bad debts	(31,376)	(35,717)
Net Patient service revenue after provision for bad debt	1,074,353	1,042,335
Enhanced Medicaid Graduate Medical Education revenues – Hospital	18,582	-
Enhanced Medicaid Graduate Medical Education revenues – Professional	48,639	-
Net patient service revenue after provision for bad debts and enhanced Medicaid Graduate Education revenues	1,141,574	1,042,335
Premium revenue	12,792	12,521
Other revenue	43,400	34,078
Total unrestricted revenue and other support	1,197,766	1,088,934
Expenses		
Salaries, payroll taxes, and fringe benefits	700,421	659,845
Supplies and other	325,428	271,617
Purchased services	54,009	41,977
Depreciation and amortization	55,977	56,961
Interest expense	18,384	19,951
Total expenses	1,154,219	1,050,351
Income from operations	43,547	38,583
Nonoperating gains (losses)		
Investment income	34,744	19,172
Gain (loss) on interest rate swap contracts	5,621	(1,266)
Loss on extinguishment of debt	(1,142)	(2,834)
Other gains (losses)	7,623	(1,077)
Total nonoperating gains	46,846	13,995
Excess of revenue over expenses	90,393	52,578
Net (decrease) increase in unrealized gains on investments	(21,827)	30,945
Net assets released from restrictions for capital purchases	1,461	334
Transfer of net assets	-	52,453
Pension related adjustments	29,788	(18,343)
Increase in unrestricted net assets	\$ 99,815	\$ 117,967

Fletcher Allen Obligated Group
Obligated Group Statements of Changes in Net Assets
Years Ended September 30, 2013 and 2012

(in thousands)

	2013	2012
Unrestricted net assets		
Excess of revenue over expenses	\$ 90,393	\$ 52,578
Net (decrease) increase in unrealized gains on investments	(21,827)	30,945
Net assets released from restrictions for capital purchases	1,461	334
Pension related adjustments	29,788	(18,343)
Transfer of net assets	-	52,453
Increase in unrestricted net assets	<u>99,815</u>	<u>117,967</u>
Temporarily restricted net assets		
Gifts, grants, and bequests	4,041	2,908
Investment income	192	180
Net increase in unrealized gains on investments	1,197	3,099
Net realized gains on investments	1,512	617
Net assets released from restrictions used in operations	(2,209)	(1,522)
Net assets released from restrictions used for nonoperating purposes	(1,150)	(306)
Net assets released from restrictions used for capital purchases	(1,461)	(334)
Transfer of net assets	(29)	(64)
Contribution of temporarily restricted net assets	-	6,035
Increase in temporarily restricted net assets	<u>2,093</u>	<u>10,613</u>
Permanently restricted net assets		
Gifts, grants, and bequests	75	67
Change in beneficial interest in perpetual trusts	506	941
Transfer of net assets	29	64
Contribution of permanently restricted net assets	-	3,101
Increase in permanently restricted net assets	<u>610</u>	<u>4,173</u>
Increase in net assets	<u>102,518</u>	<u>132,753</u>
Net assets		
Beginning of year	<u>556,839</u>	<u>424,086</u>
End of year	<u>\$ 659,357</u>	<u>\$ 556,839</u>

Fletcher Allen Obligated Group

Consolidating Obligated Group Balance Sheet

September 30, 2013

<i>(in thousands)</i>	Central Vermont Hospital and Medical Group Practice	Woodridge Rehabilitation and Nursing	Total CVMC	FAHC (Hospital)	Eliminations	Total Fletcher Allen Obligated Group	Other Entities	Total Fletcher Allen Partners
Assets								
Current assets								
Cash and cash equivalents	\$ 5,793	\$ 138	\$ 5,931	\$ 191,387	\$ -	\$ 197,318	\$ 51,534	\$ 248,852
Patient accounts receivable, net	14,226	1,436	15,662	114,321	-	129,983	45,809	175,792
Due from related parties	12,346	(12,595)	(249)	-	249	-	-	-
Inventories	2,620	-	2,620	21,500	-	24,120	5,534	29,654
Receivables from third-party payors	43	-	43	4,908	-	4,951	-	4,951
Current portion of assets whose use is limited or restricted	-	-	-	-	-	-	20,845	20,845
Prepaid, other current assets, and short-term investments	3,288	-	3,288	32,162	-	35,450	20,381	55,831
Total current assets	38,316	(11,021)	27,295	364,278	249	391,822	144,103	535,925
Assets whose use is limited or restricted								
Board-designated assets	32,397	6,192	38,589	265,585	-	304,174	13,541	317,715
Assets held by trustee under bond indenture agreements	-	-	-	25,883	-	25,883	130	26,013
Restricted assets	-	-	-	754	-	754	38,252	39,006
Donor-restricted assets for specific purposes	6,672	-	6,672	21,336	-	28,008	700	28,708
Donor-restricted assets for permanent endowment	3,101	-	3,101	26,674	-	29,775	-	29,775
Total assets whose use is limited or restricted	42,170	6,192	48,362	340,232	-	388,594	52,623	441,217
Property and equipment, net	66,392	3,965	70,357	413,182	-	483,539	124,980	608,519
Other assets								
Deferred financing costs, net	-	-	-	11,735	-	11,735	186	11,921
Notes receivable and other assets	1,503	-	1,503	3,514	-	5,017	6,607	11,624
Investment in affiliated companies	-	-	-	23,166	-	23,166	(19,328)	3,838
Pledges receivable	71	-	71	685	-	756	770	1,526
Total other assets	1,574	-	1,574	39,100	-	40,674	(11,765)	28,909
Total assets	\$ 148,452	\$ (864)	\$ 147,588	\$ 1,156,792	\$ 249	\$ 1,304,629	\$ 309,941	\$ 1,614,570

Fletcher Allen Obligated Group

Consolidating Obligated Group Balance Sheet

September 30, 2013

(in thousands)

Liabilities and Net Assets

Current liabilities

	Central Vermont Hospital and Medical Group Practice	Woodridge Rehabilitation and Nursing	Total CVMC	FAHC (Hospital)	Eliminations	Total Fletcher Allen Obligated Group	Other Entities	Total Fletcher Allen Partners
Current installments of long-term debt	\$ 3,721	\$ 755	\$ 4,476	\$ 9,533	\$ -	\$ 14,009	\$ 13,679	\$ 27,688
Accounts payable	2,285	11	2,296	21,050	-	23,346	67	23,413
Accrued expenses and other liabilities	2,097	374	2,471	40,744	249	43,464	40,414	83,878
Accrued payroll and related benefits	7,521	635	8,156	67,238	-	75,394	15,509	90,903
Third-party payer settlements	2,286	-	2,286	14,492	-	16,778	4,148	20,926
Due to related parties	-	-	-	5,060	-	5,060	(5,060)	-
Incurring but not reported claims	904	376	1,280	14,304	-	15,584	16,407	31,991
Total current liabilities	18,814	2,151	20,965	172,421	249	193,635	85,164	278,799
Long-term debt, net of current installments	16,671	3,523	20,194	378,056	-	398,250	72,471	470,721
Pension and other postretirement benefit obligations	23,173	-	23,173	19,165	-	42,338	23,962	66,300
Other	779	-	779	10,270	-	11,049	42,161	53,210
Total liabilities	59,437	5,674	65,111	579,912	249	645,272	223,758	869,030
Net assets								
Unrestricted	79,242	(6,538)	72,704	527,546	-	600,250	81,458	681,708
Temporarily restricted	6,672	-	6,672	22,660	-	29,332	3,168	32,500
Permanently restricted	3,101	-	3,101	26,674	-	29,775	1,557	31,332
Total net assets	89,015	(6,538)	82,477	576,880	-	659,357	86,183	745,540
Total liabilities and net assets	\$ 148,452	\$ (864)	\$ 147,588	\$ 1,156,792	\$ 249	\$ 1,304,629	\$ 309,941	\$ 1,614,570

Fletcher Allen Obligated Group

Consolidating Obligated Group Statement of Operations

Year Ended September 30, 2013

(in thousands)

	Central Vermont Hospital and Medical Group Practice	Woodridge Rehabilitation and Nursing	Total CVMC	FAHC (Hospital)	Eliminations	Total Fletcher Allen Obligated Group	Other Entities	Total Fletcher Allen Partners
Unrestricted revenue and other support								
Net patient service revenue	\$ 136,487	\$ 14,185	\$ 150,672	\$ 955,057	\$ -	\$ 1,105,729	\$ 191,783	\$ 1,297,512
Less Provision for bad debt	(4,716)	(110)	(4,826)	(26,550)	-	(31,376)	(6,148)	(37,524)
Net patient service revenue after provision for bad debts	131,771	14,075	145,846	928,507	-	1,074,353	185,635	1,259,988
Enhanced Medicaid Graduate Medical Education revenues – Hospital	-	-	-	18,582	-	18,582	-	18,582
Enhanced Medicaid Graduate Medical Education revenues – Professional	-	-	-	48,639	-	48,639	-	48,639
Net patient service revenue after provision for bad debts and enhanced Graduate Medical Education revenues	131,771	14,075	145,846	995,728	-	1,141,574	185,635	1,327,209
Premium revenue	1,762	-	1,762	11,030	-	12,792	107,511	120,303
Other revenue	7,540	197	7,737	36,455	(792)	43,400	11,718	55,118
Total unrestricted revenue and other support	141,073	14,272	155,345	1,043,213	(792)	1,197,766	304,864	1,502,630
Expenses								
Salary, payroll taxes and fringe benefits	91,274	10,683	101,957	598,139	325	700,421	144,973	845,394
Supplies and other	29,015	3,167	32,182	293,528	(282)	325,428	64,291	389,719
Purchased services	9,196	492	9,688	45,156	(835)	54,009	5,835	59,844
Depreciation and amortization	8,656	650	9,306	46,671	-	55,977	14,361	70,338
Interest expense	1,207	192	1,399	16,985	-	18,384	2,948	21,332
Underwriting expenses	-	-	-	-	-	-	12,025	12,025
Medical Claims	-	-	-	-	-	-	60,197	60,197
Total expenses	139,348	15,184	154,532	1,000,479	(792)	1,154,219	304,630	1,458,849
Income (loss) from operations	1,725	(912)	813	42,734	-	43,547	234	43,781
Nonoperating gains (losses)								
Investment income	849	128	977	33,767	-	34,744	3,553	38,297
Gain on interest rate swap agreements	-	-	-	5,621	-	5,621	3,829	9,450
Loss on extinguishment of debt	-	-	-	(1,142)	-	(1,142)	-	(1,142)
Contribution revenue from acquisition	-	-	-	-	-	-	45,479	45,479
Other	542	2	544	7,079	-	7,623	(1,125)	6,498
Total nonoperating gains	1,391	130	1,521	45,325	-	46,846	51,736	98,582
Excess (deficit) of revenue over expenses	3,116	(782)	2,334	88,059	-	90,393	51,970	142,363
Net increase (decrease) in unrealized gains on investments	1,993	(124)	1,869	(23,696)	-	(21,827)	1,022	(20,805)
Net assets released from restrictions for capital purchases	-	-	-	1,461	-	1,461	5,734	7,195
Pension related adjustments	18,179	-	18,179	11,609	-	29,788	22,793	52,581
Increase (decrease) in unrestricted net assets	\$ 23,288	\$ (906)	\$ 22,382	\$ 77,433	\$ -	\$ 99,815	\$ 81,519	\$ 181,334