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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 <div> <div>2012</div> <div>Open to Public Inspection</div> </div>
	▶ 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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization THE WILLIAM W BACKUS HOSPITAL		D Employer identification number 06-0250773	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) 326 WASHINGTON STREET	Room/suite	E Telephone number (860) 889-8331	
	City or town, state or country, and ZIP + 4 NORWICH, CT 06360			
			G Gross receipts \$ 332,093,794	
F Name and address of principal officer DANIEL E LOHR 326 WASHINGTON STREET NORWICH, CT 06360		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶		
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				
J Website: ▶ WWW.BACKUSHOSPITAL.ORG				
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1891	M State of legal domicile CT	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities BACKUS HOSPITAL DELIVERS AND COORDINATES A CONTINUUM OF HIGH-QUALITY HEALTH CARE THAT IS SENSITIVE TO THE NEEDS OF INDIVIDUALS IN EASTERN CONNECTICUT			
	2 Check this box <input type="checkbox"/> 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)	15	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	10	
	5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	2,133	
6	Total number of volunteers (estimate if necessary)	465		
7a	Total unrelated business revenue from Part VIII, column (C), line 12	2,234,756		
7b	Net unrelated business taxable income from Form 990-T, line 34	219,181		
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	1,179,014	1,225,848
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	285,997,171	279,344,487
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,525,194	6,336,590
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,628,784	2,501,468
			293,330,163	289,408,393
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	752,684	130,303
	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)	146,148,497	144,190,562
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25)	437,085	
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	115,188,670	113,205,414
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	262,089,851	257,526,279
	19	Revenue less expenses Subtract line 18 from line 12	31,240,312	31,882,114
	Net Assets or Fund Balances			Beginning of Current Year
20		Total assets (Part X, line 16)	393,284,501	477,063,817
21		Total liabilities (Part X, line 26)	195,088,980	151,234,531
22		Net assets or fund balances Subtract line 21 from line 20	198,195,521	325,829,286

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	<div> <div></div> <div>Signature of officer</div> </div>				<div> <div>2014-08-12</div> <div>Date</div> </div>			
	<div> <div></div> <div>DANIEL E LOHR SENIOR VP/CFO</div> <div>Type or print name and title</div> </div>							
Paid Preparer Use Only	<div> <div>Print/Type preparer's name</div> <div>MICHAEL J ENGLE</div> </div>		<div> <div>Preparer's signature</div> </div>		<div> <div>Date</div> </div>		<div> <div>Check <input type="checkbox"/> if self-employed</div> </div>	<div> <div>PTIN</div> <div>P00482834</div> </div>
	<div> <div>Firm's name</div> <div> <div></div> <div>BKD LLP</div> </div> </div>					<div> <div>Firm's EIN</div> <div> <div></div> <div>44-0160260</div> </div> </div>		
	<div> <div>Firm's address</div> <div> <div></div> <div>1201 WALNUT SUITE 1700</div> <div>KANSAS CITY, MO 64106</div> </div> </div>					<div> <div>Phone no</div> <div>(816) 221-6300</div> </div>		

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

THE WILLIAM W BACKUS HOSPITAL DELIVERS AND COORDINATES A CONTINUUM OF HIGH QUALITY HEALTH CARE THAT IS SENSITIVE TO THE NEEDS OF INDIVIDUALS IN EASTERN CONNECTICUT THE HOSPITAL IS COMMITTED TO BEING RESPONSIVE AND ACCOUNTABLE TO THOSE FOR WHOSE BENEFIT IT EXISTS, AND TO IMPROVING THE HEALTH OF ITS COMMUNITIES

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 209,142,811 including grants of \$ 130,303) (Revenue \$ 278,231,478)

IN FISCAL YEAR 2013, BACKUS HOSPITAL HAD 10,573 ADMISSIONS, 78,884 EMERGENCY DEPARTMENT VISITS, AND 460,916 OUTPATIENT VISITS THE HOSPITAL DELIVERED 860 BABIES AND 6,323 SAME DAY SURGICAL PROCEDURES BACKUS PERFORMED 128,607 OUTPATIENT IMAGING EXAMS, 7,132 MRI EXAMINATIONS, 7,973 PSYCHIATRIC CLINICAL VISITS AND 7,992 PSYCHIATRIC PARTIAL HOSPITAL VISITS

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

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

4e























Total program service expenses

209,142,811

Form 990 (2012)

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) 	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II 	18 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		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	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.	204	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2,133	
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)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	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?		
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	15	
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	10	
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	Yes
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
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	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 DANIEL LOHR 326 WASHINGTON STREET NORWICH, CT (860) 889-8331

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) DAVID WHITEHEAD TRUSTEE/PRESIDENT/CEO	40 00 7 00	X		X				1,054,517	0	39,768
(2) JOHN BILDA TRUSTEE	2 00 1 00	X						0	0	0
(3) STEPHEN BRIGGS TRUSTEE	2 00 1 00	X						0	0	0
(4) ELIZABETH CONWAY TRUSTEE/VICE CHAIRMAN	6 00 1 00	X		X				0	0	0
(5) KARIN EDWARDS TRUSTEE	2 00 1 00	X						0	0	0
(6) NANCY GENTES TRUSTEE	2 00 1 00	X						0	0	0
(7) ANTHONY JOYCE TRUSTEE/CHAIRMAN	6 00 1 00	X		X				0	0	0
(8) PETER MANERI TRUSTEE	2 00 1 00	X						0	0	0
(9) PAUL MAXFIELD TRUSTEE	2 00 1 00	X						0	0	0
(10) DEBORAH MONAHAN TRUSTEE/SECRETARY	6 00 1 00	X		X				0	0	0
(11) LYNNE QUINTAL-HILL TRUSTEE	2 00 1 00	X						0	0	0
(12) ROBERT RAMSDELL TRUSTEE/TREASURER	6 00 1 00	X		X				0	0	0
(13) DONNA ROMITO TRUSTEE	2 00 1 00	X						0	0	0
(14) DENNIS SLATER TRUSTEE	2 00 1 00	X						0	0	0
(15) MARK TRAMONTOZZI TRUSTEE	2 00 1 00	X						0	0	0
(16) DANIEL LOHR SENIOR VP/CFO	40 00 9 00			X				713,794	0	39,768
(17) PETER SHEA SENIOR VP/MEDICAL DIRECTOR	40 00				X			636,111	0	39,184

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	4,536,998	0	322,602

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 167

		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
ALLIANCE HEALTHCARE SERVICES PO BOX 96485 CHICAGO IL 60693	MEDICAL SERVICES	3,137,705
NAVIN HAFTY & ASSOC 1900 WEST PARK DRIVE STE 180 WESTBOROUGH MA 01581	CONSULTING	2,548,871
YALE NEW HAVEN HOSPITAL 20 YORK STREET NEW HAVEN CT 06504	MEDICAL SERVICES	1,945,762
EXECUTIVE HEALTH RESOURCES PO BOX 822688 PHILADELPHIA PA 19182	CONSULTING	1,106,719
DAVITA INC PO BOX 8500-1607 PHILADELPHIA PA 19178	MEDICAL SERVICES	498,533

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 ►36

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	101,867			
	d	Related organizations 1d	3,500			
	e	Government grants (contributions) 1e	586,588			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	533,893			
	g	Noncash contributions included in lines 1a-1f \$	3,894			
	h	Total. Add lines 1a-1f	1,225,848			
Program Service Revenue	Business Code					
	2a	INPATIENT	900099	118,361,330	118,361,330	
	b	OUTPATIENT	900099	103,455,748	103,455,748	
	c	EMERGENCY DEPT	900099	52,725,675	52,725,675	
	d	EHR REVENUE	900099	2,611,725	2,611,725	
	e	LAB COURIER SERVICE	621500	2,190,009	2,190,009	
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	279,344,487			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	3,582,788			3,582,788
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	(i) Real	(ii) Personal			
		879,099				
		1,241,059				
		-361,960				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)	-361,960			-361,960
	7a	(i) Securities	(ii) Other			
		43,451,957	337,151			
		40,559,506	475,800			
		2,892,451	-138,649			
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)	2,753,802			2,753,802
	8a	Gross income from fundraising events (not including \$ 101,867 of contributions reported on line 1c) See Part IV, line 18				
	a	30,320				
	b	Less direct expenses b	43,976			
	c	Net income or (loss) from fundraising events	-13,656			-13,656
	9a	Gross income from gaming activities See Part IV, line 19				
	a					
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances				
	a	515,308				
	b	Less cost of goods sold b	365,060			
	c	Net income or (loss) from sales of inventory	150,248			150,248
	Miscellaneous Revenue		Business Code			
	11a	CAFETERIA	722320	1,225,242		1,225,242
	b	CHILD CARE	624410	379,847		379,847
	c	PURCHASE DISCOUNTS	900099	218,906	218,906	
	d	All other revenue		902,841	858,094	44,747
	e	Total. Add lines 11a-11d	2,726,836			
	12	Total revenue. See Instructions	289,408,393	278,231,478	2,234,756	7,716,311

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.	117,803	117,803		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	12,500	12,500		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	2,034,773	577,237	1,457,536	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	115,218,074	100,571,289	14,537,332	109,453
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	7,678,569	6,680,355	992,071	6,143
9	Other employee benefits.	10,827,673	9,420,076	1,398,935	8,662
10	Payroll taxes.	8,431,473	7,335,382	1,089,349	6,742
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	1,475,968		1,475,968	
c	Accounting.	346,185		346,185	
d	Lobbying.	51,325		51,325	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	109,002		109,002	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	16,509,418	13,411,828	3,097,590	
12	Advertising and promotion.	132,453	110,611		21,842
13	Office expenses.	5,140,225	3,913,243	1,218,057	8,925
14	Information technology.	3,596,627	492,509	3,104,118	
15	Royalties.				
16	Occupancy.	5,261,549	452,531	4,809,018	
17	Travel.	210,558	77,355	133,203	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	14,710	2,085	12,625	
20	Interest.	3,170,525		3,170,525	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	14,971,813	7,108,267	7,863,546	
23	Insurance.	5,126,318	4,531,196	595,122	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL EXPENSES	34,713,650	34,713,650		
b	BAD DEBT	8,725,735	8,723,935	1,800	
c	MAINT/SERVICE CONTRACTS	4,894,477	3,710,464	1,184,013	
d	LAB EXPENSES	4,113,229	4,113,229		
e	All other expenses	4,641,647	3,067,266	1,299,063	275,318
25	Total functional expenses. Add lines 1 through 24e.	257,526,279	209,142,811	47,946,383	437,085
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 <input type="checkbox"/> 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		3,816,199	1	1,643,564
	2	Savings and temporary cash investments		103,907,072	2	130,996,812
	3	Pledges and grants receivable, net		31,723	3	29,416
	4	Accounts receivable, net		32,015,340	4	31,013,657
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		74,517	7	53,821
	8	Inventories for sale or use		3,602,936	8	3,778,841
	9	Prepaid expenses and deferred charges		5,066,915	9	2,941,851
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a299,682,104			
	b	Less accumulated depreciation	10b160,938,198	91,354,486	10c	138,743,906
	11	Investments—publicly traded securities		147,043,829	11	158,491,234
	12	Investments—other securities See Part IV, line 11		12,632	12	12,632
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		6,358,852	15	9,358,083
	16	Total assets. Add lines 1 through 15 (must equal line 34)		393,284,501	16	477,063,817
Liabilities	17	Accounts payable and accrued expenses		23,583,670	17	21,300,221
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		59,265,000	20	62,005,476
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		1,126,557	23	1,527,930
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		111,113,753	25	66,400,904
	26	Total liabilities. Add lines 17 through 25		195,088,980	26	151,234,531
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		187,548,862	27	314,456,228
	28	Temporarily restricted net assets		2,890,743	28	3,305,592
	29	Permanently restricted net assets		7,755,916	29	8,067,466
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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		198,195,521	33	325,829,286
	34	Total liabilities and net assets/fund balances		393,284,501	34	477,063,817

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	289,408,393
2	Total expenses (must equal Part IX, column (A), line 25)	2	257,526,279
3	Revenue less expenses Subtract line 2 from line 1	3	31,882,114
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	198,195,521
5	Net unrealized gains (losses) on investments	5	5,113,161
6	Donated services and use of facilities	6	
7	Investment expenses	7	-393,191
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	91,031,681
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	325,829,286

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	2a	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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis	2b	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	2c	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?	3a	No
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization THE WILLIAM W BACKUS HOSPITAL	Employer identification number 06-0250773
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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 THE WILLIAM W BACKUS HOSPITAL	Employer identification number 06-0250773
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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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		51,325
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			51,325
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
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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 THE WILLIAM W BACKUS HOSPITAL	Employer identification number 06-0250773
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Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

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

☐ Yes

☐ No

b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	5,396,859	5,396,859	5,320,786	4,841,631	3,871,631
b Contributions			5,000	358,064	970,000
c Net investment earnings, gains, and losses	159,637	5,226	76,505	505,259	142,089
d Grants or scholarships					
e Other expenditures for facilities and programs				378,271	135,254
f Administrative expenses	4,511	5,226	5,432	5,897	6,835
g End of year balance	5,551,985	5,396,859	5,396,859	5,320,786	4,841,631

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 100 000 %

c

Temporarily restricted endowment

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

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		5,011,878		5,011,878
b Buildings	10,381,267	117,921,709	35,489,934	92,813,042
c Leasehold improvements		63,741,714	51,595,691	12,146,023
d Equipment		102,548,384	73,852,573	28,695,811
e Other		77,152		77,152
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				138,743,906

Schedule D (Form 990) 2012

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	295,396,450
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	5,113,161		
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	5,113,161
3	Subtract line 2e from line 1			3	290,283,289
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	393,191		
b	Other (Describe in Part XIII)	4b	-1,268,087		
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	289,408,393
Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return					
1	Total expenses and losses per audited financial statements			1	258,797,835
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	1,423,684		
e	Add lines 2a through 2d			2e	1,423,684
3	Subtract line 2e from line 1			3	257,374,151
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	152,128		
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	257,526,279

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE PERMANENTLY RESTRICTED ENDOWMENT FUNDS ARE MEANT TO PROVIDE LONG TERM SUPPORT FOR CAPITAL AND OPERATING PROGRAMS FOR THE HOSPITAL IN ACCORDANCE WITH THE DONOR'S WISHES
PART XI, LINE 4B - OTHER ADJUSTMENTS		AUXILIARY INCOME-156,999 K-1 PASSTHROUGH-(1,402) LOSS ON FIXED ASSETS-(138,649) RENTAL EXPENSES-(1,241,059) GOLF TOURNAMENT EXPENSES-(43,976)
PART XII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES-1,241,059 GOLF TOURNAMENT EXPENSES-43,976 LOSS ON FIXED ASSETS-138,649
PART XII, LINE 4B - OTHER ADJUSTMENTS		AUXILIARY EXPENSES-152,128
		SCHEDULE D PART X LINE 2 ASC 740-10, UNCERTAIN TAX POSITIONS, PRECRIBES A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. THIS INTERPRETATION ALSO PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, AND DISCLOSURE REQUIREMENTS FOR UNCERTAIN TAX POSITION MANAGEMENT. HAS EVALUATED THE IMPLICATIONS OF ASC 740-10 AND DETERMINED THAT ITS IMPACT ON THE FINANCIAL STATEMENTS IS NOT SIGNIFICANT.

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE WILLIAM W BACKUS HOSPITAL

Employer identification number
06-0250773

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

1

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

a

☐ Mail solicitations

e

☐ Solicitation of non-government grants

b

☐ Internet and email solicitations

f

☐ Solicitation of government grants

c

☐ Phone solicitations

g

☐ Special fundraising events

d

☐ In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes ☐ No

b

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

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

3

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

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

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		GOLF TOURNAMENT (event type)	SEDER GOLF TOURNAMENT (event type)	(total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	91,435	40,752	132,187
	2	Less Contributions . .	69,035	32,832	101,867
	3	Gross income (line 1 minus line 2)	22,400	7,920	30,320
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . .	12,420		12,420
	6	Rent/facility costs . .	11,200	13,254	24,454
	7	Food and beverages .	3,082	765	3,847
	8	Entertainment		750	750
	9	Other direct expenses .	1,791	714	2,505
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			

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

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

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

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

b If "No," explain

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

b If "Yes," explain

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶

Address ▶

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

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

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

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Identifier	Return Reference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE WILLIAM W BACKUS HOSPITAL

Employer identification number
06-0250773

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 <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>25000 0000000000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> 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		No
b	If "Yes," did the organization make it available to the public?	5c		
	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)			3,145,248	525,427	2,619,821	1 050 %
b Medicaid (from Worksheet 3, column a)			58,661,230	40,262,278	18,398,952	7 400 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			61,806,478	40,787,705	21,018,773	8 450 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	78	37,619	850,994	14,110	836,884	0 340 %
f Health professions education (from Worksheet 5)	15	848	174,283	5,000	169,283	0 070 %
g Subsidized health services (from Worksheet 6)		19,841	3,935,738		3,935,738	1 580 %
h Research (from Worksheet 7)			27,352		27,352	0 010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	15	120	87,248		87,248	0 040 %
j Total. Other Benefits	108	58,428	5,075,615	19,110	5,056,505	2 040 %
k Total. Add lines 7d and 7j	108	58,428	66,882,093	40,806,815	26,075,278	10 490 %

Part III

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	7	39,641		39,641	0.020 %
4	Environmental improvements					
5	Leadership development and training for community members	2	1,126		1,126	0 %
6	Coalition building	2	1,319		1,319	0 %
7	Community health improvement advocacy	3	5,117		5,117	0 %
8	Workforce development	1	691		691	0 %
9	Other	1	560		560	0 %
10	Total	16	48,454		48,454	0.020 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

No

2

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

2

3,352,286

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

2,556,613

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

50,291,272

6

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

6

68,283,759

7

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

7

-17,992,487

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				

Schedule H (Form 990) 2012

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	THE WILLIAM W BACKUS HOSPITAL 326 WASHINGTON STREET NORWICH,CT 06360	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)

THE WILLIAM W BACKUS HOSPITAL

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	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)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input checked="" type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> 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>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a <input checked="" type="checkbox"/> Income level			
b <input type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input checked="" type="checkbox"/> State regulation			
h <input type="checkbox"/> 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 <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input checked="" type="checkbox"/> The policy was attached to billing invoices			
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> 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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?		17	No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input checked="" type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

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

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

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

10

Name and address	Type of Facility (describe)
1 BACKUS OUTPATIENT CARE CENTER 111 SALEM TURNPIKE NORWICH, CT 06360	OUTPATIENT SERVICES
2 MEDICAL OFFICE BUILDING 330 WASHINGTON STREET NORWICH, CT 06360	RADIATION THERAPY/LAB
3 COLCHESTER BACKUS HEALTH CENTER 163 BROADWAY COLCHESTER, CT 06415	RADIOLOGY/LAB/PRIMARY CARE
4 MONTVILLE BACKUS HEALTH CARE 80 NORWICH/NEW LONDON TURNPIKE UNCASVILLE, CT 06382	RADIOLOGY/LAB/PRIMARY CARE
5 LEDYARD BACKUS HEALTH CENTER 743 COLONEL LEDYARD HIGHWAY LEDYARD, CT 06339	LAB/PRIMARY CARE
6 JEWETT CITY PATIENT SERVICE CENTER 70 MAIN STREET JEWETT CITY, CT 06351	LAB
7 INFECTIOUS DISEASE CLINIC 107 LAFAYETTE STREET NORWICH, CT 06360	CLINIC
8 NORTH STONINGTON BACKUS HEALTH CENTER 82 NORWICH-WESTERLY ROAD NORTH STONINGTON, CT 06359	PRIMARY CARE
9 NORWICHTOWN BACKUS PATIENT SERVICE CTR 55 TOWN STREET NORWICH, CT 06360	LAB
10 PLAINFIELD EMERGENCY CENTER 582 NORWICH ROAD PLAINFIELD, CT 06374	LAB/RADIOLOGY/EMERGENCY SERVICES

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 8725735
		PART III, LINE 4 SEE PAGES 13&14 OF THE AUDITED FINANCIAL STATEMENTS LINE 3-COST METHODOLOGY EQUALS RCC FROM 2013 OHCA FILING PORTION OF BAD DEBT CONSIDERED COMMUNITY BENEFIT IS BASED ON THE COST OF THE ACCOUNTS RETURNED FROM THE COLLECTION AGENCY AS UNCOLLECTIBLE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICARE SHORTFALL WAS NOT INCLUDED IN THE COMMUNITY BENEFIT COST THE COSTING METHODOLOGY CONSISTED OF INFORMATION FROM THE HOSPITAL'S COST ACCOUNTING SYSTEM AS WELL AS COSTS FROM THE MEDICARE COST REPORT
		PART III, LINE 9B IN THE SELF-PAY POLICY, SECTION IIB, STATES THAT THE MEDICAL BUREAU OF ECONOMICS (MBE) RECEIVES A WEEKLY LIST OF PATIENTS WHO WERE SENT FINANCIAL ASSISTANCE APPLICATIONS FROM BACKUS STAFF THIS INFORMATION IS FROM THE PATIENT ACCOUNTS OR FINANCIAL COUNCELING DEPARTMENTS MBE'S COLLECTION ACTIVITY ON THESE PATIENTS IS HAULTED UNTIL IT HAS BEEN DETERMINED IF THE PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S POLICY,BY THE HOSPITAL FINANCIAL COUNCELING UNIT COLLECTION ACTION IS ONLY RESUMED ONCE IT IS DETERMINED THE PATIENT DOES NOT QUALIFY FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
THE WILLIAM W BACKUS HOSPITAL		PART V, SECTION B, LINE 3 IN THE MOST RECENT CHNA, WILLIAM W BACKUS HOSPITAL CONTRACTED WITH HOLLERAN, AN INDEPENDENT RESEARCH AND CONSULTING FIRM LOCATED IN LANCASTER, PENNSYLVANIA A SAMPLE OF 461 INDIVIDUALS WHO RESIDE WITHIN EASTERN CONNECTICUT WERE INTERVIEWED BY TELEPHONE TO ASSESS THEIR HEALTH BEHAVIORS, PREVENTATIVE PRACTICES, AND ACCESS TO HEALTH CARE INDIVIDUALS WERE RANDOMLY SELECTED FOR PARTICIPATION BASED ON A STATISTICALLY VALID SAMPLING FRAME DEVELOPED BY HOLLERAN THE SAMPLING FRAME REPRESENTED 24 ZIP CODES WITHIN THE HOSPITAL'S SERVICE AREA INTERVIEWS WERE CONDUCTED BY HOLLERAN'S TELE-RESEARCH CENTER BETWEEN THE DATES OF JULY 24, 2012 AND SEPTEMBER 6, 2012 INTERVIEWERS CONTACTED RESPONDENTS VIA LAND-LINE TELEPHONE NUMBERS GENERATED FROM A RANDOM CALL LIST EACH INTERVIEW LASTED APPROXIMATELY 12 - 15 MINUTES DEPENDING ON THE CRITERIA MET AND WAS COMPLETELY CONFIDENTIAL ONLY RESPONDENTS WHO WERE AT LEAST 18 YEARS OF AGE AND LIVED IN A PRIVATE RESIDENCE WERE INCLUDED THE SURVEY WAS ADAPTED FROM THE CENTER FOR DISEASE CONTROL AND PREVENTION'S BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS) BRFSS IS THE LARGEST TELEPHONE HEALTH SURVEY IN THE WORLD IT IS USED NATIONALLY TO IDENTIFY NEW HEALTH PROBLEMS, MONITOR CURRENT PROBLEMS AND GOALS, AND ESTABLISH AND EVALUATE HEALTH PROGRAMS AND POLICIES THE SURVEY TOOL CONSISTED OF APPROXIMATELY 100 FACTORS SELECTED FROM THE 2010 AND 2011 BRFSS TOOLS THE FACTORS WERE CHOSEN BY WILLIAM W BACKUS HOSPITAL, IN CONSULTATION WITH HOLLERAN AND ADDRESSED 27 HEALTH-RELATED TOPICS RANGING FROM GENERAL HEALTH STATUS TO CHILD HUMAN PAPILOMA VIRUS IN ADDITION, BRFSS RESULTS FOR CONNECTICUT AND THE UNITED STATES ARE INCLUDED WHEN AVAILABLE TO INDICATE HOW THE HEALTH STATUS OF WILLIAM W BACKUS HOSPITALS SERVICE AREA COMPARES ON A STATE AND NATIONAL LEVEL THE SUMMARY REPORT IS AVAILABLE AT HTTP //BACKUSHOSPITAL ORG/WP-CONTENT/UPLOADS/2013/05/CHNA-FINAL-REPORT PDF
THE WILLIAM W BACKUS HOSPITAL		PART V, SECTION B, LINE 5C THE CHNA REPORT WAS MADE WIDELY AVAILABLE TO THE PUBLIC INFORMATION ABOUT THE CHNA AND ITS MAJOR FINDINGS AND IMPLEMENTATION STRATEGY APPEARED IN HEALTHY CONNECTIONS AND THE HOSPITELL BACKUS HOSPITAL PUBLISHES HEALTHY CONNECTIONS EACH MONTH AS A COMMUNITY SERVICE TO THE RESIDENTS OF EASTERN CONNECTICUT INFORMATION IN HEALTHY CONNECTIONS COMES FROM A WIDE RANGE OF MEDICAL RESOURCES THE HOSPITELL IS A WEEKLY NEWSLETTER FOR BACKUS EMPLOYEES, VOLUNTEERS, PATIENTS, AND COMMUNITY MEMBERS IT IS KEEPS READERS UPDATED ON HOSPITAL NEWS AND CAN BE FOUND IN PRINTED FORM IN THE HOSPITAL AND ITS OFFSITE LOCATIONS AND IT CAN ALSO BE FOUND ONLINE AT THE HOSPITAL'S WEBSITE THE ENTIRE NEEDS ASSESSMENT IS MADE AVAILABLE TO THE PUBLIC VIA THE HOSPITALS WEBSITE AND CAN BE FOUND AT WWW BACKUSHOSPITAL ORG/HEALTHSURVEY

Identifier	ReturnReference	Explanation
THE WILLIAM W BACKUS HOSPITAL		PART V, SECTION B, LINE 7 BY FOCUSING EFFORTS THE CROSS-CUTTING ISSUES OF ACCESS TO CARE, PREVENTATIVE HEALTH (INCLUDING CHRONIC AND INFECTIOUS DISEASE, RESPIRATORY HEALTH, AND OBESITY), AND MENTAL HEALTH (INCLUDING SUBSTANCE ABUSE), THE BACKUS HEALTH SYSTEM WILL TAKE A COMPREHENSIVE APPROACH TO ADDRESSING EIGHT OF THE NINE MOST URGENT NEEDS IN THE COMMUNITIES IT SERVES AS WITH ALL BACKUS HEALTH SYSTEM PROGRAMS, IT WILL CONTINUE TO MONITOR COMMUNITY NEEDS AND ADJUST PROGRAMMING AND SERVICES ACCORDINGLY BACKUS RECOGNIZES THAT THERE ARE NUMEROUS PARTNERS IN THE COMMUNITY THAT CAN HELP TO IMPROVE THE IDENTIFIED HEALTH NEEDS IN SOME CASES, PARTNERS ARE BETTER SUITED TO LEAD THE INITIATIVE TO IMPACT CERTAIN HEALTH NEEDS SUCH IS THE CASE WITH THE BUILT ENVIRONMENT BACKUS HEALTH SYSTEM WILL SUPPORT ONGOING AND NEW EFFORTS TO IMPROVE THE COMMUNITY'S PHYSICAL ENVIRONMENT AND INFRASTRUCTURE TO IMPROVE SAFETY, THE TRANSPORTATION SYSTEM, AND CREATE MORE OPPORTUNITIES FOR PHYSICAL ACTIVITY, BUT SEES ITS PRIMARY ROLE AS ALLOCATING RESOURCES TO ADDRESS DIRECT HEALTH NEEDS FOR THE COMMUNITY
NEEDS ASSESSMENT	PART V SECTION B	IN 2012, BACKUS COMMISSIONED A COMPREHENSIVE COMMUNITY HEALTH NEEDS ASSESSMENT CONDUCTED BY HOLLERAN, A PROFESSIONAL RESEARCH FIRM THE ASSESMENT CONSISTED OF 461 TELEPHONE INTERVIEWS WHICH WERE CONDUCTED THROUGHOUT THE HOSPITAL'S SERVICE REGION (BOTH NEW LONDON AND WINDOM COUNTIES) THE ASSESSMENT ALSO INCLUDED A DETAIED ANALYSIS OF SECONDARY DATA SOURCES, AS WELL AS KEY INFORMANT INTERVIEWS AND THREE FOCUS GROUPS THE NEEDS ASSESSMENT WAS PRESENTED AND DISTRIBUTED, AND CAN BE ACCESSED AT WWW.BACKUSHOSPITAL.ORG/HEATLHSURVEY THE SUMMARY REPORT IS AVAILABLE AT HTTP //WWW.BACKUSHOSPITAL.ORG/WP-CONTENT/UPLOADS/2013/05/CHNA-FINAL-REPORT.PDF

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI LINE 3	<p>NOTIFICATION ABOUT CHARITABLE CARE AND ASSISTANCE PROGRAMS IS AVAILABLE AT ALL REGISTRATION AREAS, ON AND OFF THE MAIN HOSPITAL CAMPUS, IN WAITING AREAS, IN THE PATIENT HANDBOOK, ON OUR WEBSITE, ON PROMINENTLY PLACED SIGNS (IN ENGLISH AND IN SPANISH) ADDITIONALLY, CARE MANAGEMENT SOCIAL WORKERS MEET WITH PARENTS, FAMILY, CLERGY, AND OTHERS AS APPROPRIATE TO DISCUSS ASSISTANCE PROGRAMS AND SERVICES THAT MAY BE AVAILABLE IN ADDITION TO THE COMPLETE FINANCIAL ASSISTANCE POLICY AND APPLICATION FOR FINANCIAL ASSISTANCE, HERE IS THE INFORMATION INCLUDED ON THE HOSPITAL WEBSITE FINANCIAL ASSISTANCEBACKUS HOSPITAL PROVIDES FINANCIAL ASSISTANCE PROGRAMS FOR CERTAIN QUALIFIED PATIENTS WHO ARE UNABLE TO PAY ALL OR PART OF THEIR BILL FOR INPATIENT, OUTPATIENT AND EMERGENCY SERVICES RENDERED AT THE HOSPITAL IF YOU ARE COPING WITH A FINANCIAL HARDSHIP, AND ARE FACING DEBTS OWED TO BACKUS HOSPITAL, FINANCIAL ASSISTANCE MAY BE AVAILABLE TO YOU INCOME VERIFICATIONBACKUS REQUESTS INCOME INFORMATION FROM THE APPLICANT VERIFICATION OF REPORTED INCOME SHOULD BE INCLUDED WITHIN THE APPLICATION PACKAGE APPROPRIATE VERIFICATION SOURCES INCLUDE MOST RECENT FEDERAL TAX RETURN AND W-2 MOST RECENT 3 PAYROLL CHECKS COPIES OF UNEMPLOYMENT CHECKS COPIES OF ANY PENSION, ALIMONY, CHILD SUPPORT OR OTHER SOURCES OF INCOME COPIES OF SOCIAL SECURITY EARNINGS, IF ANY ANY OTHER PERTINENT INFORMATIONIF THE APPLICANT HAS NO INCOME A STATEMENT DETAILING THE CURRENT METHOD OF SUPPORT WILL BE ACCEPTED PROOF OF INCOME OR EARNINGS IS REQUIRED WITH APPLICATION OR THE APPLICATION WILL NOT BE CONSIDERED FINANCIAL ASSISTANCE OPTIONSTHE LEVEL OF FINANCIAL ASSISTANCE THAT YOU MAY BE ELIGIBLE TO RECEIVE WILL BE BASED UPON THE CRITERIA DEFINED IN THE FINANCIAL ASSISTANCE POLICY THE WILLIAM W BACKUS HOSPITAL CONSIDERS FINANCIAL ASSISTANCE AWARDS ON A CASE-BY-CASE BASIS PLEASE CONTACT US IF YOU HAVE QUESTIONS REGARDING ELIGIBILITY FINANCIALLY INDIGENTFINANCIALLY INDIGENT IS DEFINED AS AN INDIVIDUAL WHOSE TOTAL GROSS ANNUAL INCOME IS LESS THAN OR EQUAL TO 250% OF THE FEDERAL POVERTY GUIDELINES (FPG) PATIENTS AT OR BELOW 250% FPG ARE ELIGIBLE FOR A 100% DISCOUNT OFF OF THEIR OUTSTANDING BALANCES INDIVIDUALS ABOVE 250% UP TO 400% FPG ARE ELIGIBLE FOR A DISCOUNT BASED ON THEIR TOTAL GROSS ANNUAL INCOME MEDICALLY INDIGENTBACKUS HOSPITAL CONSIDERS AN INDIVIDUAL TO BE MEDICALLY INDIGENT IF THEIR TOTAL ANNUAL GROSS INCOME IS ABOVE 400% FPG AND THEIR OUTSTANDING MEDICAL OBLIGATIONS ARE GREATER THAN 50% OF THEIR TOTAL ANNUAL GROSS INCOME THESE INDIVIDUALS MAY BE ELIGIBLE FOR A DISCOUNT SEPARATE FROM TRADITIONAL FINANCIAL ASSISTANCE PLEASE REFER TO THE FINANCIAL ASSISTANCE POLICY FOR DETAILS REGARDING ELIGIBILITY AND THE DISCOUNT SCHEDULE MEDICALLY INDIGENT IS DEFINED BY THE IRS AS PERSONS WHOM THE ORGANIZATION HAS DETERMINED ARE UNABLE TO PAY SOME OR ALL OF THEIR MEDICAL BILLS BECAUSE THEIR MEDICAL BILLS EXCEED A CERTAIN PERCENTAGE OF THEIR FAMILY OR HOUSEHOLD INCOME OR ASSETS (FOR EXAMPLE, DUE TO CATASTROPHIC COSTS OR CONDITIONS), EVEN THOUGH THEY HAVE INCOME OR ASSETS THAT OTHERWISE EXCEED THE GENERALLY APPLICABLE ELIGIBILITY REQUIREMENTS FOR FREE OR DISCOUNTED CARE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY BACKUS HOSPITAL TREATS EACH APPLICATION INDIVIDUALLY IF YOU HAVE ANY QUESTIONS ABOUT YOUR SPECIFIC SITUATION, PLEASE CONTACT OUR CUSTOMER SERVICE REPRESENTATIVES AT 860-889-8331, EXT 2917, MONDAY THROUGH FRIDAY FROM 7 30 AM TO 4 PM FINANCIAL ASSISTANCE LETTERTHE WILLIAM W BACKUS HOSPITAL PROVIDES FINANCIAL ASSISTANCE FOR CERTAIN QUALIFIED PATIENTS WHO ARE UNABLE TO PAY ALL OR PART OF THEIR BILL FOR INPATIENT, OUTPATIENT AND EMERGENCY SERVICES RENDERED AT THE HOSPITAL IF YOU ARE COPING WITH A FINANCIAL HARDSHIP AND ARE FACING DEBTS OWED TO THE WILLIAM W BACKUS HOSPITAL, FINANCIAL ASSISTANCE SUCH AS FREE CARE OR A SLIDING SCALE DISCOUNT MAY BE AVAILABLE TO YOU THE FINANCIAL COUNSELING PROCESS WILL INDICATE WHAT OPTIONS EXIST TO ASSIST YOU WITH YOUR OUTSTANDING BALANCE FINANCIAL ASSISTANCE APPLIES TO BACKUS HOSPITAL BILLS ONLY IT DOES NOT APPLY TO RADIOLOGISTS, PATHOLOGISTS, ANESTHESIOLOGISTS OR OTHER PROFESSIONAL SERVICES INVOLVED IN YOUR CARE THAT ARE BILLED SEPARATELY FREQUENTLY ASKED QUESTIONS 1 DOES THE HOSPITAL HAVE A FINANCIAL ASSISTANCE POLICY?THE WILLIAM W BACKUS HOSPITAL DOES HAVE A WRITTEN FINANCIAL ASSISTANCE POLICY THAT DEFINES THE DISCOUNT STRUCTURE AND PROGRAMS AVAILABLE TO QUALIFYING PATIENTS THE WILLIAM W BACKUS HOSPITAL BASES ALL FINANCIAL ASSISTANCE ON THE MOST CURRENT FEDERAL POVERTY GUIDELINES (FPG), WHICH ARE BASED ON THE GROSS INCOME AND HOUSEHOLD SIZE BACKUS GRANTS 100% CHARITY CARE TO THOSE APPLICANTS WHOSE GROSS HOUSEHOLD INCOME IS AT OR BELOW 250% FPG A SLIDING DISCOUNT IS AVAILABLE TO THOSE PATIENTS WHO HAVE GROSS INCOME UP TO 400% FPG CURRENTLY, THE FEDERAL GOVERNMENT DEFINES 100% OF POVERTY AS AN INDIVIDUAL EARNING A GROSS INCOME OF \$11,670 PER YEAR THE WILLIAM W BACKUS HOSPITAL FINANCIAL ASSISTANCE POLICY GRANTS 100% CHARITY CARE TO A FAMILY OF ONE EARNING UP TO \$29,175 PER YEAR, OR 250% FPG INCOME THRESHOLDS INCREASE RELATIVE TO HOUSEHOLD SIZE A DISCOUNT IS AVAILABLE FOR APPLICANTS EARNING UP TO 400% FPG 2 WHAT SERVICES DOES THE FINANCIAL ASSISTANCE POLICY COVER?THE WILLIAM W BACKUS HOSPITALS FINANCIAL ASSISTANCE POLICY COVERS SERVICES RENDERED AT THE WILLIAM W BACKUS HOSPITAL, INCLUDING INPATIENT, EMERGENCY, AND OUTPATIENT PROCEDURES FINANCIAL ASSISTANCE MAY NOT BE GRANTED FOR SOME PROCEDURES, SUCH AS ELECTIVE PROCEDURES OR SOME SPECIAL SITUATIONS, SUCH AS THAT OF AN INDIVIDUAL WHO IS ELIGIBLE FOR INSURANCE BUT HAS REFUSED TO APPLY OR FUNDS ARE AVAILABLE THROUGH ANOTHER SOURCE FOR PAYMENT (I E SETTLEMENTS, STATE FUNDED PROGRAMS) FINANCIAL ASSISTANCE APPLIES TO BACKUS HOSPITAL BILLS ONLY IT DOES NOT APPLY TO RADIOLOGISTS, PATHOLOGISTS, ANESTHESIOLOGISTS OR OTHER PROFESSIONAL SERVICES INVOLVED IN YOUR CARE THAT ARE BILLED SEPARATELY 3 DOES THE HOSPITAL PROVIDE PERSONNEL TO HELP WITH APPLICATIONS AND TO ANSWER QUESTIONS?THE WILLIAM W BACKUS HOSPITAL EMPLOYS FINANCIAL COUNSELORS TO HELP PATIENTS APPLY FOR FINANCIAL ASSISTANCE, MEDICAID, AND OTHER STATE HEALTH PROGRAMS THE HOSPITAL ALSO HAS RESOURCES TO HELP WITH APPLICATIONS FOR STATE NUTRITIONAL ASSISTANCE PROGRAMS (SNAP) AND PHARMACY ASSISTANCE PROGRAMS FINANCIAL COUNSELORS CAN HELP TO DETERMINE APPROPRIATE REFERRALS TO THESE RESOURCES THE WILLIAM W BACKUS HOSPITAL PROVIDES LANGUAGE TRANSLATION VIA CYRACOM AND MARTTI LANGUAGE LINES 4 DOES THE HOSPITAL COMMUNICATE THE AVAILABILITY OF FINANCIAL ASSISTANCE TO THE COMMUNITY?THE WILLIAM W BACKUS HOSPITAL BELIEVES IT IS IMPORTANT TO COMMUNICATE THE AVAILABILITY OF FINANCIAL ASSISTANCE TO THE COMMUNITIES IT SERVES THEREFORE, A NOTICE OF THE AVAILABILITY OF FINANCIAL ASSISTANCE IS INCLUDED WITH THE PAPER BILL SENT TO THE PATIENT'S HOME, IS POSTED IN ALL MAIN REGISTRATION AREAS, IS AVAILABLE ON THE HOSPITAL'S WEBSITE, AND UPON REQUEST OF HOSPITAL STAFF OR REPRESENTATIVES 5 DOES THE HOSPITAL EVER DENY CARE BASED ON INABILITY TO PAY?THE WILLIAM W BACKUS HOSPITAL WILL NEVER DELAY OR DENY EMERGENCY CARE OR NECESSARY SERVICES DUE TO AN INABILITY TO PAY 6 DOES THE HOSPITAL HAVE A PROGRAM FOR PATIENTS WHO DONT QUALIFY FOR TRADITIONAL FINANCIAL ASSISTANCE BUT INCUR CATASTROPHIC MEDICAL DEBTS?THE HOSPITAL HAS A WRITTEN POLICY THAT COVERS CATASTROPHIC FINANCIAL ASSISTANCE FOR THE MEDICALLY INDIGENT THE POLICY IS INCLUDED IN THE FINANCIAL ASSISTANCE POLICY, IS AVAILABLE ON THE WEBSITE, AND UPON REQUEST</p>
COMMUNITY INFORMATION	PART VI 4	<p>THE WILLIAM W BACKUS HOSPITAL IS LOCATED IN NORWICH, 45 MINUTES SOUTHEAST OF HARTFORD IN THE PAST DECADE, THE REGION HAS UNDERGONE MAJOR ECONOMIC CHANGES, DUE TO THE OPERATION OF TWO NATIVE-AMERICAN OWNED ENTERTAINMENT VENUES BRINGING THOUSANDS OF VISITORS INTO THE REGION EACH DAY THE CASINOS ARE THE LARGEST EMPLOYERS, AND ARE EXPERIENCING LAYOFFS AND CUTBACKS AS THE ECONOMY CONTINUES TO DECLINE THE HOSPITAL'S PRIMARY SERVICE AREA HAS AN ESTIMATED POPULATION OF ABOUT 134,111 THE SECONDARY SERVICE AREA CONSISTS OF LARGER COMMUNITIES, SUCH AS NEW LONDON AND GROTON, AND SMALLER LOWER-DENSITY RURAL COMMUNITIES THE TOTAL POPULATION OF THE SECONDARY SERVICE AREA IS ABOUT 136,881 THE SERVICE AREAS CONTAIN MUNICIPALITIES IN THE NEW LONDON AND WINDHAM COUNTIES A DETAILED ANALYSIS OF THE COMMUNITIES WHICH BACKUS SERVES CAN BE FOUND WITHIN THE COMMUNITY HEALTH NEEDS ASSESSMENT, IN BOTH THE SECONDARY DATA PROFILE AND THE FINAL REPORT, LINKED BELOW SECONDARY DATA PROFILE, BEGINNING ON PAGE 4 HTTP //BACKUSHOSPITAL.ORG/WP-CONTENT/UPLOADS/2013/05/SECONDARY-DATA-PROFILE-WILLIAM-W-BACKUS-HOSPITAL-2012-CHNA-2012-10-24-REV.PDF FINAL REPORT, BEGINNING ON PAGE 3 HTTP //BACKUSHOSPITAL.ORG/WP-CONTENT/UPLOADS/2013/05/CHNA-FINAL-REPORT.PDF</p>

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	PART VI 5	A) THE HOSPITAL IS GOVERNED BY A VOLUNTEER COMMUNITY BOARD OF DIRECTORS/TRUSTEES THESE INDIVIDUALS REPRESENT AN ARRAY OF PROFESSIONS AND BACKGROUNDS B)THE HOSPITAL HAS 110 CORPORATORS VOLUNTEER MEMBERS CHOSEN FROM ALL THE COMMUNITIES IN OUR PRIMARY AND SECONDARY SERVICE AREAS IN ADDITION TO THEIR OFFICIAL CAPACITY AS NOMINATORS OF BOARD MEMBERS, THE CORPORATORS SERVE AS THE HOSPITAL'S EYES AND EARS THROUGHOUT ITS SERVICE AREA C) THE HOSPITAL OWNS AND OPERATES A MOBILE HEALTH RESOURCE CENTER- A 40-FOOT VAN AND A SMALLER CAREVAN THAT TRAVELS TO VARIOUS LOCATIONS IN EASTERN CONNECTICUT OFFERING HEALTH EDUCATION, COUNSELING, AND SCREENINGS THE VANS MAKE REGULARLY SCHEDULED STOPS AT SENIOR CITIZEN CENTERS, SOUP KITCHENS, ELDERLY HOUSING COMPLEXES, AND HOMELESS SHELTERS NOT-FOR PROFIT GROUPS ARE ENCOURAGED TO REQUEST THE VANS AND THEIR SERVICES AT THEIR FUNCTIONS OR OFFICES D) THE HOSPITAL PROVIDES INDIVIDUALS WHO DO NOT IDENTIFY AS HAVING A PRIMARY MEDICAL HOME WITH A FOLLOW UP VISIT POST DISCHARGE TO LINK THESE INDIVIDUALS WITH A PRIMARY CARE PHYSICIAN IN THE COMMUNITY THIS IS FACILITATED THROUGH THE MY HEALTH DIRECT PROGRAM, A WEB-BASED TOOL THAT ALLOWS HOSPITAL STAFF TO ACCESS BLOCKED APPOINTMENTS FOR PHYSICIANS IN THE COMMUNITY FROM 10/1/12 TO 9/30/13 THE HOSPITAL LINKED 1042 INDIVIDUALS WITH PRIMARY AND PREVENTIVE CARE E) THE HOSPITAL PROVIDES FREE COMMUNITY PROSTATE SCREENINGS, DIABETES EDUCATION, BACKPACK SAFETY, HIV EDUCATION/TESTING, BLOOD PRESSURE TESTS, SKIN CANCER SCREENINGS, NUTRITION EDUCATION, AND MANY OTHER SERVICES F) THE HOSPITAL PROVIDES A COMPREHENSIVE MEDICAL LIBRARY, WHICH IS OPEN TO ALL STAFF THE LIBRARY HAS SUBSCRIPTIONS TO HUNDREDS OF MAJOR SCIENTIFIC AND CLINICAL JOURNALS, AS WELL AS AN ON-STAFF LIBRARIAN TO HELP WITH SPECIFIC REQUESTS G)THE HOSPITAL PROVIDES FREE WEBSITE ACCESS TO COMPLETE AND CURRENT MEDICAL INFORMATION TO ANSWER CLINICAL QUESTIONS, THROUGH UPTODATE COM, A PEER-REVIEWED ONLINE MEDICAL REFERENCE UPTODATE COVERS MORE THAN 7,400 TOPICS IN 13 MEDICAL SPECIALTIES AND INCLUDES MORE THAN 76,000 PAGES OF TEXT, GRAPHICS, LINKS TO MEDICAL ABSTRACTS, MORE THAN 254,000 REFERENCES, AND A DRUG DATABASE H) THE HOSPITAL PROVIDES FREE MEDICATION CARDS TO HELP PATIENTS KEEP TRACK OF THEIR CURRENT MEDICATIONS, AND ITS PHARMACISTS OFFER FREE REGULAR EDUCATION REVIEWS TO CHECK FOR POSSIBLE INTERACTIONS AND EXPIRED MEDICATION I)THE HOSPITAL OFFERS FREE WIRELESS INTERNET (WI-FI) USE THROUGHOUT THE CAMPUS, AND PROVIDES FREE COMPUTER USE TO VISITORS J) THE HOSPITAL PUBLISHES A MONTHLY HEALTH MAGAZINE THE PUBLICATION CONTAINS INFORMATION ABOUT HEALTH ISSUES AND TRENDS, A CALENDAR OF FREE HEALTHCARE EDUCATION AND SCREENINGS, AND CONTACT INFORMATION FOR HEALTHCARE PROVIDERS 44,000 COPIES ARE DISTRIBUTED MONTHLY
AFFILIATED HEALTH CARE SYSTEM	PART VI 6	ON AUGUST 1, 2013 (THE ACQUISITION DATE), HARTFORD HEALTH CARE (HHC) BECAME THE SOLE CORPORATE MEMBER OF BACKUS CORPORATION AND A FULL CORPORATE AFFILIATION WAS COMPLETED ALL ASSETS AND LIABILITIES WERE REVALUED TO FAIR VALUES AS OF AUGUST 1, 2013 THE HOSPITAL IS CONSOLIDATED IN HHCS FINANCIALS FOR THE PERIOD AUGUST 1, 2013 TO SEPTEMBER 30, 2013

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	PART VI 7	THE HOSPITAL FILES A COMMUNITY BENEFIT REPORT WITH THE CONNECTICUT OFFICE OF THE HEALTH ADVOCATE, OHCA
FACILITY REPORTING GROUPS	PART VI 8	PLEASE SEE THE ANSWERS TO PART VI QUESTION 1

Additional Data

Software ID:
Software Version:
EIN: 06-0250773
Name: THE WILLIAM W BACKUS HOSPITAL

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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?

10

Name and address	Type of Facility (describe)
BACKUS OUTPATIENT CARE CENTER 111 SALEM TURNPIKE NORWICH,CT 06360	OUTPATIENT SERVICES
MEDICAL OFFICE BUILDING 330 WASHINGTON STREET NORWICH,CT 06360	OUTPATIENT SERVICES
COLCHESTER BACKUS HEALTH CENTER 163 BROADWAY COLCHESTER,CT 06415	OUTPATIENT SERVICES
MONTVILLE BACKUS HEALTH CARE 80 NORWICH/NEW LONDON TURNPIKE UNCASVILLE,CT 06382	OUTPATIENT SERVICES
LEDYARD BACKUS HEALTH CENTER 743 COLONEL LEDYARD HIGHWAY LEDYARD,CT 06339	OUTPATIENT SERVICES
JEWETT CITY PATIENT SERVICE CENTER 70 MAIN STREET JEWETT CITY,CT 06351	OUTPATIENT SERVICES
INFECTIOUS DISEASE CLINIC 107 LAFAYETTE STREET NORWICH,CT 06360	OUTPATIENT SERVICES
NORTH STONINGTON BACKUS HEALTH CENTER 82 NORWICH-WESTERLY ROAD NORTH STONINGTON,CT 06359	OUTPATIENT SERVICES
NORWICHTOWN BACKUS PATIENT SERVICE CTR 55 TOWN STREET NORWICH,CT 06360	OUTPATIENT SERVICES
PLAINFIELD EMERGENCY CENTER 582 NORWICH ROAD PLAINFIELD,CT 06374	OUTPATIENT SERVICES

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
THE WILLIAM W BACKUS HOSPITAL

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

Employer identification number
06-0250773

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
(1) CHAMBER OF COMMERCE OF SE CT 914 HARTFORD TPKE WATERFORD,CT 06385	06-0475490	501C6	12,459				SPONSORSHIPSPONSORSHIP
(2) DR MARTIN LUTHER KING SCHOLARSHIP TRUST FUND PO BOX 1308 NEW LONDON,CT 06320	06-6107846	501C3	10,000				SPONSORSHIP
(3) CENTER FOR HOSPICE CARE 227 DURHAM STREET NORWICH,CT 06360	22-2667260	501C3	8,500				SPONSORSHIP
(4) NORWICH HUMAN SERVICES UNION STREET NORWICH,CT 06360			10,000				SPONSORSHIP
(5) BROADWAY KIDS 12 PENNSYLVANIA AVE NIANTIC,CT 06357			5,500				SPONSORSHIP

2

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

2

3

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

3

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) SCHOLARSHIP	5	12,500			

Part IV

Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 DONATIONS MADE FOR LOCAL EVENTS, SUCH AS SPONSORSHIPS ARE TYPICALLY ATTENDED BY HOSPITAL EMPLOYEES FIVE SCHOLARSHIPS IN THE AMOUNT OF \$2500 EACH ARE AWARDED TO STUDENTS WHO WILL ATTEND SCHOOL EITHER FOR NURSING OR IN THE MEDICAL FIELD THE APPLICANTS ARE REVIEWED BY THE SCHOLARSHIP COMMITTEE OF THE AUXILIARY AND WINNERS ARE BASED ON ACADEMICS AS WELL AS COMMUNITY SERVICE

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE WILLIAM W BACKUS HOSPITAL

Employer identification number
06-0250773

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>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</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>1b</div><div>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</div></div>		
<div><div>2</div><div>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?</div></div>		
<div><div>3</div><div>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</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>4a</div><div>Receive a severance payment or change-of-control payment?</div></div>		No
<div><div>4b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	Yes	
<div><div>4c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>5a</div><div>The organization?</div></div>		No
<div><div>5b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		No
<div><div>6</div><div>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</div></div>		
<div><div>6a</div><div>The organization?</div></div>		No
<div><div>6b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		No
<div><div>7</div><div>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</div></div>	Yes	
<div><div>8</div><div>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</div></div>		No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>		

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)DAVID WHITEHEAD TRUSTEE/PRESIDENT/CEO	(i)	664,686	0	389,831	22,000	17,768	1,094,285	0
	(ii)	0	0	0	0	0	0	0
(2)DANIEL LOHR SENIOR VP/CFO	(i)	454,036	0	259,758	22,000	17,768	753,562	0
	(ii)	0	0	0	0	0	0	0
(3)PETER SHEA SENIOR VP/MEDICAL DIRECTOR	(i)	454,686	0	181,425	14,500	24,684	675,295	0
	(ii)	0	0	0	0	0	0	0
(4)SERGIO CASILLAS PHYSICIAN	(i)	495,341	0	0	14,500	24,684	534,525	0
	(ii)	0	0	0	0	0	0	0
(5)ROBERT SIDMAN PHYSICIAN	(i)	304,139	101,279	17,000	14,500	24,915	461,833	0
	(ii)	0	0	0	0	0	0	0
(6)MARK TOUSIGNANT PHYSICIAN	(i)	393,232	121,303	0	14,500	24,684	553,719	0
	(ii)	0	0	0	0	0	0	0
(7)FRED FENTON PHYSICIAN	(i)	243,823	78,680	18,800	22,000	24,915	388,218	0
	(ii)	0	0	0	0	0	0	0
(8)RICHARD GOULDING PHYSICIAN	(i)	274,634	82,845	1,500	14,500	24,684	398,163	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 3	
	PART I, LINE 4B	DAVID WHITEHEAD, DANIEL LOHR AND PETER SHEA PARTICIPATE IN A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. THERE WERE NO ACCRUALS OR CONTRIBUTIONS THAT WERE MADE TO THE PLAN DURING THE REPORTING PERIOD. THEY DID RECEIVE DISBURSEMENTS OF \$377,527, \$233,170 AND \$180,651, RESPECTIVELY.
	PART I, LINE 7	BASE COMPENSATION FOR EXECUTIVES IS APPROVED BASED ON CRITERIA LISTED IN PART 1 LINE 3, HOWEVER A PORTION OF THAT IS HELD BACK AND SUBSEQUENTLY DISTRIBUTED BASED ON EVALUATION OF THE INDIVIDUALS PERFORMANCE AND ACCOMPLISHMENT OF THE GOALS SET AT THE BEGINNING OF THE YEAR BY AN INDEPENDENT COMPENSATION COMMITTEE. PHYSICIANS BONUSES ARE BASED ON MEETING PREESTABLISHED GOALS.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE WILLIAM W BACKUS HOSPITAL

Employer identification number
06-0250773

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	STATE OF CT HEALTH & EDUCATIONAL FACILITIES	06-0806186	20774LSV3	08-10-2005	28,992,719	ADVANCED REFUND OF SERIES D, FINANCE FACILITY MASTER PLAN		X		X		X
B	STATE OF CT HEALTH & EDUCATIONAL FACILITIES	06-0806186	20774UC86	07-02-2008	30,168,922	CONSTRUCTION, RENOVATION AND IMPROVEMENTS TO THE FACILITY		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	3,535,000		2,850,000					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	28,992,719		30,168,922					
4	Gross proceeds in reserve funds	755,086							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows	16,750,062		30,100,000					
7	Issuance costs from proceeds	369,723		68,922					
8	Credit enhancement from proceeds	583,673							
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	10,514,252							
11	Other spent proceeds	19,923							
12	Other unspent proceeds								
13	Year of substantial completion	2008		2008					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		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?								
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								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?		X		X				
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								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X		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					
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X					
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X					
b	Name of provider	UBS AG		UBS AG					
c	Term of hedge	29 900000000000		29 900000000000					
d	Was the hedge superintegrated?		X		X				
e	Was a hedge terminated?		X		X				

Part IV

Arbitrage (Continued)

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

Part VI

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2012
Open to Public Inspection

Name of the organization THE WILLIAM W BACKUS HOSPITAL	Employer identification number 06-0250773
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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) DAVID WHITEHEAD DANIEL LOHR AND PE	OFFICERS OF BOTH WWBH AND CONNCARE INC	3,394,691	REIMBURSEMENTS PAID BY CONNCARE TO WWBH, PERFORMANCE OF SERVICES BY WWBH FOR CONNCARE, LEASED PROPERTY		No
(2) DAVID WHITEHEAD AND DANIEL LOHR	OFFICERS OF BOTH WWBH AND OMNI HOME HEALTH	132,000	MANAGEMENT FEES PAID BY OMNI TO WWBH		No
(3) DAVID WHITEHEAD AND DANIEL LOHR	OFFICERS OF BOTH WWBH AND WWB INC	9,308,319	REIMBURSEMENTS PAID BY WWB TO WWBH		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
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE WILLIAM W BACKUS HOSPITAL

Employer identification number
06-0250773

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	
	FORM 990, PART VI, SECTION A, LINE 4	EFFECTIVE AUGUST 1, 2013, HARTFORD HEALTHCARE CORPORATION BECAME THE SOLE CORPORATE MEMBER OF BACKUS CORPORATION
	FORM 990, PART VI, SECTION A, LINE 6	BACKUS CORPORATION, A NOT-FOR-PROFIT 501(C)(3) ORGANIZATION, IS THE SOLE MEMBER OF THE WILLIAM W BACKUS HOSPITAL
	FORM 990, PART VI, SECTION A, LINE 7A	BACKUS CORPORATION, BEING THE SOLE MEMBER OF THE WILLIAM W BACKUS HOSPITAL, HAS THE RIGHT TO ELECT ALL THE BOARD OF TRUSTEES
	FORM 990, PART VI, SECTION A, LINE 7B	IN ADDITION TO ANY OTHER RIGHTS AND POWERS WHICH THE MEMBER MAY HAVE UNDER LAW,THE MEMBER SHALL HAVE THE RIGHT AND POWER TO (A)APPROVE THE STRATEGIC PLAN AND THE CONSOLIDATION OR CLOSURE OF SIGNIFICANT LINES OF BUSINESS, PROGRAMS OR SERVICES (B)TO EFFECTUATE THE TRANSFER OF FUNDS TO ANOTHER AFFILIATED CORPORATION (C)TO EFFECTUATE THE HOSPITALS PAYMENT TO OR RECEIPT OF PAYMENT FROM THE CORPORATION (D)TO APPROVE THE ACQUISITION OR LEASE OF ANY EQUIPMENT AND ANY PROJECT OR CONSTRUCTION CONTRACT THAT ENTAILS AN EXPENDITURE BY THE HOSPITAL IN EXCESS OF, OR WITH A VALUE OVER, \$400,000 IN ANY FISCAL YEAR AND THAT IS NOT ALREADY INCORPORATED IN AN APPROVED BUDGET (E) TO APPROVE ANY PROJECTS THAT WOULD REQUIRE A CERTIFICATE OF NEED (CON) OR FOR WHICH A CON DETERMINATION WILL BE SUBMITTED TO THE OFFICE OF HEALTH CARE ACCESS (F)TO APPROVE THE REORGANIZATION, MERGER, CONSOLIDATION OR DISSOLUTION OF THE HOSPITAL OR THE AFFILIATION OF THE HOSPITAL WITH ANOTHER HOSPITAL OR HEALTH DELIVERY SYSTEM, OR THE CREATION OR ACQUISITION OF ANY SUBSIDIARY OR AFFILIATE OF THE HOSPITAL (G)TO APPROVE THE HOSPITALS ANNUAL OPERATING BUDGET (H)TO APPROVE PLANS FOR THE BORROWING OF AN Y SUM IN EXCESS OF \$400,000 WHICH HAS A STATED TERM GREATER THAN ONE YEAR OR WHICH IS SECURED BY A MORTGAGE OF ALL OR ANY PORTION OF THE HOSPITALS REAL PROPERTY OR BY A SECURITY INTEREST IN THE HOSPITALS ASSTS OR REVENUES (I)TO APPROVE AMENDMENTS TO THE CERTIFICATE OF INCORPORATION OR BYLAWS
	FORM 990, PART VI, SECTION B, LINE 11	THE 990 IS PREPARED BY THE ACCOUNTING STAFF AND THEN REVIEWED BY AN INDEPENDENT ACCOUNTING FIRM THE 990 IS THEN REVIEWED BY THE CFO AND ANY QUESTIONS ADDRESSED THE FINAL 990 IS THEN PROVIDED TO THE BOARD
	FORM 990, PART VI, SECTION B, LINE 12C	ALL TRUSTEES, OFFICERS AND KEY EMPLOYEES OF THE HOSPITAL SHALL COMPLETE AND SIGN A DISCLOSURE STATEMENT THE STATEMENT WILL INCLUDE AN ITEMIZATION AND DESCRIPTION OF ANY ACTUAL OR POTENTIAL CONFLICT OF INTEREST AND ALL MATERIAL FACTS RELATED THERETO FOR SUCH INDIVIDUAL BY VIRTUE OF HIS OR HER ACTIVITIES OR THE ACTIVITIES OF RELATED PERSONS DISCLOSURE STATEMENTS SHALL BE RETURNED TO THE CORPORATE COMPLIANCE OFFICER WHO, UNDER THE DIRECTION OF THE CHAIR AND THE PRESIDENT, SHALL EXERCISE GOOD FAITH AND JUDGEMENT AS TO WHETHER A CONFLICT EXISTS THE CHAIR AND THE PRESIDENT SHALL BE RESPONSIBLE FOR MONITORING TRANSACTIONS OR ARRANGEMENTS IN WHICH A TRUSTEE, OFFICER OR KEY EMPLOYEE MAY HAVE A CONFLICT OF INTEREST AND FOR ASSURING THAT INDIVIDUAL SERVES THE HOSPITAL'S BEST INTEREST THE COMPLAINEE OFFICER, THE CHAIR AND/OR PRESIDENT MAY CONSULT WITH ANY TRUSTEE, OFFICER, OR KEY EMPLOYEE TO OBTAIN INFORMATION NECESSARY FOR AN ORDINARILY PRUDENT PERSON TO MAKE A JUDGEMENT AS TO WHETHER A CONFLICT EXISTS AND REQUESTS SHALL BE COMPLIED WITH IF AN ACTUAL OR POTENTIAL CONFLICT ARISES, THE COMPLIANCE OFFICER SHALL BE PROMPTLY NOTIFIED IN WRITING TRUSTEES, OFFICERS, AND KEY EMPLOYEES WHO HAVE DECLARED OR HAVE BEEN DEEMED TO HAVE A CONFLICT OF INTEREST MUST REFRAIN FROM CONSIDERATION OF PROPOSED TRANSACTIONS OR ARRANGEMENTS, UNLESS FOR SPECIAL REASON THE BOARD OF TRUSTEES REQUESTS INFORMATION OR INTERPRETATIONS
	FORM 990, PART VI, SECTION B, LINE 15	A PERFORMANCE REVIEW COMMITTEE CONSISTING OF INDEPENDENT BOARD MEMBERS REVIEWS THE PERFORMANCE OF THE SENIOR MANAGMENT TEAM COMPENSATION IS BASED ON THE RESULTS OF THESE REVIEWS THE COMMITTEE ALSO TAKES INTO CONSIDERATION INFORMATION FROM COMPENSATION SURVEYS
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST PLEASE CONTACT DANIEL LOHR AT 326 WASHINGTON STREET, NORWICH, CT 06360 ABOUT INSPECTING THE ORGANIZATION'S DOCUMENTS
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	K-1 PASSTHROUGH 1,402 TRANSFER TO AFFILIATES -2,794,559 INCREASE IN ASSETS HELD IN TRUST 156,434 CHANGE IN PENSION FUNDING 41,885,288 FAIR VALUE ADJUSTMENT 51,783,116

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
THE WILLIAM W BACKUS HOSPITAL

Employer identification number
06-0250773

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
See Additional Data Table												

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

No

1b

Yes

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

Yes

1m

No

1n

No

1o

Yes

1p

No

1q

Yes

1r

No

1s

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) CONNCARE INC	J	469,866	COST
(2) OMNI HOME HEALTH	L	132,000	COST
(3) CONNCARE INC	L	97,253	COST
(4) CONNCARE INC	Q	2,827,572	COST
(5) WWB INC	Q	9,308,319	COST

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: 06-0250773

Name: THE WILLIAM W BACKUS HOSPITAL

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Dispropportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
OMNI HOME HEALTH 12 CASE STREET NORWICH, CT 06360 06-1458837	HOME HEALTH CARE	CT	WWB INC	RELATED				No			No	
CENTRAL CT SPORT MEDICINE CTR LLC 15 MASAIRIO DRIVE STE 104 BERLIN, CT 06037 22-3196509	PHYSICAL THERAPY	CT	CCHA	RELATED				No			No	50 000 %
NEW BRITAIN MRI LIMITED PARTNERSHIP 100 GRAND STREET NEW BRITAIN, CT 06050 06-1271349	MAGNETIC RESONANCE IMAGING	CT	CENCONN SERVICES INC	RELATED				No			No	56 600 %
NEW BRITAIN OCCUPATIONAL HEALTH CENTER LLC 440 NEW BRITAIN AVENUE PLAINVILLE, CT 06062 06-1484904	OCCUPATIONAL HEALTHCARE	CT	HCC	RELATED				No			No	85 700 %
HARTFORD HEALTHCARE ENDOWMENT LLC 80 SEYMOUR STREET HARTFORD, CT 06102 45-4181103	ENDOWMENT MANAGEMENT	CT		RELATED				No			No	100 000 %
AMBULANCE SERVICE OF MANCHESTER PO BOX 300 MANCHESTER, CT 06450 06-1557358	AMBULATORY SERVICE	CT		RELATED	1,515,570	3,805,580		No			No	50 000 %
CT IMAGING PARTNERS LLC 111 FOUNDERS PLACE EAST HARTFORD, CT 06108 13-4298940	IMAGING SERVICES	CT		UNRELATED	294,336	1,096,009		No			No	50 000 %
GLASTONBURY ENDOSCOPY CENTER LLC 300 WESTERN BLVD STE B GLASTONBURY, CT 06033 26-1721234	ENDOSCOPY SERVICES	CT		RELATED	446,859	123,624		No			No	50 000 %
GLASTONBURY SURGERY CENTER LLC 195 EASTERN BLVD GLASTONBURY, CT 06033 26-2600828	SURGERY SERVICES	CT		RELATED	1,463,349	-100,242		No			No	50 000 %
HARTFORD-MIDDLESEX CLINICAL SYSTEM LLC 80 SEYMOUR STREET HARTFORD, CT 06110 06-1543605	AFFILIATE SUPPORT SERVICE	CT		UNRELATED	-135			No			No	50 000 %
MED EAST ASSOC LLC 1703 WEST MAIN STREET WILLIMANTIC, CT 06226 06-1469575	OUTPATIENT CARE CLINIC	CT		RELATED	33,012	234,623		No			No	50 000 %

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)	(i)	
							Percentage ownership	Section 512(b)(13) controlled entity?	Yes
WWB CORPORATION 326 WASHINGTON STREET NORWICH, CT 06360 06-1094836	HOLDING COMPANY	CT	BACKUS CORPORATION	C				Yes	
CONN CARE INC 326 WASHINGTON STREET NORWICH, CT 06360 06-1387598	HEALTHCARE SERVICES	CT	BACKUS HEALTH CARE INC	C				Yes	
BACKUS MEDICAL CENTER CONDO ASSOC INC 330 WASHINGTON STREET NORWICH, CT 06360 06-1542647	CONDO ASSOCIATION	CT	THE WILLIAM W BACKUS HOSPITAL	C			65 000 %	Yes	
HMOB CORPORATION& SUBSIDIARY 80 SEYMOUR STREET HARTFORD, CT 06102 06-1140244	REAL ESTATE PARKING	CT		C			100 000 %	Yes	
CHS INSURANCE LTD FB PERRY BLVD 40 CHURCH ST HAMILTON BD	CAPTIVE INSURANCE	BD		C			72 500 %	Yes	
WINDHAM HEALTH SERVICES INC 112 MANSFIELD AVENUE WILLIMANTIC, CT 06226 06-1461101	HOME HEALTHCARE	CT	WINDHAM	C			100 000 %	Yes	
WINDHAM PHYSICIAN HOSPITAL ORGANIZATION 112 MANSFIELD AVENUE WILLIMANTIC, CT 06226 06-1441614	MEDICAL SERVICES	CT		C			50 000 %	Yes	
WINDHAM FAMILY MEDICAL SERVICES 112 MANSFIELD AVENUE WILLIMANTIC, CT 06226 06-1491649	MEDICAL SERVICES	CT	WINDHAM	C				Yes	
CENCONN SERVICES INC 100 GRAND STREET NEW BRITAIN, CT 06050 22-2836001	INVESTMENT MANAGEMENT	CT	CCHA	C				Yes	
GRAND INDEMNITY CO LTD 40 CHURCH STREET HAMILTON BD 98-0609499	PROFESSIONAL LIABILITY	BD	THOCC	C			100 000 %	Yes	
HARTFORD PHYSICIAN SERVICES 80 SEYMOUR STREET HARTFORD, CT 06102 06-1254082	MEDICAL SERVICES	CT	HARTFORD HOSPITAL	C				Yes	
MERIDEN IMAGING CENTER 101 NORTH PLAINS INDUSTRIAL RD MERIDEN, CT 06429 06-1541468	IMAGING	CT	MIDSTATE	S			80 000 %	Yes	
HARTFORD HEATHCARE CORP DEFINED BENEFIT MASTER TRUST 80 SEYMOUR STREET HARTFORD, CT 06102 45-4530568		CT	HARTFORD HEALTHCARE CORP	T				Yes	
HARTFORD PHYSICIAN HOSPITAL ORGANIZATION INC 80 SEYMOUR STREET HARTFORD, CT 06102 22-2785918	PHYSICIAN & HOSPITAL SUPPORT	CT	HARTFORD HEALTHCARE CORP	C			50 000 %	Yes	

FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION

The William W Backus Hospital
Period From August 1, 2013 to September 30, 2013
Period From October 1, 2012 to July 31, 2013, and
Year Ended September 30, 2012
With Report of Independent Auditors

Exhibit 99.1

The William W. Backus Hospital

Financial Statements and Supplementary Information

Period From August 1, 2013 to September 30, 2013, Period From October 1, 2012 to July 31, 2013, and Year Ended September 30, 2012

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Report of Independent Auditors

The Board of Directors
Hartford Healthcare Corporation and Subsidiaries

We have audited the accompanying financial statements of The William W. Backus Hospital, which comprise the balance sheets as of September 30, 2013 and 2012, and the related statements of operations, changes in net assets and cash flows for the period from October 1, 2012 to July 31, 2013, the period from August 1, 2013 to September 30, 2013 and the year ended September 30, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The William W Backus Hospital at September 30, 2013 and 2012, and the results of its operations, its changes in net assets and its cash flows for the period from October 1, 2012 to July 31, 2013, the period from August 1, 2013 to September 30, 2013, and the year ended September 30, 2012, in conformity with U S generally accepted accounting principles

Supplementary Information

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

Ernst & Young LLP

January 28, 2014

The William W. Backus Hospital

Balance Sheets

	September 30, 2013	Predecessor Company September 30, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 132,347,698	\$ 107,428,365
Assets whose use is limited – required for current liabilities	6,509,778	7,433,046
Accounts receivable, less allowance for uncollectible (2013 – \$16,761,000, 2012 – \$17,725,000, approximately)	31,013,657	32,015,340
Pledges receivable	29,416	31,723
Due from affiliates	184,696	562,041
Inventories of supplies	3,715,171	3,548,865
Prepaid expenses and other	3,009,572	3,330,298
Total current assets	176,809,988	154,349,678
Assets whose use is limited		
Investments and other assets	112,198,811	102,230,331
Investments for restricted purposes	25,594,126	24,073,357
Investments for donor-restricted purposes	7,935,735	7,205,388
Funds designated for debt service	3,737,303	3,742,660
	149,465,975	137,251,736
Funds held in trust by others	2,515,481	2,359,047
Other assets	9,206,465	7,636,146
Property, plant, and equipment, net	138,743,906	91,354,486
Total assets	\$ 476,741,815	\$ 392,951,093

	September 30, 2013	Predecessor Company September 30, 2012
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 8,031,635	\$ 9,176,344
Salaries and wages, payroll taxes, and taxes withheld from payroll	6,965,186	6,802,151
Accrued liabilities	6,319,677	7,605,175
Current portion of pension and other postretirement	3,553,200	3,834,900
Estimated third-party payor settlements	1,828,257	1,193,235
Current portion of long-term debt	2,443,472	2,346,210
Total current liabilities	29,141,427	30,958,015
Long-term debt and capital leases	67,193,532	65,056,990
Accrued pension and other postretirement liabilities	18,267,625	66,410,217
Self-insured professional liability	14,348,700	9,685,357
Estimated third-party payor settlements	15,639,566	17,000,185
Other liabilities	6,659,958	5,978,216
Total liabilities	151,250,808	195,088,980
Net assets		
Unrestricted	314,117,949	187,215,454
Temporarily restricted	3,305,592	2,890,743
Permanently restricted	8,067,466	7,755,916
Total net assets	325,491,007	197,862,113
Total liabilities and net assets	\$ 476,741,815	\$ 392,951,093

See accompanying notes.

The William W. Backus Hospital

Statements of Operations

	Period From August 1, 2013 to September 30, 2013	Predecessor Company Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Operating revenues			
Net patient service revenue	\$ 46,288,627	\$ 230,444,135	\$ 283,219,755
Provision for uncollectible accounts	(1,489,352)	(7,234,583)	(7,949,694)
Net patient service revenue less provision for uncollectible accounts	44,799,275	223,209,552	275,270,061
Other operating revenues	710,072	6,723,682	7,774,319
Net assets released from restriction	28,253	217,331	174,552
	45,537,600	230,150,565	283,218,932
Operating expenses			
Salaries and wages	19,188,089	98,064,757	114,140,337
Employee benefits	3,125,646	23,754,968	32,008,290
Supplies and other	8,606,513	38,839,806	45,487,984
Purchased services	7,633,095	32,300,609	43,735,241
Depreciation and amortization	2,684,973	12,838,658	18,006,195
Interest	557,418	2,817,755	3,276,169
	41,795,734	208,616,553	256,654,216
Operating income	3,741,866	21,534,012	26,564,716
Non-operating gains and (losses).			
Income from investments	1,287,032	8,971,598	12,701,591
Contributions	12,759	124,881	147,058
Other	1,600	(140,249)	(29,536)
Excess of revenues over expenses	\$ 5,043,257	\$ 30,490,242	\$ 39,383,829

See accompanying notes

The William W. Backus Hospital

Statements of Changes in Net Assets

	Period From August 1, 2013 to September 30, 2013	Predecessor Company	
		Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Beginning balance of unrestricted net assets	\$ 308,205,973	\$ 187,215,454	\$ 153,345,431
Excess of revenue over expense	5,043,257	30,490,242	39,383,829
Change in pension and postretirement funding obligation	1,580,966	40,304,322	(4,361,697)
Transfer to affiliates	(712,247)	(2,082,312)	(1,248,123)
Net assets released from restriction used for the purchase of equipment	—	495,151	96,014
Ending balance of unrestricted net assets	314,117,949	256,422,857	187,215,454
Beginning balance of temporarily restricted net assets	3,099,995	2,890,743	1,399,547
Income from investments	141,818	485,326	1,315,791
Contributions	92,032	436,408	445,971
Net assets released from restriction	(28,253)	(712,482)	(270,566)
Ending balance of temporarily restricted net assets	3,305,592	3,099,995	2,890,743
Beginning balance of permanently restricted net assets	8,024,584	7,755,916	7,449,124
Appreciation of principle	—	155,116	—
Changes in net assets held in trust	42,882	113,552	306,792
Ending balance of permanently restricted net assets	8,067,466	8,024,584	7,755,916
Net assets at end of period	\$ 325,491,007	\$ 267,547,436	\$ 197,862,113

See accompanying notes

The William W. Backus Hospital

Statements of Cash Flows

	Period From August 1, 2013 to September 30, 2013	Predecessor Company	
		Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Operating activities			
Increase in net assets	\$ 6,160,455	\$ 69,685,323	\$ 35,668,011
Adjustments to reconcile increase in net assets to net cash provided by operating activities			
Non-cash items			
Depreciation and amortization	2,684,973	12,838,658	18,006,195
Provision for uncollectible accounts	1,489,352	7,234,583	7,949,694
Change in pension funding and postretirement obligation	(1,580,966)	(40,304,322)	4,361,697
Transfer to affiliates	712,247	2,082,312	1,248,123
Other changes in net assets			
Purchase of investments – assets whose use is limited, net	(2,719,701)	(8,571,270)	(13,220,208)
Change in net assets held in trust	(42,882)	(268,668)	(306,792)
Changes in operating assets and liabilities (Note 15)	2,574,739	(16,644,276)	(22,740,929)
Net cash provided by operating activities	9,278,217	26,052,340	30,965,791
Investing activities			
Change in value of investments – held in trust by others, net	(42,882)	(113,551)	(306,792)
Net additions to property, plant, and equipment	(465,375)	(4,292,383)	(13,139,402)
(Increase) decrease in other assets	(648,658)	18,250	(76,231)
Net cash used in investing activities	(1,156,915)	(4,387,684)	(13,522,425)
Financing activities			
Principal payments on long-term debt and capital lease obligations	(50,249)	(2,295,959)	(2,165,194)
Change in deferred financing costs and amortization of bond premium	–	(37,408)	(44,693)
Change in net assets held in trust	42,882	268,668	306,792
Transfer to affiliates	(712,247)	(2,082,312)	(1,248,123)
Net cash used in financing activities	(719,614)	(4,147,011)	(3,151,218)
Net increase in cash and cash equivalents	7,401,688	17,517,645	14,292,148
Cash and cash equivalents at beginning of year	124,946,010	107,428,365	93,136,217
Cash and cash equivalents at end of year	\$ 132,347,698	\$ 124,946,010	\$ 107,428,365

See accompanying notes

The William W. Backus Hospital

Notes to Financial Statements

September 30, 2013

1. Significant Accounting Policies

Organization

The William W Backus Hospital (the Hospital), a voluntary association incorporated under the General Statutes of the State of Connecticut, is a wholly owned subsidiary of Backus Corporation (the sole member) Hartford Healthcare Corporation (HHC) elects a Board of Directors that has control of the operations of the Hospital Refer to Note 8 for further discussion of related-party transactions

The financial statements include the operations of Backus Medical Center Condominium Association, Inc (the Association) All intercompany transactions have been eliminated in consolidation

Affiliation

On August 1, 2013 (the Acquisition Date), HHC became the sole corporate member of Backus Corporation and a full corporate affiliation was completed. All assets and liabilities were revalued to fair value as of August 1, 2013 The Hospital is consolidated in HHC's financials for the period August 1, 2013 to September 30, 2013

In connection with the acquisition, the assets and liabilities assumed were marked to fair value at the Acquisition Date The increase in the Hospital's net assets at the Acquisition Date was \$51,783,116 when reported at fair value, as compared to the historical value of net assets as reported by the predecessor company. The \$51,783,116 increase in the Hospital's net assets was comprised of the following

	Increase (Decrease)
Property, plant, and equipment	\$ 58,082,038
Long-term debt	(5,247,289)
Premium on bonds	629,869
Unamortized bond issue costs	(1,681,502)
	<u>\$ 51,783,116</u>

The William W. Backus Hospital

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

The accompanying financial statements present the financial position and results of operations for the period prior to the Acquisition Date, which are reported as the predecessor company at historical value, and subsequent to acquisition, which are reported using fair values as the cost basis established on the Acquisition Date

The accompanying statements of operations, changes in net assets and cash flows disclose activity related to the periods from August 1, 2013 to September 30, 2013, October 1, 2012 to July 31, 2013, and the year ended September 30, 2012, and are hereafter referred to collectively as the “Periods under Audit.”

Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles (GAAP) 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 Actual results could differ from those estimates

Regulatory Matters

The Hospital is required to file annual operating information with the State of Connecticut Department of Public Health, Office of Health Care Access (OHCA)

Fair Value of Financial Instruments

The carrying value of financial instruments classified as current assets and current liabilities approximate fair value The fair values of the Hospital’s financial instruments are disclosed in Note 5

Cash Equivalents

The Hospital considers all highly liquid time deposits, commercial paper, and money market mutual funds purchased with a maturity at date of acquisition of three months or less to be cash equivalents Cash and cash equivalents are maintained with domestic financial institutions with deposits that at times, exceed federally insured limits It is the Hospital’s policy to monitor the financial strength of those institutions

The William W. Backus Hospital
Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Accounts Receivable and Net Patient Service Revenue

Accounts receivable result from health care services provided by the Hospital. Additions to the allowance for uncollectible accounts result from provision of uncollectible accounts. Accounts written off as uncollectible are deducted from the allowance for uncollectible accounts. The amount of the allowance for uncollectible accounts is based on management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage, and other collection indicators.

The Hospital's primary concentration of credit risk is patient accounts receivables that consist of amounts owed by various governmental agencies, insurance companies, and private patients. The Hospital manages the receivables by regularly reviewing its patient accounts and contracts and by providing appropriate allowances for uncollectible accounts. Concentrations of credit risk are disclosed in Note 11.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Investments

Marketable securities are classified as trading securities. Investments in debt and equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investment income or loss (including realized gains and losses on investments, interest, and dividends) and the change in the net unrealized gains and losses are included in the excess of revenues over expenses unless the income or loss is restricted by the donor.

Inventories of Supplies

Inventories of supplies are stated at the lower of cost (first-in, first-out method), or market

The William W. Backus Hospital
Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated on the basis of cost. The Hospital provides for depreciation using the straight-line method in amounts sufficient to depreciate the cost of its assets over their estimated useful lives. Amortization of assets recorded under capital leases is included in depreciation expense.

Assets Whose Use is Limited

The Board of Trustees has designated certain unrestricted funds, including principal and income, for construction and other purposes. The President and Chief Executive Officer of the Hospital may, after consultation with the Chairman, Vice Chairman, or the Board of Trustees, use board-designated funds, if required, to meet short-term operating cash requirements of the Hospital. Assets whose use is limited also include assets required through a financing arrangement with the State of Connecticut Health and Educational Facilities Authority (the Authority), as more fully explained in Note 7. The portion of those amounts required for funding current liabilities is included in current assets. The carrying amounts reported in the accompanying balance sheets are stated at fair value.

Temporarily and Permanently Restricted Net Assets

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

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of operations and changes in net assets as net assets released from restrictions, which is included in other operating revenues. Donor-restricted contributions whose restrictions are met within the same year as received are classified as unrestricted contributions in the accompanying financial statements.

The William W. Backus Hospital
Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Non-Operating Gains and Losses

Activities other than those in connection with providing health care services are considered to be non-operating. Non-operating gains and losses primarily consist of income on invested funds.

Excess of Revenues Over Expenses

The accompanying statements of operations and changes in net assets include the excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets, which are excluded from the performance indicator, include equity transfers to/from affiliates, the change in pension and postretirement funding obligations, fair value adjustments, and net assets released from restriction used for the purchase of equipment.

General and Professional Liability Self-Insurance

The Hospital has adopted the policy of self-insuring the deductible portion of its general and professional liability insurance coverage. The deductible limits are \$1,000,000 per claim and \$5,000,000 annually for 2013 and 2012. Management accrues its best estimate of ultimate losses for both reported claims and claims incurred but not reported. The Hospital maintains a revocable trust for purposes of funding malpractice or comprehensive general liability losses.

Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Association is a taxable entity, however, any taxes are immaterial to the financial statements of the Hospital taken as a whole.

Electronic Health Record (EHR) Program

The Centers for Medicare & Medicaid Services (CMS) have implemented provisions of the American Recovery and Reinvestment Act of 2009 that provide incentive payments for the meaningful use of certified EHR technology. CMS has defined meaningful use as meeting certain objectives and clinical quality measures based on current and updated technology capabilities over predetermined reporting periods as established by CMS. Certain health care providers can earn incentive payments between 2011 and 2016 from Medicare and Medicaid.

The William W. Backus Hospital

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

for establishing an EHR system and maintaining its meaningful use. The Hospital recognizes income when it is reasonably assured that it is in compliance with the program criteria. During the Periods under Audit, the Hospital has included \$96,957, \$2,514,768, and \$2,777,416, respectively, in other operating revenue related to the program, including \$0, \$442,296, and \$737,160 received from Medicaid. The estimate for the Medicare program is based on cost report data that is subject to audit, and the amounts recognized are subject to change. The Hospital's attestation of compliance with the meaningful use criteria is subject to audit by the federal or state government or its designee.

Reclassifications

Certain reclassifications have been made to the year ended September 30, 2012, balances previously reported in the accompanying balance sheets, statements of operations and changes in net assets in order to conform with the year ended September 30, 2013, presentation. Also, certain immaterial reclassifications to amounts and other presentation and disclosure changes were made to conform to HHC's financial reporting and disclosure policies.

2. Revenues From Services to Patients

The following table summarizes net revenues from services to patients:

	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Gross patient service revenue	\$ 110,196,629	\$ 540,230,711	\$ 615,524,464
Deductions			
Allowances and discounts	(62,906,364)	(304,997,146)	(326,751,789)
Charity care (at charges)	(1,001,638)	(4,789,430)	(5,552,920)
Net patient service revenue	46,288,627	230,444,135	283,219,755
Provision for uncollectible accounts	(1,489,352)	(7,234,583)	(7,949,694)
Net patient service revenue less for uncollectible accounts	\$ 44,799,275	\$ 223,209,552	\$ 275,270,061

The William W. Backus Hospital

Notes to Financial Statements (continued)

2. Revenues From Services to Patients (continued)

Patient accounts receivable are recorded when patient services are performed. Differences between amounts received from most third-party payors and the established billing rates of the Hospital are accounted for as allowances.

Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital considers historical trends and any known future environmental factors to estimate the appropriate allowance for uncollectible accounts and provision for uncollectible accounts. Management regularly reviews data about major payor sources of revenue in evaluating the sufficiency of the allowance. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and records an allowance if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to have financial difficulties that make collection of amounts due unlikely). For receivables associated with self-pay patients (including both patients without insurance and patients with deductible and copayments due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates a high level of non-payment. The difference between either standard rates or negotiated discount rates and the amounts actually collected after reasonable collection efforts have been exhausted, is charged off against the allowance for uncollectible accounts.

The Hospital's allowance for uncollectible accounts decreased by approximately \$3,475,000 in 2012 due to improved collections, as well as a new policy whereby uninsured patients receive a discount equal to the average of the three lowest negotiated rates. Under the new policy, the discounted amount would no longer be included in allowance for uncollectible accounts (since self-pay accounts are significantly reserved for) and instead is included in the contractual allowance.

The William W. Backus Hospital

Notes to Financial Statements (continued)

2. Revenues From Services to Patients (continued)

The Hospital recognizes net patient service revenue for patients with third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on a discounted basis as described on the Hospital's patient business services policy. Patient service revenue for the Periods under Audit, net of contractual allowances and discounts, but before the provision for uncollectible accounts, recognized in the period is as follows:

	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Third-party payors	\$ 44,113,062	\$ 223,092,967	\$ 272,485,726
Self-pay	2,175,565	7,351,168	10,734,029
Total all payors	<u>\$ 46,288,627</u>	<u>\$ 230,444,135</u>	<u>\$ 283,219,755</u>

During the Periods under Audit, the Hospital recorded approximately \$0, \$494,000, and \$9,060,000, respectively, of previously recognized estimated third-party payor settlements resulting in an increase in net patient service revenue.

Revenues from the Medicare and Medicaid programs accounted for approximately 31.3% and 11.6%, respectively, of the Hospital's net patient service revenue for the period ended July 31, 2013, 32.3% and 11.5%, respectively, for the period ended September 30, 2013, and 32.1% and 9.4%, respectively, for the year ended September 30, 2012. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations, except as noted in Note 12. While no regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital.

The William W. Backus Hospital

Notes to Financial Statements (continued)

3. Charity Care and Community Benefit

It is the policy of the Hospital that medically necessary health care services should be available to all individuals regardless of their ability to pay. The Hospital provides free or discounted care based on the criteria of its charity care policy. The policy utilizes the generally recognized poverty income levels for the state to determine the level of financial assistance. For patients who do not apply or do not qualify, the uncollected amounts are recognized as bad debt expense. Because the Hospital does not pursue collection of amounts determined to be charity care, such services are not reported as net revenue.

Together, charity care and provision for uncollectible accounts represent uncompensated care. The following table summarizes uncompensated care.

	<u>At Charge</u>	<u>Estimated</u>
Charity care	\$ 1,001,638	\$ 420,688
Provision for uncollectible accounts	1,489,352	625,528
Total uncompensated care, period from August 1, 2013 to September 30, 2013	<u>\$ 2,490,990</u>	<u>\$ 1,046,216</u>
Charity care	\$ 4,789,430	\$ 2,011,561
Provision for uncollectible accounts	7,234,583	3,038,525
Total uncompensated care, Period from October 1, 2013 to July 31, 2013	<u>\$ 12,024,013</u>	<u>\$ 5,050,086</u>
Charity care	\$ 5,552,920	\$ 2,276,697
Provision for uncollectible accounts	7,949,694	3,259,375
Total uncompensated care, September 30, 2012	<u>\$ 13,502,614</u>	<u>\$ 5,536,072</u>

Estimated cost is based on the ratio of cost to charges, as determined by Hospital-specific data.

In addition to charity care provided to patients, the Hospital supports programs that improve the health and well-being of the community. In 2013, the Hospital partnered with multiple community agencies in the Village of Baltic to provide weekly health outreach. The Village of Baltic was identified for this intensive outreach program by utilizing the Connecticut Hospital

The William W. Backus Hospital

Notes to Financial Statements (continued)

3. Charity Care and Community Benefit (continued)

Association's ChimeMaps tool, giving the Hospital the ability to employ "hot spotting" techniques to determine pockets of need. The program provided primary care, health screenings, and education at no charge to participants, and was held every Friday at the Baltic Food Pantry. The Hospital also owns and operates two mobile health vans, which travel to various locations throughout Eastern Connecticut. The vans enable hospital and community providers to offer health education, counseling, and screening services, bringing preventative care directly to residents of Eastern Connecticut.

4. Investments

Investment income and gains are comprised of the following.

	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Unrealized gains on investments	\$ 352,480	\$ 4,760,681	\$ 10,067,106
Realized gains on investments	510,039	2,382,412	823,335
Interest and dividend income	444,930	2,189,279	2,164,471
Other investment income	2,000	10,000	12,000
Investment fees	(22,417)	(370,774)	(365,321)
	\$ 1,287,032	\$ 8,971,598	\$ 12,701,591

The William W. Backus Hospital
Notes to Financial Statements (continued)

4. Investments (continued)

The market value of assets whose use is limited at September 30 is set forth in the following table.

	2013	2012
Assets whose use is limited		
Cash and cash equivalents	\$ 1,745,332	\$ 3,290,376
Certificates of deposit	24,945,386	24,925,922
Money market funds	18,694,650	16,492,371
Equity securities		
U S	26,508,212	22,039,195
International	427,435	405,946
Fixed income bonds		
U S	20,832,689	20,887,250
International	603,377	605,848
Mutual funds		
U S	46,826,584	46,535,019
International	12,064,138	8,387,171
Alternate investments and other	3,327,950	1,115,684
	\$ 155,975,753	\$ 144,684,782

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) provides guidance on investment decisions and endowment expenditures for nonprofit organizations. The Board of Trustees of the Hospital has interpreted UPMIFA as requiring the preservation of the fair value of the original gift at the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Hospital classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

The William W. Backus Hospital

Notes to Financial Statements (continued)

4. Investments (continued)

The primary objective of the endowment fund is to provide long-term support for the Hospital's capital and operating programs. The Hospital's investment goals are to maximize total return (capital appreciation, dividends, and interest) while also protecting the Hospital's inflation-adjusted value over time. The Hospital's assets are diversified across multiple asset classes (e.g., common stocks, bonds, and cash) to achieve an optimal balance between risk and return and between current income and capital appreciation. The investment program is structured to offer reasonably high probability of generating a real return of 5% per year over a period of five to ten years to protect the real inflation-adjusted value of assets and to meet the spending requirements. The Investment Committee reviews investment policies annually to determine if changes need to be made due to changing market conditions or other factors.

Management evaluates endowment spending in light of capital replacement and expansion plans. The spending policy does not apply a prescribed rate of spending in a given year, but does consider the following factors in making determinations to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Hospital
- (7) The investment policies of the Hospital

Endowment assets are donor-restricted gifts that are meant to provide a permanent source of income to the Hospital and are included in permanently restricted net assets. Any deficits are funded with available temporarily restricted or unrestricted funds so as to maintain the corpus. Subsequent positive market returns replace the deficits.

The William W. Backus Hospital
Notes to Financial Statements (continued)

4. Investments (continued)

The activity for the year ended September 30, 2013, is as follows

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 1,116,993	\$ 5,396,869	\$ 6,513,862
Investment return			
Investment income	—	263,499	263,499
Net appreciation (realized and unrealized)	—	323,437	323,437
Earnings reclassified	431,820	(431,820)	—
Total investment return	431,820	155,116	586,936
Endowment net assets at end of year	\$ 1,548,813	\$ 5,551,985	\$ 7,100,798

The activity for the year ended September 30, 2012, is as follows

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 417,004	\$ 5,396,869	\$ 5,813,873
Investment return			
Investment income	—	99,346	99,346
Net appreciation (realized and unrealized)	—	600,643	600,643
Earnings reclassified	699,989	(699,989)	—
Total investment return	699,989	—	699,989
Endowment net assets at end of year	\$ 1,116,993	\$ 5,396,869	\$ 6,513,862

The William W. Backus Hospital

Notes to Financial Statements (continued)

5. Fair Values of Financial Instruments

For assets and liabilities required to be measured at fair value, the Hospital measures fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on the unit of account from the Hospital's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

The Hospital follows a valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad categories. Level one inputs are quoted market prices in active markets that are accessible at the measurement date. Level two inputs are observable, but not quoted in active markets. Level three inputs are unobservable and are used when little or no market data is available.

Fair value for Level 2 assets are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers, and brokers. Level 3 assets consist of asset-backed and mortgage-backed obligations held by the defined benefit plan, which are priced using model-based valuations using market information that best represents the value at which the security could be sold.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Hospital uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers non-performance risk in its assessment of fair value.

Although no transfers between levels have occurred in this fiscal year, the Hospital's policy is to recognize the transfer at the end of the reporting period.

The William W. Backus Hospital

Notes to Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

Financial assets and liabilities as of September 30, 2013, are classified in the table below

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 134,093,030	\$ —	\$ —	\$ 134,093,030
Certificates of deposit	—	24,945,386	—	24,945,386
Money market funds	18,694,650	—	—	18,694,650
Equity securities.				
U S ^(a)	26,508,212	—	—	26,508,212
International ^(b)	427,435	—	—	427,435
Fixed income bonds. ^(c)				
U S	—	20,832,689	—	20,832,689
International	—	603,377	—	603,377
Mutual funds.				
U S ^(d)	12,988,025	33,838,559	—	46,826,584
International ^(e)	11,569,985	494,153	—	12,064,138
Alternative investments and other ^(f)	—	3,327,950	—	3,327,950
Funds held in trust by others	—	2,515,481	—	2,515,481
Total	\$ 204,281,337	\$ 86,557,595	\$ —	\$ 290,838,932
Liabilities				
Fixed rate debt	\$ —	\$ 63,533,406	\$ —	\$ 63,533,406

^(a) This class seeks capital appreciation by investing in stocks of large U S companies

^(b) This class seeks capital appreciation by investing in stocks of large non-U S companies

^(c) This class seeks maximum current income primarily through investments in fixed income securities of varying maturities.

^(d) This class seeks maximum real return by investing in stocks of large U S companies

^(e) This class seeks long-term capital appreciation by investing in large non-U S companies whose shares have a high book value in relation to their market value

^(f) This class targets total returns over the long term as measured by the Consumer Price Index + 5%, investing in index funds and various stock

The William W. Backus Hospital
Notes to Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

Financial assets as of September 30, 2012, are classified in the table below

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 110,308,441	\$ 410,300	\$ —	\$ 110,718,741
Certificates of deposit	—	24,925,922	—	24,925,922
Money market funds	16,492,371	—	—	16,492,371
Equity securities				
U S ^(a)	22,039,195	—	—	22,039,195
International ^(b)	405,946	—	—	405,946
Fixed income bonds ^(c)				
U S	—	20,887,250	—	20,887,250
International	—	605,848	—	605,848
Mutual funds.				
U S ^(d)	11,511,414	35,023,605	—	46,535,019
International ^(e)	7,850,395	536,776	—	8,387,171
Alternative investments and other ^(f)	—	1,115,684	—	1,115,684
Funds held in trust by others	—	2,359,047	—	2,359,047
Total	<u>\$ 168,607,762</u>	<u>\$ 85,864,432</u>	<u>\$ —</u>	<u>\$ 254,472,194</u>
Liabilities				
Fixed rate debt	\$ —	\$ 72,441,444	\$ —	\$ 72,441,444

^(a) This class seeks capital appreciation by investing in stocks of large U S companies

^(b) This class seeks capital appreciation by investing in stocks of large non-U S companies

^(c) This class seeks maximum current income primarily through investments in fixed income securities of varying maturities.

^(d) This class seeks maximum real return by investing in stocks of large U S companies

^(e) This class seeks long-term capital appreciation by investing in large non-U S companies whose shares have a high book value in relation to their market value

^(f) This class targets total returns over the long term as measured by the Consumer Price Index + 5%, investing in index funds and various stock

The William W. Backus Hospital
Notes to Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

The following table presents the Hospital's fair value hierarchy for defined benefit plan assets as of September 30, 2013.

	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	\$ 2,758,810	\$ —	\$ —	\$ 2,758,810
Fixed income bonds. ^(a)				
U S	—	27,205,353	—	27,205,353
International	—	3,586,219	—	3,586,219
Mutual funds.				
U S ^(b)	30,752,217	70,077,144	—	100,829,361
International ^(c)	23,296,667	—	—	23,296,667
Total	\$ 56,807,694	\$ 100,868,716	\$ —	\$ 157,676,410

^(a) This class seeks maximum current income primarily thorough investments in fixed income securities of varying maturities.

^(b) This class primarily represents investments in common stocks or similar securities of high-quality, financially secure companies listed on principal exchanges

^(c) This class seeks long-term growth of capital with at least 80% of its investments in international equity securities

The following table presents reconciliation for all Level 3 assets measured at fair value for the period October 1, 2012 to September 30, 2013

	Mortgage- Backed Obligations
Beginning balance	\$ 188,330
Unrealized gains	5,270
Sales	(193,600)
Total	\$ —

The William W. Backus Hospital
Notes to Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

The following table presents the Hospital's fair value hierarchy for defined benefit plan assets as of September 30, 2012. At September 30, 2012, Level 3 assets comprise approximately 0.1% of the Hospital Plan's total investment portfolio fair value

	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	\$ 9,832,723	\$ —	\$ —	\$ 9,832,723
Fixed income bonds ^(a)				
U S	—	27,084,665	188,330	27,272,995
International	—	2,815,389	—	2,815,389
Mutual funds				
U S ^(b)	25,164,036	55,420,564	—	80,584,600
International ^(c)	19,186,295	—	—	19,186,295
Total	\$ 54,183,054	\$ 85,320,618	\$ 188,330	\$ 139,692,002

^(a) This category seeks maximum current income primarily thorough investments in fixed income securities of varying maturities

^(b) This category primarily represents investments in common stocks or similar securities of high-quality, financially secure companies listed on principal exchanges

^(c) This category seeks long term growth of capital with at least 80% of its investments in international equity securities

The following table presents reconciliation for all Level 3 assets measured at fair value for the period October 1, 2011 to September 30, 2012

	Mortgage- Backed Obligations
Beginning balance	\$ 180,660
Unrealized gains	7,670
Total	\$ 188,330

The William W. Backus Hospital

Notes to Financial Statements (continued)

5. Fair Values of Financial Instruments (continued)

The carrying amount of certain of the Hospital's financial instruments, including cash and cash equivalents approximates fair value due to the relatively short maturities of such instruments. Fair values of investments are based on quoted market prices and are recorded on the balance sheets as such

6. Temporarily and Permanently Restricted Net Assets

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

	2013	2012
General use	\$ 1,621,905	\$ 1,186,206
Health care services	889,639	1,055,363
Preventative care	214,764	227,207
Extraordinary nursing care	180,939	131,654
Nursing education	150,759	108,153
Free beds	128,382	103,979
Laboratory	119,204	78,181
	<u>\$ 3,305,592</u>	<u>\$ 2,890,743</u>

Permanently restricted net assets at September 30 are restricted for

	2013	2012
Investments to be held in perpetuity, the income from which is expendable to support health care service	\$ 5,551,985	\$ 5,396,869
Restricted funds held in trust by others, the income from which is expendable to support health care services	2,515,481	2,359,047
	<u>\$ 8,067,466</u>	<u>\$ 7,755,916</u>

The William W. Backus Hospital
Notes to Financial Statements (continued)

7. Long-Term Debt

A summary of long-term debt at September 30 is as follows

	2013	2012
Tax-exempt Hospital Revenue Bonds		
Series E, term maturities (\$6,920,000) from 2017 to 2022 at an interest rate of 5.00%	\$ 7,647,301	\$ 7,515,000
Series F, serial maturities (\$4,350,000) from 2014 to 2018, with interest rates of 4.00% to 4.25%, term maturities (\$22,125,000) from 2023 to 2035 with interest rates of 5.00% to 5.25%	28,945,938	27,250,000
Series G, serial maturities (\$16,405,000) from 2014 to 2026, with interest rates of 3.60% to 5.00%, term maturities (\$7,420,000) in 2035 at an interest rate of 5%	25,412,237	24,500,000
Other long-term debt		
Mortgage, maturing May 1, 2025, with a fixed interest rate of 6.125%	1,527,930	1,126,557
Obligations under capital leases	6,103,598	6,344,367
	69,637,004	66,735,924
Add net unamortized bond premium	—	667,276
Less current portion	(2,443,472)	(2,346,210)
Long-term debt	\$ 67,193,532	\$ 65,056,990

The Master Indenture, as amended and supplemented by Supplemental Master Indenture No. 4, provides for, among other things, a pledge of the gross receipts, as defined, of the Hospital, restriction on the incurrence of certain indebtedness of the Hospital, and covenants regarding the Hospital's debt service coverage ratios, sale and lease of assets, and other covenants similar in financings of this type. The bonds are secured by the real property of the Hospital, including all buildings and equipment. Pursuant to the loan agreements, the Hospital is obligated to provide amounts that will be sufficient to enable the Authority to pay the principal and interest on the Series E, Series F, and Series G bonds.

The William W. Backus Hospital
Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

Series E bonds are subject to optional redemption prior to maturity. Series F bonds are subject to optional redemption prior to maturity. Series G bonds maturing after July 1, 2015, are subject to optional redemption prior to maturity.

Future minimum payments on long-term debt and future minimum payments and interest on capital leases during each of the next five fiscal years, and in the aggregate, are as follows:

	Long-Term Debt	Capital Leases
2014	\$ 2,184,302	\$ 802,524
2015	2,303,411	778,179
2016	2,387,624	705,224
2017	2,482,423	705,224
2018	2,582,371	705,224
Aggregate thereafter	51,593,275	7,595,815
	<u>63,533,406</u>	<u>11,292,190</u>
Less interest	—	(5,188,592)
	<u>\$ 63,533,406</u>	<u>\$ 6,103,598</u>

The Hospital paid interest of \$95,899, \$3,339,278, and \$3,340,832 for the Periods under Audit, respectively. Interest incurred for the Period under Audit was \$557,418, \$2,817,755, and \$3,276,169, respectively.

In 2012, the Hospital entered into a 20-year capital lease of \$5,108,015 with an interest rate of 6.06% for a building located at 582 Norwich Road, Plainfield, CT, to be used for emergency, radiology, and lab services. Under the terms of the lease, the Hospital has the option for two additional five-year terms, as well as an option to purchase the property. The outstanding balance on this capital lease at September 30, 2013, was \$4,919,654.

The William W. Backus Hospital
Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

In 2010, the Hospital entered into a five-year capital lease of \$458,781 with an interest rate of 5.9% for a building located at 80 Route 32, Montville, CT, to be used for patient services. The outstanding balance on this capital lease at September 30, 2013, was \$161,377

In 2010, the Hospital entered into a fixed rate commercial mortgage of \$1,250,000 for a period of 15 years at a rate of 6 1/2%. The note is secured by real property located at 11 Stott Avenue, Norwich, CT

In 2004, the Hospital entered into a 20-year capital lease of \$1,094,640 with an interest rate of 4.875% for a building located at 151-163 Broadway, Colchester, CT, to be used for patient services. The outstanding balance on this capital lease at September 30, 2013, is \$1,022,567

8. Related-Party Transactions

The Hospital processes payroll and disbursements for several of its affiliated entities for which it is reimbursed. Reimbursements due to the Hospital at September 30, 2013 and 2012, were approximately \$185,000 and \$562,000, respectively. The Hospital also leases space to its affiliated entities. Rental income from the affiliates for the Periods under Audit is \$81,597, \$410,331, and \$411,697, respectively.

9. Retirement Benefit Plans

Effective January 1, 2010, the Hospital amended its defined benefit pension plan to close the plan to new participants and to freeze accruals for the existing participants in favor of a defined contribution plan.

The defined contribution plan covers substantially all of the employees of the Hospital. Under the provisions of the plan, the Hospital will make non-elective contributions to the plan on behalf of each eligible employee in the amount of 3% of the employee's eligible earnings. The Hospital will also make a non-elective transition contribution equal to 3% of employee's eligible earnings for all employees who meet the transition participant criteria. The Hospital may also, at the discretion of the Board of Trustees, make an elective matching contribution at the end of the plan year based on the Hospital's financial performance. The cost recorded for the Periods under Audit are \$611,400, \$4,361,092, and \$4,675,303, respectively.

The William W. Backus Hospital

Notes to Financial Statements (continued)

9. Retirement Benefit Plans (continued)

The Hospital also provides non-contributory postretirement health care benefits to eligible retirees and to eligible spouses of retirees who retired prior to January 1, 1994. Subsequent to 1993, covered retirees contribute a percentage of the cost based on years of service. In addition, the Hospital sponsors a nonqualified pension benefit program. Included in other long-term liabilities at September 30, 2013 and 2012, are approximately \$1,204,000 and \$1,455,000, respectively, related to the future obligation for the nonqualified benefits.

Included in unrestricted net assets at September 30 are the following amounts that have not yet been recognized in net periodic benefit cost.

	Pension Benefits			Postretirement Benefits		
	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
<i>(In Thousands)</i>						
Unrecognized actuarial (loss) gain	\$ 1,582	\$ —	\$ (69.083)	\$ (1)	\$ —	\$ 1.476
Unrecognized transition obligation	—	—	—	—	—	(242)
	<u>\$ 1,582</u>	<u>\$ —</u>	<u>\$ (69.083)</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ 1.234</u>

There is no actuarial loss or transition obligation included in unrestricted net assets that is expected to be recognized in net periodic benefit cost during 2014.

At September 30, 2013, the unfunded status of the pension plan is included in long-term liabilities in the amount of \$14,032,589. The unfunded status of the postretirement benefits is \$3,408,366, with \$377,682 included in short-term liabilities, and the remainder of \$3,030,684 included in long-term liabilities. At September 30, 2012, the unfunded status of the pension plan is included in long-term liabilities in the amount of \$61,486,044. The unfunded status of the postretirement benefits \$3,882,076, with \$412,955 included in short-term liabilities, and the remainder of \$3,469,121 included in long-term liabilities.

The William W. Backus Hospital

Notes to Financial Statements (continued)

9. Retirement Benefit Plans (continued)

The following tables set forth the funded status of the plans as of September 30

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
	<i>(In Thousands)</i>			
Change in projected benefit obligation				
Benefit obligation at beginning of year	\$ (201,178)	\$ (175,946)	\$ (3,882)	\$ (4,083)
Service cost				(1)
Interest cost	(7,681)	(7,981)	(139)	(178)
Change in assumptions	31,468	(22,583)	54	(216)
Actuarial gain	161	118	178	184
Benefits paid	5,521	5,214	381	412
Benefit obligation at end of year	<u>\$ (171,709)</u>	<u>\$ (201,178)</u>	<u>\$ (3,408)</u>	<u>\$ (3,882)</u>
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 139,692	\$ 115,644	\$ –	\$ –
Actual return on plan assets	15,405	21,162	–	–
Contributions	8,100	8,100	381	412
Benefits paid	(5,521)	(5,214)	(381)	(412)
Fair value of plan assets at end of year	<u>\$ 157,676</u>	<u>\$ 139,692</u>	<u>\$ –</u>	<u>\$ –</u>
Underfunded status				
Accrued benefit liability recognized in the balance sheets	<u>\$ (14,033)</u>	<u>\$ (61,486)</u>	<u>\$ (3,408)</u>	<u>\$ (3,882)</u>

The William W. Backus Hospital

Notes to Financial Statements (continued)

9. Retirement Benefit Plans (continued)

	Pension Benefits			Postretirement Benefits		
	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
<i>(In Thousands)</i>						
Components of net periodic benefit cost						
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Interest cost	1,398	6,283	7,981	22	117	178
Expected return on plan assets	(2,178)	(13,228)	(7,908)	—	—	—
Net amortization and deferral	421	9,477	4,651	—	127	230
Net periodic benefit cost	\$ (359)	\$ 2,532	\$ 4,724	\$ 22	\$ 244	\$ 409

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
Assumptions:				
Weighted-average assumptions used to determine benefit obligations				
Discount rate	5.00%	3.80%	4.05%	3.80%
Weighted-average assumptions used to determine net periodic benefit cost				
Discount rate	4.95%	4.60%	4.05%	4.60%
Expected long-term rate of return on plan assets	6.75%	6.75%		

The accumulated benefit obligation at September 30, 2013 and 2012, was \$171,708,999 and \$201,178,047, respectively.

The William W. Backus Hospital

Notes to Financial Statements (continued)

9. Retirement Benefit Plans (continued)

The asset allocations for the retirement plan at the end of 2013 and 2012 and the target allocation by asset category are as follows.

Asset Category	Target Allocation		Percentage of Plan Assets	
	Minimum	Maximum	2013	2012
US equity large cap	20%	50%	39%	37%
US equity small cap		15	5	5
International equity	10	30	15	14
Core fixed income	20	60	41	44
Total			100%	100%

The Hospital Plan's investment policy includes target asset allocations percentages as shown above. The investment objective for the Hospital Plan is to produce a total rate of return (net of fees) that meets or exceeds the actuarial return assumption used for funding purposes, while generally striving to minimize significant variations in annual contribution levels through investment diversification. Investment return assumptions are developed through a multi-step process using external economic research, including industry surveys and published economic research combined with internal economic scenario analysis, historical market returns, and correlation trends.

Information about the expected cash flows for both plans is as follows.

	Pension Benefits	Postretirement Benefits
Expected employer contributions for 2014	\$ —	\$ 377,682
Estimated future benefit payments		
2014	6,651,060	377,682
2015	7,202,318	358,286
2016	7,672,972	339,041
2017	8,196,577	319,767
2018	8,865,390	300,717
2019-2023	52,576,616	1,229,691

The William W. Backus Hospital
Notes to Financial Statements (continued)

9. Retirement Benefit Plans (continued)

The assumed health care cost trend rate used to measure the expected cost of benefits covered by the postretirement health benefit plan for the next year is no longer applicable. Effective this year, the annual premium has exceeded the cap and therefore, the Hospital's cost will not increase in the future with the medical trend

A one-percentage-point change in assumed health care cost trend rates would have the following effects on the postretirement benefit plan

	One-Percentage-Point	
	Increase	Decrease
Effect on total of service and interest cost components	\$ 97	\$ (83)
Effect on postretirement benefit obligation	\$ —	\$ —

10. Property, Plant, and Equipment

Property, plant, and equipment at September 30 consist of the following

	2013	2012
Land and land improvements	\$ 8,395,039	\$ 4,862,121
Buildings and leasehold improvements	183,404,866	129,515,253
Equipment	107,805,047	104,187,422
Construction-in-process (2013 estimated cost to complete \$3,820,000)	77,152	1,747,654
	299,682,104	240,312,450
Less accumulated depreciation	(160,938,198)	(148,957,964)
	\$ 138,743,906	\$ 91,354,486

Amortization expense related to internally developed software for the years ended September 30, 2012, was \$388,314

The Hospital wrote off approximately \$2,848,000 of fully depreciated assets in 2013

The William W. Backus Hospital

Notes to Financial Statements (continued)

10. Property, Plant, and Equipment (continued)

The Hospital leases space to be used for patient service. The original term of the lease expired September 30, 2013, and the Hospital opted to exercise the first of the two five-year options. Rent expense for the Period under Audit was \$96,856, \$706,707, and \$755,190, respectively.

The Hospital leases various types of equipment with annual payments ranging from \$14 to \$53,000. Expenses as a result of these leases were approximately \$37,000, \$129,000, and \$270,000 for the Period under Audit, respectively.

Future minimum lease payments under the above leases during each of the next five years were as follows:

2014	\$ 843.694
2015	754.954
2016	644.089
2017	615.188
2018	604.483
Thereafter	—
	<u>\$ 3,462.408</u>

11. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross accounts receivable from patients and third-party payors at September 30 is as follows:

	<u>2013</u>	<u>2012</u>
Medicare	37%	32%
Self-pay	20	21
Health Maintenance Organizations	16	15
Anthem Blue Cross/Blue Shield	13	15
Medicaid	6	8
Commercial	5	6
Other state agencies	3	3
	<u>100%</u>	<u>100%</u>

The William W. Backus Hospital

Notes to Financial Statements (continued)

12. Contingencies

There have been malpractice claims that fall within the Hospital's partially self-insured program (see Note 1) that have been asserted against the Hospital. In addition, there are known incidents that have occurred through September 30, 2013, that may result in the assertion of claims. Hospital management, in conjunction with its consulting actuaries, has accrued its best estimate of these contingent losses.

Hospital management believes that it may not have conformed to all applicable laws and regulations regarding certain arrangements with outside parties. An internal investigation is ongoing, and management has estimated and accrued a liability related to this matter. Except for this matter, Hospital management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of any potential wrongdoing.

The Hospital is a party to various lawsuits incidental to its business. Management believes that the lawsuits will not have a material adverse effect on the Hospital's financial position or results of operations.

Hospital employees covered by collective bargaining agreements represent approximately 23% and 22% of total employees as of September 30, 2013, and 2012, respectively. The SPFPA (Security, Police, and Fire Professionals of America) contract is due to expire in August of 2014 and represents approximately 2% of the total employees.

The William W. Backus Hospital

Notes to Financial Statements (continued)

13. Other Operating Revenues

Other operating revenues consist of the following

	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Cafeteria sales	\$ 201,149	\$ 1,024,093	\$ 1,166,526
Rental income	162,794	716,306	1,025,861
EHR income	96,957	2,514,768	2,777,416
Condominium income	81,379	395,657	492,179
Child care	50,094	329,753	398,545
Miscellaneous	40,438	415,068	224,255
Fee income	39,936	394,471	454,529
Interest	15,777	149,621	249,145
Grants	15,000	571,588	614,920
Purchase discounts	6,548	212,357	370,943
	<u>\$ 710,072</u>	<u>\$ 6,723,682</u>	<u>\$ 7,774,319</u>

14. Functional Expenses

The Hospital provides inpatient medical and surgical, outpatient, psychiatric, and emergency care services to residents of eastern Connecticut. Expenses related to providing these services are as follows:

	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
Health care services	\$ 32,266,325	\$ 162,235,409	\$ 199,189,567
General and administrative	9,507,835	46,214,438	57,263,709
Fund-raising	21,574	166,706	200,940
	<u>\$ 41,795,734</u>	<u>\$ 208,616,553</u>	<u>\$ 256,654,216</u>

The William W. Backus Hospital

Notes to Financial Statements (continued)

14. Functional Expenses (continued)

Costs for interest and insurance are included in general and administrative expenses. Professional liability insurance is included in health care services.

15. Cash Flows

Changes in operating assets and liabilities at September 30 include the following

	Period From August 1, 2013 to September 30, 2013	Period From October 1, 2012 to July 31, 2013	Year Ended September 30, 2012
(Increase) decrease in assets:			
Accounts receivable	\$ (758,134)	\$ (6,964,118)	\$ (7,591,912)
Pledges receivable	1,895	412	69,488
Due from affiliates	(26,158)	403,503	(397,894)
Inventories of supplies, prepaid expenses, and other	705,973	(551,553)	(1,550,490)
Increase (decrease) in liabilities:			
Accounts payable	749,962	(1,894,671)	(742,115)
Salaries and wages, payroll taxes and taxes withheld from payroll	(373,268)	536,303	136,013
Accrued liabilities	916,324	(2,201,822)	1,870,890
Accrued pension and other post retirement liabilities	(1,297,510)	(5,241,494)	(6,558,518)
Self-insured professional liability	624,737	1,428,572	(4,539,196)
Estimated third party payor settlements	2,143,707	(2,869,304)	(5,652,284)
Other liabilities	(112,789)	709,896	2,215,089
	<u>\$ 2,574,739</u>	<u>\$ (16,644,276)</u>	<u>\$ (22,740,929)</u>

The William W. Backus Hospital

Notes to Financial Statements (continued)

16. Subsequent Events

The Hospital evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date for the year ended September 30, 2013. The Hospital evaluated subsequent events through January 28, 2014, which is the date the financial statements were issued.

Effective November 20, 2013, the Hospital entered into an agreement with Hartford HealthCare Endowment LLC (Endowment LLC), a wholly owned subsidiary of HHC, for the management of the Hospital's endowment assets. Endowment LLC acts as manager and is named fiduciary, for HHC within established investment guidelines. As of January 1, 2014, \$53,112,368 of the Hospital's investments were liquidated and transferred to Endowment LLC, at which time all previously unrealized gains and losses on the sold investments were realized. Subsequent to the transfer, the Hospital has an interest in investments held by Endowment LLC, which represents their pro rata share of Endowment LLC.

Effective January 1, 2014, the assets of the Hospital's pension plan were liquidated and \$163,446,172 of cash was transferred into the Hartford healthcare Defined Benefit Master Trust, at which time all previously unrealized gains and losses on the liquidated investments were realized.

Effective January 2014, the Board of Directors of the Hospital resolved to become a part of the HHC Obligated Group. The Obligated Group subsequently entered into a bridge loan in the amount of \$80,902,000, part of which will be used to defease the Hospital's outstanding CHEFA bonds. The bridge loan has an adjustable interest rate based on LIBOR, is due in monthly installments and matures in April 2014.

No other events occurred that require disclosure or adjustment to the financial statements.

Supplementary Information

The William W. Backus Hospital

Consolidating Balance Sheet

September 30, 2013

	The William W. Backus Hospital	Backus Medical Center Condominium Association, Inc.	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 132,347.698	\$ —	\$ —	\$ 132,347.698
Assets whose use is limited – required for current liabilities	6,509.778	—	—	6,509.778
Accounts receivable, less allowance for uncollectible accounts	31,013.657	—	—	31,013.657
Pledges receivable	29.416	—	—	29.416
Due from affiliates	218.071	—	(33,375)	184.696
Inventories of supplies	3,715.171	—	—	3,715.171
Prepaid expenses and other	2,941.851	67.721	—	3,009.572
Total current assets	176,775.642	67.721	(33,375)	176,809.988
Assets whose use is limited				
Investments and other assets	112,198.811	—	—	112,198.811
Investments for restricted purposes	25,594.126	—	—	25,594.126
Investments for donor restricted purposes	7,935.735	—	—	7,935.735
Funds designated for debt service	3,737.303	—	—	3,737.303
	149,465.975	—	—	149,465.975
Funds held in trust by others	2,515.481	—	—	2,515.481
Other assets	9,206.465	—	—	9,206.465
Property, plant, and equipment, net	138,743.906	—	—	138,743.906
Total assets	\$ 476,707.469	\$ 67.721	\$ (33,375)	\$ 476,741.815

The William W. Backus Hospital
Consolidating Balance Sheet (continued)

September 30, 2013

	The William W. Backus Hospital	Backus Medical Center Condominium Association, Inc.	Eliminations	Consolidated
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 8,015,358	\$ 16,277	\$ —	\$ 8,031,635
Salaries and wages, payroll taxes, and taxes withheld from payroll	6,965,186	—	—	6,965,186
Accrued liabilities	6,319,677	—	—	6,319,677
Current portion of pension and other postretirement	3,553,200	—	—	3,553,200
Estimated third-party payor settlements	1,828,257	—	—	1,828,257
Due to affiliates	—	33,375	(33,375)	—
Current portion of long-term debt	2,443,472	—	—	2,443,472
Total current liabilities	29,125,150	49,652	(33,375)	29,141,427
Long-term debt and capital leases	67,193,532	—	—	67,193,532
Accrued pension and other postretirement liabilities	18,267,265	—	—	18,267,265
Self-insured professional liability	14,348,700	—	—	14,348,700
Estimated third-party payor settlements	15,639,566	—	—	15,639,566
Other liabilities	6,659,958	—	—	6,659,958
Net assets				
Unrestricted	314,099,880	18,069	—	314,117,949
Temporarily restricted	3,305,592	—	—	3,305,592
Permanently restricted	8,067,466	—	—	8,067,466
Total net assets	325,472,938	18,069	—	325,491,007
Total liabilities and net assets	\$ 476,707,109	\$ 67,721	\$ (33,375)	\$ 476,741,455

The William W. Backus Hospital
Consolidating Statement of Operations

Period From August 1, 2013 to September 30, 2013

	The William W. Backus Hospital	Backus Medical Center Condominium Association, Inc.	Eliminations	Consolidated
Operating revenues				
Net patient service revenue	\$ 46,288,627			\$ 46,288,627
Provision for uncollectible accounts	(1,489,352)			(1,489,352)
Net patient service revenue less provision for uncollectible accounts	44,799,275			44,799,275
Other operating revenues	628,693	\$ 83,044	\$ (1,665)	710,072
Net assets released from restriction	28,253	—	—	28,253
	45,456,221	83,044	(1,665)	45,537,600
Operating expenses				
Salaries and wages	19,188,089	—	—	19,188,089
Employee benefits	3,125,646	—	—	3,125,646
Supplies and other	8,606,513	—	—	8,606,513
Purchased services	7,551,716	83,044	(1,665)	7,633,095
Depreciation and amortization	2,684,973	—	—	2,684,973
Interest	557,418	—	—	557,418
	41,714,355	83,044	(1,665)	41,795,734
Operating income	3,741,866	—	—	3,741,866
Non-operating gains				
Income from investments	1,287,032	—	—	1,287,032
Contributions	12,759	—	—	12,759
Other	1,600	—	—	1,600
Excess of revenues over expenses	\$ 5,043,257	\$ —	\$ —	\$ 5,043,257

The William W. Backus Hospital

Consolidating Statement of Operations

Period From October 1, 2012 to July 31, 2013

	The William W. Backus Hospital	Backus Medical Center Condominium Association, Inc.	Eliminations	Consolidated
Operating revenues				
Net patient service revenue	\$ 230,444,135			\$ 230,444,135
Provision for uncollectible accounts	(7,234,583)			(7,234,583)
Net patient service revenue less provision for uncollectible accounts	223,209,552			223,209,552
Other operating revenues	6,328,025	\$ 415,634	\$ (19,977)	6,723,682
Net assets released from restriction	217,331	-	-	217,331
	229,754,908	415,634	(19,977)	230,150,565
Operating expenses				
Salaries and wages	98,064,757	-	-	98,064,757
Employee benefits	23,754,968	-	-	23,754,968
Supplies and other	38,839,806	-	-	38,839,806
Purchased services	31,904,952	415,634	(19,977)	32,300,609
Depreciation and amortization	12,838,658	-	-	12,838,658
Interest	2,817,755	-	-	2,817,755
	208,220,896	415,634	(19,977)	208,616,553
Operating income	21,534,012	-	-	21,534,012
Non-operating gains and (losses)				
Income from investments	8,971,598	-	-	8,971,598
Contributions	124,881	-	-	124,881
Other	(140,249)	-	-	(140,249)
Excess of revenues over expenses	\$ 30,490,242	\$ -	\$ -	\$ 30,490,242

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