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

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

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization SOUTHWESTERN VERMONT MEDICAL CENTER		D Employer identification number 22-2563241
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 100 HOSPITAL DRIVE Suite	Room/suite	E Telephone number (802) 447-5011
	City or town, state or country, and ZIP + 4 BENNINGTON, VT 05201		G Gross receipts \$ 153,186,072
	F Name and address of principal officer THOMAS DEE 100 HOSPITAL DRIVE BENNINGTON, VT 05201		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (Insert no) ☐ 4947(a)(1) or ☐ 527			
J Website: ▶ www.svhealthcare.org			

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ☐ **L** Year of formation 1912 **M** State of legal domicile VT

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROVIDING HEALTH CARE ON BOTH AN INPATIENT AND OUTPATIENT BASIS WITH FACILITIES IN AND AROUND THE BENNINGTON, VT AREA		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	17
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	14
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	1,262
6 Total number of volunteers (estimate if necessary)	6	290	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 161,936	Current Year 379,587
	9 Program service revenue (Part VIII, line 2g)	145,995,179	149,485,503
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	173,424	400,532
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	33,175	33,273
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	146,363,714	150,298,895
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	11,555
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)		71,167,576	59,580,903
16a Professional fundraising fees (Part IX, column (A), line 11e)		0	0
16b Total fundraising expenses (Part IX, column (D), line 25) ☐ 0			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		70,217,835	85,195,301
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		141,396,966	144,776,204
19 Revenue less expenses Subtract line 18 from line 12		4,966,748	5,522,691
Net Assets or Fund Balances		20 Total assets (Part X, line 16)	Beginning of Current Year 57,905,136
	21 Total liabilities (Part X, line 26)	49,314,918	40,899,102
	22 Net assets or fund balances Subtract line 21 from line 20	8,590,218	23,312,211

Part II Signature Block

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

Sign Here	***** Signature of officer			2014-04-08 Date	
	STEPHEN MAJETICH CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Brian D Todd		Preparer's signature		Date
	Check ☐ if self-employed			PTIN	
	Firm's name  BKD LLP			Firm's EIN 	
Firm's address  910 E ST LOUIS 200/PO BOX 1190 SPRINGFIELD, MO 658062523			Phone no (417) 865-8701		

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

Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization’s mission

TO CARE FOR AND COMFORT OUR PATIENTS, RESIDENTS, AND THEIR LOVED ONES AND TO IMPROVE THE HEALTH STATUS OF THE COMMUNITIES WE SERVE SEE SCHEDULE O FOR ADDITIONAL DETAILS

2

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

☐ Yes ☒ No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 99,495,757 including grants of \$) (Revenue \$ 113,329,368)

SOUTHWESTERN VERMONT MEDICAL CENTER IS A 99 BED HOSPITAL THAT PROVIDES INPATIENT AND OUTPATIENT MEDICAL SERVICES AND PHYSICIAN SERVICES IN BENNINGTON AND THE SURROUNDING AREA IT IS VERMONT’S ONLY MAGNET HOSPITAL FOR NURSING EXCELLENCE ITS SERVICES INCLUDE A FULLY STAFFED EMERGENCY DEPARTMENT, INCLUDING A CHEST PAIN UNIT, CANCER CENTER, A FAMILY CENTERED BIRTH PLACE, MINIMALLY INVASIVE AND OTHER SURGICAL SERVICES, A RENAL DIALYSIS UNIT, A FULL SERVICE ACCREDITED LABORATORY, PRIMARY CARE AND SPECIALIST PHYSICIANS THERE ARE SATELLITE CAMPUSES IN DEERFIELD VALLEY AND NORTHSHIRE SEE SCHEDULE O FOR ADDITIONAL INFORMATION

4b

(Code) (Expenses \$ 28,801,403 including grants of \$) (Revenue \$ 33,345,686)

THE MEDICAL PRACTICE GROUP INCLUDES PRIMARY CARE PHYSICIANS, RHEUMATOLOGY & IMMUNOLOGY, RADIATION ONCOLOGY, MEDICAL ONCOLOGY, PEDIATRIC PRACTICE, GENERAL SURGERY PRACTICE, GASTROENTEROLOGY, ALLERGY PRACTICE, UROLOGY PRACTICE, ORTHOPAEDICS, TWO OFF CAMPUS CLINICS, INTERNAL MEDICINE PRACTICE, INFECTIOUS DISEASE PRACTICE AND AN OB/GYN PRACTICE

4c

(Code) (Expenses \$ 2,618,309 including grants of \$) (Revenue \$ 2,810,450)

SOUTHWESTERN VERMONT MEDICAL CENTER PROVIDES VISITING NURSE HOME HEALTH AND HOSPICE SERVICES TO THE BENNINGTON AREA WHICH INCLUDE ROUTINE HOME CARE, WOUND CARE, REHABILITATION SERVICES, INFUSION SERVICES, MOTHER AND CHILD CARE, AND HOSPICE CARE FOR TERMINALLY ILL PATIENTS

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses ▶ 130,915,469

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	158	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	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.	1,262	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	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
b	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).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	17	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	14	
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	Yes
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization STEPHEN MAJETICH 100 HOSPITAL DRIVE BENNINGTON, VT (802) 447-5011

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) DONALD ALBANO SECRETARY	1 0 2 0	X		X				0	0	0
(2) MICHAEL E BRADY DDS TRUSTEE	1 0 3 0	X						0	0	0
(3) ERIC SEYFERTH MD TRUSTEE/UHA CHAIR	40 0 2 0	X						59,693	0	524
(4) THOMAS DEE CEO	40 0 3 0	X		X				501,074	0	53,824
(5) MARK WALLACE TRUSTEE	1 0 2 0	X						0	0	0
(6) CLAIRE MURRAY TRUSTEE	1 0 2 0	X						0	0	0
(7) KEVIN DAILEY 2ND VICE CHAIR	1 0 2 0	X		X				0	0	0
(8) MARNY KRAUSE 1ST VICE CHAIR	1 0 3 0	X		X				0	0	0
(9) JAMES BROWN TRUSTEE	1 0 2 0	X						0	0	0
(10) CHRISTOPHER CASEY TRUSTEE	1 0 2 0	X						0	0	0
(11) LODIE COLVIN TRUSTEE	1 0 2 0	X						0	0	0
(12) DAVID MEISELMAN ESQ VICE CHAIR	1 0 2 0	X		X				0	0	0
(13) WILLIAM SARCHINO PRESIDENT MEDICAL STAFF	40 0 2 0	X						22,692	0	0
(14) LARA SHORE-SHEPPARD TRUSTEE BEG 6/2013	1 0 2 0	X						0	0	0
(15) PHILIP MARTINEZ TRUSTEE	1 0 2 0	X						0	0	0
(16) MAE D'AGOSTINO TRUSTEE	1 0 2 0	X						0	0	0
(17) WAYNE KACHMAR CHAIR	1 0 2 0	X		X				0	0	0

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) STEPHEN D MAJETICH CFO	40 0 3 0			X				324,962	0	39,018
(19) CARL W DOBSON III CMO	40 0 2 0			X				334,098	0	54,884
(20) DIANNE PROBOLA VP OF OPERATIONS UNTIL 2/2013	40 0				X			209,370	0	41,643
(21) CAROL CONROY VP NURSING	40 0				X			223,098	0	8,382
(22) RICHARD OGILVIE VP INFORMATION SYSTEMS	40 0				X			175,516	0	30,950
(23) CHARLES SALEM PHYSICIAN	40 0					X		289,841	0	9,169
(24) JOHN MCDAY PHYSICIAN	40 0					X		439,463	0	22,346
(25) JOHN MCLELLAN PHYSICIAN	40 0					X		347,568	0	4,444
(26) THOMAS STERLING PHYSICIAN	40 0					X		260,203	0	30,091
(27) ERIC SIEGEL PHYSICIAN	40 0					X		251,666	0	15,727
(28) MARK DONAVAN FORMER CMO							X	239,865	0	90,829
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,679,109	0	401,831

2	Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶94		
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	Yes
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <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
DARTMOUTH HITCHCOCK ,	PHYSICIAN PSA	16,109,377
TACONIC ORTHOPAEDICS ,	PHYSICIAN PSA	3,171,264
CROTHAL CLINICAL EQUIPMENT ,	BIOMED	982,517
PHILIPS HEALTHCARE ,	MRI SERVICES	955,610
ANESTHESIA ASSOC OF BENNINGTON ,	PHYSICIAN ADMIN SVCS	896,925
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 ▶22	

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514		
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	379,587				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f		379,587				
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 621990	145,882,972	145,882,972			
	b	CAFETERIA INCOME	722514	682,734	682,734			
	c	EHR REVENUE	621990	1,690,667	1,690,667			
	d	PHARMACY	446110	423,565	423,565			
	e	CHILD CARE	624410	324,701	324,701			
	f	All other program service revenue		480,864	480,864			
	g	Total. Add lines 2a-2f		149,485,503				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		159,792		159,792	
4		Income from investment of tax-exempt bond proceeds		0				
5		Royalties		0				
6a		Gross rents	(i) Real	(ii) Personal				
			33,273					
			33,273	0				
d		Net rental income or (loss)		33,273		33,273		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			3,114,917	13,000				
			2,873,896	13,281				
			241,021	-281				
d		Net gain or (loss)		240,740		240,740		
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a	0				
b		Less direct expenses	b					
c		Net income or (loss) from fundraising events						
9a		Gross income from gaming activities See Part IV, line 19	a	0				
b		Less direct expenses	b					
c		Net income or (loss) from gaming activities						
10a		Gross sales of inventory, less returns and allowances	a	0				
	b		Less cost of goods sold					b
	c		Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		0					
12	Total revenue. See Instructions		150,298,895	149,485,503		433,805		

Part IX

Statement of Functional Expenses

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

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

☒

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	0			
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	2,191,552	1,200,488	991,064	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	330,694	330,694		
7	Other salaries and wages.	45,173,131	39,161,666	6,011,465	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	694,793	648,648	46,145	
9	Other employee benefits.	7,694,510	6,620,053	1,074,457	
10	Payroll taxes.	3,496,223	2,989,841	506,382	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	110,168		110,168	
c	Accounting.	100,857		100,857	
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	26,314		26,314	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	34,669,978	32,300,174	2,369,804	
12	Advertising and promotion.	233,300	190,998	42,302	
13	Office expenses.	4,064,712	3,867,377	197,335	
14	Information technology.	1,237,105	1,121,751	115,354	
15	Royalties.	0			
16	Occupancy.	4,851,598	4,125,653	725,945	
17	Travel.	303,956	214,236	89,720	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	209,232	79,556	129,676	
20	Interest.	425,296	387,334	37,962	
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	6,273,448	5,713,484	559,964	
23	Insurance.	751,320	704,542	46,778	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	BAD DEBT	5,063,161	5,063,161		0
b	MEDICAL SUPPLIES & DRUGS	17,771,739	17,771,739		0
c	LICENSES, DUES, SUBSCRIPTIONS	1,027,888	350,848	677,040	0
d	PROVIDER TAX	8,071,554	8,071,554		0
e	All other expenses	3,675	1,672	2,003	
25	Total functional expenses. Add lines 1 through 24e.	144,776,204	130,915,469	13,860,735	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		486,494	1	365,882
	2	Savings and temporary cash investments		9,817,136	2	13,874,591
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		11,439,168	4	12,495,162
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		2,381,673	8	2,206,552
	9	Prepaid expenses and deferred charges		1,781,231	9	1,879,960
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a108,071,935			
	b	Less accumulated depreciation	10b83,422,394	24,934,659	10c	24,649,541
	11	Investments—publicly traded securities		4,765,706	11	4,954,826
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		2,299,069	15	3,784,799
	16	Total assets. Add lines 1 through 15 (must equal line 34)		57,905,136	16	64,211,313
Liabilities	17	Accounts payable and accrued expenses		11,206,478	17	14,973,285
	18	Grants payable		0	18	0
	19	Deferred revenue		119,631	19	123,176
	20	Tax-exempt bond liabilities		8,396,849	20	8,217,182
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		1,036,032	23	1,996,614
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		28,555,928	25	15,588,845
	26	Total liabilities. Add lines 17 through 25		49,314,918	26	40,899,102
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		8,590,218	27	23,312,211
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		8,590,218	33	23,312,211
	34	Total liabilities and net assets/fund balances		57,905,136	34	64,211,313

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	150,298,895
2	Total expenses (must equal Part IX, column (A), line 25)	2	144,776,204
3	Revenue less expenses Subtract line 2 from line 1	3	5,522,691
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	8,590,218
5	Net unrealized gains (losses) on investments	5	97,118
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	9,102,184
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	23,312,211

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
SOUTHWESTERN VERMONT MEDICAL CENTER

Employer identification number
22-2563241

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization SOUTHWESTERN VERMONT MEDICAL CENTER	Employer identification number 22-2563241
---	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		29,097
j	Total. Add lines 1c through 1i.			29,097
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 720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
OTHER LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1(I)	SOUTHWESTERN VERMONT MEDICAL CENTER IS A MEMBER OF THE VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS AND THE AMERICAN HOSPITAL ASSOCIATION. A PORTION OF THE DUES PAID TO THESE ORGANIZATIONS ARE AVAILABLE FOR LOBBYING EXPENDITURES ON BEHALF OF SOUTHWESTERN VERMONT MEDICAL CENTER AND THE OTHER MEMBER ORGANIZATIONS IN FURTHERANCE OF THEIR EXEMPT PURPOSE.

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
SOUTHWESTERN VERMONT MEDICAL CENTER

Employer identification number
22-2563241

Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

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

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance				
b	Contributions				
c	Net investment earnings, gains, and losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

- 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

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

Yes

No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land	0	5,000	5,000
b	Buildings	0	30,771,923	22,210,389
c	Leasehold improvements			
d	Equipment		74,107,836	58,761,870
e	Other		3,187,176	2,450,135
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				24,649,541

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	154,408,722
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	4,109,827
a	Net unrealized gains on investments	2a	97,118
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	4,012,709
e	Add lines 2a through 2d	2e	4,109,827
3	Subtract line 2e from line 1	3	150,298,895
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	150,298,895

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

1	Total expenses and losses per audited financial statements	1	139,686,729
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	139,686,729
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	139,686,729
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :	4c	5,089,475
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	144,776,204

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
UNCERTAIN TAX POSITIONS	SCHEDULE D, PART X, LINE 2	MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.
OTHER REVENUE INCLUDED ON LINE 1, BUT NOT ON FORM 990, PART VIII, LINE 12	SCHEDULE D, PART XI, LINE 2D	DEFINED BENEFIT PENSION COSTS \$ 8,102,672 TRANSFER TO AFFILIATES 137,099 CHANGE IN FV OF INTEREST RATE SWAP 862,413 INVESTMENT MANAGEMENT FEES (26,314) BAD DEBT EXPENSE (5,063,161) ----- TOTAL \$ 4,012,709
OTHER EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1	SCHEDULE D, PART XII, LINE 4B	BAD DEBT EXPENSE \$5,063,161

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
SOUTHWESTERN VERMONT MEDICAL CENTER

Employer identification number
22-2563241

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,045,600		1,045,600	0 750 %
b Medicaid (from Worksheet 3, column a)			32,912,199	19,473,418	13,438,781	9 620 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			33,957,799	19,473,418	14,484,381	10 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			679,509	159,094	520,415	0 370 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			6,378,655	4,027,321	2,351,334	1 680 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			16,884		16,884	0 010 %
j Total. Other Benefits			7,075,048	4,186,415	2,888,633	2 060 %
k Total. Add lines 7d and 7j			41,032,847	23,659,833	17,373,014	12 430 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

5,063,161

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

992,380

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

30,086,480

6

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

6

37,567,012

7

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

7

-7,480,532

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				
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11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	SOUTHWESTERN VERMONT MEDICAL CENTER 100 HOSPITAL DRIVE BENNINGTON, VT 05201	X	X			X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

SOUTHWESTERN VERMONT MEDICAL CENTER

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

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

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

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

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

2

Name and address	Type of Facility (describe)
1 NORTHSHIRE CAMPUS 5957 MAIN STREET ROUTE 7A NORTH MANCHESTER CENTER, VT 05255	PRIMARY CARE, LABORATORY X-RAY SERVICES
2 DEERFIELD VALLEY CAMPUS 30 ROUTE 100 SOUTH WILMINGTON, VT 05363	SAME-DAY CARE, LABORATORY ON-SITE X-RAY SERVICES
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	SCHEDULE H, PART I, LINE 7, COLUMN F	TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25 OF THE FORM 990, WAS REDUCED BY BAD DEBT EXPENSE SUBSIDIZED SERVICES SCHEDULE H, PART I, LINE 7G THE ORGANIZATION HAS INCLUDED COSTS ASSOCIATED WITH RURAL HEALTH CENTERS (RHC) IN THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G, WITH A NET SUBSIDY FROM RHCS OF \$135,629 SOUTHWESTERN VERMONT MEDICAL CENTER PROVIDES PRIMARY CARE SERVICES TO THE SURROUNDING COMMUNITIES AT THE CENTERS THESE SERVICES ARE PROVIDED IN RURAL AREAS WHERE THERE WOULD BE A SHORTAGE OF QUALITY MEDICAL CARE WITHOUT THE SERVICES AND THE ORGANIZATION CONTINUES TO PROVIDE THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT FINANCIAL SHORTFALLS WILL BE SUSTAINED
COSTING METHODOLOGY	SCHEDULE H, PART I, LINE 7	THE COST TO CHARGE RATIO CALCULATED ON IRS WORKSHEET 2 WAS USED IN THE CALCULATION OF COST ON IRS WORKSHEETS 1, 3 AND 6

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	SCHEDULE H, PART III, SECTION A, LINE 4	THE AUDITED FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE THAT DESCRIBES BAD DEBT EXPENSE THEY DO, HOWEVER, CONTAIN A FOOTNOTE THAT DESCRIBES PATIENT ACCOUNTS RECEIVABLE THAT FOOTNOTE READS AS FOLLOWS THE CORPORATION REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS THE CORPORATION PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS AS A SERVICE TO THE PATIENT, THE CORPORATION BILLS THIRD-PARTY PAYERS DIRECTLY AND BILLS THE PATIENT WHEN THE PATIENT'S LIABILITY IS DETERMINED PATIENT ACCOUNTS RECEIVABLE ARE DUE IN FULL WHEN BILLED ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT LINE 2 WAS CALCULATED USING THE BAD DEBT EXPENSE PER THE AUDITED FINANCIAL STATEMENTS THE ORGANIZATION HAS ESTIMATED THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS UNDER THE ORGANIZATION'S CHARITY CARE POLICY FOR LINE 3 BASED ON CENSUS DATA SHOWING 19.6% OF THE POPULATION IN ITS SERVICE AREA FALLING BELOW THE FEDERAL POVERTY GUIDELINES
COMMUNITY BENEFIT	SCHEDULE H, PART III, SECTION B, LINE 8	SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE HELD TO THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY

Identifier	ReturnReference	Explanation
COLLECTION POLICY	SCHEDULE H, PART III, SECTION C, LINE 9B	ALL PATIENTS OF THE HOSPITAL HAVE THE ULTIMATE RESPONSIBILITY FOR PAYMENT OF THEIR MEDICAL BILLS, HOWEVER, THE ORGANIZATION RECOGNIZES THAT THERE WILL BE INSTANCES WHERE THE PATIENT WILL BE UNABLE TO MEET THIS OBLIGATION ALL APPLICATIONS FOR FREE CARE MUST BE MADE TO THE COLLECTION COORDINATOR OR FINANCIAL COUNSELOR, WHO WILL REVIEW THE INFORMATION AND DETERMINE ELIGIBILITY THE HOSPITAL WILL MAKE EVERY EFFORT TO ASSIST PATIENTS AND THEIR FAMILIES IN ARRANGING FOR THE SETTLEMENT OF THEIR MEDICAL FINANCIAL OBLIGATIONS
COMMUNITY INPUT	SCHEDULE H, PART V, SECTION B, LINE 3	SEVEN SEPARATE, IN-DEPTH FOCUS GROUPS WERE CONDUCTED INVOLVING 63 COMMUNITY MEMBERS AND LEADERS FROM MULTIPLE SECTORS IN BOTH VERMONT AND NEW YORK COMMUNITIES (SEE PARTICIPANT ROSTER) THESE FOCUS GROUPS CONSISTED OF MEMBERS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY SERVED BY SVHC AND INCLUDED MEMBERS FROM STATE AND LOCAL PUBLIC HEALTH DEPARTMENTS, MEMBERS REPRESENTING MEDICALLY UNDERSERVED, LOW-INCOME AND MINORITY POPULATIONS AND A WIDE VARIETY COMMUNITY LEADERS (SEE PARTICIPANT ROSTER) WE ENSURED THAT THE FOCUS GROUP DISCUSSIONS DID NOT EXCLUDE ANY POPULATIONS WITH HEALTH DISPARITIES OR GROUPS AT RISK OF NOT RECEIVING ADEQUATE MEDICAL CARE AS A RESULT OF BEING UNINSURED OR UNDERINSURED OR DUE TO GEOGRAPHIC, LANGUAGE, FINANCIAL OR OTHER BARRIERS

Identifier	ReturnReference	Explanation
IMPLEMENTATION STRATEGY	SCHEDULE H, PART V, LINE 6	IN RESPONSE TO THE RESULTS OF SOUTHWESTERN VERMONT MEDICAL CENTER'S MOST RECENTLY CONDUCTED COMMUNITY HEALTH NEEDS ASSESSMENT, THE ORGANIZATION ADOPTED AN IMPLEMENTATION STRATEGY THE IMPLEMENTATION STRATEGY CAN BE FOUND AT THE FOLLOWING URL http://svhealthcare.org/act-53/strategic-initiatives/
ADDRESSING IDENTIFIED NEEDS	SCHEDULE H, PART V, SECTION B, LINE 7	TEEN PREGNANCY APPEARED AS A HIGH-LEVEL ISSUE IN BOTH THE DATA RESULTS AND IN THE FOCUS GROUPS FOR VERMONT. HOWEVER, DURING PRIORITIZATION OF HEALTH NEEDS BY COMMUNITY MEMBERS, TEEN PREGNANCY WAS NOT CHOSEN AS A TOP PRIORITY. ALTHOUGH WE ARE NOT DIRECTLY ADDRESSING THIS ISSUE, OUR WORK ON THE SOCIAL DETERMINANTS OF HEALTH AND ECONOMIC DEVELOPMENT INDIRECTLY ADDRESS THIS COMMUNITY HEALTH NEED.

Identifier	ReturnReference	Explanation
MAXIMUM AMOUNTS CHARGED TO FAP-ELIGIBLE INDIVIDUALS	SCHEDULE H, PART V, SECTION B, LINE 20D	THE LOWEST LEVEL OF FINANCIAL ASSISTANCE AVAILABLE TO FAP-ELIGIBLE INDIVIDUALS IS STILL GREATER THAN THE AVERAGE COMMERCIAL DISCOUNT
NEEDS ASSESSMENT		AS A NON-PROFIT, SOUTHWESTERN VERMONT MEDICAL CENTER STRIVES TO CREATE MEANINGFUL PUBLIC PARTICIPATION IN OUR STRATEGIC PLANNING, DECISION-MAKING AND IDENTIFICATION OF COMMUNITY NEEDS THROUGH A NUMBER OF CHANNELS EACH OF THESE CHANNELS OFFERS OUR HOSPITAL AND HEALTH SYSTEM THE OPPORTUNITY TO HEAR A VARIETY OF VOICES FROM OUR COMMUNITIES IN GENERAL, WE IDENTIFY COMMUNITY NEEDS IN SEVERAL WAYS 1 THROUGH LISTENING TO THE COMMUNITY INPUT THROUGH OUR BOARD OF TRUSTEES, OUR REGIONAL ADVISORY BOARDS, OUR MEDICAL STAFF, AND OUR CONNECTIONS WITH OUTSIDE COMMUNITY GROUPS, SUCH AS SOUTHSIRE SUBSTANCE ABUSE COALITION, THE BENNINGTON COUNTY SCHOOL TO WORKFORCE PARTNERSHIP, THE BENNINGTON COUNTY CHILDCARE ASSOCIATION, AND SOUTHERN VERMONT AREA HEALTH EDUCATION CENTER 2 THROUGH OUR MEDICAL STAFF DEVELOPMENT PLAN, WHICH COMPARES THE CURRENT STAFFING AT SVMC WITH POPULATION BASED STAFFING MODELS TO IDENTIFY AREAS OF SHORTAGE OR EXCESS PHYSICIAN SUPPLY AS NEEDS ARE IDENTIFIED THEY ARE INCLUDED IN OUR PROCESS FOR CREATING THE HEALTH SYSTEM'S STRATEGIC PLAN THE STRATEGIC PLAN PRIORITIZES NEEDS FOR OUR COMMUNITY BOTH FROM A SERVICE AND INFRASTRUCTURE PERSPECTIVE THESE NEEDS ARE THEN PRIORITIZED AND SET INTO STRATEGIC GOALS THE PLAN PROVIDES THE HEALTH SYSTEM WITH A FRAMEWORK FOR ACHIEVING THESE GOALS IN A THREE TO FIVE YEAR TIME FRAME

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		SVMC COUNSELS PATIENTS WHO HAVE NO INSURANCE ABOUT FEDERAL AND STATE PROGRAMS AND CHARITY CARE AS PATIENTS ARE ADMITTED TO OUR FACILITY EITHER FOR OUTPATIENT OR INPATIENT CARE, OUR ADMITTING PERSONNEL WATCH FOR PATIENTS WHO HAVE NO INSURANCE WHEN WE IDENTIFY PATIENTS WITH NO INSURANCE, WE OFFER THEM THE OPPORTUNITY TO SPEAK WITH A FINANCIAL COUNSELOR WHO CAN HELP THEM FILE THE NECESSARY PAPERWORK TO QUALIFY FOR ANY OF THE VARIED GOVERNMENT INSURANCE PROGRAMS AS WELL AS CHARITY CARE WE MAKE EVERY EFFORT TO WORK WITH PATIENTS WHILE THEY ARE AT OUR FACILITIES HOWEVER, WE ALSO FOLLOW UP AFTER A PATIENT VISITS OUR FACILITY TO SEE IF THE PATIENT HAS ANY ADDITIONAL QUESTIONS OR NEEDS FURTHER ASSISTANCE WE HAVE A FULL-TIME COUNSELOR WHO REGULARLY MEETS WITH ANY PATIENTS WHO LACK INSURANCE TO HELP THEM UNDERSTAND THEIR OPTIONS FOR PAYING FOR CARE AS WELL AS COMPLETE ANY PAPERWORK THEY NEED TO QUALIFY OUR SOCIAL SERVICES DEPARTMENT ALSO PERFORMS THESE TASKS
COMMUNITY INFORMATION		SERVICE AREA SOUTHWESTERN VERMONT MEDICAL CENTER IS THE ONLY HOSPITAL IN ITS SERVICE AREA THE SERVICE AREA IS CENTERED ON BENNINGTON, VT , AND STRETCHES ABOUT 25 MILES TO THE EAST TO THE COMMUNITIES OF WILMINGTON, VT AND THE DEERFIELD VALLEY IT STRETCHES 30 MILES TO THE NORTH TO ENCOMPASS THE COMMUNITIES OF MANCHESTER AND DORSET, VT , AND OTHER SMALLER COMMUNITIES ON THE EDGE OF BENNINGTON COUNTY AND THE SOUTHERN PORTIONS OF RUTLAND COUNTY TO THE WEST, IT STRETCHES 15-20 MILES INTO EASTERN NY AND INCLUDES HOOSICK, HOOSICK FALLS, EAGLE BRIDGE, WHITE CREEK, BERLIN, PETERSBURGH AND CAMBRIDGE LASTLY, TO THE SOUTH IT STRETCHES TO THE VERMONT BORDER WITH MASSACHUSETTS AND SERVES SOME MASSACHUSETTS RESIDENTS DEMOGRAPHICS THE SVMC SERVICE AREA'S POPULATION GROWTH DECLINED FROM 2000 TO 2010 CURRENT POPULATION OF SVMC'S PRIMARY SERVICE AREA IS 51,611 ACROSS OUR FULL SERVICE AREA INCLUDING FRINGE MARKETS THE POPULATION IS JUST UNDER 120,000 THE AVERAGE AGE OF RESIDENTS HAS ALSO INCREASE WITH 18% BEING 65 OR OLDER THE POPULATION SVMC SERVES IS CONSIDERABLY OLDER THAN THAT IN THE REST OF VERMONT OR THE NATION COMMUNITY BUILDING ACTIVITIES AS A HEALTH CARE ORGANIZATION, SVHC FOCUSES ON COMMUNITY BUILDING ACTIVITIES THAT IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE, INCLUDING IMPROVING ACCESS TO HEALTH CARE AND ADDRESSING THE SOCIAL DETERMINANTS OF HEALTH ACCESS TO MEDICAL CARE ENSURING THAT OUR COMMUNITY HAS ACCESS TO HIGH QUALITY PRIMARY AND SPECIALTY CARE IS IMPORTANT TO SVHC SVHC ACCOMPLISHES THIS GOAL IN THREE KEY WAYS PROVIDING OVERSIGHT OF MEDICAL CARE QUALITY, RECRUITING NEW PHYSICIANS, AND EMPLOYING PHYSICIANS IN NEEDED SPECIALTIES IT IS HARDER TO RECRUIT AND KEEP PHYSICIANS IN RURAL COMMUNITIES THAN EVER BEFORE IN MANY CASES, WITHOUT SUPPORT FROM THE HEALTH SYSTEM, OUR COMMUNITIES WOULD LOSE PRIMARY AND SPECIALTY CARE SVHC SUPPORTS PRIMARY CARE PRACTICES IN THE DEERFIELD VALLEY AND BENNINGTON AS WELL PRACTICES IN PEDIATRICS, OBSTETRICS AND GYNECOLOGY, PSYCHIATRY AND INFECTIOUS DISEASE IN FISCAL YEAR 2013, SVHC INVESTED \$2,351,121 IN SUPPORTING THESE PROGRAMS COMMUNITY SUPPORT, EDUCATION, SCREENINGS, AND SUPPORT GROUPS ALTHOUGH PROVIDING GREAT HEALTH CARE IS OUR MISSION, SVHC IS DEVOTED TO SUPPORTING OUR COMMUNITIES IN MANY OTHER WAYS WE WORK TO HELP PEOPLE LEARN TO LIVE HEALTHIER LIVES WE SUPPORT INITIATIVES TO INTRODUCE STUDENTS TO HEALTH CARE CAREERS AND PROVIDE JOB SHADOW OPPORTUNITIES WE ALSO SUPPORT HAVING OUR STAFF SHARE THEIR EXPERTISE ON LOCAL COMMITTEES, BOARDS, AND COALITIONS IN THIS FISCAL YEAR, SVHC'S COMMUNITY SUPPORT IN THESE AREAS AMOUNTED TO \$537,259 OUR EFFORTS INCLUDED -PROVIDING A COORDINATOR TO HELP PEOPLE ENROLL IN MEDICAID, MEDICARE, OR CATAMOUNT HEALTH -OPERATING THE PHYSICIAN FINDER LINE TO HELP PEOPLE FIND A PRIMARY CARE PROVIDER OR SPECIALIST -PROVIDING THE TRANSITIONAL CARE NURSING PROGRAM TO FACILITATE A SAFER TRANSITION TO HOME OR SUBACUTE CARE FOR HOSPITAL PATIENTS -COORDINATING AND SUPPORTING WELLNESS ACTIVITIES -TEACHING PEOPLE THE BENEFITS OF HEALTHIER EATING -HELPING PEOPLE WITH DIABETES LEARN HOW DIET CAN HELP THEM MANAGE THEIR DISEASE -SPONSORING THE HEALTHIER LIVING WORKSHOPS, IN CONJUNCTION WITH THE VERMONT DEPARTMENT OF HEALTH, TO HELP PEOPLE LEARN TO LIVE WITH A CHRONIC CONDITION - SUPPORTING LOCAL YOGA -PROVIDING SPECIAL COURSES ON PARENTING AND CHILDBIRTH - SPONSORING MEDQUEST CAMP, A WEEK-LONG IMMERSION INTO HEALTH CARE CAREERS FOR HIGH SCHOOL STUDENTS -PROVIDING GRIEF SUPPORT GROUPS FOR ADULTS AND CHILDREN -EDUCATING THE COMMUNITY ABOUT THE BENEFITS OF TIMELY HOSPICE CARE -PROVIDING SPACE FOR THE FAMILIAL CANCER PROGRAM OF THE VERMONT CANCER CENTER SO THAT AREA RESIDENTS CAN RECEIVE GENETIC COUNSELING WITHOUT HAVING TO TRAVEL -SUPPORTING EFFORTS TO IMPROVE SCHOOL LUNCHES BY PROVIDING TIME FOR A REGISTERED DIETITIAN TO WORK WITH COMMUNITY MEMBERS AND SCHOOL OFFICIALS AND PROVIDE NUTRITION ADVICE -PROVIDING SPACE FOR A LOCAL SUPPORT GROUPS TO MEET -PROVIDING JOB SHADOWING, PRECEPTORSHIPS, AND COMMUNITY SERVICE OPPORTUNITIES TO LOCAL HIGH SCHOOL AND COLLEGE STUDENTS -PROVIDING EXPERTISE ON THE BOARD OF THE BENNINGTON COUNTY CHILD CARE ASSOCIATION -PROVIDING ONGOING TRAINING AND SUPPORT FOR AREA RESCUE SQUADS -PROVIDE FUNDING AND GUIDANCE FOR VISTA FELLOWS ADDRESSING THE SOCIAL DETERMINANTS OF HEALTH OTHER INFORMATION SVHC HAS RELATIONSHIPS WITH LOCAL ARMS OF FAITH-BASED ORGANIZATIONS THAT PROVIDE SURPLUS MEDICAL EQUIPMENT AND SURGICAL SUPPLIES TO DEVELOPING COUNTRIES

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM		THE ORGANIZATION IS A MEMBER OF A CONSOLIDATED GROUP THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE ACCOUNTS OF SOUTHWESTERN VERMONT HEALTH CARE CORPORATION (SVHC), SOUTHWESTERN VERMONT MEDICAL CENTER, INC (SVMC), MOUNT ANTHONY HOUSING CORPORATION (MAHC), SOUTHWESTERN VERMONT HEALTH CARE AUXILIARY, INC (SVHCA), AND SOUTHWESTERN VERMONT HEALTH CARE ENTERPRISES (SVHCE) SOUTHWESTERN VERMONT HEALTH CARE CORPORATION (SVHC) IS A NOT-FOR-PROFIT CORPORATION ORGANIZED UNDER THE LAWS OF THE STATE OF VERMONT FOR THE PURPOSE OF SERVING AS A PARENT ORGANIZATION FOR FOUR WHOLLY OWNED OR CONTROLLED SUBSIDIARY CORPORATIONS ACTIVITIES PERFORMED BY SVHC INCLUDE MANAGING INVESTMENTS, FUNDRAISING, OPERATING AND MANAGING BUILDINGS AND EQUIPMENT OWNED AND LEASED BY SUBSIDIARIES AND OTHER RELATED ENTITIES SVHC AND ITS SUBSIDIARIES ARE PROVIDERS OF HEALTH SERVICES WITH FACILITIES IN AND AROUND THE BENNINGTON, VERMONT, AREA THE SUBSIDIARIES OF THE CORPORATION ARE SOUTHWESTERN VERMONT MEDICAL CENTER, INC (SVMC) IS A NOT-FOR-PROFIT, ACUTE CARE HOSPITAL WHICH PROVIDES DIAGNOSTIC AND TREATMENT SERVICES MOUNT ANTHONY HOUSING CORPORATION (MAHC) IS A NOT-FOR-PROFIT CORPORATION ORGANIZED FOR THE PURPOSE OF DEVELOPING, MANAGING AND OPERATING NURSING HOMES SOUTHWESTERN VERMONT HEALTH CARE AUXILIARY, INC (SVHCA) IS A NOT-FOR-PROFIT CORPORATION ORGANIZED FOR THE PURPOSE OF SERVING AND ASSISTING SVHC AND ITS SUBSIDIARIES IN PROMOTING THE HEALTH AND WELFARE OF THE COMMUNITY IN ACCORDANCE WITH SVMC'S OBJECTIVES AND TO CONDUCT VARIOUS PHILANTHROPIC ACTIVITIES FOR SVMC SOUTHWESTERN VERMONT HEALTH CARE ENTERPRISES (SVHCE) IS A FOR PROFIT CORPORATION ORGANIZED FOR THE PURPOSE OF PROVIDING FAMILY PRACTICE AND OTHER SPECIALTY PHYSICIAN SERVICES

OMB No 1545-0047

Open to Public Inspection

▶ Attach to Form 990. ▶ See separate instructions.

22-2563241

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

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

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

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

Part IIISupplemental 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
BONUS DETERMINATION	SCHEDULE J, PART II, COLUMN B (II)	THE AMOUNT OF INCENTIVE COMPENSATION IS CALCULATED IN ACCORDANCE WITH THE FORMAL INCENTIVE COMPENSATION PROGRAM THAT WAS DEVELOPED BY SVHC'S HUMAN RESOURCE DEPARTMENT IN CONJUNCTION WITH OUR COMPENSATION CONSULTANT MIKE MACIEKOWICH OF ASTRON SOLUTIONS. THE ESSENCE OF THE PROGRAM IS TO REWARD OUR CEO FOR ACHIEVING POSITIVE RESULTS ON BOTH ORGANIZATIONAL AND INDIVIDUAL GOALS. GOALS ARE ESTABLISHED BY THE GOVERNANCE COMMITTEE PRIOR TO THE BEGINNING OF THE FISCAL YEAR. TYPICALLY THERE WILL BE FIVE TO SIX ORGANIZATIONAL GOALS AND EIGHT TO TEN INDIVIDUAL GOALS. SUCCESSFUL ACHIEVEMENT OF THESE GOALS RESULTS IN ADDITIONAL COMPENSATION FOR THE CEO, HOWEVER, NO PAYOUT IS MADE UNLESS SVHC'S FINANCIAL GOAL IS ACHIEVED.

Software ID:
Software Version:
EIN: 22-2563241
Name: SOUTHWESTERN VERMONT MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
THOMAS DEE	(i)	400,695	81,000	19,379	25,000	28,824	554,898	0
	(ii)	0	0	0	0	0	0	0
CHARLES SALEM	(i)	289,459	0	382	8,000	1,169	299,010	0
	(ii)	0	0	0	0	0	0	0
DIANNE PROBOLA	(i)	184,463	23,793	1,114	25,000	16,643	251,013	0
	(ii)	0	0	0	0	0	0	0
STEPHEN D MAJETICH	(i)	262,637	31,729	30,596	8,000	31,018	363,980	0
	(ii)	0	0	0	0	0	0	0
CARL W DOBSON III	(i)	333,113	720	265	25,000	29,884	388,982	0
	(ii)	0	0	0	0	0	0	0
CAROL CONROY	(i)	198,141	23,793	1,164	0	8,382	231,480	0
	(ii)	0	0	0	0	0	0	0
JOHN MCDAY	(i)	436,374	0	3,089	0	22,346	461,809	0
	(ii)	0	0	0	0	0	0	0
JOHN MCLELLAN	(i)	347,568	0	0	4,444	0	352,012	0
	(ii)	0	0	0	0	0	0	0
THOMAS STERLING	(i)	260,074	0	129	17,154	12,937	290,294	0
	(ii)	0	0	0	0	0	0	0
ERIC SIEGEL	(i)	251,442	0	224	0	15,727	267,393	0
	(ii)	0	0	0	0	0	0	0
RICHARD OGILVIE	(i)	154,494	20,700	322	7,168	23,782	206,466	0
	(ii)	0	0	0	0	0	0	0
MARK DONAVAN	(i)	161,549	76,285	2,031	84,474	6,355	330,694	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
SOUTHWESTERN VERMONT MEDICAL CENTER

Supplemental Information on Tax Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number
22-2563241

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 VT EDUCATIONAL & HEALTH BUILDING FINANCING AGENCY	23-7154467	824166BR1	03-20-2008	8,865,000	CURRENT REFUND OF 1995 BONDS		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds legally defeased	0							
3	Total proceeds of issue	8,865,000							
4	Gross proceeds in reserve funds	0							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrows	8,707,360							
7	Issuance costs from proceeds	135,047							
8	Credit enhancement from proceeds	22,593							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	0							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2008							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III

Private Business Use

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

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?								
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?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?								
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?								
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?								

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X							
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
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2012

**Open to Public
Inspection**

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.

Name of the organization
SOUTHWESTERN VERMONT MEDICAL CENTER

Employer identification number

22-2563241

Identifier	Return Reference	Explanation
ORGANIZATIONS MISSION	FORM 990, PART III, LINE 1	OUR MISSION TO CARE FOR AND COMFORT OUR PATIENTS, RESIDENTS, AND THEIR LOVED ONES AND TO IMPROVE THE HEALTH STATUS OF THE COMMUNITIES WE SERVE. ALSO, TO PROMOTE AND SUPPORT THE DEVELOPMENT AND MAINTENANCE OF A HIGHLY EFFICIENT, PATIENT-FOCUSED, INTEGRATED HEALTHCARE DELIVERY SYSTEM. OUR VISION TO MAKE THE COMMUNITIES WE SERVE THE HEALTHIEST IN THE NATION AND OUR HEALTH SYSTEM THE SAFEST IN THE NATION. OUR VALUES KNOWN BY THE ACRONYM QUESTS, SVHC EXPECTS ITS EMPLOYEES TO MODEL THE FOLLOWING VALUES: QUALITY ACHIEVING THE BEST POSSIBLE OUTCOMES AND SATISFYING THE CUSTOMER IN THE MOST COST-EFFECTIVE MANNER; EMPATHY TREATING OTHERS IN A COMPASSIONATE AND SENSITIVE MANNER; SAFETY PREVENTING HARM TO PATIENTS FROM TREATMENT THAT IS INTENDED TO HELP THEM AND TO EMPLOYEES FROM AN ENVIRONMENT THAT IS INTENDED TO SUPPORT THEM; TEAMWORK HELPING EACH OTHER TO ACHIEVE SUCCESS; STEWARDSHIP CONSERVING RESOURCES AND MAKING DECISIONS THAT ACHIEVE THE HIGHEST VALUE AT THE LOWEST COST. PROGRAM SERVICE ACCOMPLISHMENTS FORM 990, PART III, LINE 4A SOUTHWESTERN VERMONT MEDICAL CENTER PROVIDES VISITING NURSE HOME HEALTH AND HOSPICE SERVICES TO THE BENNINGTON AREA WHICH INCLUDE ROUTINE HOME CARE, WOUND CARE, REHABILITATION SERVICES, INFUSION SERVICES, MOTHER AND CHILD CARE AND HOSPICE CARE FOR TERMINALLY ILL PATIENTS.

Identifier	Return Reference	Explanation
BUSINESS RELATIONSHIPS	FORM 990, PART VI, SECTION A, LINE 2	THE ORGANIZATION'S BOARD OF DIRECTORS IS THE SAME AS THE BOARD OF DIRECTORS OF SOUTHWESTERN VERMONT HEALTHCARE ENTERPRISES, A RELATED TAXABLE ORGANIZATION MANAGEMENT DUTIES FORM 990, PART VI, SECTION A, LINE 3 SVMC CONTRACTED WITH DARTMOUTH HITCHCOCK MEDICAL CENTER FOR VP MEDICAL GROUP SERVICES

Identifier	Return Reference	Explanation
MEMBERS	FORM 990, PART VI, SECTION A, LINES 6, 7A, & 7B	THE SOLE MEMBER OF THE CORPORATION SHALL BE THE SOUTHWESTERN VERMONT HEALTH CARE CORPORATION ("SVHC"), A NONPROFIT CORPORATION, ACTING THROUGH ITS BOARD OF DIRECTORS (THE "SVHC BOARD") THE MEMBER SHALL TAKE ACTION BY RESOLUTION DULY ADOPTED BY THE SVHC BOARD OR BY EXECUTION OF A WRITTEN CONSENT, AUTHORIZED BY THE SVHC BOARD AND EXECUTED BY A PERSON SO AUTHORIZED THE AFFAIRS OF THE CORPORATION SHALL BE MANAGED AND CONDUCTED BY A BOARD OF DIRECTORS (THE "BOARD"), SUBJECT TO THE AUTHORITY AND DIRECTION OF THE SVHC BOARD THE SVHC BOARD SHALL HAVE ULTIMATE RESPONSIBILITY TO ASSURE THAT THE POLICIES AND ACTIVITIES OF THE CORPORATION ARE COORDINATED WITH THOSE OF ITS AFFILIATED CORPORATIONS IN ORDER TO ACHIEVE A HIGHLY EFFICIENT, PATIENT-FOCUSED, INTEGRATED SYSTEM OF HEALTH CARE DELIVERY ACCORDINGLY, ANY CORPORATE ACTION OF THE CORPORATION AUTHORIZED BY THE SVHC BOARD SHALL BE DEEMED TO BE AUTHORIZED AND DIRECTED BY THE BOARD IN THE ABSENCE OF ANY CONTRARY DIRECTION FROM SVHC BOARD, THE BOARD MAY TAKE ACTION WITH RESPECT TO THE AFFAIRS OF THE CORPORATION IN ACCORDANCE WITH THESE BYLAWS, PROVIDED HOWEVER, THAT THE BOARD MAY NOT TAKE ACTION WITH RESPECT TO ANY OF THE FOLLOWING MATTERS WITHOUT AUTHORIZATION OF THE SVHC BOARD ANNUAL OPERATING BUDGETS, CAPITAL BUDGETS, CERTIFICATE OF NEED APPLICATIONS, ANY CONTRACT OR AGREEMENT WHICH IS OF A SUBSTANTIAL NATURE OR WHICH IS NOT INCLUDED IN APPROVED OPERATING OR CAPITAL BUDGETS, ANY VOLUNTARY DISSOLUTION, MERGER, OR CONSOLIDATION OF THE CORPORATION OR THE SALE OR TRANSFER OF ALL OR SUB-CREATION, ACQUISITION, DISSOLUTION, MERGER OR CONSOLIDATION OF ANY SUBSIDIARY OR AFFILIATE OR AUXILIARY CORPORATION, ANY AMENDMENTS TO THE BYLAWS, ARTICLES OF INCORPORATION OF THE CORPORATION, THE STRATEGIC AND MASTER FACILITIES PLANS, AND APPOINTMENT OF CHIEF EXECUTIVE OFFICER

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	FORM 990, PART VI, SECTION B, LINE 11B	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION. THE DRAFT 990 IS THEN REVIEWED BY MANAGEMENT AND ACCOUNTING. AFTER ALL SUGGESTED CHANGES FROM MANAGEMENT ARE MADE, THE UPDATED DRAFT FORM 990 IS THEN PRESENTED TO THE AUDIT AND FINANCE COMMITTEES. AFTER ANY FINAL CHANGES ARE MADE, THE FORM 990 IS PRESENTED TO THE FULL BOARD OF DIRECTORS BEFORE FILING WITH THE IRS.

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	FORM 990, PART VI, SECTION B, LINE 12C	OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES ARE REQUIRED TO ANNUALLY DISCLOSE INTERESTS WHICH COULD RESULT IN CONFLICTS THE COMPLIANCE OFFICER MAINTAINS RECORDS ON THE COMPLETION OF THE CONFLICT OF INTEREST FORMS, ANY POTENTIAL CONFLICTS ARE DISCUSSED AT THE AUDIT AND COMPLIANCE MEETING AND THEN RECOMMENDATIONS ARE BROUGHT BEFORE THE FULL BOARD FOR A VOTE IN THE CASE OF A POTENTIAL CONFLICT OF INTEREST, THE BOARD MEMBER ABSTAINS FROM ALL DISCUSSION AND CONSIDERATION OF THE ITEM THAT PRESENTS THE POTENTIAL CONFLICT

Identifier	Return Reference	Explanation
COMPENSATION REVIEW	FORM 990, PART VI, SECTION B, LINES 15A & 15B	THE BOARD ENGAGES AN OUTSIDE CONSULTING FIRM TO REVIEW COMPARABLE CEO SALARY DATA AND USES NATIONAL PROFESSIONAL ORGANIZATION SURVEY DATA IN THE DETERMINATION OF THE CEO'S SALARY AND BENEFITS. IN ADDITION, THE BOARD ENGAGES AN OUTSIDE CONSULTING FIRM AND ALSO USES NATIONAL PROFESSIONAL ORGANIZATION SURVEY DATA TO REVIEW THE WAGE DATA OF OTHER OFFICERS AND KEY EMPLOYEES. THE PROCESS BEGINS WITH A REQUEST TO OUR COMPENSATION CONSULTANT MIKE MACIEKOWICH OF ASTRON SOLUTIONS TO PERFORM A MARKET ANALYSIS OF THE CEO POSITION. THIS REPORT IS USED AS THE BASES FOR STRUCTURING COMPENSATION FOR THE CEO DURING THE NEXT CONTRACT PERIOD. USING THE RESULTS OF THE MARKET ANALYSIS WITH INPUT FROM OUR CEO, THE COMPENSATION OFFER FOR THE NEXT CONTRACT PERIOD IS DEVELOPED AND INCORPORATED INTO THE CONTRACT. THE COMPENSATION IS THEN DISCUSSED BY THE GOVERNANCE COMMITTEE OF THE BOARD WITH MIKE MACIEKOWICH IN ATTENDANCE OR ON THE PHONE. IF MIKE MACIEKOWICH IS IN AGREEMENT HE WILL PROVIDE A WRITTEN LETTER CONFIRMING HIS AGREEMENT.

Identifier	Return Reference	Explanation
DOCUMENT DISCLOSURE	FORM 990, PART VI, SECTION C, LINE 19	SOUTHWESTERN VERMONT MEDICAL CENTER MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY , AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
BOARD MEMBER COMPENSATION	FORM 990, PART VII, SECTION A	NO TRUSTEE RECEIVES COMPENSATION FOR THEIR SERVICES AS A TRUSTEE OF THE BOARD ERIC SEY FERTH, MD, RECEIVES COMPENSATION AS A PHY SICI AN THOMAS DEE IS COMPENSATED AS THE CEO OF THE SOUTHWESTERN VERMONT HEALTHCARE SY STEM WILLIAM SARCHINO RECEIVES COMPENSATION FOR HIS ROLE AS PRESIDENT OF MEDICAL STAFF OTHER FEES FOR SERVICES FORM 990, PART IX, LINE 11G PHY SICI AN SERVICE AGREEMENTS \$ 20,862,257 PURCHASED SERVICES 6,721,172 LOCUM FEES 3,700,580 SERVICE CONTRACTS 2,261,497 CONTRACTED SALARIES 487,494 CONSULTANTS 320,196 COLLECTIONS 162,184 TRANSCRIPTION 154,598 ----- TOTAL \$ 34,669,978

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9	DEFINED BENEFIT PENSION COSTS \$ 8,102,672 TRANSFER TO AFFILIATES 137,099 CHANGE IN FV OF INTEREST RATE SWAP 862,413 ----- TOTAL CHANGES \$ 9,102,184

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
SOUTHWESTERN VERMONT MEDICAL CENTER

Employer identification number
22-2563241

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) SOUTHWESTERN VERMONT HEALTH CARE CORP 100 HOSPITAL DRIVE BENNINGTON, VT 05201 03-0179435	MANAGEMENT	VT	501(C)(3)	3	NA		No
(2) MOUNT ANTHONY HOUSING CORPORATION 100 HOSPITAL DRIVE BENNINGTON, VT 05201 03-0279740	NURSING HOMES	VT	501(C)(3)	9	SVHC		No
(3) SOUTHWESTERN VT HEALTHCARE AUXILIARY 100 HOSPITAL DRIVE BENNINGTON, VT 05201 22-2563243	SUPPORT	VT	501(C)(3)	9	SVHC		No
(4) SOUTHWESTERN VT HEALTH CARE FOUNDATION 100 HOSPITAL DRIVE BENNINGTON, VT 05201 45-3362785	FUNDRAISING	VT	501(C)(3)	11 A I	SVHC		No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) SOUTHWESTERN VT HEALTHCARE ENTERPRISES 100 HOSPITAL DRIVE BENNINGTON, VT 05201 03-0314501	HEALTHCARE	VT	SVHC	C CORP					No

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

No

1b

No

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

No

1q

Yes

1r

Yes

1s

Yes

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

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

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: 22-2563241
Name: SOUTHWESTERN VERMONT MEDICAL CENTER

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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Southwestern Vermont Health Care Corporation

Independent Auditor's Report and Consolidated Financial Statements

September 30, 2013 and 2012

Southwestern Vermont Health Care Corporation

Independent Auditor's Report and Consolidated Financial Statements

September 30, 2013 and 2012

Southwestern Vermont Health Care Corporation

September 30, 2013 and 2012

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Independent Auditor's Report

Board of Trustees
Southwestern Vermont Health Care Corporation
Bennington, Vermont

We have audited the accompanying consolidated financial statements of Southwestern Vermont Health Care Corporation (the "Corporation"), which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Supplementary Information

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Springfield, Missouri

Southwestern Vermont Health Care Corporation

Consolidated Balance Sheets

September 30, 2013 and 2012

Assets

	2013	2012
Current Assets		
Cash and cash equivalents	\$ 14,407,301	\$ 11,080,538
Patient accounts receivable, net of allowance, 2013 - \$9,815,000, 2012 - \$9,550,000	13,727,268	12,736,815
Other receivables	2,808,603	1,937,096
Supplies	2,268,020	2,446,337
Prepaid expenses and other	2,055,160	2,041,477
Total current assets	35,266,352	30,242,263
Assets Limited As To Use		
Internally designated	55,256,323	49,745,573
Externally restricted	11,199,916	11,104,643
	66,456,239	60,850,216
Property and Equipment, At Cost	132,483,405	128,966,585
Less accumulated depreciation	98,379,426	93,762,859
	34,103,979	35,203,726
Other Assets		
Beneficial interest in perpetual trust	2,047,878	1,986,894
Deferred compensation plan assets	765,546	904,388
Other	189,796	220,741
	3,003,220	3,112,023
Total assets	\$ 138,829,790	\$ 129,408,228

Liabilities and Net Assets

	2013	2012
Current Liabilities		
Current maturities of long-term debt	\$ 518,311	\$ 548,369
Accounts payable	6,240,757	6,846,365
Accrued expenses	9,968,429	5,604,264
Estimated amounts due to third-party payers	1,186,123	1,368,072
Estimated self-insurance costs	1,545,789	1,346,399
Other	363,103	273,496
Total current liabilities	19,822,512	15,986,965
Long-Term Debt	9,701,881	8,893,270
Asset Retirement Obligations	1,123,015	1,095,600
Accrued Pension Liabilities	11,603,182	24,676,355
Deferred Compensation	761,766	901,124
Interest Rate Swap Agreement	979,183	1,841,596
Other Liabilities	867,476	87,048
Total liabilities	44,859,015	53,481,958
Net Assets		
Unrestricted	81,098,950	63,219,770
Temporarily restricted	2,237,336	2,333,095
Permanently restricted	10,634,489	10,373,405
Total net assets	93,970,775	75,926,270
Total liabilities and net assets	\$ 138,829,790	\$ 129,408,228

Southwestern Vermont Health Care Corporation
Consolidated Statements of Operations
Years Ended September 30, 2013 and 2012

	2013	2012
Unrestricted Revenues, Gains and Other Support		
Net patient service revenue	\$ 156,427,727	\$ 151,650,451
Provision for uncollectible accounts	(5,197,893)	(5,083,343)
Net patient service revenue less provision for uncollectible accounts	151,229,834	146,567,108
Other	4,629,769	5,789,076
Net assets released from restrictions used for operations	816,184	653,645
Total unrestricted revenues, gains and other support	<u>156,675,787</u>	<u>153,009,829</u>
Expenses and Losses		
Salaries and wages	54,320,501	65,352,146
Employee benefits	14,321,619	14,371,122
Purchased services	33,548,951	17,175,714
Supplies and other	42,806,285	44,974,933
Depreciation and amortization	7,140,749	7,050,799
Interest	426,167	391,218
Total expenses and losses	<u>152,564,272</u>	<u>149,315,932</u>
Operating Income	<u>4,111,515</u>	<u>3,693,897</u>
Other Income (Expense)		
Investment return	3,970,034	7,465,064
Change in fair value of interest rate swap agreement	862,413	(120,088)
Contributions	160,294	327,321
Total other income	<u>4,992,741</u>	<u>7,672,297</u>
Excess of Revenues Over Expenses	9,104,256	11,366,194
Net assets released from restriction used for purchase of property and equipment	103,120	282,231
Defined benefit pension costs		
Net gain (loss) arising during the period	7,860,794	(11,808,786)
Amortization of net loss included in net periodic pension cost	811,010	449,877
Other	<u>-</u>	<u>18,109</u>
Increase in Unrestricted Net Assets	<u><u>\$ 17,879,180</u></u>	<u><u>\$ 307,625</u></u>

Southwestern Vermont Health Care Corporation
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Excess of revenues over expenses	\$ 9,104,256	\$ 11,366,194
Net assets released from restriction used for purchase of property and equipment	103,120	282,231
Defined benefit pension costs		
Net gain (loss) arising during the period	7,860,794	(11,808,786)
Amortization of net loss included in net periodic pension cost	811,010	449,877
Other	<u>-</u>	<u>18,109</u>
Increase in unrestricted net assets	<u>17,879,180</u>	<u>307,625</u>
Temporarily Restricted Net Assets		
Contributions received	806,579	1,026,003
Investment return	16,966	32,017
Net assets released from restriction	<u>(919,304)</u>	<u>(935,876)</u>
Increase in temporarily restricted net assets	<u>(95,759)</u>	<u>122,144</u>
Permanently Restricted Net Assets		
Contributions received	200,100	1,200,000
Change in beneficial interest in trust	60,984	143,744
Other	<u>-</u>	<u>(18,109)</u>
Increase in permanently restricted net assets	<u>261,084</u>	<u>1,325,635</u>
Change in Net Assets	18,044,505	1,755,404
Net Assets, Beginning of Year	<u>75,926,270</u>	<u>74,170,866</u>
Net Assets, End of Year	<u><u>\$ 93,970,775</u></u>	<u><u>\$ 75,926,270</u></u>

Southwestern Vermont Health Care Corporation
Consolidated Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Operating Activities		
Change in net assets	\$ 18,044,505	\$ 1,755,404
Items not requiring (providing) operating cash flow		
Gain (loss) on sale of property and equipment	(30,720)	24,016
Depreciation and amortization	7,140,749	7,050,799
Net gain on investments	(2,828,035)	(6,197,411)
Change in fair value of interest rate swap agreement	(862,413)	120,088
Change in beneficial interest in perpetual trusts	(60,984)	(143,744)
Restricted contributions and investment income received	(1,023,645)	(2,258,020)
Defined benefit pension costs	(13,073,173)	8,682,364
Changes in		
Patient accounts receivable, net	(990,453)	(1,075,001)
Estimated amounts due from and to third-party payers	(181,949)	(740,773)
Accounts payable and accrued expenses	4,246,745	(503,283)
Asset retirement obligations	27,415	51,839
Other assets and liabilities	(654,900)	(606,168)
Net cash provided by operating activities	<u>9,753,142</u>	<u>6,160,110</u>
Investing Activities		
Purchase of investments	(72,112,812)	(23,825,653)
Proceeds from sale of investments	69,347,824	19,387,437
Purchase of property and equipment	(5,205,535)	(5,738,994)
Net cash used in investing activities	<u>(7,970,523)</u>	<u>(10,177,210)</u>
Financing Activities		
Proceeds from restricted contributions and investment income	1,023,645	2,258,020
Principal payments on long-term debt	(574,501)	(847,555)
Proceeds from sale-leaseback arrangement	1,095,000	-
Net cash provided by financing activities	<u>1,544,144</u>	<u>1,410,465</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>3,326,763</u>	<u>(2,606,635)</u>
Cash and Cash Equivalents, Beginning of Year	<u>11,080,538</u>	<u>13,687,173</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 14,407,301</u></u>	<u><u>\$ 11,080,538</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 424,981	\$ 394,860
Property and equipment in accounts payable	\$ 451,668	\$ 650,859
Capital lease obligation incurred for property and equipment	\$ 1,347,721	\$ 452,500

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

Nature of Operations

Southwestern Vermont Health Care Corporation (SVHC) is a not-for-profit corporation organized under the laws of the State of Vermont for the purpose of serving as a parent organization for wholly owned or controlled subsidiary corporations. Activities performed by SVHC include managing investments and operating and managing buildings and equipment owned and leased by subsidiaries and other related entities. SVHC and its subsidiaries are providers of health services with facilities in and around the Bennington, Vermont, area. The subsidiaries of the Corporation are:

Southwestern Vermont Medical Center, Inc. (SVMC) is a not-for-profit, acute care hospital which provides diagnostic and treatment services.

Mount Anthony Housing Corporation (MAHC) is a not-for-profit corporation organized for the purpose of developing, managing and operating nursing homes.

Southwestern Vermont Health Care Auxiliary, Inc. (SVHCA) is a not-for-profit corporation organized for the purpose of serving and assisting SVHC and its subsidiaries in promoting the health and welfare of the community in accordance with SVMC's objectives and to conduct various philanthropic activities for SVMC.

Southwestern Vermont Health Care Enterprises (SVHCE) is a for-profit corporation organized for the purpose of providing family practice and other specialty physician services.

Southwestern Vermont Health Care Foundation, Inc. (Foundation) is a not-for-profit corporation organized exclusively for charitable and educational purposes for SVHC, its successors, subsidiaries and affiliates.

Principles of Consolidation

The consolidated financial statements include the accounts of SVHC and its controlled entities, SVMC, MAHC, SVHCA, SVHCE, and Foundation (collectively, the "Corporation"). All significant intercompany transactions and balances have been eliminated.

Use of Estimates

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Cash and Cash Equivalents

The Corporation considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2013 and 2012, cash equivalents consisted primarily of money market sweep accounts with banks.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At September 30, 2013, the Corporation's interest-bearing cash accounts exceeded federally insured limits by approximately \$120,000.

The Corporation also utilizes sweep products as part of their cash management policy, which are not FDIC insured, but may be covered by separate agreements with the financial institution. At September 30, 2013, the Corporation held approximately \$14,200,000 in sweep products with one financial institution.

Investments and Investment Return

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

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

Assets Limited as to Use

Assets limited as to use include (1) assets set aside by the Board of Trustees for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes and (2) assets restricted by donors.

Patient Accounts Receivable

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Hospital's allowance for doubtful accounts for self-pay patients increased from 85% of self-pay accounts receivable at September 30, 2012, to 90% of self-pay accounts receivable at September 30, 2013. In addition, the Hospital's write-offs increased approximately \$665,000 from approximately \$4,265,000 for the year ended September 30, 2012, to approximately \$4,930,000 for the year ended September 30, 2013. Both increases were the result of negative trends experienced in the collection of amounts from self-pay patients in fiscal year 2013.

Activity within the allowance for doubtful accounts is recapped as follows:

	2013	2012
Balance, beginning of year	\$ 9,550,000	\$ 8,730,000
Provision for year	5,197,893	5,083,343
Accounts charged off during the year	(4,932,893)	(4,263,343)
Balance, end of year	<u>\$ 9,815,000</u>	<u>\$ 9,550,000</u>

Supplies

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

Property and Equipment

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

Long-Lived Asset Impairment

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

Guarantee

The Corporation guarantees certain third-party debt of employees and unconsolidated affiliated organizations. Should the Corporation be obligated to perform under the guarantee agreement, the Corporation may seek reimbursement from the related organization of amounts expended under the guarantee. No liability has been recorded in the consolidated financial statements for the guarantees.

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

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

Charity Care

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Contributions

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

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

Professional Liability Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 7*.

Income Taxes

SVHC, SVMC, MAHC, SVHCA and the Foundation have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business taxable income.

SVHCE accounts for income taxes in accordance with income tax accounting guidance (ASC Topic 740, *Income Taxes*).

The Corporation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Corporation is no longer subject to U.S. federal examinations by tax authorities for years before 2010.

Self-Insurance

The Corporation maintains estimated reserves for self-insurance costs for employee health insurance and workers' compensation insurance. These reserves include an estimate of the ultimate costs for both reported claims and claims incurred but not reported. The Corporation has purchased insurance that limits its exposure for individual health claims that exceed \$200,000 up to an aggregate of \$2 million, annually, and for workers' compensation claims that exceed \$200,000 up to an aggregate of \$800,000, annually.

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Excess of Revenues Over Expenses

The statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, the change in fair value of an interest rate swap agreement, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets) and defined benefit pension plan changes.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

The Corporation recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

During the years ended September 30, 2013 and 2012, the Corporation has recorded revenue of approximately \$1,360,000 and \$2,300,000 respectively, which is included in other revenue within operating revenues in the statement of operations and changes in net assets.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net assets.

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Note 2: Net Patient Service Revenue

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

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

Medicare Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity. Certain outpatient costs are paid based on a cost reimbursement methodology. The Corporation is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare administrative contractor. SVMC is designated by the Centers for Medicare and Medicaid Services (CMS) as a Medicare Dependent Hospital (MDH) at September 30, 2013 and 2012. CMS did not extend the MDH program after it expired on September 30, 2013, and it is unknown if this program will be reinstated by CMS. Designation as MDH provided approximately \$1,800,000 in additional Medicare funding in 2013 and 2012.

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

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

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

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

	2013	2012
Medicare	\$ 58,038,000	\$ 51,160,000
Medicaid	23,676,000	23,138,000
Other third-party payers	67,753,000	69,461,000
Self-pay	6,961,000	7,891,000
	<u>\$ 156,428,000</u>	<u>\$ 151,650,000</u>

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

Note 3: Concentration of Credit Risk

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

	2013	2012
Medicare	35%	33%
Medicaid	7%	6%
Blue Cross	20%	22%
Other third-party payers and patients	38%	39%
	<u>100%</u>	<u>100%</u>

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use include

	2013	2012
Cash and short-term investments	\$ 1,559,929	\$ 1,311,122
Fixed income mutual funds	756,386	5,704,469
Investment fund - total return strategies	9,015,544	9,357,151
Investment fund - fixed income	3,556,233	-
Investment fund - equity	4,188,062	-
Investment fund - defensive equity	6,374,464	-
Limited partnership	7,052,589	-
Equity securities		
Materials	29,046	27,699
Industrials	122,195	163,768
Consumer discretionary	212,275	215,054
Consumer staples	94,223	218,417
Energy	146,318	217,562
Financial institutions	221,127	293,162
Health care	202,997	228,142
Utilities	21,162	66,126
Telecom	17,316	60,758
Information technology	174,737	342,382
Foreign equity mutual funds	13,837,414	11,573,182
Domestic equity mutual funds	7,044,904	13,758,533
Government agency securities	888,604	1,758,708
Corporate obligations	1,612,663	375,351
Balanced mutual funds	6,296,498	8,698,228
Investment fund - Treasury Inflation Protected Securities (TIPS)	3,031,553	6,480,402
	<u>\$ 66,456,239</u>	<u>\$ 60,850,216</u>

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Total investment return is comprised of the following

	2013	2012
Interest and dividend income	\$ 1,158,965	\$ 1,299,670
Net realized and unrealized gains on investments	3,427,592	5,179,335
Change in fair value of investments accounted for in accordance with Topic 825	(599,557)	1,018,076
	<u>\$ 3,987,000</u>	<u>\$ 7,497,081</u>

Total investment return is reflected in the statements of operations and changes in net assets as follows

	2013	2012
Other nonoperating income	\$ 3,970,034	\$ 7,465,064
Temporarily restricted net assets	16,966	32,017
	<u>\$ 3,987,000</u>	<u>\$ 7,497,081</u>

Alternative Investments

Except as described below, the fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments held at September 30 consist of the following

September 30, 2013					
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Investment fund (A)	\$ 3,031,553	\$ -	Daily	2-day written notice	
Investment fund (B)	\$ 9,015,544	\$ -	Monthly	30-day written notice	
Investment fund (C)	\$ 3,556,233	\$ -	Daily	Daily	
Investment fund (D)	\$ 4,188,062	\$ -	Daily	Daily	
Investment fund (E)	\$ 6,374,464	\$ -	Monthly	5-day written notice	
Limited Partnership (F)	\$ 7,052,589	\$ -	Monthly	15-day written notice	

September 30, 2012					
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Investment fund (A)	\$ 6,480,402	\$ -	Daily	2-day written notice	
Investment fund (B)	\$ 9,357,151	\$ -	Monthly	30-day written notice	

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

- (A) This category includes investments in Treasury Inflation-Protected Securities (TIPS)
- (B) This category includes investments managed on a total return basis, and is an unconstrained, non-benchmark oriented investment fund. The funds' composite portfolio includes investments in fixed income corporate obligations, U S government and agency fixed income securities and investments in other funds. The fund also invests in convertible preferred stock, warrants, future contracts, forward currency contracts and other investment vehicles
- (C) This category includes investment in U S fixed income securities intended to track with the long U S fixed income security market index
- (D) This category includes investments in equity securities designed to track with the S&P 500 index
- (E) This category includes investments designed to provide a defensive equity exposure that is expected to provide favorable risk adjusted performance relative to the S&P 500 index over the long-term, and is expected to produce the strongest relative performance when the S&P 500 index is experiencing negative returns
- (F) This category includes a hedge fund used by the Corporation to diversify risk

Note 5: Property and Equipment

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

	2013	2012
Land and land improvements	\$ 4,231,316	\$ 4,279,160
Buildings and leasehold improvements	50,420,985	50,754,722
Equipment	77,407,003	73,646,907
Construction in progress	424,101	285,796
	<u>132,483,405</u>	<u>128,966,585</u>
Less accumulated depreciation	<u>98,379,426</u>	<u>93,762,859</u>
Property and equipment, net	<u><u>\$ 34,103,979</u></u>	<u><u>\$ 35,203,726</u></u>

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

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Note 6: Beneficial Interest in Trust

SVHC is an income beneficiary under a charitable trust administered by an unrelated third-party trustee. The beneficial interest in the assets of this trust is included in the financial statements as permanently restricted net assets. Income is distributed in accordance with the trust document and is included in temporarily restricted contributions received. The estimated value of the expected future cash flows is \$2,047,878 and \$1,986,894, which represents the fair value of the trust assets at September 30, 2013 and 2012, respectively. The distributions received from this trust in 2013 and 2012 were approximately \$106,000 and \$98,000, respectively.

Note 7: Professional Liability

MAHC, SVMC, SVHCE and SVHC purchase medical malpractice insurance under a claims-made policy on a fixed premium basis. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. The Corporation also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

Based upon the Hospital's claims experience, an accrual had been made for the Corporation's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy. It is reasonably possible that this estimate could change materially in the near term.

Note 8: Long-Term Debt

	2013	2012
Hospital revenue bonds (A)	\$ 8,330,000	\$ 8,515,000
Capital lease obligation (B)	1,080,072	-
Capital lease obligations (C)	922,938	1,044,790
	<u>10,333,010</u>	<u>9,559,790</u>
Less current maturities	518,311	548,369
Less unamortized discount	<u>112,818</u>	<u>118,151</u>
	<u>\$ 9,701,881</u>	<u>\$ 8,893,270</u>

Southwestern Vermont Health Care Corporation

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- (A) In March 2008, SVMC entered into an agreement with the Vermont Educational and Health Building Financing Agency (VEHBFA) to issue \$8,865,000 of Hospital Revenue Bonds (Southwestern Vermont Medical Center Project) Series 2008A. The bonds bear interest at variable rates based on the daily rate, 0.12% and 0.15% at September 30, 2013 and 2012, respectively, and mature in various amounts beginning October 1, 2010, through October 1, 2038. The bonds are secured by the gross revenues of SVMC and SVHC (the "Obligated Group").

The indenture agreement requires the Obligated Group to comply with certain restrictive covenants including maintaining a historical debt-service coverage and days cash on hand requirement.

Upon issuance and delivery of the 2008 Revenue Bonds SVMC defeased its outstanding 2005 bonds.

The interest rate on the Series 2008A Bonds is based on a daily rate at September 30, 2013 and 2012. SVHC maintains a letter-of-credit facility that permits the trustee to draw an amount up to the principal amount outstanding should the bonds not be remarketed and become due. The letter of credit, which expires on March 31, 2018, can be used to pay principal and interest on the 2008 bonds. Amounts drawn under the letter of credit will bear an interest rate of prime plus 2%. Scheduled maturities do not change if the letter of credit is drawn upon. The letter of credit is renewable, subject to trustee approval, throughout the term of the Series 2008A Bonds.

- (B) During 2013, the Corporation sold a medical office building to a real estate management company and entered into a capital lease agreement for continued use of the property. This transaction is accounted for as a sale-leaseback arrangement. The lease term is through November 2032 and requires initial annual payments of \$127,187, with an increase of 3.5% each year. The sale of the property resulted in a gain that is accounted for as deferred revenue to be amortized and recognized over the lease term. The balance of the deferred revenue recorded as other long-term liabilities at September 30, 2013, is \$758,884. Approximately \$30,000 was recognized in 2013.
- (C) Various capital lease agreements, which require monthly payments at variable interest rates. Agreements are due through 2032, secured by property and equipment.

Property and equipment include the following property under capital leases:

	2013	2012
Property and equipment	\$ 6,728,825	\$ 6,306,654
Less accumulated depreciation	<u>4,433,367</u>	<u>4,595,188</u>
	<u>\$ 2,295,458</u>	<u>\$ 1,711,466</u>

Southwestern Vermont Health Care Corporation
Notes to Consolidated Financial Statements
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Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at September 30, 2013, are

	Long-Term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2014	\$ 195,000	\$ 480,247
2015	200,000	496,903
2016	210,000	319,093
2017	215,000	229,314
2018	225,000	192,843
Thereafter	7,285,000	2,788,888
	<u>\$ 8,330,000</u>	4,507,288
Less amount representing interest		2,504,278
Present value of future minimum lease payments		2,003,010
Less current maturities		323,311
Noncurrent portion		<u>\$ 1,679,699</u>

Note 9: Interest Rate Swap Agreement

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Corporation entered into an interest rate swap agreement for a portion of its floating rate debt. The agreement provides for the Corporation to receive interest from the counterparty at 68% of LIBOR and to pay interest to the counterparty at a fixed rate of 3.167% on notional amounts of \$8,330,000 and \$8,515,000 at September 30, 2013 and 2012, respectively. Under the agreement, the Corporation pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

Management has not designated the interest rate swap agreement as a hedging instrument. As a result, the agreement is recorded at fair value with subsequent changes in fair value included in excess of revenues over expenses. The fair value of the swap at September 30, 2013 and 2012, was \$(979,183) and \$(1,841,596), respectively, and is recorded in long-term liabilities. The change recognized as a component of excess of revenues over expenses at September 30, 2013 and 2012, was \$862,413 and \$(120,088), respectively.

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

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Note 10: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purpose or periods

	2013	2012
Health care services	\$ 2,161,398	\$ 2,244,728
Other	75,938	88,367
	<u>\$ 2,237,336</u>	<u>\$ 2,333,095</u>

Permanently restricted net assets are restricted to

	2013	2012
Investments to be held in perpetuity, the income is unrestricted	\$ 8,404,319	\$ 8,204,220
Investments to be held in perpetuity, the income is temporarily restricted	2,230,170	2,169,185
	<u>\$ 10,634,489</u>	<u>\$ 10,373,405</u>

During 2013 and 2012, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes in the amounts of \$816,184 and \$653,645, respectively. During 2013 and 2012, net assets of \$103,120 and \$282,231, respectively, were released to purchase equipment.

Note 11: Endowment

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

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

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

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

	2013		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,165,710	\$ 10,373,405	\$ 12,539,115
Investment return and net depreciation	1,164	60,984	62,148
Contributions and reclassifications	810,607	200,100	1,010,707
Appropriation of endowment assets for expenditure	(894,374)	-	(894,374)
Endowment net assets, end of year	<u>\$ 2,083,107</u>	<u>\$ 10,634,489</u>	<u>\$ 12,717,596</u>
	2012		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 1,921,593	\$ 9,047,770	\$ 10,969,363
Investment return and net depreciation	2,784	143,744	146,528
Contributions	1,032,045	1,181,891	2,213,936
Appropriation of endowment assets for expenditure	(790,712)	-	(790,712)
Endowment net assets, end of year	<u>\$ 2,165,710</u>	<u>\$ 10,373,405</u>	<u>\$ 12,539,115</u>

The Corporation has adopted investment and spending policies in place for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Corporation's policies, the primary investment goal is growth in the endowment accounts. The Corporation expects its endowment funds to provide an average rate of return that exceeds benchmark returns indicated for various asset classes. Actual returns in any given year may vary.

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

To satisfy its long-term rate of return objectives, the Corporation relies on a strategy in which investment returns are achieved through both current yield and capital appreciation (both realized and unrealized). The Corporation invests in a variety of securities to achieve its long-term return objectives within prudent risk constraints.

Note 12: Charity Care

The Corporation provides services without charge or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. Charity care is granted on a sliding scale based on gross income and family size as compared to the federal poverty guidelines. The estimated cost of charity care, which is estimated based on overall cost to charge ratios, was approximately \$848,000 and \$1,059,000 in 2013 and 2012, respectively.

Note 13: Functional Expenses

The Corporation provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	2013	2012
Health care services	#####	#####
General and administrative	15,006,008	12,358,052
	#####	#####

Note 14: Pension Plans

Defined Benefit Pension Plan

The Corporation participates in a defined benefit pension plan covering all employees who meet the eligibility requirements. The Corporation's funding policy is to make the maximum annual contribution allowable by applicable regulations, plus such amounts as the Corporation may deem to be appropriate from time to time. The Corporation expects to contribute \$3,600,000 to the plan in 2014. The plan was frozen effective September 30, 2009.

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The Corporation uses a September 30 measurement date for the plan. Information about the plan's funded status follows:

	2013	2012
Change in benefit obligations		
Beginning of the year	\$ 97,610,265	\$ 78,631,128
Interest cost	3,704,910	4,058,254
Actuarial (gain) loss	(11,436,471)	17,631,111
Benefits paid	(3,044,913)	(2,710,228)
End of the year	<u>86,833,791</u>	<u>97,610,265</u>
Change in fair value of plan assets		
Beginning of the year	72,933,910	62,637,137
Actual return on plan assets	1,741,612	10,307,001
Employer contributions	3,600,000	2,700,000
Benefits paid	(3,044,913)	(2,710,228)
End of the year	<u>75,230,609</u>	<u>72,933,910</u>
Funded status at the end of the year (noncurrent liability)	<u><u>\$(11,603,182)</u></u>	<u><u>\$(24,676,355)</u></u>

The accumulated benefit obligation was \$86,833,791 and \$97,610,265 for 2013 and 2012, respectively.

Other significant balances and costs are:

	2013	2012
Employer contributions	\$ 3,600,000	\$ 2,700,000
Benefits paid	\$ 3,044,913	\$ 2,710,228
Benefit costs (income) recorded in excess of revenues over expenses	\$ (801,369)	\$ 23,420

Amounts recognized in unrestricted net assets and not yet recognized as components of net periodic benefit cost consist of a net actuarial loss of \$23,083,817 and \$31,755,621 for 2013 and 2012, respectively.

The following amounts have been recognized in the statements of operations and changes in net assets for the years ended September 30, 2013 and 2012:

	2013	2012
Amounts arising during the period		
Net gain (loss)	\$ 7,860,794	\$(11,808,786)
Amounts reclassified as components of net periodic benefit cost of the period		
Net loss	\$ 811,010	\$ 449,877

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

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The estimated net loss that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$549,216

Significant assumptions include

	<u>2013</u>	<u>2012</u>
Weighted average assumptions used to determine benefit obligations		
Discount rate	4.79%	3.85%
Rate of compensation increase	-	-
Weighted average assumptions used to determine benefit costs		
Discount rate	3.85%	5.25%
Expected return on plan assets	7.25%	7.25%
Rate of compensation increase	-	-

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of September 30, 2013

2014	\$ 3,182,688
2015	3,342,602
2016	3,518,393
2017	3,887,080
2018	4,273,997
2019 - 2023	25,674,460

The Corporation has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information

The primary objectives of the Corporation's investment policy are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plans' actuarial assumptions, achieve asset returns that are competitive with like institutions employing similar investment strategies and meet expected future benefits. The investment policy is periodically reviewed by the Corporation and a third-party fiduciary.

Defined Benefit Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include commingled cash equivalents and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3. The Level 3 securities include an investment fund. Significant inputs and valuation techniques used in measuring Level 3 fair values include inputs developed using estimates and assumptions which reflect market participants' perspective.

The fair values of the Corporation's pension plan assets at September 30, 2013 and 2012, by asset class are as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2013				
Cash equivalents	\$ 1,218,801	\$ 1,218,801	\$ -	\$ -
Investment funds - equity	16,103,634	-	16,103,634	-
Equity mutual funds	5,477,774	5,477,774	-	-
International equity mutual funds	12,352,436	12,352,436	-	-
Investment funds - fixed income	7,783,898	-	7,783,898	-
Investment fund - defensive equity	7,051,663	-	-	7,051,663
Limited partnership	9,425,557	-	-	9,425,557
Investment fund - total return strategies	7,026,375	-	7,026,375	-
Balanced mutual funds	8,790,471	8,790,471	-	-
September 30, 2012				
Cash equivalents	\$ 573,939	\$ 573,939	\$ -	\$ -
Investment funds - equity	20,773,781	-	20,773,781	-
Equity mutual funds	15,557,920	15,557,920	-	-
International equity mutual funds	10,710,605	10,710,605	-	-
Fixed income mutual funds	8,294,166	8,294,166	-	-
Investment fund - total return strategies	6,257,904	-	6,257,904	-
Balanced mutual funds	10,765,595	10,765,595	-	-

Southwestern Vermont Health Care Corporation

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September 30, 2013 and 2012

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs

	Investment Fund - Defensive Equity	
	2013	2012
Balance, beginning of year	\$ -	\$ -
Purchases	7,000,000	-
Actual return on plan assets relating to assets still held at year end	51,663	-
Balance, end of year	<u>\$ 7,051,663</u>	<u>\$ -</u>
	Limited Partnership	
	2013	2012
Balance, beginning of year	\$ -	\$ -
Purchases	9,500,000	-
Actual return on plan assets relating to assets still held at year end	(74,443)	-
Balance, end of year	<u>\$ 9,425,557</u>	<u>\$ -</u>

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreements permit investment in common stocks, corporate bonds and debentures, U S government securities and certain other specified investments, based on certain target allocation percentages.

Defined Contribution Pension Plan

During 2010, the Corporation established a defined contribution 403(b) pension plan covering substantially all employees. The Corporation matches the first 3% of employee compensation plus 50% of employee contributions between 3% and 5%. Pension expense for 2013 and 2012 was approximately \$1,300,000 and \$1,600,000, respectively, for this plan.

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Deferred Compensation Plan

The Corporation funds a deferred compensation plan for the benefit of certain physicians and senior executives. The trust account assets are classified as other assets and a corresponding deferred compensation obligation is recorded in the amount of \$761,766 and \$901,124 at September 30, 2013 and 2012, respectively.

Note 15: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Corporation's conditional asset retirement obligations primarily relate to asbestos contained in buildings that the Corporation owns. Environmental regulations exist that require the Corporation to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. A liability of \$1,123,015 and \$1,095,600 has been recognized for all significant known areas containing an ARO at September 30, 2013 and 2012, respectively.

However, there remains a liability that has not been recognized in the accompanying financial statements because the range of time over which the Corporation may settle is unknown and cannot be reasonably determined. The Corporation will recognize a liability when sufficient information is available to reasonably estimate fair value.

Note 16: Related Parties

Dartmouth-Hitchcock Health

Effective July 1, 2012, the Corporation and Dartmouth-Hitchcock Health (DHH) entered into an Affiliation Agreement, and the first common project under this Agreement is the integration of the professional medical services of the Corporation and DHH. The Corporation reimburses DHH for certain professional medical services under a Professional Services Agreement. During 2013 and 2012, the Corporation recognized expense of approximately \$20,900,000 and \$4,100,000, respectively, to DHH for professional medical services. Subsequent to the integration, the Corporation continues to provide the physician clinic services as well as bill and collect for these services, and DHH is reimbursed for providing the professional medical staff in accordance with the terms of the Professional Services Agreement. The Corporation has amounts owed to DHH of approximately \$3,900,000 and \$0 at September 30, 2013 and 2012, respectively, recorded as accrued expenses in current liabilities.

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Notes to Consolidated Financial Statements

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Taconic Orthopaedics, P.C.

Effective December 10, 2011, the Corporation entered into a Professional Services Agreement with Taconic Orthopaedics, P.C. (Taconic) for professional medical services. The Corporation reimburses Taconic for certain professional medical services under a Professional Services Agreement. During 2013 and 2012, the Corporation paid approximately \$2,800,000 and \$2,200,000, respectively, to Taconic for professional medical services. Subsequent to December 10, 2011, the Corporation provides orthopaedic medical services and bills and collects for these services, and Taconic is reimbursed for providing the professional medical staff in accordance with the terms of the Professional Services Agreement. The Corporation has accrued amounts owed to Taconic of approximately \$245,000 and \$190,000 at September 30, 2013 and 2012, recorded as current liabilities.

United Health Alliance

SVHC is a member of the United Health Alliance (UHA), a corporation organized for the purpose of providing for health care delivery under a managed care system in and around the Bennington, Vermont, area. SVHC leases space to UHA, provides payroll services and administers employee benefits for UHA. During 2013 and 2012, SVHC charged UHA approximately \$600,000 and \$344,000, respectively, for these services. UHA has accounts payable to SVHC of \$118,000 and \$69,000 at September 30, 2013 and 2012, respectively.

UHA charges SVHC for services provided under a hospital service agreement. The total amount charged for these services was approximately \$16,000 and \$11,000 for 2013 and 2012, respectively.

SVHC pays dues to UHA for continued participation in the managed care system. The total amount charged for these services was approximately \$125,000 for 2013 and 2012.

Note 17: Disclosures About Fair Value of Assets and Liabilities

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

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Southwestern Vermont Health Care Corporation

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Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy

Investments and Deferred Compensation Plan Assets

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market accounts and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Pricing models are based on quoted prices for securities with similar coupons, ratings and maturities, rather than on specific bids and offers for a designated security. The fair value for the Level 2 investment fund is determined using the net asset value expedient. Level 2 securities include certain fixed income securities and investment funds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 3 securities include investment funds. Level 3 fair values were determined using the net asset value expedient.

Interest Rate Swap Agreement

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

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Recurring Measurements

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

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Notes to Consolidated Financial Statements

September 30, 2013 and 2012

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		2013		
Cash equivalents	\$ 1,559,929	\$ 1,559,929	\$ -	\$ -
Equities, equity mutual funds and balanced funds	28,420,212	28,420,212	-	-
Fixed income securities and mutual funds	3,257,653	756,386	2,501,267	-
Investment fund - total return strategies	9,015,544	-	9,015,544	-
Beneficial interest in perpetual trust	2,047,878	-	-	2,047,878
Interest rate swap agreement	(979,183)	-	(979,183)	-
Deferred compensation plan assets (equity and fixed income mutual funds)	761,766	761,766	-	-
Investment fund - fixed income	3,556,233	-	3,556,233	-
Investment fund - equity	4,188,062	-	4,188,062	-
Investment fund - defensive equity	6,374,464	-	-	6,374,464
Limited partnership	7,052,589	-	-	7,052,589
Investment fund - Treasury Inflation Protected Securities (TIPS)	3,031,553	-	3,031,553	-
		2012		
Cash equivalents	\$ 1,311,122	\$ 1,311,122	\$ -	\$ -
Equities and equity mutual funds and balanced funds	35,863,013	35,863,013	-	-
Fixed income securities and mutual funds	7,838,528	5,704,469	2,134,059	-
Investment fund - total return strategies	9,357,151	-	9,357,151	-
Beneficial interest in perpetual trust	1,986,894	-	-	1,986,894
Interest rate swap agreement	(1,841,596)	-	(1,841,596)	-
Deferred compensation plan assets (equity and fixed income mutual funds)	904,388	904,388	-	-
Investment fund - Treasury Inflation Protected Securities (TIPS)	6,480,402	-	6,480,402	-

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs

	Beneficial Interest in Perpetual Trust	
	2013	2012
Balance, beginning of year	\$ 1,986,894	\$ 1,843,150
Total included in change in net assets reported in the statements of changes in net assets	60,984	143,744
Balance, end of year	<u>\$ 2,047,878</u>	<u>\$ 1,986,894</u>
	Investment Fund - Defensive Equity	
	2013	2012
Balance, beginning of year	\$ -	\$ -
Purchases	6,200,000	-
Total included in change in net assets reported in the statements of changes in net assets	174,464	-
Balance, end of year	<u>\$ 6,374,464</u>	<u>\$ -</u>
	Limited Partnership	
	2013	2012
Balance, beginning of year	\$ -	\$ -
Purchases	7,000,000	-
Total included in change in net assets reported in the statements of changes in net assets	52,589	-
Balance, end of year	<u>\$ 7,052,589</u>	<u>\$ -</u>

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

Cash and Cash Equivalents

The carrying amount approximates fair value

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

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Long-Term Debt

Fair value is estimated based on the borrowing rates currently available to the Corporation for bank loans with similar terms and maturities

The following table presents estimated fair values of the Corporation's financial instruments at September 30, 2013 and 2012

	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and equivalents	#####	\$ 14,407,301	\$ 11,080,538	\$ 11,080,538
Financial Liabilities				
Long-term debt	10,220,192	10,220,192	9,441,639	9,441,639

Note 18: Fair Value Option

As permitted by Topic 825, the Corporation has elected to measure the investment funds and limited partnerships, included in assets limited as to use, at fair value. Management has elected the fair value option for these items because it more accurately reflects the portfolio returns and financial position of the Corporation. Total investment funds and limited partnerships at September 30, 2013 and 2012, are \$33,218,445 and \$15,837,553, respectively.

See *Note 17* for additional disclosures regarding fair value of the balance sheet line items listed in the preceding paragraph.

Note 19: Significant Estimates and Concentrations

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

Allowance for Net Patient Service Revenue Adjustments

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Self-Insurance Costs

Estimates related to the accrual for self-insured liabilities are described in *Note 1*

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *7*

Litigation

In the normal course of business, the Corporation is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Corporation's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts.

The Corporation evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Asset Retirement Obligation

As discussed in *Note 15*, the Corporation has recorded a liability for its conditional asset retirement obligations related to asbestos abatement. It is reasonably possible that events could occur that would materially change this estimated liability.

Pension Benefit Obligations

The Corporation has a defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

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

Southwestern Vermont Health Care Corporation

Notes to Consolidated Financial Statements

September 30, 2013 and 2012

Current Economic Conditions

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

Current economic conditions, including the rising unemployment rate, have made it difficult for certain of our patients to pay for services rendered. As employers make adjustments to health insurance plans, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on the Corporation's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

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

Note 20: *Patient Protection and Affordable Care Act*

The *Patient Protection and Affordable Care Act* (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Vermont has currently indicated it will participate in the Medicaid expansion program.

Southwestern Vermont Health Care Corporation
Notes to Consolidated Financial Statements
September 30, 2013 and 2012

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

Note 21: Subsequent Event

The Corporation is in the process of selling its home health and hospice operations to a healthcare service provider. During 2013, the net patient service revenue and direct operating expenses were approximately \$3,995,000 and \$4,285,000, respectively.

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

Supplementary Information

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Balance Sheet Information

September 30, 2013

Assets

	SVHC	SVMC	Foundation	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	\$ 201,906	\$ 13,601,921	\$ -	\$ -	\$ 13,803,827	\$ 488,280	\$ 110,881	\$ 4,313	\$ -	\$ 14,407,301
Patient accounts receivable, net of allowance - \$9,550,000	-	12,495,162	-	-	12,495,162	1,232,106	-	-	-	13,727,268
Other receivables	70,155	2,700,063	22,975	-	2,793,193	-	15,410	-	-	2,808,603
Supplies	-	2,206,552	-	-	2,206,552	28,750	32,718	-	-	2,268,020
Prepaid expenses and other	148,683	1,879,960	-	-	2,028,643	26,517	-	-	-	2,055,160
Total current assets	420,744	32,883,658	22,975	-	33,327,377	1,775,653	159,009	4,313	-	35,266,352
Assets Limited As To Use										
Internally designated	55,256,323	5,190,978	-	(5,190,978)	55,256,323	1,118,281	-	-	(1,118,281)	55,256,323
Externally restricted	10,797,516	402,400	-	-	11,199,916	-	-	-	-	11,199,916
	66,053,839	5,593,378	-	(5,190,978)	66,456,239	1,118,281	-	-	(1,118,281)	66,456,239
Property and Equipment, At Cost										
Land and land improvements	999,009	3,133,206	-	-	4,132,215	99,101	-	-	-	4,231,316
Buildings and leasehold improvements	12,482,792	30,771,923	-	-	43,254,715	7,137,633	27,537	1,100	-	50,420,985
Equipment	830,592	74,107,836	-	-	74,938,428	2,381,148	25,334	62,093	-	77,407,003
Construction in progress	335,181	58,970	-	-	394,151	29,950	-	-	-	424,101
	14,647,574	108,071,935	-	-	122,719,509	9,647,832	52,871	63,193	-	132,483,405
Less accumulated depreciation	8,081,603	83,422,394	-	-	91,503,997	6,769,421	46,193	59,815	-	98,379,426
	6,565,971	24,649,541	-	-	31,215,512	2,878,411	6,678	3,378	-	34,103,979
Due from Affiliates	259,471	1,084,736	-	(738,327)	605,880	71,181	319,328	-	(996,389)	-
Other Assets										
Beneficial interest in perpetual trust	2,047,878	-	-	-	2,047,878	-	-	-	-	2,047,878
Deferred compensation plan assets	765,546	-	-	-	765,546	-	-	-	-	765,546
Other	69,796	-	-	-	69,796	120,000	-	-	-	189,796
	2,883,220	-	-	-	2,883,220	120,000	-	-	-	3,003,220
Total assets	\$ 76,183,245	\$ 64,211,313	\$ 22,975	\$ (5,929,305)	\$ 134,488,228	\$ 5,963,526	\$ 485,015	\$ 7,691	\$ (2,114,670)	\$ 138,829,790

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Balance Sheet Information

September 30, 2013

Liabilities and Net Assets

	SVHC	SVMC	Foundation	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	Eliminations	Consolidated
Current Liabilities										
Current maturities of long-term debt	\$ -	\$ 515 667	\$ -	\$ -	\$ 515 667	\$ 2 644	\$ -	\$ -	\$ -	\$ 518 311
Accounts payable	318 508	5 793 238	-	-	6 111 746	115 148	13 863	-	-	6 240 757
Accrued expenses	310 009	9 180 047	1 883	-	9 491 939	476 490	-	-	-	9 968 429
Estimated amounts due to third-party payers	-	1 186 123	-	-	1 186 123	-	-	-	-	1 186 123
Estimated self-insurance costs	71 241	1 351 281	-	-	1 422 522	123 267	-	-	-	1 545 789
Other	85 465	200 257	-	-	285 722	68 612	8 515	254	-	363 103
Total current liabilities	785 223	18 226 613	1 883	-	19 013 719	786 161	22 378	254	-	19 822 512
Long-Term Debt	-	9 698 129	-	-	9 698 129	3 752	-	-	-	9 701 881
Asset Retirement Obligations	-	1 123 015	-	-	1 123 015	-	-	-	-	1 123 015
Accrued Pension Liabilities	164 384	10 841 662	-	-	11 006 046	597 136	-	-	-	11 603 182
Deferred Compensation	761 766	-	-	-	761 766	-	-	-	-	761 766
Due To Affiliates	7 241 816	-	196 858	(5 929 305)	1 509 369	268 057	10 766	326 478	(2 114 670)	-
Interest Rate Swap Agreement	-	979 183	-	-	979 183	-	-	-	-	979 183
Other Liabilities	836 976	30 500	-	-	867 476	-	-	-	-	867 476
Total liabilities	9 790 165	40 899 102	198 741	(5 929 305)	44 958 703	1 655 106	33 144	326 732	(2 114 670)	44 859 015
Net Assets										
Unrestricted	53 852 645	23 312 211	(507 156)	-	76 657 700	4 308 420	451 871	(319 041)	-	81 098 950
Temporarily restricted	2 106 046	-	131 290	-	2 237 336	-	-	-	-	2 237 336
Permanently restricted	10 434 389	-	200 100	-	10 634 489	-	-	-	-	10 634 489
Total net assets	66 393 080	23 312 211	(175 766)	-	89 529 525	4 308 420	451 871	(319 041)	-	93 970 775
Total liabilities and net assets	\$ 76 183 245	\$ 64 211 313	\$ 22 975	\$ (5 929 305)	\$ 134 488 228	\$ 5 963 526	\$ 485 015	\$ 7 691	\$ (2 114 670)	\$ 138 829 790

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Statement of Operations Information

Year Ended September 30, 2013

	SVHC	SVMC	Foundation	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support										
Net patient service revenue	\$ -	\$ 145,882,972	\$ -	\$ (13,757)	\$ 145,869,215	\$ 10,635,647	\$ -	\$ -	\$ (77,135)	\$ 156,427,727
Provision for uncollectible accounts	-	(5,063,161)	-	-	(5,063,161)	(134,732)	-	-	-	(5,197,893)
Net patient service revenue less provision for uncollectible accounts	-	140,819,811	-	(13,757)	140,806,054	10,500,915	-	-	(77,135)	151,229,834
Other	2,808,441	3,655,220	-	(1,676,255)	4,787,406	(7,268)	343,362	112	(493,843)	4,629,769
Net assets released from restrictions used for operations	533,661	-	282,523	-	816,184	-	-	-	-	816,184
Total unrestricted revenues, gains and other support	3,342,102	144,475,031	282,523	(1,690,012)	146,409,644	10,493,647	343,362	112	(570,978)	156,675,787
Expenses and Losses										
Salaries and wages	584,482	47,281,047	538,834	-	48,404,363	5,828,907	87,231	-	-	54,320,501
Employee benefits	181,188	12,299,856	96,382	-	12,577,426	1,702,258	41,935	-	-	14,321,619
Purchased services	-	33,076,596	100,081	(3,590)	33,173,087	789,178	103,397	-	(516,711)	33,548,951
Supplies and other	2,146,863	40,330,486	185,405	(2,066,010)	40,596,744	2,200,471	121,220	44	(112,194)	42,806,285
Depreciation and amortization	574,911	6,273,448	-	-	6,848,359	288,711	2,917	762	-	7,140,749
Interest	-	425,296	-	-	425,296	871	-	-	-	426,167
Total expenses and losses	3,487,444	139,686,729	920,702	(2,069,600)	142,025,275	10,810,396	356,700	806	(628,905)	152,564,272
Operating Income (Loss)	(145,342)	4,788,302	(638,179)	379,588	4,384,369	(316,749)	(13,338)	(694)	57,927	4,111,515
Other Income (Expense)										
Investment return	3,503,046	451,920	-	-	3,954,966	(4,036)	19,104	-	-	3,970,034
Change in fair value of interest rate swap agreement	-	862,413	-	-	862,413	-	-	-	-	862,413
Contributions	56,822	379,587	131,023	(379,588)	187,844	19,111	11,266	-	(57,927)	160,294
Total other income (expense)	3,559,868	1,693,920	131,023	(379,588)	5,005,223	15,075	30,370	-	(57,927)	4,992,741
Excess (Deficiency) of Revenues Over Expenses	3,414,526	6,482,222	(507,156)	-	9,389,592	(301,674)	17,032	(694)	-	9,104,256
Net assets released from restriction used for purchase of property and equipment	97,248	-	5872	-	103,120	-	-	-	-	103,120
Defined benefit pension costs										
Net gain (loss) arising during the period	111,364	7,344,889	-	-	7,456,253	404,541	-	-	-	7,860,794
Amortization of net loss included in net periodic pension cost	11,490	757,783	-	-	769,273	41,737	-	-	-	811,010
Other	-	-	-	-	-	-	-	-	-	-
Transfer (to) from affiliates, net	(156,227)	137,099	(5,872)	-	(25,000)	25,000	-	-	-	-
Increase (Decrease) in Unrestricted Net Assets	\$ 3,478,401	\$ 14,721,993	\$ (507,156)	\$ -	\$ 17,693,238	\$ 169,604	\$ 17,032	\$ (694)	\$ -	\$ 17,879,180

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Statement of Changes in Net Assets Information

Year Ended September 30, 2013

	SVHC	SVMC	Foundation	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	Eliminations	Consolidated
Unrestricted Net Assets										
Excess (deficiency) of revenues over expenses	\$ 3,414,526	\$ 6,482,222	\$ (507,156)	\$ -	\$ 9,389,592	\$ (301,674)	\$ 17,032	\$ (694)	\$ -	\$ 9,104,256
Net assets released from restriction used for purchase of property and equipment	97,248	-	5,872	-	103,120	-	-	-	-	103,120
Defined benefit pension costs										
Net gain (loss) arising during the period	111,364	7,344,889	-	-	7,456,253	404,541	-	-	-	7,860,794
Amortization of net loss included in net periodic pension cost	11,490	757,783	-	-	769,273	41,737	-	-	-	811,010
Other	-	-	-	-	-	-	-	-	-	-
Transfer (to) from affiliates' net	(156,227)	137,099	(5,872)	-	(25,000)	25,000	-	-	-	-
	<u>3,478,401</u>	<u>14,721,993</u>	<u>(507,156)</u>	<u>-</u>	<u>17,693,238</u>	<u>169,604</u>	<u>17,032</u>	<u>(694)</u>	<u>-</u>	<u>17,879,180</u>
Increase (decrease) in unrestricted net assets										
	<u>3,478,401</u>	<u>14,721,993</u>	<u>(507,156)</u>	<u>-</u>	<u>17,693,238</u>	<u>169,604</u>	<u>17,032</u>	<u>(694)</u>	<u>-</u>	<u>17,879,180</u>
Temporarily Restricted Net Assets										
Contributions received	386,894	-	419,685	-	806,579	-	-	-	-	806,579
Investment return	16,966	-	-	-	16,966	-	-	-	-	16,966
Net assets released from restriction	(630,909)	-	(288,395)	-	(919,304)	-	-	-	-	(919,304)
	<u>(227,049)</u>	<u>-</u>	<u>131,290</u>	<u>-</u>	<u>(95,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,759)</u>
Increase in temporarily restricted net assets										
	<u>(227,049)</u>	<u>-</u>	<u>131,290</u>	<u>-</u>	<u>(95,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,759)</u>
Permanently Restricted Net Assets										
Contributions received	-	-	200,100	-	200,100	-	-	-	-	200,100
Change in beneficial interest in trust	60,984	-	-	-	60,984	-	-	-	-	60,984
Other	-	-	-	-	-	-	-	-	-	-
	<u>60,984</u>	<u>-</u>	<u>200,100</u>	<u>-</u>	<u>261,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,084</u>
Increase in permanently restricted net assets										
	<u>60,984</u>	<u>-</u>	<u>200,100</u>	<u>-</u>	<u>261,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,084</u>
Change in Net Assets	<u>3,312,336</u>	<u>14,721,993</u>	<u>(175,766)</u>	<u>-</u>	<u>17,858,563</u>	<u>169,604</u>	<u>17,032</u>	<u>(694)</u>	<u>-</u>	<u>18,044,505</u>
Net Assets, Beginning of Year	<u>63,080,744</u>	<u>8,590,218</u>	<u>-</u>	<u>-</u>	<u>71,670,962</u>	<u>4,138,816</u>	<u>434,839</u>	<u>(318,347)</u>	<u>-</u>	<u>75,926,270</u>
Net Assets, End of Year	<u>\$ 66,393,080</u>	<u>\$ 23,312,211</u>	<u>\$ (175,766)</u>	<u>\$ -</u>	<u>\$ 89,529,525</u>	<u>\$ 4,308,420</u>	<u>\$ 451,871</u>	<u>\$ (319,041)</u>	<u>\$ -</u>	<u>\$ 93,970,775</u>

